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STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION FOR BEHAVIORAL HEALTH

Lori A. Weaver
Interim Commissioner

Katja S. Fox
Director

129 PLEASANT STREET, CONCORD, NH 03301
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March 15, 2023

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division for Behavioral Health, to award a **Sole Source** grant agreement with Mary Hitchcock Memorial Hospital (VC#177160), Lebanon, NH, in the amount of $1,000,000 to defray capital costs for the renovation of its existing facility in Lebanon, NH to increase behavioral health service capacity by adding five (5) Designated Receiving Facility beds, effective upon Governor and Council approval through the Completion Date as specified in Exhibit A of the attached agreement. 100% Federal Funds (American Rescue Plan Act).

Expenses must be incurred by the Grantee no later than December 31, 2024, and upon completion of construction of the facility, the Grantee must provide behavioral health services for a minimum period of six (6) years, as specified in the attached agreement.

Funds are available in the following account for State Fiscal Year 2023, upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust budget line items within the price limitation and encumbrances between state fiscal years through the Budget Office, if needed and justified.

05-095-094-940010-24650000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: NEW HAMPSHIRE HOSPITAL, NEW HAMPSHIRE HOSPITAL, ARPA DHHS FISCAL RECOVERY FUNDS

State Fiscal Year	Class / Account	Class Title	Job Number	Total Amount
2023	102-500731	Contracts for Prog Svc	00FRF602PH9528A	$1,000,000
			Total	**$1,000,000**

EXPLANATION

The Department has undertaken multiple actions to address the state's behavioral health bed shortage, including offering every hospital in the state funding to stand up designated receiving facility (DRF) beds for a minimum of one year. However, the Department did not initially enter into any agreements for DRF beds to date due to ongoing capacity challenges experienced by the hospitals. This request is **Sole Source** because the Grantee is the only hospital identified to date that is ready and able to renovate its existing facility and increase behavioral health service capacity to address the state's needs within the required timeframes.

The purpose of this request is provide funding to the Grantee to defray capital costs for the renovation of its existing facility to add five (5) Designated Receiving Facility beds. The Grantee agrees to maintain the five (5) Designated Receiving Facility beds and provide services for a minimum period of six (6) years following completion of the renovations and commencement of services.

The Department will reimburse the Grantee for up to forty percent (40%) of the allowable costs related only to the facility renovations, not to exceed $1 million. The Department will not reimburse the Grantee for any costs related to real estate purchases and/or property acquisitions, or permitting fees, or related to the provision of the required behavioral health services. The Department may recoup payments made if the Grantee fails to provide the required services for the stated timeframe.

The Department will monitor the facility renovations and provision of behavioral health services by requiring regular reports, meetings, and supporting documentation for all invoices.

Should the Governor and Council not authorize this request, the State's ability to establish a long-term sustainable solutions to New Hampshire's behavioral health bed shortage will be negatively impacted.

Area served: Statewide

Source of Federal Funds: Assistance Listing Number #21.027, FAIN #SLFRP0145.

In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

Lori A. Weaver
Interim Commissioner

Subject: SS-2023-DBH-01-DESIG

GRANT AGREEMENT

The State of New Hampshire and the Grantee hereby
Mutually agree as follows:

GENERAL PROVISIONS

1. Identification and Definitions.

1.1. State Agency Name New Hampshire Department of Health and Human Services		1.2. State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3. Grantee Name Mary Hitchcock Memorial Hospital		1.4. Grantee Address One Medical Center Driver Lebanon, NH 03756	
1.5 Grantee Phone # (603) 226-2200	1.6. Account Number 05-095-094-940010-24650000	1.7. Completion Date See Exhibit A, Section 1, Subsection 1.2.	1.8. Grant Limitation $1,000,000
1.9. Grant Officer for State Agency Robert W. Moore, Director		1.10. State Agency Telephone Number (603) 271-9631	
If Grantee is a municipality or village district: **"By signing this form we certify that we have complied with any public meeting requirement for acceptance of this grant, including if applicable RSA 31:95-b."**			
1.11. Grantee Signature 1 DocuSigned by: Edward J. Merrens, MD		1.12. Name & Title of Grantee Signor 1 Edward J. Merrens, MD Chief Clinical Officer	
Grantee Signature 2		Name & Title of Grantee Signor 2	
Grantee Signature 3		Name & Title of Grantee Signor 3	
1.13 State Agency Signature(s) DocuSigned by: Morissa Henn		1.14. Name & Title of State Agency Signor(s) Morissa Henn Assoc. Comm.	
1.15. Approval by Attorney General (Form, Substance and Execution) (if G & C approval required) By: DocuSigned by: Tahmina Rahman Assistant Attorney General, On: 3/17/2023			
1.16. Approval by Governor and Council (if applicable) By: On:			

2. SCOPE OF WORK: In exchange for grant funds provided by the State of New Hampshire, acting through the Agency identified in block 1.1 (hereinafter referred to as "the State"), the Grantee identified in block 1.3 (hereinafter referred to as "the Grantee"), shall perform that work identified and more particularly described in the scope of work attached hereto as EXHIBIT B (the scope of work being hereinafter referred to as "the Project").

Contractor Initials DS EJM

Date 3/16/2023

3. AREA COVERED. Except as otherwise specifically provided for herein, the Grantee shall perform the Project in, and with respect to, the State of New Hampshire.

4. EFFECTIVE DATE: COMPLETION OF PROJECT.

4.1. This Agreement, and all obligations of the parties hereunder, shall become effective on the date on the date of approval of this Agreement by the Governor and Council of the State of New Hampshire if required (block 1.16), or upon signature by the State Agency as shown in block 1.14 ("the Effective Date").

4.2. Except as otherwise specifically provided herein, the Project, including all reports required by this Agreement, shall be completed in ITS entirety prior to the date in block 1.7 (hereinafter referred to as "the Completion Date").

5. GRANT AMOUNT: LIMITATION ON AMOUNT: VOUCHERS: PAYMENT.

5.1. The Grant Amount is identified and more particularly described in EXHIBIT C, attached hereto.

5.2. The manner of, and schedule of payment shall be as set forth in EXHIBIT C.

5.3. In accordance with the provisions set forth in EXHIBIT C, and in consideration of the satisfactory performance of the Project, as determined by the State, and as limited by subparagraph 5.5 of these general provisions, the State shall pay the Grantee the Grant Amount. The State shall withhold from the amount otherwise payable to the Grantee under this subparagraph 5.3 those sums required, or permitted, to be withheld pursuant to N.H. RSA 80:7 through 7-c.

5.4. The payment by the State of the Grant amount shall be the only, and the complete payment to the Grantee for all expenses, of whatever nature, incurred by the Grantee in the performance hereof, and shall be the only, and the complete, compensation to the Grantee for the Project. The State shall have no liabilities to the Grantee other than the Grant Amount.

5.5. Notwithstanding anything in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made, hereunder exceed the Grant limitation set forth in block 1.8 of these general provisions.

6. COMPLIANCE BY GRANTEE WITH LAWS AND REGULATIONS. In connection with the performance of the Project, the Grantee shall comply with all statutes, laws regulations, and orders of federal, state, county, or municipal authorities which shall impose any obligations or duty upon the Grantee, including the acquisition of any and all necessary permits and RSA 31-95-b.

7. RECORDS and ACCOUNTS.

7.1. Between the Effective Date and the date seven (7) years after the Completion Date, unless otherwise required by the grant terms or the Agency, the Grantee shall keep detailed accounts of all expenses incurred in connection with the Project, including, but not limited to, costs of administration, transportation, insurance, telephone calls, and clerical materials and services. Such accounts shall be supported by receipts, invoices, bills and other similar documents.

7.2. Between the Effective Date and the date seven (7) years after the Completion Date, unless otherwise required by the grant terms or the Agency pursuant to subparagraph 7.1, at any time during the Grantee's normal business hours, and as often as the State shall demand, the Grantee shall make available to the State all records pertaining to matters covered by this Agreement. The Grantee shall permit the State to audit, examine, and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data (as that term is hereinafter defined), and other information relating to all matters covered by this Agreement. As used in this paragraph, "Grantee" includes all persons, natural or fictional, affiliated with, controlled by, or under common ownership with, the entity identified as the Grantee in block 1.3 of these provisions

8. PERSONNEL.

8.1. The Grantee shall, at its own expense, provide all personnel necessary to perform the Project. The Grantee warrants that all personnel engaged in the Project shall be qualified to perform such Project, and shall be properly licensed and authorized to perform such Project under all applicable laws.

8.2. The Grantee shall not hire, and it shall not permit any subcontractor, subgrantee, or other person, firm or corporation with whom it is engaged in a combined effort to perform the Project, to hire any person who has a contractual relationship with the State, or who is a State officer or employee, elected or appointed.

8.3. The Grant Officer shall be the representative of the State hereunder. In the event of any dispute hereunder, the interpretation of this Agreement by the Grant Officer, and his/her decision on any dispute, shall be final.

9. DATA; RETENTION OF DATA; ACCESS.

9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, paper, and documents, all whether finished or unfinished.

9.2. Between the Effective Date and the Completion Date the Grantee shall grant to the State, or any person designated by it, unrestricted access to all data for examination, duplication, publication, translation, sale, disposal, or for any other purpose whatsoever.

9.3. No data shall be subject to copyright in the United States or any other country by anyone other than the State.

9.4. On and after the Effective Date all data, and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason, whichever shall first occur.

9.5. The State, and anyone it shall designate, shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, all data.

10. CONDITIONAL NATURE OR AGREEMENT. Notwithstanding anything in this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability or continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available or appropriated funds. In the event of a reduction or termination of those funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Grantee notice of such termination.

11. EVENT OF DEFAULT: REMEDIES.

11.1. Any one or more of the following acts or omissions of the Grantee shall constitute an event of default hereunder (hereinafter referred to as "Events of Default"):

11.1.1 Failure to perform the Project satisfactorily or on schedule; or

11.1.2 Failure to submit any report required hereunder; or

11.1.3 Failure to maintain, or permit access to, the records required hereunder; or

11.1.4 Failure to perform any of the other covenants and conditions of this Agreement.

11.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

11.2.1 Give the Grantee a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Grantee notice of termination; and

11.2.2 Give the Grantee a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the Grant Amount which would otherwise accrue to the Grantee during the period from the date of such notice until such time as the State determines that the Grantee has cured the Event of Default shall never be paid to the Grantee; and

11.2.3 Set off against any other obligation the State may owe to the Grantee any damages the State suffers by reason of any Event of Default; and

11.2.4 Treat the agreement as breached and pursue any of its remedies at law or in equity, or both.

12. TERMINATION.

12.1. In the event of any early termination of this Agreement for any reason other than the completion of the Project, the Grantee shall deliver to the Grant Officer, not later than fifteen (15) days after the date of termination, a report (hereinafter referred to as the "Termination Report") describing in detail all Project Work performed, and the Grant Amount earned, to and including the date of termination.

12.2. In the event of Termination under paragraphs 10 or 12.4 of these general provisions, the approval of such a Termination Report by the State shall entitle the Grantee to receive that portion of the Grant amount earned to and including the date of termination.

12.3. In the event of Termination under paragraphs 10 or 12.4 of these general provisions, the approval of such a Termination Report by the State shall in no event relieve the Grantee from any and all liability for damages sustained or incurred by the State as a result of the Grantee's breach of its obligations hereunder.

12.4. Notwithstanding anything in this Agreement to the contrary, either the State or, except where notice default has been given to the Grantee hereunder, the Grantee, may terminate this Agreement without cause upon thirty (30) days written notice.

13. CONFLICT OF INTEREST. No officer, member of employee of the Grantee, and no representative, officer or employee of the State of New Hampshire or of the governing body of the locality or localities in which the Project is to be performed, who exercises any functions or responsibilities in the review or

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Date 3/16/2023

approval of the undertaking or carrying out of such Project, shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership, or association in which he or she is directly or indirectly interested, nor shall he or she have any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

14. GRANTEE'S RELATION TO THE STATE. In the performance of this Agreement the Grantee, its employees, and any subcontractor or subgrantee of the Grantee are in all respects independent contractors, and are neither agents nor employees of the State. Neither the Grantee nor any of its officers, employees, agents, members, subcontractors or subgrantees, shall have authority to bind the State nor are they entitled to any of the benefits, workmen's compensation or emoluments provided by the State to its employees.

15. ASSIGNMENT AND SUBCONTRACTS. The Grantee shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the State. None of the Project Work shall be subcontracted or subgranted by the Grantee other than as set forth in Exhibit B without the prior written consent of the State.

16. INDEMNIFICATION. The Grantee shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Grantee or subcontractor, or subgrantee or other agent of the Grantee. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this agreement.

17. INSURANCE.

17.1 The Grantee shall, at its own expense, obtain and maintain in force, or shall require any subcontractor, subgrantee or assignee performing Project work to obtain and maintain in force, both for the benefit of the State, the following insurance:

17.1.1 Statutory workers' compensation and employees liability insurance for all employees engaged in the performance of the Project, and

17.1.2 General liability insurance against all claims of bodily injuries, death or property damage, in amounts not less than $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury or death any one incident, and $500,000 for property damage in any one incident; and

17.2. The policies described in subparagraph 17.1 of this paragraph shall be the standard form employed in the State of New Hampshire, issued by underwriters acceptable to the State, and authorized to do business in the State of New Hampshire. Grantee shall furnish to the State, certificates of insurance for all renewal(s) of insurance required under this Agreement no later than ten (10) days prior to the expiration date of each insurance policy.

18. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event, or any subsequent Event. No express waiver of any Event of Default shall be deemed a waiver of any provisions hereof. No such failure of waiver shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other default on the part of the Grantee.

19. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses first above given.

20. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council of the State of New Hampshire, if required or by the signing State Agency.

21. CONSTRUCTION OF AGREEMENT AND TERMS. This Agreement shall be construed in accordance with the law of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assignees. The captions and contents of the "subject" blank are used only as a matter of convenience, and are not to be considered a part of this Agreement or to be used in determining the intend of the parties hereto.

22. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

23. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.

24. SPECIAL PROVISIONS. The additional or modifying provisions set forth in Exhibit A hereto are incorporated as part of this agreement.

DS
EJM
Contractor Intials
Date 3/16/2023

New Hampshire Department of Health and Human Services
Designated Receiving Facility Beds

EXHIBIT A

Revisions to Standard Grant Agreement Provisions

1. Revisions to Form G-1, General Provisions

1.1. Paragraph 4, Effective Date: Completion of Project., 4, Effective Date: Completion of Project., Subparagraph 4.1, is modified by replacing it in its entirety, as follows:

4.1 This Agreement, and all obligations of the parties hereunder, shall become effective on the date on the date of approval of this Agreement by the Governor and Council of the State of New Hampshire ("the Effective Date").

1.2. Paragraph 4, Effective Date: Completion of Project., 4, Effective Date: Completion of Project., Subparagraph 4.2, is modified by replacing it in its entirety, as follows:

4.2. Upon admission of the first patient at the Facility, the Grantee must ensure the Designated Receiving Facility services specified in Exhibit B, Grant Terms, are provided for a period of six (6) years.

4.2.1. Except as otherwise specifically provided herein, the Grantee shall complete the Project, including all reports required by this Agreement, in its entirety by the Completion Date.

1.3. Paragraph 5, Grant Amount: Limitation on Amount: Vouchers: Payment, Subparagraph 5.4, is modified by replacing it in its entirety, as follows:

5.4 The payment by the State of the Grant amount shall be the only and the complete payment to the Grantee for all expenses, of whatever nature, incurred by the Grantee in the performance hereof, and shall be the only and the complete compensation to the Grantee for the facility renovations set forth on Exhibit B. With respect to the facility renovations, the State shall have no liabilities under this Agreement to the Grantee other than the Grant Amount.

1.4. Paragraph 7, Records and Accounts, is modified by replacing it in its entirety, as follows:

7. RECORDS and ACCOUNTS

7.1 Between the Effective Date and the date five (5) years after the Completion Date, unless otherwise required by the grant terms or the Agency, the Grantee shall keep detailed accounts of all expenses incurred in connection with the Project, including, but not limited to, costs of administration, transportation, insurance, telephone calls, and clerical materials and services. Such accounts shall be supported by receipts, invoices, bills and other similar documents.

7.2 Between the Effective Date and the date five (5) years after the

Completion Date, unless otherwise required by the grant terms or the Agency pursuant to subparagraph 7.1, at any time during the Grantee's normal business hours, and as often as the State shall demand, the Grantee shall make available to the State all records pertaining to matters covered by this Agreement. The Grantee shall permit the State to audit, examine, and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data (as that term is hereinafter defined), and other information relating to all matters covered by this Agreement. As used in this paragraph, "Grantee" includes all persons, natural or fictional, affiliated with, controlled by, or under common ownership with, the entity identified as the Grantee in block 1.3 of these provisions.

1.5. Paragraph 8, Personnel, is modified by replacing it in its entirety, as follows:

8 PERSONNEL

8.1. The Grantee shall at its own expense provide all personnel necessary to perform the Services. The Grantee certifies that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

8.2. Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Grantee's personnel involved in this project, shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

1.6. Paragraph 9, Data; Retention of Data; Access, subparagraph 9.3, is amended to read:

9.3 No data shall be subject to copyright in the United States or any other country by anyone other than the State. For the avoidance doubt, this is not meant to restrict Grantee's right to make approved academic publications.

1.7. Paragraph 11, Event of Default: Remedies, subparagraph 11.2.2, is amended to read:

11.2.2 Give the Grantee a written notice specifying the Event of Default and suspending payments, in whole or in part, to be made under this Agreement, until the Event of Default is cured.

1.8. Paragraph 11, Event of Default: Remedies, subparagraph 11.2.3, is amended

to read:

11.2.3 Reserved

1.9. Paragraph 12, Termination, subparagraph 12.1, is amended to read:

12.1. In the event of any early termination of this Agreement for any reason other than the completion of the Project, the Grantee shall deliver to the Grant Officer, not later than thirty (30) days after the date of termination, a report (hereinafter referred to as the "Termination Report") describing in detail all Project Work performed, and the Grant Amount earned, to and including the date of termination.

1.10. Paragraph 12, Termination, subparagraph 12.4, is amended to read:

12.4. Notwithstanding anything in this Agreement to the contrary, the State may terminate this Agreement without cause upon thirty (30) days written notice. The Grantee may terminate this Agreement by providing the State with thirty (30) days advance written notice if the State fails to pay the undisputed amount of any expense report submitted by the Grantee pursuant to Exhibit C within thirty (30) days after the date of such report; however, upon receipt of such notification the State has an additional sixty (60) days to make payment of undisputed amounts to avoid termination.

1.11. Paragraph 15, Assignment and Subcontracts, is amended by adding subparagraph 15.1 as follows:

15.1. Subcontractors are subject to the same contractual conditions as the Grantee and the Grantee is responsible to ensure subcontractor compliance with those conditions. The Grantee shall have written agreements with all subcontractors, specifying the work to be performed and if applicable, a Business Associate Agreement in accordance with the Health Insurance Portability and Accountability Act and any additional terms specified in the DHHS BAA at Exhibit I. Written agreements shall specify how corrective action shall be managed. The Grantee shall manage the subcontractor's performance on an ongoing basis and take corrective action as necessary. The Grantee shall annually provide the State with a list of all subcontractors provided for under this Agreement and notify the State of any inadequate subcontractor performance.

1.12. Paragraph 16, Indemnification, is modified by replacing it in its entirety, as follows:

16. INDEMNIFICATION. The Grantee shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all third party claims or losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted

against the State, its officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Grantee or subcontractor, or subgrantee or other agent of the Grantee. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this agreement.

1.13. Paragraph 17, Insurance, Subparagraph 17.1.1, is amended, to read:

17.1.1. Statutory workers' compensation insurance for all employees engaged in the performance of the Project, and

1.14. Paragraph 17, Insurance, Subparagraph 17.1, is amended by adding Subparagraph 17.1.3, to read:

17.1.3. Professional liability insurance in amounts of not less than $2,000,000 per occurrence and $3,000,000 aggregate.

1.15. Paragraph 17, Insurance, is amended by modifying subparagraph 17.2 to read:

17.2. The policies described in subparagraph 17.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire or registered to conduct business in the State of New Hampshire.

1.16. Paragraph 20, Amendment, is modified by replacing it in its entirety, as follows:

20. AMENDMENT. This Agreement may be amended, waived or discharged only by an amendment in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council of the State of New Hampshire, if required or by the signing State Agency, in the form of an amendment to this Agreement in accordance with this section.

1.17. A new Paragraph 25, Force Majeure, is added, as follows:

25. FORCE MAJEURE.

25.1 Neither the Grantee nor the State shall be responsible for delays or failures in performance resulting from events beyond the control of such Party and without fault or negligence of such Party. Such events shall include, but not be limited to, acts of God, strikes, lockouts, riots, and acts of War, epidemics, acts of Government, fire, power failures, nuclear accidents, earthquakes, and unusually severe weather.

25.2 Except in the event of the foregoing, Force Majeure events shall not include the Grantee's inability to hire or provide personnel needed for the Grantee's performance under the Agreement.

New Hampshire Department of Health and Human Services
Designated Receiving Facility Beds

EXHIBIT B

Grant Terms

This Agreement is entered into by and between the New Hampshire Department of Health and Human Services (Department) and Mary Hitchcock Memorial Hospital (Grantee) (herein collectively referred to as the Parties).

WHEREAS, the Department seeks to establish sustainable and long-term solutions to expand the availability of Designated Receiving Facility services in New Hampshire;

WHEREAS the Grantee seeks to modify an existing facility (the Facility) to add inpatient Designated Receiving Facility beds in Lebanon, NH to increase Designated Receiving Facility bed availability in response to the behavioral health impacts on the public of the COVID-19 pandemic, and;

WHEREAS the Department shall provide funding through this Agreement to the Grantee to defray expenditures associated with the renovations of the Facility;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants, conditions, and payments set forth herein, the Department and the Grantee have entered into this Agreement on the terms and conditions as set forth below.

1. Grantee Obligations

1.1. The Grantee shall conduct a meeting with the Department within thirty (30) days of the Effective Date of this Agreement, to include, but not limited to, discussion of the design, renovation work plan, timeline, and roles and responsibilities of Key Project Staff.

1.2. The Grantee shall comply with all statutes, ordinances, rules, and regulations of any government whether federal, state, county, or municipal or any department, agency, or State therefore applicable to the activities described in this Agreement, including, but not limited to, having at all times all required licenses and permits.

1.3. **Facility Renovations**

1.3.1. The Grantee shall complete renovations and other improvements to the Facility to add five (5) Designated Receiving Facility beds (Facility Renovations) by December 31, 2024.

1.3.2. The Grantee shall be responsible for design, renovations, operation, and maintenance of the Facility. If required for the proper administration of funds, at the request of the Department, the Grantee shall provide renovation plans, specifications, bid documents, or other renovation documents.

1.3.3. During the period of the Facility Renovations, the Grantee shall allow a designee from the Department of Administrative Services (DAS) and/or Department to access to the site and conduct a site visit on a monthly basis or other frequency, as requested by the Department. The purpose of the site visit includes, but is not limited to:

1.3.3.1. Verifying Project progress is appropriate and on-schedule.

1.3.3.2. Verifying allowable costs incurred to approve invoices.

1.3.4. The Grantee shall notify the Department and the State's Project Manager of any regularly scheduled meetings with the Grantee's inspecting architects,

engineers, and/or contractor(s) performing the Facility Renovations.

1.3.4.1. The Grantee shall draft and submit copies of meeting minutes to the Department and the State's Project Manager with respect to any such meetings.

1.3.4.2. The Grantee shall submit copies of any and all testing, inspection and commissioning reports required during renovations to the Department and the State's Project Manager.

1.4. **Designated Receiving Facility Services**

1.4.1. Upon completion of the Facility Renovations, the Grantee shall ensure a minimum of five (5) Designated Receiving Facility beds are available at the Facility, within 30 days of completion of the Facility Renovations or certificate of occupancy or other approval required for use, unless otherwise mutually agreed upon in writing by the Parties, for individuals who are 18 years of age or older admitted on an involuntary basis.

1.4.2. The Grantee shall ensure the five (5) beds are available for Designated Receiving Facility Services (the Services) for the term as specified in Exhibit A, Revisions to Standard Grant Agreement Provisions, Section 1, Revisions to Form G-1, General Provisions, Subsection 1.1.

1.4.3. The Grantee shall be solely responsible for any costs associated with the provision of the Designated Receiving Facility Services as described in this Agreement and ongoing Facility maintenance and operations.

1.4.3.1. The Agreement shall not limit the Grantee's ability to pursue payment for any clinical services that are reimbursable under any governmental health care program provided by the Grantee to patients at the Facility.

1.4.4. The Grantee shall ensure the Facility is a Designated Receiving Facility in accordance with New Hampshire Administrative Rules Part He – M 405 - Designation of Receiving Facilities.

1.4.5. The Grantee shall comply with all other applicable licensing requirements, administrative rules, and federal, state, local regulations, and accreditation requirements, including, but not limited to, those applicable to:

1.4.5.1. Health facility licensing.

1.4.5.2. Designated receiving facilities.

1.4.5.3. Institutions for Mental Disease.

1.4.5.4. Inpatient services.

1.4.6. The Grantee shall ensure the Facility is accredited by a healthcare accrediting organization approved by the Centers for Medicare and Medicaid Services. The Grantee shall maintain said healthcare facility accreditation for the complete term of the Agreement.

1.4.7. The Grantee shall accept patients from areas statewide, including patients who are outside of the Grantee's catchment area.

1.4.8. The Grantee, so long as there is no potential or actual violation of any statutory, regulatory or enforcement requirements, including, but not limited to, RSA 135-C:13, and/or guidance relating to the Emergency Medical Treatment and Labor Act (EMTALA), shall:

1.4.8.1. Prioritize and accept patients on an involuntary emergency admissions basis seven (7) days per week.

1.4.8.2. Accept patients on a voluntary basis, including direct admissions, when there are no patients waiting to be admitted on an involuntary basis.

1.4.8.2.1. Prior to admitting any voluntary patient, the Grantee shall contact New Hampshire Hospital (NHH) to verify there is no individual on the Involuntary Emergency Admission waitlist.

1.4.8.2.2. The Grantee shall ensure that patients with Medicaid represent no less than 40% of the total patients admitted to the five (5) Designated Receiving Facility beds to the Facility annually. This percentage will be evaluated by the Parties on annual basis and may be subject to change upon mutual agreement of the Parties in writing.

1.4.9. The Grantee shall facilitate Community Care Transition coordination and communication for patients from Facility admission through discharge planning with community providers, including, but not limited to:

1.4.9.1. Private healthcare providers;

1.4.9.2. Community mental health programs or providers; and/or

1.4.9.3. Veteran's Affairs facilities.

1.4.10. The Grantee shall participate in the State's Critical Time Intervention Program to ensure appropriate transitions of care and/or at minimum ensure discharged individuals are connected with local providers/appropriate supports upon discharge.

1.4.11. Within twelve (12) months of admitting the first patient, the Grantee shall enter into agreements with the following entities in order to establish, subject to Department approval, referral, admissions, and discharge processes:

1.4.11.1. The State's ten (10) Community Mental Health Centers;

1.4.11.2. The State's nine (9) Doorways locations; and

1.4.11.3. Other substance misuse treatment centers, as determined by the Department.

1.4.12. The Grantee shall participate in on-site reviews conducted by the Department on an annual basis, or as otherwise requested by the Department, for the term of the Agreement.

1.4.13. The Grantee shall facilitate reviews of files conducted by the Department on a quarterly basis, or as otherwise requested by the Department, that may

include, but are not limited to:

1.4.13.1. Community Care Transitions.

2. Reporting and Performance Monitoring

2.1. During the Facility Renovations, the Grantee shall submit monthly progress reports to the Department and the State's Project Manager in a format approved by the State. Progress reports shall include, but are not limited to:

2.1.1. A description of the work performed during the reporting period, including, but not limited to, testing reports, photographs of on-going work, waste disposal and waste recycling reports, and description(s) of materials and equipment installed, materials and equipment on-site and materials and equipment stored off-site.

2.1.2. Receipts for all off-site, stored materials and equipment as well as documentation demonstrating that the off-site materials and equipment are properly stored in safe, secure and weather-protected areas.

2.1.3. Activities and/or milestones achieved.

2.1.4. Challenges, delays, and/or other problems encountered during the Facility Renovations.

2.2. Upon admission of the first patient at the Facility, the Grantee shall submit the following reports to the Department in a format as approved by the Department and at a frequency in accordance with the below table:

Frequency	Reporting Requirement
Due within thirty (30) days upon Grant Agreement approval	Recruitment Plan detailing hiring strategies.
Monthly (by the 15th of the following month)	Uniform Hospital Discharge Data Set – Demographic information for all Designated Receiving Facility bed admissions during the reporting period; Insurance information, inclusive of Medicaid ID numbers, as applicable; admission and discharge data; whether an individual was involuntary during any part of the admission period; whether the individual was engaged with a community mental health center upon admission; discharge disposition; and other key data as requested by the Department shall be submitted via the Department's Phoenix data reporting system.
Monthly (by the 15th of the following month)	Monthly report for Designated Receiving Facility Services in addition to the above, shall be submitted on a template as required by the Department, to include but not limited to: the number of Involuntary Emergency Admissions (IEA) admitted and any period of involuntary status during admission; use of seclusion and restraint; probable cause hearings dismissed and the related reason; and any non-admissions, including the reason for denial.

Annually	Policies and procedures, including but not limited to admissions, discharges, transfers, seclusion and restraint, and uncompensated care.
Annually	Copies of agreements with Community Mental Health Centers and other community partners.
Due within thirty (30) days upon Grant Agreement approval and annually thereafter	Communication plan with other facilities in New Hampshire to identify bed availability.
As required by healthcare accrediting organization	Evidence of healthcare facility accreditation.
As requested by the Department	Ad hoc program data and information.

2.3. The Grantee shall transmit Confidential Information to the Department by means of a secure file transport protocol (sFTP) provided by the Department and agreed to by the Parties and approved by the Department's Information Security Office.

2.4. The Grantee may be required to provide other key data and performance metrics to the Department in a format specified by the Department.

3. Key Project Staff

3.1. The Grantee shall assign and provide contact information to the Department for the following Key Project staff:

3.1.1. Grantee Project Manager, who shall:

3.1.1.1. Serve as the primary point-of-contact for the Department during the period of the Facility Renovations.

3.1.1.2. Be qualified to continuously perform or supervise the Grantee's obligations under this Agreement with regards the Facility Renovations.

3.1.2. Grantee Administrator: The Grantee shall assign an Administrator who shall:

3.1.2.1. Be responsible for administration of this Agreement, including but not limited to providing Agreement documentation to verifying costs as requested by the Department.

3.1.2.2. Track costs and payments.

3.1.2.3. Represent the Grantee in all Agreement administrative activities.

3.1.3. Grantee Designated Receiving Facility Services Project Manager, who shall:

3.1.3.1. Serve as the primary point-of-contact for the Department with regards to Designated Receiving Facility services at the Facility.

3.1.3.2. Be qualified to perform or supervise the Contractor's obligations

under this Agreement with regards to Designated Receiving Facility services at the Facility.

3.1.3.3. Be available to respond to questions arising from reporting and performance requirements.

3.2. The State shall assign and provide contact information to the Grantee for the following Key Project staff:

3.2.1. State Project Manager, who shall:

3.2.1.1. Function as the State's representative with regard to Agreement administration during the period of Facility Renovations.

3.2.1.2. Attend any regularly scheduled meetings with the Grantee's inspecting architects, engineers, and/or contractor(s) performing the Facility Renovations and/or review minutes from any such meetings.

3.2.1.3. Conduct site visits as needed to monitor progress of the Facility Renovations and quality of work and to verify costs included in invoices submitted by the Grantee to request reimbursement.

3.2.1.4. Review submissions of required reports during the period of Facility Renovations.

3.2.1.5. Review and approve invoices submitted by the Grantee.

3.2.2. State Designated Receiving Facility Services Project Manager, who shall:

3.2.2.1. Function as the Department's representative with regard to Agreement administration upon commencement of Designated Receiving Facility services at the Facility.

3.2.2.2. Receive and review all reports submitted by the Grantee upon commencement of Designated Receiving Facility services at the Facility.

3.3. Either Party may change its Key Project Staff upon written notice to the other Party.

4. Exhibits Incorporated

4.1. The Grantee shall comply with all Exhibits D through K, which are attached hereto and incorporated by reference herein.

5. Additional Terms

5.1. Impacts Resulting from Court Orders or Legislative Changes

5.1.1. The Grantee agrees that, to the extent future state or federal legislation or court orders may have an impact on the Services described herein, the State has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

5.2. Credits and Copyright Ownership

5.2.1. All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Agreement shall include the following statement, "The preparation of this (report, document etc.) was financed under a Grant Agreement with the State of New Hampshire, Department of Health and Human Services, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services."

5.2.2. All materials produced or purchased under the Agreement shall have prior review of the Department before printing, production, or distribution.

5.2.3. The Department shall retain copyright ownership for any and all original materials produced or purchased under this Agreement, including, but not limited to:

5.2.3.1. Brochures;

5.2.3.2. Resource directories;

5.2.3.3. Protocols or guidelines;

5.2.3.4. Posters; and

5.2.3.5. Reports.

5.2.4. The Grantee may use what it produces under this Agreement for its research and education purposes and may publish on the results it produces subject to the following review by the Department. The Grantee shall provide the Department with a proposed manuscript at least thirty (30) prior to submission for publication for the State's review. The Grantee shall acknowledge the Department's contributions in any such publication and shall not include in any such publication confidential information provided by the State.

5.3. **Operation of Facilities: Compliance with Laws and Regulations**

5.3.1. In the operation of any facilities for providing services, the Grantee shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the Grantee with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Grantee will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Grantee hereby covenants and agrees that, during the term of this Agreement the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

6. Records

6.1. The Grantee shall keep records for five (5) years after the end of the Completion Date of the Agreement. Records include, but are not limited to:

6.1.1. Books, records, documents and other electronic or physical data evidencing and reflecting all costs and other expenses incurred by the Grantee in the performance of the Contract, and all income received or collected by the Grantee.

6.1.2. All records must be maintained in accordance with accounting procedures and practices, which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

6.1.3. Statistical, enrollment, attendance or visit records for each recipient of services, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

6.2. During the term of this Agreement and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Agreement for purposes of audit, examination, excerpts and transcripts. Upon the purchase by the Department of the maximum number of units provided for in the Agreement and upon payment of the price limitation hereunder, the Agreement and all the obligations of the Parties hereunder (except such obligations as, by the terms of the Agreement are to be performed after the end of the term of this Agreement and/or survive the termination of the Agreement) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Grantee as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Grantee.

New Hampshire Department of Health and Human Services
Designated Receiving Facility Beds

EXHIBIT C

Payment Terms

1. This Agreement is funded under a grant to the State of New Hampshire (State) and subsequently through the Governor's Office for Emergency Relief and Recovery (GOFERR) and the Department as approved by the Governor and Executive Council from the federal government through the Department of Treasury (Treasury) through the American Rescue Plan Act of 2021 (ARPA), with 100% of the source of funds being the State and Local Fiscal Recovery Funds (SLFRF) identified under the Catalog of Federal Domestic Assistance (CFDA) number #21.027. The Federal Award Identification Number (FAIN) for this award is SLFRP0145. This grant award is a subaward of SLFRF funds and any and all compliance requirements, as updated by Treasury, for use of SLFRF funds are applicable to the Subrecipient, without further notice. Treasury requirements are published and updated at https://home.treasury.gov/policy- issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and- local-fiscal-recovery-funds.
2. For the purposes of this Agreement the Department has identified:
   2.1. The Grantee as a subrecipient, in accordance with 2 CFR 200.331.
   2.2. The Agreement as NON-R&D, in accordance with 2 CFR §200.332.
3. Payment shall be on a cost reimbursement basis for actual expenditures incurred in fulfillment of Exhibit B, Grant Terms, Section 1, Grantee Obligations, Subsection 1.3, Facility Renovations, and as follows:
   3.1. The Grantee shall submit an expense report and invoice with supporting documentation to the Department no later than the twentieth (20th) working day of the month following the month in which the expenses were incurred.
   3.2. The Department shall reimburse the Grantee for up to forty percent (40%) of the allowable costs in each invoice related to the Facility Renovations and incurred by the Grantee during the period commencing upon the Effective Date and ending on December 31, 2024, or through the completion of the Renovation Project, whichever is sooner. Total payment shall not to exceed the Grant Limitation specified in box 1.8 of Form Number G-1, Grant Agreement.
   3.3. The Department shall not reimburse the Grantee for any costs determined to be not allowable, such as real estate purchases and/or property acquisitions, or permitting fees, or client services.
4. The Grantee shall ensure each invoice:
   4.1. Includes the Grantee's Vendor Number issued upon registering with New Hampshire Department of Administrative Services.
   4.2. Is submitted in a form that is provided by or otherwise acceptable to the

Department.

4.3. Identifies and requests payment for allowable costs incurred in the previous month.

4.4. Includes supporting documentation of allowable costs with each invoice that may include, but are not limited to, time sheets, payroll records, receipts for purchases, and proof of expenditures, as applicable and as requested by the State.

4.5. Is completed, dated and returned to the Department with the supporting documentation for allowable expenses to initiate payment.

4.6. Is assigned an electronic signature, includes supporting documentation, and is emailed to the appropriate State contacts as identified by the Department.

5. The Department shall make payment to the Grantee within thirty (30) days of receipt of each invoice and supporting documentation for authorized expenses, subsequent to approval of the submitted invoice. The costs shall be incurred during the period of performance of the project, and shall be allowable, meaning that the costs must conform to specific federal requirements detailed in *2 CFR part 200 Subpart E*.

6. The Department may recoup payments made under this Agreement, in whole or in part, in the event the Grantee fails to comply with the provisions of this Agreement, in whole or in part, and does not remedy any such failure to the Department's satisfaction.

7. The Grantee shall comply with the property management and procedures detailed in 2 CFR Part 200 Subpart D.

8. The Grantee must have an active registration with the Federal System for Award Management (SAM).

9. The Grantee shall submit a final invoice and supporting documentation for authorized expenses to the Department no later than forty (40) days after the Grantee commences the Designated Receiving Facility Services as required in Exhibit B, Grant Terms, Subsection 1.4, at the Facility.

10. Notwithstanding Paragraph 20 of the General Provisions Form G-1, changes limited to adjusting amounts within the price limitation and adjusting encumbrances between State Fiscal Years and budget class lines through the Budget Office may be made by written agreement of both parties, without obtaining approval of the Governor and Executive Council, if needed and justified.

11. The Grantee agrees to, as appropriate and to the extent consistent with law (2 C.F.R. § 200.322), to the greatest extent practicable, make preference for the purchase,

acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award. For purposes of this section "produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States. "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

12. The Grantee shall comply with the Copeland "Anti-Kickback Act (40 U.S.C. 3145).

13. Audits

13.1. The Grantee must email an annual audit to dhhs.act@dhhs.nh.gov if the Grantee is a public company and required by Security and Exchange Commission (SEC) regulations to submit an annual financial audit, within 120 days of the close of the Grantee's fiscal year.

13.2. In addition to, and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Grantee that the Grantee shall be held liable for any state or federal audit exceptions and shall return to the Department all payments made under the Contract to which exception has been taken, or which have been disallowed because of such an exception.

14. The Grantee must ensure that any procurement using SLFRF funds, or payments under procurement contracts using such funds are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true: the item is below the micro-purchase threshold; the item is only available from a single source; the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or after solicitation of a number of sources, competition is determined inadequate. Subrecipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320.

15. The Grantee shall comply with 2 CFR part 200 Subpart D and the specific standards regarding financial reporting, accounting records, internal control, budget control, allowable cost, source documentation, and cash management outlined therein.

New Hampshire Department of Health and Human Services
Designated Receiving Facility Beds

EXHIBIT C

16. The Grantee agrees to provide certification upon request that for projects over $10 million (based on expected total cost), for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed. All contracts and subcontracts for the construction of treatment works shall insert in full in any contract the standard Davis-Bacon contract clause as specified by 29 CFR §5.5(a).

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Grantee's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - GRANTEES
US DEPARTMENT OF EDUCATION - GRANTEES
US DEPARTMENT OF AGRICULTURE - GRANTEES

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Grantees using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

1. The grantee certifies that it will or will continue to provide a drug-free workplace by:

   1.1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
   1.2. Establishing an ongoing drug-free awareness program to inform employees about
      1.2.1. The dangers of drug abuse in the workplace;
      1.2.2. The grantee's policy of maintaining a drug-free workplace;
      1.2.3. Any available drug counseling, rehabilitation, and employee assistance programs; and
      1.2.4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
   1.3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
   1.4. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
      1.4.1. Abide by the terms of the statement; and
      1.4.2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
   1.5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 1.4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency

Grantee EJM

Date 3/16/2023

has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
   1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
   1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.

2. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance: 1 Medical Center Drive, Lebanon, NH 03756

Check ☐ if there are workplaces on file that are not identified here.

Grantee Name: Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic

3/16/2023
Date

DocuSigned by:
Edward J. Merrens, MD
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Name: Edward J. Merrens, MD
Title: Chief Clinical Officer

CERTIFICATION REGARDING LOBBYING

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Grantee's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

US DEPARTMENT OF HEALTH AND HUMAN SERVICES – GRANTEES
US DEPARTMENT OF EDUCATION - GRANTEES
US DEPARTMENT OF AGRICULTURE - GRANTEES

Programs (indicate applicable program covered):
*Temporary Assistance to Needy Families under Title IV-A
*Child Support Enforcement Program under Title IV-D
*Social Services Block Grant Program under Title XX
*Medicaid Program under Title XIX
*Community Services Block Grant under Title VI
*Child Care Development Block Grant under Title IV

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.)

3. The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Grantee Name: Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic

DocuSigned by:
Edward J. Merrens, MD
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3/16/2023
Date

Name: Edward J. Merrens, MD
Title: Chief Clinical Officer

DS
EJM
Grantee Initials

3/16/2023
Date

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Grantee's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this grant agreement, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this grant agreement is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.

6. The prospective primary participant agrees by submitting this grant agreement that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and

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3/16/2023
Date _____

information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
    - 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
    - 11.2. have not within a three-year period preceding this proposal (grant agreement) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
    - 11.3. are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (I)(b) of this certification; and
    - 11.4. have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

12. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (grant agreement).

LOWER TIER COVERED TRANSACTIONS

13. By signing and submitting this lower tier proposal (grant agreemenr), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:
    - 13.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
    - 13.2. where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (grant agreement).

14. The prospective lower tier participant further agrees by submitting this proposal (grant agreement) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Grantee Name: Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic

DocuSigned by:
Edward J. Merrens, MD
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3/16/2023
Date

Name: Edward J. Merrens, MD
Title: Chief Clinical Officer

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EJM

Grantee Initials

3/16/2023
Date

CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND WHISTLEBLOWER PROTECTIONS

The Grantee identified in Section 1.3 of the General Provisions agrees by signature of the Grantee's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

Grantee will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;

- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;

- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);

- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;

- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;

- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;

- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;

- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;

- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

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In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

The Grantee identified in Section 1.3 of the General Provisions agrees by signature of the Grantee's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this grant agreement, the Grantee agrees to comply with the provisions indicated above.

Grantee Name: Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic

DocuSigned by:
Edward J. Merrens, MD
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3/16/2023
Date

Name: Edward J. Merrens, MD
Title: Chief Clinical Officer

New Hampshire Department of Health and Human Services
Exhibit H

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Grantee identified in Section 1.3 of the General Provisions agrees, by signature of the Grantee's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this grant agreement, the Grantee agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.

Grantee Name: Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic

DocuSigned by:
Edward J. Merrens, MD
8AGA3CFCA8GC428...

3/16/2023
Date

Name: Edward J. Merrens, MD
Title: Chief Clinical Officer

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Grantee Initials

3/16/2023
Date

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT BUSINESS ASSOCIATE AND PART 2 RECORD AGREEMENT

The Grantee identified in Section 1.3 of the General Provisions of the Grant Agreement ("Agreement") agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162, and 164 (HIPAA) applicable to business associates.

To the extent that any of the PHI, handled or otherwise dealt with by the Grantee on behalf of the Covered Entity as part of the Scope of Work of the Agreement, are patient "records" the term is defined in 42 CFR Part 2.11 and protected under 42 CFR Part 2, the Grantee shall be bound by all provisions and with the requirements of 42 USC s. 290 dd-2, 42 CFR Part 2, (Part 2), if applicable.

This Business Associate Agreement (BAA) applies to all services performed by the Grantee that are considered BAA services and does not apply to services related to treatment of a patient by the Grantee as a covered entity.

(1) Definitions.

a. "Business Associate" shall mean the Grantee and subcontractors, and agents of the Grantee that receive, use or have access to protected health information (PHI) as defined in this Business Associate Agreement ("BAA") and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

b. The following terms have the same meaning as defined in HIPAA 45 CFR Parts 160, 162, and 164 as amended from time to time, and the HITECH Act, Title XIII, Subtitle D, Part 1&2 of the American Recovery and Reinvestment Act of 2009 and 42 USC 290 dd, 42 CFR Part 2 protecting substance use disorder records:

> "Breach", "Covered Entity", "Designated Record Set", "Data Aggregation", Designated Record Set", Health Care Operations", HITECH Act", "Individual", "Privacy Rule", "Required by law", "Security Rule", and "Secretary".

c. "Protected Health Information", ("PHI") as used in this Agreement means protected health information defined in HIPAA 45 CFR 160.103, limited to the information created, received, or used by Business Associate from or on behalf of Covered Entity, and includes any Part 2 records relating to substance use disorder, if applicable, as defined below.

d. "Part 2 record" means any "Part 2 record" as defined in 42 CFR Part 2.11. The term includes any data or information created by a Part 2 program or provider that identifies a patient and relates to the patient's past, present, or future substance use disorder treatment, evaluation, or referral for treatment defined and which is protected by 42 CFR Part 2.

e. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards

Grantee Initials EVH
3/16/2023
Date: 03/03/2023

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(2) **Business Associate Use and Disclosure of Protected Health Information.**

a. Business Associate shall not use, disclose, maintain, store, or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit B of the Agreement. Further, Business Associate, including but not limited to all its directors, officers, employees, and agents, shall protect any PHI as required by HIPPA and42 CFR Part 2, and not use, disclose, maintain, store, or transmit PHI in any manner that would constitute a violation of HIPAA or 42 CFR Part 2.

b. Business Associate may use or disclose PHI, as applicable:

I. For the proper management and administration of the Business Associate;
II. As required by law, pursuant to the terms set forth in paragraph c. and d. below;
III. According to the HIPAA minimum necessary standard;
IV. For data aggregation purposes for the health care operations of Covered Entity.

c. To the extent Business Associate is permitted under the Agreement to disclose PHI to any third party, Business Associate must obtain, prior to making any such disclosure, a written agreement including: (i) an agreement that the requirements, limitations, and restrictions placed on the Business Associate by this BAA also apply to the third party, (ii) reasonable assurances from the third party that such PHI will be held confidentially, and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (iii) an agreement from such third party to notify Business Associate, in accordance with the HIPAA Privacy, Security, and Breach Notification Rules of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.

d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit B of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that it has an opportunity to determine how to best protect the PHI. If Covered Entity objects to the disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies. In any judicial proceeding, Business Associate shall resist any efforts to access any Part 2 records.

e. If the Covered Entity has notified the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to HIPAA or 42 CFR Part 2, the Business Associate agrees to comply with such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) **Obligations and Activities of Business Associate.**

a. Business Associate shall implement appropriate safeguards to prevent unauthorized use or disclosure of PHI in accordance with HIPAA and Part 2, as applicable.

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Grantee Initials
3/16/2023
Date: 03/03/2023

b. The Business Associate shall notify the Covered Entity's Privacy Officer immediately after the Business Associate becomes aware of any use or disclosure of protected health information not provided for by the Agreement including inadvertent or accidentaluses or disclosures, breaches of unsecured protected health information, and any security incident that may have an impact on the protected health information of the Covered Entity consistent with the terms of Exhibit K.

- The parties acknowledge and agree that attempted but Unsuccessful Security Incidents (as defined below) that occur on a daily basis will not be reported. "Unsuccessful Security Incidents" shall include, but not be limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI.

c. In addition to notification, the Business Associate shall immediately perform a risk assessment when it becomes aware of any of the situations in b. above; and provide Covered Entity with a final report and all findings as soon as practicable after the completion of the final report consistent with the terms of Exhibit K. The risk assessment shall include, but not be limited to:

- The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
- The unauthorized access or use of the protected health information or to whom the disclosure was made;
- Whether the protected health information was actually acquired or viewed
- The extent to which the risk to the protected health information has been mitigated.

d. In the event of a breach, the Business Associate shall comply with all applicable sections of the Privacy, Security, Breach Notification Rule and the terms of Exhibit K of the Agreement.

e. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the US Secretary of Health and Human Services for purposes of determining the Business Associate's and the Covered Entity's compliance with HIPAA and Part 2, if applicable.

f. Business Associate shall require any third party that receives, uses, stores, or has access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section 3 (m). The Business Associate shall require all to be subject to the

g. Within ten (10) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use anddisclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the BAA.

Grantee Initials DS EJM

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Date: 03/03/2023

h. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.

i. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.

j. Business Associate shall document any disclosures of PHI and information related to any disclosures as would be required for Covered Entity to respond to a request byan individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.

k. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.

l. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.

m. Within thirty (30) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-ups of such PHI in any form or platform.

- If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for as long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

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3/16/2023
Date: 03/03/2023

a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI. A current version of Covered Entity's Notice of Privacy Practices and any changes thereto will be posted on the Covered Entity's website: https://www.dhhs.nh.gov/oos/hipaa/publications.htm .

b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this BAA, pursuant to 45 CFRSection 164.506 or 45 CFR Section 164.508.

c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(5) Termination of Agreement for Cause

In addition to Paragraph 9 of the standard terms and conditions (P-37) of the Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a material breach by Business Associate of the Business Associate Agreement. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity.

(6) Miscellaneous

a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in HIPAA or 42 Part 2, means the Section as in effect or as amended.

b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, 42 CFR Part 2 other applicable federal and state law.

c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.

d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA and 42 CFR Part 2.

e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.

f. Survival. Provisions in this BAA regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Business Associate

Grantee Initials EJM
3/16/2023
Date: 03/03/2023

Agreement in section (3) I, the defense and indemnification provisions of section (3) e and Paragraph 13 of the standard terms and conditions (P-37) of the Agreement, shall survive the termination of the BAA.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

Department of Health and Human Services	Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic
The State	Name of the Grantee
DocuSigned by: Morissa Henn	DocuSigned by: Edward J. Merrens, MD
Signature of Authorized Representative	Signature of Authorized Representative
Morissa Henn	Edward J. Merrens, MD
Name of Authorized Representative	Name of Authorized Representative
Morissa Henn, Associate Commissioner	Chief Clinical Officer
Title of Authorized Representative	Title of Authorized Representative
3/16/2023	3/16/2023
Date	Date

DS
EJM
Grantee Initials
3/16/2023
Date: 03/03/2023

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than $25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of $25,000 or more. If the initial award is below $25,000 but subsequent grant modifications result in a total award equal to or over $25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.
In accordance with 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

1. Name of entity
2. Amount of award
3. Funding agency
4. NAICS code for contracts / CFDA program number for grants
5. Program source
6. Award title descriptive of the purpose of the funding action
7. Location of the entity
8. Principle place of performance
9. Unique identifier of the entity (DUNS#)
10. Total compensation and names of the top five executives if:
    - 10.1. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than $25M annually and
    - 10.2. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.
The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), and further agrees to have the Grantor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:
The below named Grantee agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

Grantee Name: Mary Hitchcock Memorial Hospital on behalf of itself and Dartmouth-Hitchcock Clinic

DocuSigned by:
Edward J. Merrens, MD
8ACA3CFCA0CC438...

Date 3/16/2023

Name: Edward J. Merrens, MD
Title: Chief Clinical Officer

FORM A

As the Grantee identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The UEI (SAM.gov) number for your entity: QYLXERHDAQL4

2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) $25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

   X **NO** _____ **YES**

   If the answer to #2 above is NO, stop here

   If the answer to #2 above is YES , please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

   _____ **NO** _____ YES

   If the answer to #3 above is YES, stop here

   If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

   Name:_____ Amount:_____

   Name:_____ Amount:_____

   Name:_____ Amount:_____

   Name:_____ Amount:_____

   Name:_____ Amount _____

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Grantee Initials _____

Date 3/16/2023

New Hampshire Department of Health and Human Services

DHHS Security Requirements

Exhibit K

A. Definitions

The following terms may be reflected and have the described meaning in this document:

1. "Breach" means the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, or any similar term referring to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic. With regard to Protected Health Information, "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.

2. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.

3. "Confidential Information," "Confidential Data," or "Data" (as defined in Exhibit K), means all confidential information disclosed by one party to the other such as all medical, health, financial, public assistance benefits and personal information including without limitation, Substance Abuse Treatment Records, Case Records, Protected Health Information and Personally Identifiable Information.

   Confidential Information also includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Protected Health Information (PHI), Personal Information (PI), Personal Financial Information (PFI), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.

4. "End User" means any person or entity (e.g., grantee's employee, business associate, subcontractor, other downstream user, etc.) that receives DHHS data or derivative data in accordance with the terms of this Contract.

5. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder.

6. "Incident" means an act that potentially violates a security policy, which includes successful attempts) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or

storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent. Incidents include the loss of data through theft or device misplacement, loss or misplacement of hardcopy documents, and misrouting of physical or electronic documents or mail.

7. "Open Wireless Network" means any network or segment of a network that is not designated by the State of New Hampshire's Department of Information Technology or delegate as a protected network (designed, tested, and approved, by means of the State, to transmit) will be considered an open network and not adequately secure for the transmission of unencrypted PI, PFI, PHI or confidential DHHS data.

8. "Personal Information" (or "PI") means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, personal information as defined in New Hampshire RSA 359-C:19, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.

9. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

10. "Protected Health Information" (or "PHI") has the same meaning as provided in the definition of "Protected Health Information" in the HIPAA Privacy Rule at 45 C.F.R. § 160.103.

11. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 164, Subpart C, and amendments thereto.

12. "Unsecured Protected Health Information" means Protected Health Information that is not secured by a technology standard that renders Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.

I. RESPONSIBILITIES OF DHHS AND THE GRANTEE

A. Business Use and Disclosure of Confidential Information.

1. The Grantee must not use, disclose, maintain or transmit Confidential Information

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except as required or permitted under this Contract or required by law. Further, Grantee, including but not limited to all its directors, officers, employees and agents, must not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.

2. The Grantee must not disclose any Confidential Information in response to a request for disclosure on the basis that it is required by law, in response to a subpoena,etc., without first notifying DHHS so that DHHS has an opportunity to consent or object to the disclosure.
3. The Grantee agrees that DHHS Data or derivative there from disclosed to an End User must only be used pursuant to the terms of this Contract.

II. METHODS OF SECURE TRANSMISSION OF DATA

1. Application Encryption. If Grantee is transmitting DHHS Data containing Confidential Data between applications, the Grantee attests the applications have been evaluated by an expert knowledgeable in cyber security and that said application's encryption capabilities ensure secure transmission via the internet.
2. Computer Disks and Portable Storage Devices. Grantee may not use computer disks or portable storage devices, such as a thumb drive, as a method of transmitting DHHS Data.
3. Encrypted Email. Grantee may only employ email to transmit Confidential Data if email is encrypted and being sent to and being received by email addresses of persons authorized to receive such information.
4. Encrypted Web Site. If Grantee is employing the Web to transmit Confidential Data, the secure socket layers (SSL) must be used and the web site must be secure. SSL encrypts data transmitted via a Web site.
5. File Hosting Services, also known as File Sharing Sites. Grantee may not use file hosting services, such as Dropbox or Google Cloud Storage, to transmit Confidential Data.
6. Ground Mail Service. Grantee may only transmit Confidential Data via *certified* ground mail within the continental U.S. and when sent to a named individual.
7. Laptops and PDA. If Grantee is employing portable devices to transmit Confidential Data said devices must be encrypted and password-protected.
8. Open Wireless Networks. Grantee may not transmit Confidential Data via an open wireless network. End User must employ a virtual private network (VPN) when remotely transmitting via an open wireless network.
9. Remote User Communication. If Grantee is employing remote communication to

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Date 3/16/2023

access or transmit Confidential Data, a secure method of transmission or remote access, which complies with the terms and conditions of Exhibit K, must be used.

10. SSH File Transfer Protocol (SFTP), also known as Secure File Transfer Protocol. If Grantee is employing an SFTP to transmit Confidential Data, End User will structure the Folder and access privileges to prevent inappropriate disclosure of information. SFTP folders and sub-folders used for transmitting Confidential Data will be coded for 24-hour auto-deletion cycle (i.e. Confidential Data will be deleted every 24 hours).
11. Wireless Devices. If Grantee is transmitting Confidential Data via wireless devices, all data must be encrypted to prevent inappropriate disclosure of information.

III. RETENTION AND DISPOSITION OF IDENTIFIABLE RECORDS

The Grantee will only retain DHHS Data and any derivative of the data for the duration of this Contract. After such time, the Grantee will have thirty (30) days to destroy the data and any derivative in whatever form it may exist, unless, otherwise required by law or, if it is infeasible to return or destroy DHHS Data, protections are extended to such information, in accordance with the termination provisions in this Section. To this end, the parties must:

A. Retention

1. The Grantee agrees it will not store, transfer or process data collected in connection with the services rendered under this Contract outside of the United States. This physical location requirement shall also apply in the implementation of cloud computing, cloud service or cloud storage capabilities, and includes backup data and Disaster Recovery locations.
2. The Grantee agrees to ensure proper security monitoring capabilities are in placeto detect potential security events that can impact State of NH systems and/or Department confidential information for grantee provided systems accessed or utilized for purposes of carrying out this contract.
3. The Grantee agrees to provide security awareness and education for its End Usersin support of protecting DHHS Confidential information.
4. The Grantee agrees to retain all electronic and hard copies of Confidential Datain a secure location and identified in section IV. A.2
5. The Grantee agrees Confidential Data stored in a Cloud must be in a FedRAMP/HITECH compliant solution and comply with all applicable statutes and regulations regarding the privacy and security. All servers and devices must have currently-supported and hardened operating systems, current, updated, and ds

EJM

maintained anti-malware (e.g. anti-viral, anti-hacker, anti-spam, anti-spyware) utilities. The environment, as a whole, must have aggressive intrusion-detection and firewall protection.

6. The Grantee agrees to and ensures its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.

B. Disposition

If the Grantee maintains any Confidential Information on its systems (or its sub-contractor systems) and it has not done so previously, the Grantee will implement policies and procedures to ensure that any storage media on which such data maybe recorded will be rendered unreadable and that the data will be un-recoverable when the storage media is disposed of. Upon request, the Grantee will provide the Department with copies of these policies and with written documentation demonstrating compliance with the policies. The written documentation will include all details necessary to demonstrate data contained in the storage media has been rendered unreadable and un-recoverable. Where applicable, regulatory and professional standards for retention requirements may be jointly evaluated by the State and Grantee prior to destruction.

1. Unless otherwise specified, within thirty (30) days of the termination of this Contract, Grantee agrees to destroy all hard copies of Confidential Data using a secure method such as shredding.
2. Unless otherwise specified, within thirty (30) days of the termination of this Contract, Grantee agrees to completely destroy all electronic Confidential Databy means of data erasure, also known as secure data wiping.

IV. PROCEDURES FOR SECURITY

A. Grantee agrees to safeguard the DHHS Data received under this Contract, and any derivative data or files, as follows:

1. The Grantee will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services.

2. The Grantee will maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (fromcreation, transformation, use, storage and secure destruction) regardless of the media

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used to store the data (i.e., tape, disk, paper, etc.).

3. The Grantee will maintain appropriate authentication and access controls to grantee systems that collect, transmit, or store Department confidential informationwhere applicable.

4. If the Grantee will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the Grantee will ensure End-User will maintain an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the Grantee, including breach notification requirements.

5. The Grantee will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the Grantee and any applicable sub-contractors prior to system access being authorized.

6. If the Department determines the Grantee is a Business Associate pursuant to 45 CFR 160.103, the Grantee will execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.

7. The Grantee will not store any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the Information Security Office leadership member within the Department.

8. Data Security Breach Liability. In the event of any computer security incident, incident, or breach Grantee shall make efforts to investigate the causes of the breach, promptly take measures to prevent future breach and minimize any damage orloss resulting from the breach. The State shall recover from the Grantee all costs of response and recovery from the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.

9. Grantee must, comply with all applicable statutes and regulations regarding the privacy and security of Confidential Information, and must in all other respects maintain the privacy and security of PI and PHI at a level and scope that is not less than the level and scope of, HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164) and 42 C.F.R. Part 2 that govern protections for individually identifiable

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health information and as applicable under State law.

10. Grantee agrees to establish and maintain appropriate administrative, technical, and physical safeguards to protect the confidentiality of the Confidential Data and to prevent unauthorized use or access to it. The safeguards must provide a level and scope of security that is not less than the level and scope of security requirements established by the State of New Hampshire, Department of Information Technology. Refer to Vendor Resources/Procurement at https://www.nh.gov/doit/vendor/index.htm for the Department of Information Technology policies, guidelines, standards, and procurement information relating to vendors.

11. Grantee agrees to maintain a documented breach notification and incident response process. The Grantee must notify the DHHS Security Office and the Program Contact via the email addresses provided in Section VI of this Exhibit, immediately upon the Grantee determining that a breach or security incident has occurred and that DHHS confidential Information/data may have been exposed or compromised. This includes a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.

12. Grantee must restrict access to the Confidential Data obtained under this Contract to only those authorized End Users who need such DHHS Data to performtheir official duties in connection with purposes identified in this Contract.

13. The Grantee is responsible for End User oversight and compliance with the terms and conditions of the contract and Exhibit K.

DHHS reserves the right to conduct onsite inspections to monitor compliance with this Contract, including the privacy and security requirements provided in herein, HIPAA, and other applicable laws and Federal regulations until such time the Confidential Data is disposed of in accordance with this Contract.

V. LOSS REPORTING

The Grantee must immediately notify the State's Privacy Officer, Information Security Office and Program Manager of any Security Incidents and Breaches as specified in Section IV, paragraph 11 above.

The Grantee must further handle and report Incidents and Breaches involving PHI in accordance with DHHS's documented Incident Handling and Breach Notification procedures and in accordance with– the HIPAA, Privacy and Security Rules. In addition

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Grantee Initials _____

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to, and notwithstanding, Grantee's compliance with all applicable obligations and procedures, Grantee's procedures must also address how the Grantee will:

1. Identify Incidents;
2. Determine if personally identifiable information is involved in Incidents;
3. Report suspected or confirmed Incidents as required in this Exhibit or P-37;
4. Identify and convene a core response group to determine the risk level of Incidents and determine risk-based responses to Incidents; and
5. Determine whether Breach notification is required, and, if so, identify appropriate Breach notification methods, timing, source, and contents from among different options, and bear costs associated with the Breach notice as well as any mitigation measures.

Incidents and/or Breaches that implicate PI must be addressed and reported, as applicable, in accordance with NH RSA 359-C:20.

VI. PERSONS TO CONTACT

A. DHHS contact for Data Management or Data Exchange issues:
DHHSInformationSecurityOffice@dhhs.nh.gov

B. DHHS contacts for Privacy issues:
DHHSPrivacyOfficer@dhhs.nh.gov

C. DHHS contact for Information Security issues:
DHHSInformationSecurityOffice@dhhs.nh.gov

D. DHHS contact for Breach notifications:
DHHSInformationSecurityOffice@dhhs.nh.gov
DHHSPrivacyOfficer@dhhs.nh.gov

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Date _____

State of New Hampshire

Department of State

CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that MARY HITCHCOCK MEMORIAL HOSPITAL is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on August 07, 1889. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: **68517**

Certificate Number: **0005760740**

IN TESTIMONY WHEREOF,
I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 18th day of April A.D. 2022.

David M. Scanlan
Secretary of State

Dartmouth Health

Dartmouth-Hitchcock | Dartmouth-Hitchcock Health

CERTIFICATE OF VOTE/AUTHORITY

I, Roberta L. Hines, MD, of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital, do hereby certify that:

1. I am the duly elected Chair of the Board of Trustees of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital;
2. The following is a true and accurate excerpt from the June 23rd, 2017 Bylaws of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital:
   ARTICLE I – Section A. Fiduciary Duty. Stewardship over Corporate Assets
   "In exercising this [fiduciary] duty, the Board may, consistent with the Corporation's Articles of Agreement and these Bylaws, delegate authority to the Board of Governors, Board Committees and various officers the right to give input with respect to issues and strategies, incur indebtedness, make expenditures, enter into contracts and agreements and take such other binding actions on behalf of the Corporation as may be necessary or desirable in furtherance of its charitable purposes."
3. Article I – Section A, as referenced above, provides authority for the chief officers, including the Chief Executive Officer, the Chief Clinical Officer, and other officers, of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital to sign and deliver, either individually or collectively, on behalf of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital.
4. Edward J. Merrens, MD, is the Chief Clinical Officer of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital and therefore has the authority to enter into contracts and agreements on behalf of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital.
5. The foregoing authority shall remain in full force and effect as of the date of the agreement executed or action taken in reliance upon this Certificate. This authority shall remain valid for thirty (30) days from the date of this Certificate and the State of New Hampshire shall be entitled to rely upon same, until written notice of modification, rescission or revocation of same, in whole or in part, has been received by the State of New Hampshire.

IN WITNESS WHEREOF, I have hereunto set my hand as the Chair of the Board of Trustees of Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital this 16 day of March 2023

Roberta L. Hines, MD, Board Chair

STATE OF NH

COUNTY OF GRAFTON JOHNSTON

The foregoing instrument was acknowledged before me this 16 day of March, 2023 by Roberta L Hines, MD.

FAITH M. JOHNSTON
NOTARY PUBLIC
NEW HAMPSHIRE
MY COMMISSION EXPIRES AUG. 4, 2026

Notary Public
My Commission Expires: 8/4/2026

CERTIFICATE OF INSURANCE

DATE: November 16, 2022

COMPANY AFFORDING COVERAGE
Hamden Assurance Risk Retention Group, Inc.
P.O. Box 1687
30 Main Street, Suite 330
Burlington, VT 05401

INSURED
Mary Hitchcock Memorial Hospital
One Medical Center Drive Lebanon,
NH 03756
(603)653-6850

This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder. This Certificate does not amend, extend or alter the coverage afforded by the policies below.

COVERAGES

The Policy listed below has been issued to the Named Insured above for the Policy Period notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued. The insurance afforded by the policy is subject to all the terms, exclusions and conditions of the policy. Limits shown may have been reduced by paid claims.

TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
GENERAL LIABILITY		0002022-A	7/1/2022	7/1/2023	EACH OCCURRENCE	$2,000,000
					DAMAGE TO RENTED PREMISES	$1,000,000
X	CLAIMS MADE				MEDICAL EXPENSES	N/A
					PERSONAL & ADV INJURY	$1,000,000
	OCCURRENCE				GENERAL AGGREGATE	$2,000,000
OTHER					PRODUCTS-COMP/OP AGG	$1,000,000
PROFESSIONAL LIABILITY		0002022-A	7/1/2022	7/1/2023	EACH CLAIM	$2,000,000
X	CLAIMS MADE				ANNUAL AGGREGATE	$3,000,000
	OCCURENCE					
OTHER						

DESCRIPTION OF OPERATIONS/ LOCATIONS/ VEHICLES/ SPECIAL ITEMS (LIMITS MAY BE SUBJECT TO RETENTIONS)
Certificate is issued as evidence of insurance.

CERTIFICATE HOLDER

NH Department of Health & Human Services
129 Pleasant Street
Concord, NH 03301

CANCELLATION
Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 DAYS written notice to the certificate holder named below, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

AUTHORIZED REPRESENTATIVES

DARTHIT-01 CSMITH10

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 6/8/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 1780862 HUB International New England 100 Central Street Suite 201 Holliston, MA 01746	CONTACT NAME: Lauren Stiles PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: Lauren.Stiles@hubinternational.com
	INSURER(S) AFFORDING COVERAGE — NAIC #
INSURED Dartmouth-Hitchcock Health 1 Medical Center Dr. Lebanon, NH 03756	INSURER A : Safety National Casualty Corporation — 15105 INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	☐ OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						X PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N ☐ N/A			AGC4066562	7/1/2022	7/1/2023	E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of Workers Compensation coverage for

Cheshire Medical Center
Dartmouth-Hitchcock Health
Mary Hitchcock Memorial Hospital
Alice Peck Day Memorial Hospital
New London Hospital Association
Mt. Ascutney Hospital and Health Center

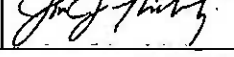
CERTIFICATE HOLDER

NH DHHS
129 Pleasant Street
Concord, NH 03301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



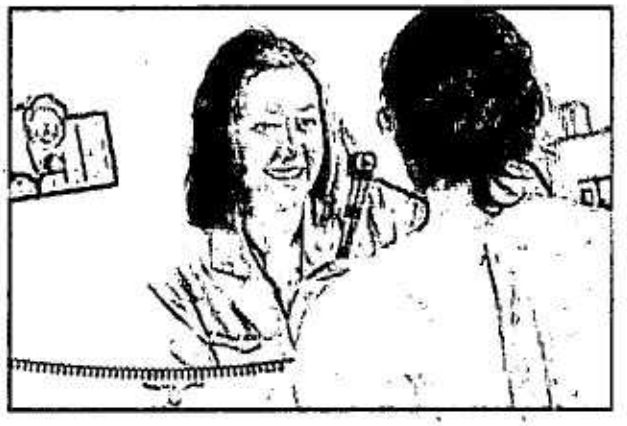
About Dartmouth Hitchcock Medical Center and Clinics

Dartmouth Hitchcock Medical Center and Clinics—members of Dartmouth Health (https://www.dartmouth-health.org)—include Dartmouth Hitchcock Medical Center, the state's only academic medical center, and Dartmouth Hitchcock Clinics, which provide primary and specialty care throughout New Hampshire and Vermont.

Our physicians and researchers collaborate with Geisel School of Medicine scientists and faculty as well as other leading health care organizations to develop new treatments at the cutting edge of medical practice bringing the latest medical discoveries to the patient.

Who are Dartmouth Hitchcock Medical Center and Clinics?

Dartmouth Hitchcock Medical Center



Dartmouth Hitchcock Medical Center is the state's only academic medical center, and the only Level I Adult and Level II Pediatric Trauma Center in New Hampshire. The Dartmouth-Hitchcock Advanced Response Team (DHART), based in Lebanon and Manchester, provides ground and air medical transportation to communities throughout northern New England. In 2021, Dartmouth Hitchcock Medical Center was named the #1 hospital in New Hampshire by U.S. News & World Report (https://health.usnews.com/best-hospitals/area/nh), and recognized for high performance in 11 clinical specialties, procedures, and conditions.

Dartmouth Hitchcock Clinics

Dartmouth Hitchcock Clinics provide primary and specialty care throughout New Hampshire and Vermont, with major community group practices in Lebanon, Concord, Manchester, Nashua, and Keene, New Hampshire, and Bennington, Vermont.

Children's Hospital at Dartmouth Hitchcock Medical Center

Children's Hospital at Dartmouth Hitchcock Medical Center is New Hampshire's only children's hospital and a member of the Children's Hospital Association, providing advanced pediatric inpatient, outpatient and surgical services at Dartmouth Hitchcock Medical Center.

Norris Cotton Cancer Care Pavilion Lebanon

Norris Cotton Cancer Care Pavilion Lebanon (https://cancer.dartmouth.edu/), one of only 51 NCI-designated Comprehensive Cancer Centers in the nation, is one of the premier facilities for cancer treatment, research, prevention, and education.

Our mission, vision, and values

Our mission

We advance health through research, education, clinical practice and community partnerships, providing each person the best care, in the right place, at the right time, every time.

Our vision

Achieve the healthiest population possible, leading the transformation of health care in our region and setting the standard for our nation.

Our values

- Respect
- Integrity
- Commitment
- Transparency
- Trust
- Teamwork
- Stewardship
- Community

About Dartmouth Health (https://www.dartmouth-health.org/)

Dartmouth-Hitchcock Health and Subsidiaries

Consolidated Financial Statements
June 30, 2021 and 2020

Dartmouth-Hitchcock Health and Subsidiaries
Index
June 30, 2021 and 2020

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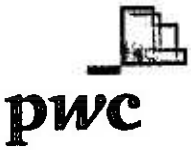

Report of Independent Auditors

To the Board of Trustees of
Dartmouth-Hitchcock Health and subsidiaries

We have audited the accompanying consolidated financial statements of Dartmouth-Hitchcock Health and its subsidiaries (the "Health System"), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Health System's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dartmouth-Hitchcock Health and its subsidiaries as of June 30, 2021 and 2020, and the results of their operations, changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual companies.

PricewaterhouseCoopers LLP

Boston, Massachusetts
November 18, 2021

Dartmouth-Hitchcock Health and Subsidiaries
Consolidated Balance Sheets
June 30, 2021 and 2020

(in thousands of dollars)	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 374,928	$ 453,223
Patient accounts receivable (Note 4)	232,161	183,819
Prepaid expenses and other current assets	157,318	161,906
Total current assets	764,407	798,948
Assets limited as to use (Notes 5 and 7)	1,378,479	1,134,526
Other investments for restricted activities (Notes 5 and 7)	168,035	140,580
Property, plant, and equipment, net (Note 6)	680,433	643,586
Right of use assets, net (Note 16)	58,410	57,585
Other assets	177,098	137,338
Total assets	$ 3,226,862	$ 2,912,563
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt (Note 10)	$ 9,407	$ 9,467
Current portion of right of use obligations (Note 16)	11,289	11,775
Current portion of liability for pension and other postretirement plan benefits (Note 11 and 14)	3,468	3,468
Accounts payable and accrued expenses	131,224	129,016
Accrued compensation and related benefits	182,070	142,991
Estimated third-party settlements (Note 3 and 4)	252,543	302,525
Total current liabilities	590,001	599,242
Long-term debt, excluding current portion (Note 10)	1,126,357	1,138,530
Long-term right of use obligations, excluding current portion (Note 16)	48,167	46,456
Insurance deposits and related liabilities (Note 12)	79,974	77,146
Liability for pension and other postretirement plan benefits, excluding current portion (Note 11 and 14)	224,752	324,257
Other liabilities	214,714	143,678
Total liabilities	2,283,965	2,329,309
Commitments and contingencies (Notes 3, 4, 6, 7, 10, 13, and 16)		
Net assets		
Net assets without donor restrictions (Note 9)	758,627	431,026
Net assets with donor restrictions (Notes 8 and 9)	184,270	152,228
Total net assets	942,897	583,254
Total liabilities and net assets	$ 3,226,862	$ 2,912,563

The accompanying notes are an integral part of these consolidated financial statements.

Dartmouth-Hitchcock Health and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2021 and 2020

(in thousands of dollars)	2021	2020
Operating revenue and other support		
Net patient service revenue (Note 4)	$ 2,138,287	$ 1,880,025
Contracted revenue	85,263	74,028
Other operating revenue (Note 5)	424,958	374,622
Net assets released from restrictions	15,201	16,260
Total operating revenue and other support	2,663,709	2,344,935
Operating expenses		
Salaries	1,185,910	1,144,823
Employee benefits	302,142	272,872
Medications and medical supplies	545,523	455,381
Purchased services and other	383,949	360,496
Medicaid enhancement tax (Note 4)	72,941	76,010
Depreciation and amortization	88,921	92,164
Interest (Note 10)	30,787	27,322
Total operating expenses	2,610,173	2,429,068
Operating income (loss)	53,536	(84,133)
Non-operating gains (losses)		
Investment income, net (Note 5)	203,776	27,047
Other components of net periodic pension and post retirement benefit income (Note 11 and 14)	13,559	10,810
Other losses, net (Note 10)	(4,233)	(2,707)
Total non-operating gains, net	213,102	35,150
Excess (deficiency) of revenue over expenses	$ 266,638	$ (48,983)

Consolidated Statements of Operations and Changes in Net Assets – continues on next page

The accompanying notes are an integral part of these consolidated financial statements.

Dartmouth-Hitchcock Health and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets - Continued
Years Ended June 30, 2021 and 2020

(in thousands of dollars)	2021	2020
Net assets without donor restrictions		
Excess (deficiency) of revenue over expenses	$ 266,638	$ (48,983)
Net assets released from restrictions for capital	2,017	1,414
Change in funded status of pension and other postretirement benefits (Note 11)	59,132	(79,022)
Other changes in net assets	(186)	(2,316)
Increase (decrease) in net assets without donor restrictions	327,601	(128,907)
Net assets with donor restrictions		
Gifts, bequests, sponsored activities	30,107	26,312
Investment income, net	19,153	1,130
Net assets released from restrictions	(17,218)	(17,674)
Increase in net assets with donor restrictions	32,042	9,768
Change in net assets	359,643	(119,139)
Net assets		
Beginning of year	583,254	702,393
End of year	$ 942,897	$ 583,254

The accompanying notes are an integral part of these consolidated financial statements.

Dartmouth-Hitchcock Health and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

(in thousands of dollars)	2021	2020
Cash flows from operating activities		
Change in net assets	$ 359,643	$ (119,139)
Adjustments to reconcile change in net assets to net cash provided by operating and non-operating activities		
Depreciation and amortization	88,904	93,704
Amortization of bond premium, discount, and issuance cost, net	(2,820)	153
Amortization of right of use asset	10,034	8,218
Payments on right of use lease obligations - operating	(9,844)	(7,941)
Change in funded status of pension and other postretirement benefits	(59,132)	79,022
Loss (gain) on disposal of fixed assets	592	(39)
Net realized gains and change in net unrealized gains on investments	(228,489)	(14,060)
Restricted contributions and investment earnings	(3,445)	(3,605)
Changes in assets and liabilities		
Patient accounts receivable	(48,342)	37,306
Prepaid expenses and other current assets	4,588	(78,907)
Other assets, net	(39,760)	(13,385)
Accounts payable and accrued expenses	1,223	9,772
Accrued compensation and related benefits	39,079	14,583
Estimated third-party settlements	9,787	260,955
Insurance deposits and related liabilities	2,828	18,739
Liability for pension and other postretirement benefits	(40,373)	(35,774)
Other liabilities	11,267	19,542
Net cash provided by operating and non-operating activities	95,740	269,144
Cash flows from investing activities		
Purchase of property, plant, and equipment	(122,347)	(128,019)
Proceeds from sale of property, plant, and equipment	316	2,987
Purchases of investments	(95,943)	(321,152)
Proceeds from maturities and sales of investments	75,071	82,986
Net cash used in investing activities	(142,903)	(363,198)
Cash flows from financing activities		
Proceeds from line of credit	-	35,000
Payments on line of credit	-	(35,000)
Repayment of long-term debt	(9,183)	(10,665)
Proceeds from issuance of debt	-	415,336
Repayment of finance lease	(3,117)	(2,429)
Payment of debt issuance costs	(230)	(2,157)
Restricted contributions and investment earnings	3,445	3,605
Net cash (used in) provided by financing activities	(9,085)	403,690
(Decrease) increase in cash and cash equivalents	(56,248)	309,636
Cash and cash equivalents		
Beginning of year	453,223	143,587
End of year	$ 396,975	$ 453,223
Supplemental cash flow information		
Interest paid	$ 41,819	$ 22,562
Construction in progress included in accounts payable and accrued expenses	16,192	17,177

The following table reconciles cash and cash equivalents on the consolidated balance sheets to cash, cash equivalents and restricted cash on the consolidated statements of cash flows.

	2021	2020
Cash and cash equivalents	$ 374,928	$ 453,223
Cash and cash equivalents included in assets limited as to use	18,500	-
Restricted cash and cash equivalents included in Other investments for restricted activities	3,547	-
Total of cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 396,975	$ 453,223

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Community Benefit Commitments

Dartmouth-Hitchcock Health (D-HH) serves as the sole corporate member of the following entities: Dartmouth-Hitchcock Clinic (DHC) and Subsidiaries, Mary Hitchcock Memorial Hospital (MHMH) and Subsidiaries, (DHC and MHMH together are referred to as D-H), The New London Hospital Association (NLH) and Subsidiaries, Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) (MAHHC) and Subsidiaries, Cheshire Medical Center (Cheshire) and Subsidiaries, Alice Peck Day Memorial Hospital (APD) and Subsidiary, and the Visiting Nurse and Hospice for Vermont and New Hampshire (VNH) and Subsidiaries. The "Health System" consists of D-HH, its members and their subsidiaries.

The Health System currently operates one tertiary, one community and three acute care (critical access) hospitals in New Hampshire (NH) and Vermont (VT). One facility provides inpatient and outpatient rehabilitation medicine and long-term care. The Health System also operates multiple physician practices, a continuing care retirement community, and a home health and hospice service. The Health System operates a graduate level program for health professions and is the principal teaching affiliate of the Geisel School of Medicine (Geisel), a component of Dartmouth College.

D-HH, DHC, MHMH, NLH, Cheshire, and APD are NH not-for-profit corporations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). MAHHC and VNH are VT not-for-profit corporations exempt from federal income taxes under Section 501(c)(3) of the IRC.

On September 30, 2019, D-HH and GraniteOne Health (GOH) entered into an agreement (The Combination Agreement) to combine their respective healthcare systems. The GOH system is comprised of Catholic Medical Center (CMC), an acute care community hospital in Manchester, New Hampshire, Huggins Hospital (HH) located in Wolfeboro, NH and Monadnock Community Hospital, (MCH) located in Peterborough, NH. Both HH and MCH are designated as Critical Access Hospitals (CAH). The three member hospitals of GOH have a combined licensed bed count of 380 beds. GOH is a non-profit, community based health care system. The overarching rationale for the proposed combination is to improve access to high quality primary and specialty care in the most convenient, cost-effective sites of service for patients and the communities served by D-HH and GOH. Other stated benefits of the combination include reinforcing the rural health network, investing in needed capacity to accommodate unmet and anticipated demand, and drawing on our combined strengths to attract the necessary health care workforce. The parties have submitted regulatory filings with the Federal Trade Commission and the New Hampshire Attorney General's office seeking approval of the proposed transaction. As of June 30, 2021, the proposed combination remains under regulatory review.

Community Benefits

The mission of the Health System is to advance health through clinical practice and community partnerships, research and education, providing each person the best care, in the right place, at the right time, every time.

Consistent with this mission, the Health System provides high quality, cost effective, comprehensive, and integrated healthcare to individuals, families, and the communities it serves regardless of a patient's ability to pay. The Health System actively supports community-based healthcare and promotes the coordination of services among healthcare providers and social services organizations. In addition, the Health System also seeks to work collaboratively with other area healthcare providers to improve the health status of the region. As a component of an integrated academic medical center, the Health System provides significant support for academic and research programs.

Certain member hospitals of the Health System file annual Community Benefits Reports with the State of NH which outline the community and charitable benefits each provides. VT hospitals are not required by law to file a state community benefit report: The categories used in the Community Benefit Reports to summarize these benefits are as follows:

- *Community Health Services* include activities carried out to improve community health and could include community health education (such as classes, programs, support groups, and materials that promote wellness and prevent illness), community-based clinical services (such as free clinics and health screenings), and healthcare support services (enrollment assistance in public programs, assistance in obtaining free or reduced costs medications, telephone information services, or transportation programs to enhance access to care, etc.).

- *Health Professions Education* includes uncompensated costs of training medical students, residents, nurses, and other health care professionals

- *Subsidized Health Services* are services provided by the Health System, resulting in financial losses that meet the needs of the community and would not otherwise be available unless the responsibility was assumed by the government.

- *Research Support and Other Grants* represent costs in excess of awards for numerous health research and service initiatives awarded to the organizations within the Health System.

- *Financial Contributions* include financial contributions of cash, as well as in-kind contributions such as time, supplies, and expertise to local organizations to address community health needs.

- *Community-Building Activities* include expenses incurred to support the development of programs and partnerships intended to address public health challenges as well as social and economic determinants of health. Examples include physical improvements and housing, economic development, support system enhancements, environmental improvements, leadership development and training for community members, community health improvement advocacy, and workforce enhancement.

- *Community Benefit Operations* includes costs associated with staff dedicated to administering benefit programs, community health needs assessment costs, and other costs associated with community benefit planning and operations.

- *Charity Care and Costs of Government Sponsored Health Care* includes losses, at-cost, incurred by providing health care services to persons qualifying for hospital financial assistance programs, and uncompensated costs of providing health care services to patients who are Medicaid Beneficiaries.

- *The Uncompensated Cost of Care for Medicaid* patients reported in the unaudited Community Benefits Reports for 2020 was approximately $182,209,000. The 2021 Community Benefits Reports are expected to be filed in February 2022.

The following table summarizes the value of the community benefit initiatives outlined in the Health System's most recently filed Community Benefit Reports for the year ended June 30, 2021:

(in thousands of dollars)

Government-sponsored healthcare services	$	309,203
Health professional education		38,978
Charity care		17,441
Subsidized health services		17,341
Community health services		13,866
Research		7,064
Community building activities		4,391
Financial contributions		3,276
Community benefit operations		57
Total community benefit value	$	411,617

In fiscal years 2021 and 2020, funds received to offset or subsidize charity care costs provided were $848,000 and $1,224,000, respectively.

2. Summary of Significant Accounting Policies

Basis of Presentation
The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and have been prepared consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954, *Healthcare Entities*, which addresses the accounting for healthcare entities. The net assets, revenue, expenses, and gains and losses of healthcare entities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets without donor restrictions are amounts not subject to donor-imposed stipulations and are available for operations. Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or purpose, or whose use has been restricted by donors to be maintained in perpetuity. All significant intercompany transactions have been eliminated upon consolidation.

Use of Estimates
The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant areas that are affected by the use of estimates include implicit and explicit pricing concessions, valuation of certain investments, estimated third-party settlements, insurance reserves, and pension obligations. Actual results may differ from those estimates.

Excess (Deficiency) of Revenue over Expenses
The consolidated statements of operations and changes in net assets include the excess (deficiency) of revenue over expenses. Operating revenues consist of those items attributable to the care of patients, including contributions and investment income on investments of net assets without donor restrictions, which are utilized to provide charity and other operational support. Peripheral activities, including contribution of net assets without donor restrictions from acquisitions, loss on early extinguishment of debt, realized gains/losses on sales of investment securities and changes in unrealized gains/losses on investments are reported as non-operating gains (losses).

Changes in net assets without donor restrictions which are excluded from the excess (deficiency) of revenue over expenses, consistent with industry practice, include contributions of long-lived assets including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets, and change in funded status of pension and other postretirement benefit plans.

Charity Care
The Health System provides care to patients who meet certain criteria under their financial assistance policies without charge or at amounts less than their established rates. Because the Health System does not anticipate collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Health System grants credit without collateral to patients. Most are local residents and are insured under third-party arrangements. The amount of charges for implicit price concessions is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental healthcare coverage, and other collection indicators (Notes 1 and 4).

Patient Service Revenue
The Health System applies the accounting provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606). Patient service revenue is reported at the amount of consideration to which the Health System expects to be entitled from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and implicit pricing concessions. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as estimates change or final settlements are determined (Note 4).

Contracted Revenue
The Health System has various Professional Service Agreements (PSAs), pursuant to which certain organizations purchase services of personnel employed by the Health System and also lease space and equipment. Revenue pursuant to these PSAs and certain facility and equipment leases and other professional service contracts have been classified as contracted revenue in the accompanying consolidated statements of operations and changes in net assets.

Other Revenue
The Health System recognizes other revenue which is not related to patient medical care but is central to the day-to-day operations of the Health System. Other revenue primarily consists of revenue from retail pharmacy, which the Health System records as customer revenues in the amounts that reflect the consideration to which it expects to be entitled in exchange for the prescription. Other revenue also includes the Department of Health and Human Services ("HHS") Coronavirus Aid, Relief, and Economic Securities Act ("CARES Act" Provider Relief Funds ("Provider Relief Funds") operating agreements, grant revenue, cafeteria sales and other support service revenue (Note 3).

Cash Equivalents
Cash and cash equivalents include amounts on deposit with financial institutions; short-term investments with maturities of three months or less at the time of purchase and other highly liquid investments, primarily cash management funds, which would be considered level 1 investments under the fair value hierarchy. All short-term, highly liquid investments, otherwise qualifying as cash equivalents, included within the Health System's endowment and similar investment pools are classified as investments, at fair value and therefore are excluded from Cash and cash equivalents in the Statements of Cash Flows.

Investments and Investment Income
Investments in equity securities with readily determinable fair values, mutual funds, governmental securities, debt securities, and pooled/commingled funds are reported at fair value with changes in fair value included in the excess (deficiency) of revenues over expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (Note 7).

Investments in pooled/commingled investment funds, private equity funds and hedge funds that represent investments where the Health System owns shares or units of funds rather than the underlying securities in that fund are valued using the equity method of accounting with changes in value recorded in the excess (deficiency) of revenue over expenses.

Certain members of the Health System are partners in a NH general partnership established for the purpose of operating a master investment program of pooled investment accounts. Substantially all of the Health System's board-designated and assets with donor restrictions, such as endowment funds, were invested in these pooled funds by purchasing units based on the market value of the pooled funds at the end of the month prior to receipt of any new additions to the funds. Interest, dividends, and realized and unrealized gains and losses earned on pooled funds are allocated monthly based on the weighted average units outstanding at the prior month-end.

Investment income or losses (including change in unrealized and realized gains and losses on investments, change in value of equity method investments, interest, and dividends) are included in the excess (deficiency) of revenue over expenses and classified as non-operating gains and losses, unless the income or loss is restricted by donor or law (Note 9).

Fair Value Measurement of Financial Instruments
The Health System estimates fair value based on a valuation framework that uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy, as defined by ASC 820, *Fair Value Measurements and Disclosures*, are described below:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for assets or liabilities.

Level 2 — Prices other than quoted prices in active markets that are either directly or indirectly observable as of the date of measurement.

Level 3 — Prices or valuation techniques that are both significant to the fair value measurement and unobservable.

The carrying amounts of patient accounts receivable, prepaid and other current assets, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments.

Property, Plant, and Equipment
Property, plant, and equipment, and other real estate are stated at cost at the time of purchase or fair value at the time of donation, less accumulated depreciation. The Health System's policy is to capitalize expenditures for major improvements and to charge expense for maintenance and repair expenditures which do not extend the lives of the related assets. The provision for depreciation has been determined using the straight-line method at rates which are intended to amortize the cost of assets over their estimated useful lives which range from 10 to 40 years for buildings and improvements, 2 to 20 years for equipment, and the shorter of the lease term, or 5 to 12 years, for leasehold improvements. Certain software development costs are amortized using the straight-line method over a period of up to 10 years. Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

The fair value of a liability for legal obligations associated with asset retirements is recognized in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When a liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost associated with the retirement is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the actual cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations and changes in net assets.

Gifts of capital assets such as land, buildings, or equipment are reported as support, and excluded from the excess (deficiency) of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of capital assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire capital assets are reported as restricted support. Absent explicit donor stipulations about how long those capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired capital assets are placed in service.

Bond Issuance Costs
Bond issuance costs, classified on the consolidated balance sheets within long-term debt, are amortized over the term of the related bonds. Amortization is recorded within interest expense in the consolidated statements of operations and changes in net assets using the straight-line method which approximates the effective interest method.

Intangible Assets and Goodwill
The Health System records within other assets on the consolidated balance sheets goodwill and intangible assets such as trade names and leases-in-place. The Health System considers trade names and goodwill to be indefinite-lived assets, assesses them at least annually for impairment or more frequently if certain events or circumstances warrant and recognizes impairment charges for amounts by which the carrying values exceed their fair values. The Health System has recorded $9,403,000 and $10,007,000 as intangible assets associated with its affiliations as of June 30, 2021 and 2020, respectively.

Gifts
Gifts without donor restrictions are recorded net of related expenses as non-operating gains. Conditional promises to give and indications of intentions to give to the Health System are reported at fair value at the date the gift is received. Gifts are reported with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Recently Issued Accounting Pronouncements
In August 2018, FASB issued *ASU No. 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software or software licenses. The ASU is effective for fiscal year 2022 and the Health System is evaluating the impact of the new guidance on the consolidated financial statements.

3. COVID – 19's Impact on Dartmouth-Hitchcock Health

Throughout the 18 months since New Hampshire's first COVID-19 patient presented at Dartmouth-Hitchcock Health's academic medical center campus in Lebanon, New Hampshire, the organization has responded to meet the needs of our patients, community and staff, transforming as necessary to resume operations. Personal Protective Equipment (PPE), which was critically short at the outset of the pandemic, is now readily available. D-HH'S academic medical center campus continues to serve as the referral site for the state's and region's most complex COVID cases.

There have been three primary points of clinical emphasis in responding to COVID-19: telehealth, laboratory medicine, and clinical trials throughout the past year and a half. The pace and volume of COVID-19 response lessened in this past quarter, as vaccination efforts and declining case counts in D-HH's service area have made a significant difference in the necessary clinical response. While demand for telehealth has seen an expected drop in utilization from the daily virtual encounters seen early in the pandemic, in December 2020, D-HH's Center for Telehealth launched a virtual Urgent Care service for beneficiaries of the D-H health plan. In April, it was expanded as a general consumer offering and we continue to provide telehealth services to, and create partnerships with, an expanding number of hospitals and health systems around the region.

The learned and lived experiences of the past 18 months have positioned D-HH well to continue its economic recovery as we have found the clinical balance between caring for COVID-19 patients while continuing to care for non-COVID cases.

Health and Human Services ("HHS") Provider Relief Funds

D-HH received $65,600,000 and $88,700,000 from the Provider Relief funds for the years ended June 30, 2021 and 2020, respectively. We will continue to pursue Provider Relief funds as available and required to provide support to D-HH.

Medicare and Medicaid Services ("CMS") expanded Accelerated and Advance Payment Program

D-HH received a total of $272,600,000 of temporary funds received from the Cares Act in the form of CMS prepayment advances of $239,500,000 and accumulated payroll tax deferrals of $33,100,000. In October 2020, new regulations were issued to revise the recoupment start date from August 2020 to April 2021.

HHS Reporting Requirements for the CARES Act

In June 2021, HHS issued new reporting requirements for the CARES Act Provider Relief Funding. The new requirements first require Hospitals to identify healthcare-related expenses attributable to the COVID-19 pandemic that remain unreimbursed by another source. If those expenses do not exceed the Provider Relief funding received, Hospitals will need to demonstrate that the remaining Provider Relief funds were used to compensate for a negative variance in patient service revenue. HHS is entitled to recoup Provider Relief Funding in excess of the sum of expenses attributable to the COVID-19 pandemic that remain unreimbursed by another source and the decline in patient care revenue. Due to these new reporting requirements there is at least a reasonable possibility that amounts recorded under the CARES Act Provider Relief fund by the Health System may change in future periods.

4. Net Patient Service Revenue and Accounts Receivable

The Health System reports net patient service revenue at amounts that reflect the consideration to which it expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including managed care payers and government programs), and others; and they include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Health System bills patients and third-party payers several days after the services were performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied under contracts by providing healthcare services to patients.

The Health System determines performance obligations based on the nature of the services provided. Revenues for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected charges as this method provides a reasonable estimate of the transfer of services over the term of performance obligations based on inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. For inpatient services, performance obligations are measured from admission to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services and physician services, performance obligations are recognized at a point in time when the services are provided and no further patient services are deemed necessary.

Generally, the Health System's patient service performance obligations relate to contracts with a duration of less than one year, therefore the Health System has elected to apply the optional exemption provided in ASC 606-10-50-14a and, therefore, we are not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. This generally refers to inpatient services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Established charges represent gross charges. They are not the same as actual pricing, and they generally do not reflect what a hospital is ultimately entitled to for services it provides. Therefore, they are not displayed in the Health System's consolidated statements of operations and changes in net assets.

Hospitals are paid amounts negotiated with insurance companies or set by government entities, which are typically less than established or standard charges. Gross charges are used to calculate Medicare outlier payments and to determine certain elements of payment under managed care contracts. Gross charges are what hospitals charge all patients prior to the application of contractual adjustments and implicit price concessions.

Explicit Pricing Concessions
Revenues for the Health System under the traditional fee-for service Medicare and Medicaid programs are based on prospectively determined rates per discharge or visit, reasonable (allowable) cost, or prospective rates per episodic period, depending on the type of provider.

- Inpatient acute care services provided to Medicare program beneficiaries are paid using the prospective payment system ("PPS") to determine rates-per-discharge. These rates vary according to a patient classification system ("DRG"), based on diagnostic, clinical and other factors. In addition, inpatient capital costs (depreciation and interest) are reimbursed by Medicare on the basis of a prospectively determined rate per discharge. Medicare outpatient services are paid on a prospective payment system, based on a pre-determined amount for each outpatient procedure (APC), subject to various mandated modifications. Retrospectively determined cost-based revenues under these programs, such as indirect medical education, direct graduate medical education, disproportionate share hospital, transplant services, and bad debt reimbursement are based on the hospital's cost reports and are estimated using historical trends and current factors. The Health System's payments for inpatient services rendered to New Hampshire ("NH") and Vermont ("VT") Medicaid beneficiaries are based on PPS, while outpatient services are reimbursed on a retrospective cost basis or fee schedules for NH beneficiaries. VT outpatient beneficiaries are paid on a prospective basis per outpatient procedure.

- Inpatient acute, swing, and outpatient services furnished by CAH are reimbursed by Medicare at 101% of reasonable costs, subject to 2% sequestration, excluding ambulance services and inpatient hospice care.

- Providers of home health services to patients eligible for Medicare home health benefits are paid on a prospective basis, with no retrospective settlement. The prospective payment is based on the scoring attributed to the acuity level of the patient at a rate determined by federal guidelines.

- Hospice services to patients eligible for Medicare hospice benefits are paid on a per diem basis, with no retrospective settlement, provided the aggregate annual Medicare reimbursement is below a predetermined aggregate capitated rate.

- The Health System's cost based services to Medicare and Medicaid are reimbursed during the year based on varying interim payment methodologies. Final settlement is determined after the submission of an annual cost report and subject to audit of this report by Medicare and Medicaid auditors, as well as administrative and judicial review. Because the laws, regulations, and rule interpretations, governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates recorded could change over time by material amounts.

- Revenues under Managed Care Plans (Plans) consist primarily of payment terms involving mutually agreed upon rates per diagnosis, discounted fee-for service rates, or similar contractual arrangements. These revenues are also subject to review and possible audit. The Plans are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustments in accordance with contractual terms in place with the Plans following their review and adjudication of each bill.

The Health System is not aware of any claims, disputes, or unsettled matters with any payer that would materially affect its revenues for which it has not adequately provided in the accompanying Health System's consolidated financial statements.

The Health System provides charity care to patients who are unable to pay for healthcare services they receive as determined by financial conditions. Patients who qualify receive partial or full adjustments to charges for services rendered. The Health System's policy is to treat amounts qualified as charity care as explicit price concessions and as such are not reported in net patient service revenue.

Vermont imposes a provider tax on home health agencies in the amount of 4.25% of annual net patient revenue. In fiscal years 2021 and 2020, home health provider taxes paid were $623,000 and $624,000, respectively.

Medicaid Enhancement Tax & Disproportionate Share Hospital
On May 22, 2018, the State of New Hampshire and all New Hampshire hospitals (Hospitals) agreed to resolve disputed issues and enter into a seven-year agreement to stabilize Disproportionate Share Hospital (DSH) payments, with provisions for alternative payments in the event of legislative changes to the DSH program. Under the agreement, the State committed to make DSH payments to the Hospitals in an amount no less than 86% of the Medicaid Enhancement Tax (MET) proceeds collected in each fiscal year, in addition to providing for directed payments or increased rates for Hospitals in an amount equal to 5% of MET proceeds collected from state fiscal year (SFY) 2020 through SFY 2024. The agreement prioritizes DSH payments to critical access hospitals in an amount equal to 75% of allowable uncompensated care (UCC), with the remainder distributed to Hospitals without critical access designation in proportion to their allowable UCC amounts.

During the years ended June 30, 2021 and 2020, the Health System received DSH payments of approximately, $67,940,000 and $71,133,000 respectively. DSH payments are subject to audit and therefore, for the years ended June 30, 2021 and 2020, the Health System recognized as revenue DSH receipts of approximately $61,602,000 and approximately $67,500,000, respectively.

During the years ended June 30, 2021 and 2020, the Health System recorded State of NH MET and State of VT Provider taxes of $72,941,000 and $76,010,000, respectively. The taxes are calculated at 5.4% for NH and 6% for VT of certain patient service revenues. The Provider taxes are included in operating expenses in the consolidated statements of operations and changes in net assets.

Implicit Price Concessions

Generally, patients who are covered by third-party payer contracts are responsible for related co-pays, co-insurance and deductibles, which vary depending on the contractual obligations of patients. The Health System also provides services to uninsured patients and offers those patients a discount from standard charges. The Health System estimates the transaction price for patients with co-pays, co-insurance, and deductibles and for those who are uninsured based on historical collection experience and current market conditions. The discount offered to uninsured patients reduces the transaction price at the time of billing. The uninsured and patient responsible accounts, net of discounts recorded, are further reduced through implicit price concessions based on historical collection trends for similar accounts and other known factors that impact the estimation process. Subsequent changes to the estimate of transaction price are generally recorded as adjustments to net patient services revenue in the period of change.

The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Health System expects to collect based on collection history with similar patients. Although outcomes vary, the Health System's policy is to attempt to collect amounts due from patients, including co-pays, co-insurance and deductibles due from insurance at the time of service while complying with all federal and state statutes and regulations, including but not limited to, the Emergency Medical Treatment and Active Labor Act (EMTALA). Through various systems and processes the Health System estimates Medicare and Medicaid net patient service revenue and cost report settlements and accrues final expected settlements. For filed cost reports, the accrual is recorded based on those filings, subsequent activity, and on historical trends and other relevant evidence. For periods in which a cost report is yet to be filed, accruals are based on estimates of what is expected to be reported, and any trends and relevant evidence. Cost reports generally must be filed within five months of the closing period.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely amount. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including assessments to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews or investigations. As of June 30, 2021 and 2020, the Health System had reserves of $252,543,000 and $302,525,000, respectively, recorded in Estimated third-party settlements. As of June 30, 2021 and 2020, Estimated third-party settlements includes $179,382,000 and $239,500,000, respectively, of Medicare accelerated and advanced payments, received as working capital support during COVID-19 outbreak. As of June 30, 2021 and 2020, Other liabilities include $43,612,000 and $10,900,000, respectively.

For the years ended June 30, 2021 and 2020, additional increases in revenue of $4,287,000 and $2,314,000, respectively, were recognized due to changes in estimates of implicit price concessions for performance obligations satisfied in prior years.

Net operating revenues for the hospital operations of the PPS and CAH, and other business segments consist primarily of patient service revenues, principally for patients covered by Medicare, Medicaid, managed care and other health plans as well as patients covered under the Health System's uninsured discount and charity care programs.

The table below shows the Health System's sources of total operating revenue and other support presented at the net transaction price for the years ended June 30, 2021 and 2020.

	2021		
(in thousands of dollars)	PPS	CAH	Total
Hospital			
Medicare	$ 526,114	$ 81,979	$ 608,093
Medicaid	144,434	11,278	155,712
Commercial	793,274	73,388	866,662
Self Pay	4,419	(721)	3,698
Subtotal	1,468,241	165,924	1,634,165
Professional	446,181	37,935	484,116
Subtotal	1,914,422	203,859	2,118,281
VNA			20,006
Subtotal			2,138,287
Other Revenue			462,517
Provider Relief Fund			62,905
Total operating revenue and other support			$ 2,663,709

	2020		
(in thousands of dollars)	PPS	CAH	Total
Hospital			
Medicare	$ 461,990	$ 64,087	$ 526,077
Medicaid	130,901	10,636	141,537
Commercial	718,576	60,715	779,291
Self Pay	2,962	2,501	5,463
Subtotal	1,314,429	137,939	1,452,368
Professional	383,503	22,848	406,351
Subtotal	1,697,932	160,787	1,858,719
VNA			21,306
Subtotal			1,880,025
Other Revenue			376,185
Provider Relief Fund			88,725
Total operating revenue and other support			$ 2,344,935

Accounts Receivable

The following table categorizes payors into four groups based on their respective percentages of patient accounts receivable as of June 30, 2021 and 2020:

	2021	2020
Medicare	34%	36%
Medicaid	13%	13%
Commercial	41%	39%
Self Pay	12%	12%
Total	100%	100%

5. Investments

The composition of investments at June 30, 2021 and 2020 is set forth in the following table:

(in thousands of dollars)	2021	2020
Assets limited as to use		
Internally designated by board		
Cash and short-term investments	$ 24,692	$ 9,646
U.S. government securities	157,373	103,977
Domestic corporate debt securities	322,616	199,462
Global debt securities	74,292	70,145
Domestic equities	247,486	203,010
International equities	81,060	123,205
Emerging markets equities	52,636	22,879
Global equities	79,296	-
Real Estate Investment Trust	422	313
Private equity funds	110,968	74,131
Hedge funds	-	36,964
	1,150,841	843,732
Investments held by captive insurance companies (Note 11)		
U.S. government securities	26,759	15,402
Domestic corporate debt securities	5,979	8,651
Global debt securities	6,617	8,166
Domestic equities	11,396	15,150
International equities	6,488	7,227
	57,239	54,596
Held by trustee under indenture agreement (Note 9)		
Cash and short-term investments	170,399	236,198
Total assets limited as to use	1,378,479	1,134,526
Other investments for restricted activities		
Cash and short-term investments	13,400	7,186
U.S. government securities	28,330	28,055
Domestic corporate debt securities	40,676	35,440
Global debt securities	8,953	11,476
Domestic equities	33,634	26,723
International equities	9,497	15,402
Emerging markets equities	5,917	2,766
Global equities	8,755	-
Real Estate Investment Trust	21	-
Private equity funds	12,251	9,483
Hedge funds	6,557	4,013
Other	44	36
Total other investments for restricted activities	168,035	140,580
Total investments	$ 1,546,514	$ 1,275,106

Investments are accounted for using either the fair value method or equity method of accounting, as appropriate on a case by case basis. The fair value method is used for all debt securities and equity securities that are traded on active markets and are valued at prices that are readily available in those markets. The equity method is used when investments are made in pooled/commingled investment funds that represent investments where shares or units are owned of pooled funds rather than the underlying securities in that fund. These pooled/commingled funds make underlying investments in securities from the asset classes listed above.

The following tables summarize the investments by the accounting method utilized, as of June 30, 2021 and 2020. Accounting standards require disclosure of additional information for those securities accounted for using the fair value method, as shown in Note 7.

(in thousands of dollars)	2021 Fair Value	2021 Equity	2021 Total
Cash and short-term investments	$ 208,491	$ -	$ 208,491
U.S. government securities	212,462	-	212,462
Domestic corporate debt securities	191,112	178,159	369,271
Global debt securities	55,472	34,390	89,862
Domestic equities	225,523	66,993	292,516
International equities	55,389	41,656	97,045
Emerging markets equities	1,888	56,665	58,553
Global equities	-	88,051	88,051
Real Estate Investment Trust	443	-	443
Private equity funds	-	123,219	123,219
Hedge funds	446	6,111	6,557
Other	44	-	44
	$ 951,270	$ 595,244	$ 1,546,514

(in thousands of dollars)	2020 Fair Value	2020 Equity	2020 Total
Cash and short-term investments	$ 253,030	$ -	$ 253,030
U.S. government securities	147,434	-	147,434
Domestic corporate debt securities	198,411	45,142	243,553
Global debt securities	44,255	45,532	89,787
Domestic equities	195,014	49,869	244,883
International equities	77,481	68,353	145,834
Emerging markets equities	1,257	24,388	25,645
Real Estate Investment Trust	313	-	313
Private equity funds	-	83,614	83,614
Hedge funds	-	40,977	40,977
Other	36	-	36
	$ 917,231	$ 357,875	$ 1,275,106

For the years ended June 30, 2021 and 2020 investment income is reflected in the accompanying consolidated statements of operations and changes in net assets as other operating revenue of approximately $930,000 and $936,000 and as non-operating gains of approximately $203,776,000 and $27,047,000, respectively.

Private equity limited partnership shares are not eligible for redemption from the fund or general partner. It is the intent of the Health System to hold these investments until the fund has fully distributed all proceeds to the limited partners and the term of the partnership agreement expires. Under the terms of these agreements, the Health System has committed to contribute a specified level of capital over a defined period of time. Through June 30, 2021 and 2020, the Health System has outstanding commitments of $47,419,000 and $53,677,000, respectively.

6. Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows at June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Land	$ 40,749	$ 40,749
Land improvements	43,927	39,820
Buildings and improvements	955,094	893,081
Equipment	993,899	927,233
	2,033,669	1,900,883
Less: Accumulated depreciation	1,433,467	1,356,521
Total depreciable assets, net	600,202	544,362
Construction in progress	80,231	99,224
	$ 680,433	$ 643,586

As of June 30, 2021, construction in progress primarily consists of two projects. The Manchester Ambulatory Surgical Center (ASC) and the in-patient tower located in Lebanon, NH. The ASC partially opened in April 2021. The estimated cost to complete the ASC is $4,300,000. The anticipated completion date is the second quarter of fiscal 2022. The in-patient tower project is estimated to cost $82,000,000 to complete. The anticipated completion date is the fourth quarter of fiscal 2023.

Capitalized interest of $5,127,000 and $2,297,000 is included in construction in progress as of June 30, 2021 and 2020, respectively.

Depreciation and amortization expense included in operating and non-operating activities was approximately $86,011,000 and $89,762,000 for 2021 and 2020, respectively.

7. Fair Value Measurements

The following is a description of the valuation methodologies for assets and liabilities measured at fair value on a recurring basis:

Cash and Short-Term Investments
Consists of money market funds and are valued at net asset value (NAV) reported by the financial institution and cash which will be used for future investment opportunities.

Domestic, Emerging Markets and International Equities
Consists of actively traded equity securities and mutual funds which are valued at the closing price reported on an active market on which the individual securities are traded (Level 1 measurements).

U.S. Government Securities, Domestic Corporate and Global Debt Securities
Consists of U.S. government securities, domestic corporate and global debt securities, mutual funds and pooled/commingled funds that invest in U.S. government securities, domestic corporate and global debt securities. Securities are valued based on quoted market prices or dealer quotes where available (Level 1 measurement). If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or, if necessary, matrix pricing from a third party pricing vendor to determine fair value (Level 2 measurements). Matrix prices are based on quoted prices for securities with similar coupons, ratings and maturities, rather than on specific bids and offers for a designated security. Investments in mutual funds are measured based on the quoted NAV as of the close of business in the respective active market (Level 1 measurements).

Hedge Funds
Consists of publicly traded, daily-pricing mutual funds that use long/short trading strategies (Level 1 measurements).

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Health System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth the consolidated financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2021 and 2020:

	2021			
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and short term investments	$ 208,491	$ -	$ -	$ 208,491
U.S. government securities	212,462	-	-	212,462
Domestic corporate debt securities	36,163	154,949	-	191,112
Global debt securities	27,410	28,062	-	55,472
Domestic equities	220,434	5,089	-	225,523
International equities	55,389	-	-	55,389
Emerging market equities	1,888	-	-	1,888
Real estate investment trust	443	-	-	443
Hedge funds	446	-	-	446
Other	9	35	-	44
Total investments	763,135	188,135	-	951,270
Deferred compensation plan assets				
Cash and short-term investments	6,099	-	-	6,099
U.S. government securities	48	-	-	48
Domestic corporate debt securities	10,589	-	-	10,589
Global debt securities	1,234	-	-	1,234
Domestic equities	37,362	-	-	37,362
International equities	5,592	-	-	5,592
Emerging market equities	39	-	-	39
Real estate	15	-	-	15
Multi strategy fund	65,257	-	-	65,257
Total deferred compensation plan assets	126,235	-	-	126,235
Beneficial interest in trusts	-	-	10,796	10,796
Total assets	$ 889,370	$ 188,135	$ 10,796	$ 1,088,301

	2020			
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and short term investments	$ 253,030	$ -	$ -	$ 253,030
U.S. government securities	147,434	-	-	147,434
Domestic corporate debt securities	17,577	180,834	-	198,411
Global debt securities	22,797	21,458	-	44,255
Domestic equities	187,354	7,660	-	195,014
International equities	77,481	-	-	77,481
Emerging market equities	1,257	-	-	1,257
Real estate investment trust	313	-	-	313
Other	2	34	-	36
Total investments	707,245	209,986	-	917,231
Deferred compensation plan assets				
Cash and short-term investments	5,754	-	-	5,754
U.S. government securities	51	-	-	51
Domestic corporate debt securities	7,194	-	-	7,194
Global debt securities	1,270	-	-	1,270
Domestic equities	24,043	-	-	24,043
International equities	3,571	-	-	3,571
Emerging market equities	27	-	-	27
Real estate	11	-	-	11
Multi strategy fund	51,904	-	-	51,904
Guaranteed contract	-	-	92	92
Total deferred compensation plan assets	93,825	-	92	93,917
Beneficial interest in trusts	-	-	9,202	9,202
Total assets	$ 801,070	$ 209,986	$ 9,294	$ 1,020,350

The following tables set forth the financial instruments classified by the Health System within Level 3 of the fair value hierarchy defined above as of June 30, 2021 and 2020.

	2021		
(in thousands of dollars)	Beneficial Interest in Perpetual Trust	Guaranteed Contract	Total
Balances at beginning of year	$ 9,202	$ 92	$ 9,294
Net realized/unrealized gains (losses)	1,594	(92)	1,502
Balances at end of year	$ 10,796	$ -	$ 10,796

	2020		
(in thousands of dollars)	Beneficial Interest in Perpetual Trust	Guaranteed Contract	Total
Balances at beginning of year	$ 9,301	$ 89	$ 9,390
Net realized/unrealized (losses) gains	(99)	3	(96)
Balances at end of year	$ 9,202	$ 92	$ 9,294

There were no transfers into and out of Level 1 and 2 measurements due to changes in valuation methodologies during the years ended June 30, 2021 and 2020.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Investments held in perpetuity	$ 64,498	$ 59,352
Healthcare services	38,869	33,976
Health education	26,934	16,849
Research	24,464	22,116
Charity care	15,377	12,366
Other	7,215	4,488
Purchase of equipment	6,913	3,081
	$ 184,270	$ 152,228

Income earned on donor restricted net assets held in perpetuity is available for these purposes.

9. Board Designated and Endowment Funds

Net assets include numerous funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the NH and VT Uniform Prudent Management of Institutional Funds Acts (UPMIFA or Act) for donor-restricted endowment funds as requiring the preservation of the original value of gifts, as of the gift date, to donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The Health System's net assets with donor restrictions which are to be held in perpetuity consist of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. Collectively these amounts are referred to as the historic dollar value of the fund.

Net assets without donor restrictions include funds designated by the Board of Trustees to function as endowments, the income from certain donor-restricted endowment funds, and any accumulated investment return thereon, which pursuant to donor intent may be expended based on trustee or management designation. Net assets with donor restrictions that are temporary in nature, either restricted by time or purpose, include funds appropriated for expenditure pursuant to endowment and investment spending policies, certain expendable endowment gifts from donors, and any retained income and appreciation on donor-restricted endowment funds, which are restricted by the donor to a specific purpose or by law. When the restrictions on these funds have been met, the funds are reclassified to net assets without donor restrictions.

In accordance with the Act, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources available; and investment policies.

The Health System has endowment investment and spending policies that attempt to provide a predictable stream of funding for programs supported by its endowment while ensuring that the purchasing power does not decline over time. The Health System targets a diversified asset allocation that places emphasis on investments in domestic and international equities, fixed income, private equity, and hedge fund strategies to achieve its long-term return objectives within prudent risk constraints. The Health System's Investment Committee reviews the policy portfolio asset allocations, exposures, and risk profile on an ongoing basis.

The Health System, as a policy, may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to donor intent expressed in the gift instrument and the standard of prudence prescribed by the Act.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. Such market losses were not material as of June 30, 2021 and 2020.

Endowment net asset composition by type of fund consists of the following at June 30, 2021 and 2020:

	2021		
(in thousands of dollars)	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 108,213	$ 108,213
Board-designated endowment funds	41,728	-	41,728
Total endowed net assets	$ 41,728	$ 108,213	$ 149,941

(in thousands of dollars)	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Donor-restricted endowment funds	$ -	$ 80,039	$ 80,039
Board-designated endowment funds	33,714	-	33,714
Total endowed net assets	$ 33,714	$ 80,039	$ 113,753

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

(in thousands of dollars)	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total
Balances at beginning of year	$ 33,714	$ 80,039	$ 113,753
Net investment return	7,192	17,288	24,480
Contributions	894	13,279	14,173
Transfers	-	418	418
Release of appropriated funds	(72)	(2,811)	(2,883)
Balances at end of year	$ 41,728	$ 108,213	$ 149,941
Balances at end of year		108,213	
Beneficial interest in perpetual trusts		9,721	
Net assets with donor restrictions		$ 117,934	

(in thousands of dollars)	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Balances at beginning of year	$ 31,421	$ 78,268	$ 109,689
Net investment return	713	1,460	2,173
Contributions	890	2,990	3,880
Transfers	14	267	281
Release of appropriated funds	676	(2,946)	(2,270)
Balances at end of year	$ 33,714	$ 80,039	$ 113,753
Balances at end of year		80,039	
Beneficial interest in perpetual trusts		6,782	
Net assets with donor restrictions		$ 86,821	

10. Long-Term Debt

A summary of long-term debt at June 30, 2021 and 2020 is as follows:

(in thousands of dollars)	2021	2020
Variable rate issues		
New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds		
Series 2018A, principal maturing in varying annual amounts, through August 2037 (1)	$ 83,355	$ 83,355
Fixed rate issues		
New Hampshire Health and Education Facilities Authority Revenue Bonds		
Series 2018B, principal maturing in varying annual amounts, through August 2048 (1)	303,102	303,102
Series 2020A, principal maturing in varying annual amounts, through August 2059 (2)	125,000	125,000
Series 2017A, principal maturing in varying annual amounts, through August 2040 (3)	122,435	122,435
Series 2017B, principal maturing in varying annual amounts, through August 2031 (3)	109,800	109,800
Series 2019A, principal maturing in varying annual amounts, through August 2043 (4)	99,165	99,165
Series 2018C, principal maturing in varying annual amounts, through August 2030 (5)	24,425	25,160
Series 2012, principal maturing in varying annual amounts, through July 2039 (6)	23,470	24,315
Series 2014B, principal maturing in varying annual amounts, through August 2033 (7)	14,530	14,530
Series 2014A, principal maturing in varying annual amounts, through August 2022 (7)	12,385	19,765
Series 2016B, principal maturing in varying annual amounts, through August 2045 (8)	10,970	10,970
Note payable		
Note payable to a financial institution due in monthly interest only payments through May 2035 (9)	125,000	125,000
Total obligated group debt	$ 1,053,637	$ 1,062,597

A summary of long-term debt at June 30, 2021 and 2020 is as follows (continued):

(in thousands of dollars)	2021	2020
Other		
Note payable to a financial institution payable in interest free monthly installments through December 2024; collateralized by associated equipment	$ 147	$ 287
Note payable to a financial institution with entire principal due June 2034; collateralized by land and building. The note payable is interest free	273	273
Mortgage note payable to the US Dept of Agriculture; monthly payments of $10,892 include interest of 2.375% through November 2046	2,489	2,560
Total nonobligated group debt	2,909	3,120
Total obligated group debt	1,053,637	1,062,597
Total long-term debt	1,056,546	1,065,717
Add: Original issue premium and discounts, net	86,399	89,542
Less: Current portion	9,407	9,467
Debt issuance costs, net	7,181	7,262
	$ 1,126,357	$ 1,138,530

Aggregate annual principal payments for the next five years ending June 30 and thereafter are as follows:

(in thousands of dollars)	2021
2022	$ 9,407
2023	6,602
2024	1,841
2025	4,778
2026	4,850
Thereafter	1,029,068
	$ 1,056,546

Dartmouth-Hitchcock Obligated Group (DHOG) Debt
MHMH established the DHOG in 1993 for the original purpose of issuing bonds financed through NHHEFA or the "Authority". The members of the obligated group consist of D-HH, MHMH, DHC, Cheshire, NLH, MAHHC, and, APD. D-HH is designated as the obligated group agent.

Revenue Bonds issued by members of the DHOG are administered through notes registered in the name of the Bond Trustee and in accordance with the terms of a Master Trust Indenture. The Master Trust Indenture contains provisions permitting the addition, withdrawal, or consolidation of members of the DHOG under certain conditions. The notes constitute a joint and several obligation of the members of the DHOG (and any other future members of the DHOG) and are equally and ratably collateralized by a pledge of the members' gross receipts. The DHOG is also subject to certain annual covenants under the Master Trust Indenture, the most restrictive is the Annual Debt Service Coverage Ratio (1.10x).

(1) Series 2018A and Series 2018B Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds, Series 2018A and Series 2018B in February 2018. The Series 2018A Revenue Bonds were primarily used to refund a portion of Series 2015A and Series 2016A. The Series 2018B were primarily used to refund a portion of Series 2015A and Series 2016A, Revolving Line of Credit, Series 2012 Bank Loan and the Series 2015A and Series 2016A Swap terminations. A loss on the extinguishment of debt of approximately $578,000 was recognized in non-operating gains (losses) on the statement of operations and changes in net assets, as a result of the refinancing. The interest on the Series 2018A Revenue Bonds is variable with a current interest rate of 5.00% and matures in variable amounts through 2037. The interest on the Series 2018B Revenue Bonds is fixed with an interest rate of 4.18% and matures in variable amounts through 2048.

(2) Series 2020A Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds Series 2020A in February, 2020. The proceeds from the Series 2020A Revenue Bonds are being used primarily to fund the construction of a 212,000 square foot inpatient pavilion in Lebanon, NH as well as various equipment. The interest on the Series 2020A Revenue Bonds is fixed with an interest rate of 5.00% and matures in variable amounts through 2059.

(3) Series 2017A and Series 2017B Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds, Series 2017A and Series 2017B in December, 2017. The Series 2017A Revenue Bonds were primarily used to refund Series 2009 and Series 2010 and the Series 2017B Revenue Bonds were used to refund Series 2012A and Series 2012B. The interest on the Series 2017A Revenue Bonds is fixed with an interest rate of 5.00% and matures in variable amounts through 2040. The interest on the Series 2017B Revenue Bonds is fixed with an interest rate of 2.54% and matures in variable amounts through 2031.

(4) Series 2019A Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds Series 2019A in October, 2019. The proceeds from the Series 2019A Revenue Bonds are being used primarily to fund the construction of a 91,000 square foot expansion of facilities in Manchester, NH to include an Ambulatory Surgical Center as well as various equipment. The interest on the Series 2019A Revenue Bonds is fixed with an interest rate of 4.00% and matures in variable amounts through 2043.

(5) Series 2018C Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds, Series 2018C in August, 2018. The Series 2018C Revenue Bonds were used primarily to refinance the Series 2010 Revenue Bonds. The interest on the series 2018C Revenue Bonds is fixed with an interest rate of 3.22% and matures in variable amounts through 2030.

(6) Series 2012 Revenue Bonds

The NHHEFA issued $29,650,000 of tax-exempt Revenue Bonds, Series 2012. The proceeds of these bonds were used to refund 1998 and 2009 Series Bonds, to finance the settlement cost of the interest rate swap, and to finance the purchase of certain equipment and renovations. The bonds have fixed interest coupon rates ranging from 2.0% to 5.0% (a net interest cost of 3.96%), and matures in variable amounts through 2039.

(7) Series 2014A and Series 2014B Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds, Series 2014A and Series 2014B in August 2014. The proceeds from the Series 2014A and 2014B Revenue Bonds were used to partially refund the Series 2009 Revenue Bonds and to cover cost of issuance. Interest on the 2014A Revenue Bonds is fixed with an interest rate of 2.63% and matures at various dates through 2022. Interest on the Series 2014B Revenue Bonds is fixed with an interest rate of 4.00% and matures at various dates through 2033.

(8) Series 2016B Revenue Bonds

The DHOG issued NHHEFA Revenue Bonds, Series 2016B in July 2016 through a private placement with a financial institution. The Series 2016B Revenue Bonds were used to finance 2016 projects. The Series 2016B is fixed with an interest rate of 1.78% and matures at various dates through 2045.

(9) Note payable to financial institution

The DHOG issued a note payable to TD Bank in May 2020. Issued in response to the COVID-19 pandemic, the proceeds from the note will be used to fund working capital as needed. The interest on the note payable is fixed with an interest rate of 2.56% and matures at various dates through 2035.

Outstanding joint and several indebtedness of the DHOG at June 30, 2021 and 2020 approximates $1,053,637,000 and $1,062,597,000, respectively.

The Health System Indenture agreements require establishment and maintenance of debt service reserves and other trustee held funds. Trustee held funds of approximately $170,399,000 and $236,198,000 at June 30, 2021 and 2020, respectively, are classified as assets limited as to use in the accompanying consolidated balance sheets (Note 4). In addition, debt service reserves of approximately $8,035,000 and $9,286,000 at June 30, 2021 and 2020, respectively, are classified as other current assets in the accompanying consolidated balance sheets. The debt service reserves are mainly comprised of escrowed construction funds at June 30, 2021 and 2020.

For the years ended June 30, 2021 and 2020 interest expense on the Health System's long term debt is reflected in the accompanying consolidated statements of operations and changes in net assets as operating expense of approximately $30,787,000 and $27,322,000 and other non-operating losses of $3,782,000 and $3,784,000, respectively, net of amounts capitalized.

11. Employee Benefits

All eligible employees of the Health System are covered under various defined benefit and/or defined contribution plans. In addition, certain members provide postretirement medical and life benefit plans to certain of its active and former employees who meet eligibility requirements. The postretirement medical and life plans are not funded.

All of the defined benefit plans within the Health System have been frozen and therefore there are no remaining participants earning benefits in any of the Health System's defined benefit plans.

The Health System continued to execute the settlement of obligations due to retirees in the defined benefit plans through bulk lump sum offerings or purchases of annuity contracts. The annuity purchases follow guidelines established by the Department of Labor (DOL). The Health System anticipates continued consideration and/or implementation of additional settlements over the next several years.

Defined Benefit Plans

Net periodic pension expense included in employee benefits in the consolidated statements of operations and changes in net assets is comprised of the components listed below for the years ended June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Service cost for benefits earned during the year	$ -	$ 170
Interest cost on projected benefit obligation	36,616	43,433
Expected return on plan assets	(63,261)	(62,436)
Net loss amortization	14,590	12,032
Total net periodic pension expense	$ (12,055)	$ (6,801)

The following assumptions were used to determine net periodic pension expense as of June 30, 2021 and 2020:

	2021	2020
Discount rate	3.00% - 3.10%	3.00% - 3.10%
Rate of increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	7.50%	7.50%

The following table sets forth the funded status and amounts recognized in the Health System's consolidated financial statements for the defined benefit pension plans at June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Change in benefit obligation		
Benefit obligation at beginning of year	$ 1,209,100	$ 1,135,523
Service cost	-	170
Interest cost	36,616	43,433
Benefits paid	(52,134)	(70,778)
Expenses paid	-	(168)
Actuarial loss	(22,411)	139,469
Settlements	(30,950)	(38,549)
Benefit obligation at end of year	1,140,221	1,209,100
Change in plan assets		
Fair value of plan assets at beginning of year	929,453	897,717
Actual return on plan assets	87,446	121,245
Benefits paid	(52,134)	(70,778)
Expenses paid	-	(168)
Employer contributions	25,049	19,986
Settlements	(30,950)	(38,549)
Fair value of plan assets at end of year	958,864	929,453
Funded status of the plans	(181,357)	(279,647)
Less: Current portion of liability for pension	(46)	(46)
Long term portion of liability for pension	(181,311)	(279,601)
Liability for pension	$ (181,357)	$ (279,647)

As of June 30, 2021 and 2020, the liability for pension is included in the liability for pension and other postretirement plan benefits in the accompanying consolidated balance sheets.

Amounts not yet reflected in net periodic pension expense and included in the change in net assets without donor restrictions include approximately $481,073,000 and $546,818,000 of net actuarial loss as of June 30, 2021 and 2020, respectively.

The estimated amounts to be amortized from net assets without donor restrictions into net periodic pension expense in fiscal year 2021 for net actuarial losses is approximately $14,590,000.

The accumulated benefit obligation for the defined benefit pension plans was approximately $1,140,000,000 and $1,209,000,000 at June 30, 2021 and 2020, respectively.

The following table sets forth the assumptions used to determine the benefit obligation at June 30, 2021 and 2020:

	2021	2020
Discount rate	3.30%	3.00% - 3.10%
Rate of increase in compensation	N/A	N/A

The primary investment objective for the Plan's assets is to support the Pension liabilities of the Pension Plans for Employees of the Health System, by providing long-term capital appreciation and by also using a Liability Driven Investing ("LDI") strategy to partially hedge the impact fluctuating interest rates have on the value of the Plan's liabilities. As of June 30, 2021, it is expected that the LDI strategy will hedge approximately 75% of the interest rate risk associated with pension liabilities. As of June 30, 2020, the expected LDI hedge was approximately 60%. To achieve the appreciation and hedging objectives, the Plans utilize a diversified structure of asset classes designed to achieve stated performance objectives measured on a total return basis, which includes income plus realized and unrealized gains and losses.

The range of target allocation percentages and the target allocations for the various investments are as follows:

	Range of Target Allocations	Target Allocations
Cash and short-term investments	0–5%	3%
U.S. government securities	0–10	5
Domestic debt securities	20–58	42
Global debt securities	6–26	4
Domestic equities	5–35	17
International equities	5–15	7
Emerging market equities	3–13	4
Global Equities	0-10	6
Real estate investment trust funds	0–5	1
Private equity funds	0–5	0
Hedge funds	5–18	11

To the extent an asset class falls outside of its target range on a quarterly basis, the Health System shall determine appropriate steps, as it deems necessary, to rebalance the asset class.

The Boards of Trustees of the Health System, as Plan Sponsors, oversee the design, structure, and prudent professional management of the Health System's Plans' assets, in accordance with Board approved investment policies, roles, responsibilities and authorities and more specifically the following:

- Establishing and modifying asset class targets with Board approved policy ranges,
- Approving the asset class rebalancing procedures,
- Hiring and terminating investment managers, and
- Monitoring performance of the investment managers, custodians and investment consultants.

The hierarchy and inputs to valuation techniques to measure fair value of the Plans' assets are the same as outlined in Note 7. In addition, the estimation of fair value of investments in private equity and hedge funds for which the underlying securities do not have a readily determinable value is made using the NAV per share or its equivalent as a practical expedient. The Health System's Plans own interests in both private equity and hedge funds rather than in securities underlying each fund and, therefore, the Health System generally considers such investments as Level 3, even though the underlying securities may not be difficult to value or may be readily marketable.

The following table sets forth the Health System's Plans' investments and deferred compensation plan assets that were accounted for at fair value as of June 30, 2021 and 2020:

	2021					
(in thousands of dollars)	Level 1	Level 2	Level 3	Total	Redemption or Liquidation	Days' Notice
Investments						
Cash and short-term investments	$ -	$ 53,763	$ -	$ 53,763	Daily	1
U.S. government securities	52,945	-	-	52,945	Daily–Monthly	1–15
Domestic debt securities	140,029	296,709	-	436,738	Daily–Monthly	1–15
Global debt securities	-	40,877	-	40,877	Daily–Monthly	1–15
Domestic equities	144,484	40,925	-	185,409	Daily–Monthly	1–10
International equities	17,767	51,819	-	69,586	Daily–Monthly	1–11
Emerging market equities	-	43,460	-	43,460	Daily–Monthly	1–17
Global equities	-	57,230		57,230	Daily–Monthly	1–17
REIT funds	-	3,329		3,329	Daily–Monthly	1–17
Private equity funds	-	-	15	15	See Note 6	See Note 6
Hedge funds	-	-	15,512	15,512	Quarterly–Annual	60–96
Total investments	$ 355,225	$ 588,112	$ 15,527	$ 958,864		

	2020					
(in thousands of dollars)	Level 1	Level 2	Level 3	Total	Redemption or Liquidation	Days' Notice
Investments						
Cash and short-term investments	$ -	$ 7,154	$ -	$ 7,154	Daily	1
U.S. government securities	49,843		-	49,843	Daily–Monthly	1–15
Domestic debt securities	133,794	318,259	-	452,053	Daily–Monthly	1–15
Global debt securities	-	69,076	-	69,076	Daily–Monthly	1–15
Domestic equities	152,688	24,947	-	177,635	Daily–Monthly	1–10
International equities	13,555	70,337	-	83,892	Daily–Monthly	1–11
Emerging market equities	-	39,984	-	39,984	Daily–Monthly	1–17
REIT funds	-	2,448	-	2,448	Daily–Monthly	1–17
Private equity funds	-	-	17	17	See Note 7	See Note 7
Hedge funds	-	-	47,351	47,351	Quarterly–Annual	60–96
Total investments	$ 349,880	$ 532,205	$ 47,368	$ 929,453		

The following tables present additional information about the changes in Level 3 assets measured at fair value for the years ended June 30, 2021 and 2020:

	2021		
(in thousands of dollars)	Hedge Funds	Private Equity Funds	Total
Balances at beginning of year	$ 47,351	$ 17	$ 47,368
Sales	(38,000)	-	(38,000)
Net unrealized gains (losses)	6,161	(2)	6,159
Balances at end of year	$ 15,512	$ 15	$ 15,527

	2020		
(in thousands of dollars)	Hedge Funds	Private Equity Funds	Total
Balances at beginning of year	$ 44,126	$ 21	$ 44,147
Net unrealized losses	3,225	(4)	3,221
Balances at end of year	$ 47,351	$ 17	$ 47,368

The total aggregate net unrealized gains (losses) included in the fair value of the Level 3 investments as of June 30, 2021 and 2020 were approximately $7,635,000 and $18,261,000, respectively. There were no transfers into and out of Level 3 measurements during the years ended June 30, 2021 and 2020.

There were no transfers into and out of Level 1 and 2 measurements due to changes in valuation methodologies during the years ended June 30, 2021 and 2020.

The weighted average asset allocation for the Health System's Plans at June 30, 2021 and 2020 by asset category is as follows:

	2021	2020
Cash and short-term investments	6 %	1 %
U.S. government securities	5	5
Domestic debt securities	46	49
Global debt securities	4	8
Domestic equities	19	19
International equities	7	9
Emerging market equities	5	4
Global equities	6	0
Hedge funds	2	5
	100 %	100 %

The expected long-term rate of return on plan assets is reviewed annually, taking into consideration the asset allocation, historical returns on the types of assets held, and the current economic environment. Based on these factors, it is expected that the pension assets will earn an average of 7.50% per annum.

The Health System is expected to contribute approximately $25,045,000 to the Plans in 2022 however actual contributions may vary from expected amounts.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the years ending June 30 and thereafter:

(in thousands of dollars)	
2022	$ 54,696
2023	57,106
2024	59,137
2025	60,930
2026	62,514
2027 – 2031	327,482

Effective May 1, 2020, the Health System terminated a defined benefit plan and settled the accumulated benefit obligation of $18,795,000 by purchasing nonparticipating annuity contracts. The plan assets at fair value were $11,836,000.

Defined Contribution Plans

The Health System has an employer-sponsored 401(a) plan for certain of its members, under which the employer makes base, transition and discretionary match contributions based on specified percentages of compensation and employee deferral amounts. Total employer contributions to the plan of approximately $60,268,000 and $51,222,000 in 2021 and 2020, respectively, are included in employee benefits in the accompanying consolidated statements of operations and changes in net assets.

Various 403(b) and tax- sheltered annuity plans are available to employees of the Health System. Plan specifications vary by member and plan. No employer contributions were made to any of these plans in 2021 and 2020 respectively.

Postretirement Medical and Life Benefits

The Health System has postretirement medical and life benefit plans covering certain of its active and former employees. The plans generally provide medical or medical and life insurance benefits to certain retired employees who meet eligibility requirements. The plans are not funded.

Net periodic postretirement medical and life benefit (income) cost is comprised of the components listed below for the years ended June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Service cost	$ 533	$ 609
Interest cost	1,340	1,666
Net prior service income	(3,582)	(5,974)
Net loss amortization	738	469
	$ (971)	$ (3,230)

The following table sets forth the accumulated postretirement medical and life benefit obligation and amounts recognized in the Health System's consolidated financial statements at June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Change in benefit obligation		
Benefit obligation at beginning of year	$ 48,078	$ 46,671
Service cost	533	609
Interest cost	1,340	1,666
Benefits paid	(3,439)	(3,422)
Actuarial loss	383	2,554
Employer contributions	(32)	-
Benefit obligation at end of year	46,863	48,078
Funded status of the plans	$ (46,863)	$ (48,078)
Current portion of liability for postretirement medical and life benefits	$ (3,422)	$ (3,422)
Long term portion of liability for postretirement medical and life benefits	(43,441)	(44,656)
Liability for postretirement medical and life benefits	$ (46,863)	$ (48,078)

As of June 30, 2021 and 2020, the liability for postretirement medical and life benefits is included in the liability for pension and other postretirement plan benefits in the accompanying consolidated balance sheets.

Amounts not yet reflected in net periodic postretirement medical and life benefit income and included in the change in net assets without donor restrictions are as follows:

(in thousands of dollars)	2021	2020
Net prior service income	$ -	$ (3,582)
Net actuarial loss	9,981	10,335
	$ 9,981	$ 6,753

The estimated amounts that will be amortized from net assets without donor restrictions into net periodic postretirement income in fiscal year 2022 for net losses is approximately $751,000.

The following future benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the year ending June 30, 2021 and thereafter:

(in thousands of dollars)	
2022	$ 3,422
2023	3,602
2024	3,651
2025	3,575
2026	3,545
2027-2031	16,614

In determining the accumulated postretirement medical and life benefit obligation, the Health System used a discount rate of 3.10% in 2021 and an assumed healthcare cost trend rate of 6.50%, trending down to 5.00% in 2027 and thereafter.

12. Professional and General Liability Insurance Coverage

D-H, along with Dartmouth College, CMC, NLH, APD, MAHHC, and VNH are provided professional and general liability insurance on a claims-made basis through Hamden Assurance Risk Retention Group, Inc. (RRG), a VT captive insurance company. Effective November 1, 2018 APD is provided professional and general liability insurance coverage through RRG. RRG reinsures the majority of this risk to Hamden Assurance Company Limited (HAC), a captive insurance company domiciled in Bermuda and to a variety of commercial reinsurers. D-H and Dartmouth College have ownership interests in both HAC and RRG. The insurance program provides coverage to the covered institutions and named insureds on a modified claims-made basis which means coverage is triggered when claims are made. Premiums and related insurance deposits are actuarially determined based on asserted liability claims adjusted for future development. The reserves for outstanding losses are recorded on an undiscounted basis.

Selected financial data of HAC and RRG, taken from the latest available financial statements at June 30, 2021 and 2020, are summarized as follows:

	2021		
(in thousands of dollars)	HAC	RRG	Total
Assets	$ 71,772	$ 3,583	$ 75,355
Shareholders' equity	13,620	50	13,670

	2020		
(in thousands of dollars)	HAC	RRG	Total
Assets	$ 93,686	$ 1,785	$ 95,471
Shareholders' equity	13,620	50	13,670

13. Commitments and Contingencies

Litigation
The Health System is involved in various malpractice claims and legal proceedings of a nature considered normal to its business. The claims are in various stages and some may ultimately be brought to trial. While it is not feasible to predict or determine the outcome of any of these claims, it is the opinion of management that the final outcome of these claims will not have a material effect on the consolidated financial position of the Health System.

Lines of Credit

The Health System has entered into Loan Agreements with financial institutions establishing access to revolving loans ranging from $10,000,000 up to $30,000,000. Interest is variable and determined using LIBOR or the Wall Street Journal Prime Rate. The Loan Agreements are due to expire March 30, 2022. There was no outstanding balance under the lines of credit as of June 30, 2021 and 2020. Interest expense was approximately $28,000 and $20,000, respectively, and is included in the consolidated statements of operations and changes in net assets.

14. Functional Expenses

Operating expenses are presented by functional classification in accordance with the overall service missions of the Health System. Each functional classification displays all expenses related to the underlying operations by natural classification. Salaries, employee benefits, medical supplies and medications, and purchased services and other expenses are generally considered variable and are allocated to the mission that best aligns to the type of service provided. Medicaid enhancement tax is allocated to program services. Interest expense is allocated based on usage of debt-financed space. Depreciation and amortization is allocated based on square footage and specific identification of equipment used by department.

Operating expenses of the Health System by functional and natural basis are as follows for the year ended June 30, 2021:

	2021			
(in thousands of dollars)	Program Services	Management and General	Fundraising	Total
Operating expenses				
Salaries	$ 1,019,272	$ 164,937	$ 1,701	$ 1,185,910
Employee benefits	212,953	88,786	403	302,142
Medical supplies and medications	540,541	4,982	-	545,523
Purchased services and other	252,705	125,931	5,313	383,949
Medicaid enhancement tax	72,941	-	-	72,941
Depreciation and amortization	38,945	49,943	33	88,921
Interest	8,657	22,123	7	30,787
Total operating expenses	$ 2,146,014	$ 456,702	$ 7,457	$ 2,610,173

	Program Services	Management and General	Fundraising	Total
Non-operating income				
Employee benefits	$ 9,200	$ 4,354	$ 5	$ 13,559
Total non-operating income	$ 9,200	$ 4,354	$ 5	$ 13,559

Operating expenses of the Health System by functional and natural basis are as follows for the year ended June 30, 2020:

	2020			
(in thousands of dollars)	Program Services	Management and General	Fundraising	Total
Operating expenses				
Salaries	$ 981,320	$ 161,704	$ 1,799	$ 1,144,823
Employee benefits	231,361	41,116	395	272,872
Medical supplies and medications	454,143	1,238	-	455,381
Purchased services and other	236,103	120,563	3,830	360,496
Medicaid enhancement tax	76,010	-	-	76,010
Depreciation and amortization	26,110	65,949	105	92,164
Interest	5,918	21,392	12	27,322
Total operating expenses	$ 2,010,965	$ 411,962	$ 6,141	$ 2,429,068

	Program Services	Management and General	Fundraising	Total
Non-operating income				
Employee benefits	$ 9,239	$ 1,549	$ 22	$ 10,810
Total non-operating income	$ 9,239	$ 1,549	$ 22	$ 10,810

15. Liquidity

The Health System is substantially supported by cash generated from operations. In addition, the Health System holds financial assets for specific purposes which are limited as to use. Thus, certain financial assets reported on the accompanying consolidated balance sheet may not be available for general expenditure within one year of the balance sheet date.

The Health System's financial assets available at June 30, 2021 and 2020 to meet cash needs for general expenditures within one year of June 30, 2021 and 2020, are as follows:

(in thousands of dollars)	2021	2020
Cash and cash equivalents	$ 374,928	$ 453,223
Patient accounts receivable	232,161	183,819
Assets limited as to use	1,378,479	1,134,526
Other investments for restricted activities	168,035	140,580
Total financial assets	$ 2,153,603	$ 1,912,148
Less: Those unavailable for general expenditure within one year:		
Investments held by captive insurance companies	57,239	54,596
Investments for restricted activities	168,035	140,580
Bond proceeds held for capital projects	178,434	245,484
Other investments with liquidity horizons greater than one year	111,390	111,408
Total financial assets available within one year	$ 1,638,505	$ 1,360,080

For the years ended June 30, 2021 and June 30, 2020, the Health System generated positive cash flow from operations of approximately $95,740,000 and $269,144,000, respectively. In addition, the Health System's liquidity management plan includes investing excess daily cash in intermediate or long term investments based on anticipated liquidity needs. The Health System has an available line of credit of up to $30,000,000 which it can draw upon as needed to meet its liquidity needs. See Note 13 for further details on the line of credit.

16. Lease Commitments

D-HH determines if an arrangement is or contains a lease at inception of the contract. Right-of-use assets represent our right to use the underlying assets for the lease term and our lease liabilities represent our obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. We use the implicit rate noted within the contract. If not readily available, we use our estimated incremental borrowing rate, which is derived using a collateralized borrowing rate for the same currency and term as the associated lease. A right-of-use asset and lease liability is not recognized for leases with an initial term of 12 months or less and we recognize lease expense for these leases on a straight-line basis over the lease term within lease and rental expense.

Our operating leases are primarily for real estate, including certain acute care facilities, off-campus outpatient facilities, medical office buildings, and corporate and other administrative offices. Our real estate lease agreements typically have initial terms of 5 to 10 years. These real estate leases may include one or more options to renew, with renewals that can extend the lease term from 2 to 5 years. The exercise of lease renewal options is at our sole discretion. When determining the lease term, we included options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses and/or rental payments adjusted periodically for inflation. These variable lease payments are recognized in other occupancy costs in the consolidated statements of operations and changes in net assets but are not included in the right-of-use asset or liability balances in our consolidated balance sheets. Lease agreements do not contain any material residual value guarantees, restrictions or covenants.

The components of lease expense for the year ended June 30, 2021 and 2020 are as follows:

(in thousands of dollars)	2021	2020
Operating lease cost	10,381	8,992
Variable and short term lease cost (a)	8,019	1,497
Total lease and rental expense	18,400	10,489
Finance lease cost:		
Depreciation of property under finance lease	3,408	2,454
Interest on debt of property under finance lease	533	524
Total finance lease cost	3,941	2,978

(a) Includes equipment, month-to-month and leases with a maturity of less than 12 months.

Supplemental cash flow information related to leases for the year ended June 30, 2021 and 2020 are as follows:

(in thousands of dollars)	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	10,611	8,755
Operating cash flows from finance leases	533	542
Financing cash flows from finance leases	3,108	2,429
	$ 14,252	$ 11,726

Supplemental balance sheet information related to leases as of June 30, 2021 and 2020 are as follows:

(in thousands of dollars)	2021	2020
Operating Leases		
Right of use assets - operating leases	51,410	42,621
Accumulated amortization	(15,180)	(8,425)
Right of use assets - operating leases, net	36,230	34,196
Current portion of right of use obligations	8,038	9,194
Long-term right of use obligations, excluding current portion	28,686	25,308
Total operating lease liabilities	36,724	34,502
Finance Leases		
Right of use assets - finance leases	27,940	26,076
Accumulated depreciation	(5,760)	(2,687)
Right of use assets - finance leases, net	22,180	23,389
Current portion of right of use obligations	3,251	2,581
Long-term right of use obligations, excluding current portion	19,481	21,148
Total finance lease liabilities	22,732	23,729
Weighted Average remaining lease term, years		
Operating leases	6.75	4.64
Finance leases	18.73	19.39
Weighted Average discount rate		
Operating leases	2.12%	2.24%
Finance leases	2.14%	2.22%

The System obtained $7.6 million and $2.1 million of new and modified operating and financing leases, respectively, during the year ended June 30, 2021.

Upon adoption, included in the $42.6 million of right-of-use assets obtained in exchange for operating lease obligations is $5.6 million of new and modified operating leases entered into during the year ended June 30, 2020. Included in the $26.1 million of right-of-use assets obtained in exchange for finance lease obligations is $2.3 million of new and modified operating leases entered into during the year ended June 30, 2020.

Future maturities of lease liabilities as of June 30, 2021 are as follows:

(in thousands of dollars)	Operating Leases	Finance Leases
Year ending June 30:		
2022	8,721	3,698
2023	7,331	3,363
2024	6,336	2,265
2025	3,537	1,229
2026	2,475	850
Thereafter	11,249	16,488
Total lease payments	39,649	27,893
Less: Imputed interest	2,925	5,161
Total lease payments	$ 36,724	$ 22,732

17. Subsequent Events

The Health System has assessed the impact of subsequent events through November 18, 2021, the date the audited consolidated financial statements were issued, and has concluded that there were no such events that require adjustment to the audited consolidated financial statements or disclosure in the notes to the audited consolidated financial statements other than as noted below.

Consolidating Supplemental Information – Unaudited

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Balance Sheets
June 30, 2021

(in thousands of dollars)	Dartmouth-Hitchcock Health	Dartmouth-Hitchcock	Cheshire Medical Center	Alice Peck Day Memorial	New London Hospital Association	Mt. Ascutney Hospital and Health Center	Eliminations	DH Obligated Group Subtotal	All Other Non-Oblig Group Affiliates	Eliminations	Health System Consolidated
Assets											
Current assets											
Cash and cash equivalents	$ 1,826	$ 226,779	$ 35,146	$ 41,371	$ 26,814	$ 18,350	$ -	$ 350,286	$ 24,642	$ -	$ 374,928
Patient accounts receivable, net	-	196,350	13,238	6,779	6,699	8,522	-	229,588	2,573	-	232,161
Prepaid expenses and other current assets	23,267	151,336	20,932	2,012	4,771	1,793	(35,942)	168,169	(10,634)	(217)	157,318
Total current assets	25,093	574,465	69,316	50,162	38,284	26,665	(35,942)	748,043	16,581	(217)	764,407
Assets limited as to use	380,020	1,039,327	19,016	15,480	16,725	20,195	(169,849)	1,320,914	57,565	-	1,378,479
Notes receivable, related party	845,157	11,769	-	1,010	-	-	(856,926)	1,010	(1,010)	-	-
Other investments for restricted activities	248	111,209	12,212	1,128	4,266	7,699	-	136,762	31,273	-	168,035
Property, plant, and equipment, net	-	501,640	64,101	22,623	47,232	15,403	-	650,999	29,434	-	680,433
Right of use assets, net	1,233	32,343	2,396	16,104	360	5,819	-	58,255	155	-	58,410
Other assets	2,431	146,226	1,315	14,380	7,282	5,172	-	176,806	292	-	177,098
Total assets	$ 1,254,182	$ 2,416,979	$ 168,356	$ 120,887	$ 114,149	$ 80,953	$ (1,062,717)	$ 3,092,789	$ 134,290	$ (217)	$ 3,226,862
Liabilities and Net Assets											
Current liabilities											
Current portion of long-term debt	$ -	$ 7,575	$ 865	$ 777	$ 91	$ -	$ -	$ 9,308	$ 99	$ -	$ 9,407
Current portion of right of use obligations	354	8,369	656	1,078	197	550	-	11,204	85	-	11,289
Current portion of liability for pension and other postretirement plan benefits	-	3,468	-	-	-	-	-	3,468	-	-	3,468
Accounts payable and accrued expenses	207,566	99,374	11,911	2,455	4,968	5,858	(205,791)	126,341	5,100	(217)	131,224
Accrued compensation and related benefits	-	156,073	8,848	5,706	4,407	5,343	-	180,177	1,893	-	182,070
Estimated third-party settlements	-	160,410	31,226	27,006	26,902	6,230	-	251,774	769	-	252,543
Total current liabilities	207,920	435,269	53,306	37,022	36,565	17,981	(205,791)	582,272	7,946	(217)	590,001
Notes payable, related party	-	811,563	-	-	27,793	17,570	(856,926)	-	-	-	-
Long-term debt, excluding current portion	1,047,659	29,846	22,753	23,558	55	(115)	-	1,123,756	2,601	-	1,126,357
Right of use obligations, excluding current portion	879	24,463	1,878	15,351	172	5,357	-	48,098	69	-	48,167
Insurance deposits and related liabilities	-	78,528	475	325	388	218	-	79,934	40	-	79,974
Liability for pension and other postretirement plan benefits, excluding current portion	-	218,955	5,286	-	-	511	-	224,752	-	-	224,752
Other liabilities	-	179,497	4,224	4,534	4,142	-	-	192,397	22,317	-	214,714
Total liabilities	1,256,458	1,778,121	87,920	80,790	69,115	41,522	(1,062,717)	2,251,209	32,973	(217)	2,283,965
Commitments and contingencies											
Net assets											
Net assets without donor restrictions	(2,524)	526,153	65,224	38,969	39,557	29,838	-	697,217	61,370	40	758,627
Net assets with donor restrictions	248	112,705	15,212	1,128	5,477	9,593	-	144,363	39,947	(40)	184,270
Total net assets	(2,276)	638,858	80,436	40,097	45,034	39,431	-	841,580	101,317	-	942,897
Total liabilities and net assets	$ 1,254,182	$ 2,416,979	$ 168,356	$ 120,887	$ 114,149	$ 80,953	$ (1,062,717)	$ 3,092,789	$ 134,290	$ (217)	$ 3,226,862

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Balance Sheets
June 30, 2021

(in thousands of dollars)	D-HH and Other Subsidiaries	D-H and Subsidiaries	Cheshire and Subsidiaries	NLH and Subsidiaries	MAHHC and Subsidiaries	APD and Subsidiaries	VNH and Subsidiaries	Eliminations	Health System Consolidated
Assets									
Current assets									
Cash and cash equivalents	$ 1,826	$ 227,402	$ 44,165	$ 26,814	$ 18,609	$ 50,451	$ 5,661	$ -	$ 374,928
Patient accounts receivable, net	-	196,350	13,238	6,699	6,620	6,779	2,475	-	232,161
Prepaid expenses and other current assets	23,267	151,677	10,195	4,771	1,808	1,418	341	(36,159)	157,318
Total current assets	25,093	575,429	67,598	38,284	27,037	58,648	8,477	(36,159)	764,407
Assets limited as to use	380,020	1,066,781	20,459	16,725	21,533	15,480	27,330	(169,849)	1,378,479
Notes receivable, related party	845,157	11,769	-	-	-	-	-	(856,926)	-
Other investments for restricted activities	248	119,371	34,921	4,266	7,698	1,501	30	-	168,035
Property, plant, and equipment, net	-	504,315	67,543	47,232	16,932	41,218	3,193	-	680,433
Right of use assets, net	1,233	32,343	2,396	360	5,820	16,104	154	-	58,410
Other assets	2,431	146,408	10,286	7,282	2,715	7,534	442	-	177,098
Total assets	$ 1,254,182	$ 2,456,416	$ 203,203	$ 114,149	$ 81,735	$ 140,485	$ 39,626	$ (1,062,934)	$ 3,226,862
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt	$ -	$ 7,575	$ 865	$ 91	$ 26	$ 777	$ 73	$ -	$ 9,407
Current portion of right of use obligations	354	8,369	656	197	550	1,078	85	-	11,289
Current portion of liability for pension and other postretirement plan benefits	-	3,468	-	-	-	-	-	-	3,468
Accounts payable and accrued expenses	207,566	99,682	12,032	4,968	5,983	2,920	4,081	(206,008)	131,224
Accrued compensation and related benefits	-	156,073	8,648	4,407	5,385	6,116	1,441	-	182,070
Estimated third-party settlements	-	160,410	31,226	26,902	6,231	27,006	768	-	252,543
Total current liabilities	207,920	435,577	53,427	36,565	18,175	37,897	6,448	(206,008)	590,001
Notes payable, related party	-	811,563	-	27,793	17,570	-	-	(856,926)	-
Long-term debt, excluding current portion	1,047,659	29,846	22,753	55	131	23,496	2,417	-	1,126,357
Right of use obligations, excluding current portion	879	24,463	1,876	172	5,357	15,351	69	-	48,167
Insurance deposits and related liabilities	-	78,528	476	388	218	325	39	-	79,974
Liability for pension and other postretirement plan benefits, excluding current portion	-	218,955	5,286	-	511	-	-	-	224,752
Other liabilities	-	179,497	4,223	4,142	-	26,852	-	-	214,714
Total liabilities	1,256,458	1,778,429	88,041	69,115	41,962	103,921	8,973	(1,062,934)	2,283,965
Commitments and contingencies									
Net assets									
Net assets without donor restrictions	(2,524)	557,101	68,586	39,557	30,181	35,063	30,623	40	758,627
Net assets with donor restrictions	248	120,886	46,576	5,477	9,592	1,501	30	(40)	184,270
Total net assets	(2,276)	677,987	115,162	45,034	39,773	36,564	30,653	-	942,897
Total liabilities and net assets	$ 1,254,182	$ 2,456,416	$ 203,203	$ 114,149	$ 81,735	$ 140,485	$ 39,626	$ (1,062,934)	$ 3,226,862

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Balance Sheets
June 30, 2020

(in thousands of dollars)	Dartmouth-Hitchcock Health	Dartmouth-Hitchcock	Cheshire Medical Center	Alice Peck Day Memorial	New London Hospital Association	Mt. Ascutney Hospital and Health Center	Eliminations	DH Obligated Group Subtotal	All Other Non-Oblig Group Affiliates	Eliminations	Health System Consolidated
Assets											
Current assets											
Cash and cash equivalents	$ 108,856	$ 217,352	$ 43,940	$ 26,079	$ 22,874	$ 14,377	$ -	$ 433,478	$ 19,745	$ -	$ 453,223
Patient accounts receivable, net	-	146,886	11,413	8,634	10,200	4,367	-	181,500	2,319	-	183,819
Prepaid expenses and other current assets	25,243	179,432	37,538	3,808	6,105	1,715	(82,822)	171,019	(8,870)	(243)	161,906
Total current assets	134,099	543,670	92,891	38,521	39,179	20,459	(82,822)	785,997	13,194	(243)	798,948
Assets limited as to use	344,737	927,207	19,376	13,044	12,768	12,090	(235,568)	1,093,654	40,872	-	1,134,526
Notes receivable, related party	848,250	593	-	1,211	-	-	(848,843)	1,211	(1,211)	-	-
Other investments for restricted activities	-	98,490	6,970	97	3,077	6,266	-	114,900	25,680	-	140,580
Property, plant, and equipment, net	8	466,938	64,803	20,805	43,612	16,823	-	612,989	30,597	-	643,586
Right of use assets	1,542	32,714	1,822	17,574	621	3,221	-	57,494	91	-	57,585
Other assets	2,242	122,481	1,299	14,748	5,482	4,603	(10,971)	139,884	(2,546)	-	137,338
Total assets	$ 1,330,878	$ 2,192,093	$ 187,161	$ 106,000	$ 104,739	$ 63,462	$ (1,178,204)	$ 2,806,129	$ 106,677	$ (243)	$ 2,912,563
Liabilities and Net Assets											
Current liabilities											
Current portion of long-term debt	$ -	$ 7,380	$ 865	$ 747	$ 147	$ 232	$ -	$ 9,371	$ 96	$ -	$ 9,467
Current portion of right of use obligations	338	8,752	420	1,316	259	631	-	11,716	59	-	11,775
Current portion of liability for pension and other postretirement plan benefits	-	3,468	-	-	-	-	-	3,468	-	-	3,468
Accounts payable and accrued expenses	272,764	126,283	39,845	3,087	4,250	3,406	(318,391)	131,244	(1,985)	(243)	129,016
Accrued compensation and related benefits	-	122,392	7,732	3,570	3,875	3,582	-	141,151	1,840	-	142,991
Estimated third-party settlements	-	210,144	34,664	25,421	24,667	6,430	-	301,326	1,199	-	302,525
Total current liabilities	273,102	478,419	83,526	34,141	33,198	14,281	(318,391)	598,276	1,209	(243)	599,242
Notes payable, related party	-	814,525	-	-	27,718	6,600	(848,843)	-	-	-	-
Long-term debt, excluding current portion	1,050,694	37,373	23,617	24,312	147	10,595	(10,970)	1,135,768	2,762	-	1,138,530
Right of use obligations, excluding current portion	1,203	24,290	1,432	16,429	368	2,698	-	46,420	36	-	46,456
Insurance deposits and related liabilities	-	75,697	475	325	388	220	-	77,105	41	-	77,146
Liability for pension and other postretirement plan benefits, excluding current portion	-	301,907	21,840	-	-	511	-	324,258	(1)	-	324,257
Other liabilities	-	117,631	1,506	384	2,026	-	-	121,547	22,131	-	143,678
Total liabilities	1,324,999	1,849,842	132,396	75,591	63,845	34,905	(1,178,204)	2,303,374	26,178	(243)	2,329,309
Commitments and contingencies											
Net assets											
Net assets without donor restrictions	5,524	242,824	47,729	29,464	36,158	21,247	-	382,946	48,040	40	431,026
Net assets with donor restrictions	355	99,427	7,036	945	4,736	7,310	-	119,809	32,459	(40)	152,228
Total net assets	5,879	342,251	54,765	30,409	40,894	28,557	-	502,755	80,499	-	583,254
Total liabilities and net assets	$ 1,330,878	$ 2,192,093	$ 187,161	$ 106,000	$ 104,739	$ 63,462	$ (1,178,204)	$ 2,806,129	$ 106,677	$ (243)	$ 2,912,563

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Balance Sheets
June 30, 2020

(in thousands of dollars)	D-HH and Other Subsidiaries	D-H and Subsidiaries	Cheshire and Subsidiaries	NLH and Subsidiaries	MAHHC and Subsidiaries	APD	VNH and Subsidiaries	Eliminations	Health System Consolidated
Assets									
Current assets									
Cash and cash equivalents	$ 108,856	$ 218,295	$ 47,642	$ 22,874	$ 14,568	$ 34,072	$ 6,916	$ -	$ 453,223
Patient accounts receivable, net	-	146,887	11,413	10,200	4,439	8,634	2,246	-	183,819
Prepaid expenses and other current assets	25,243	180,137	27,607	6,105	1,737	2,986	1,156	(83,065)	161,906
Total current assets	134,099	545,319	86,662	39,179	20,744	45,692	10,318	(83,065)	798,948
Assets limited as to use	344,737	946,938	18,001	12,768	13,240	13,044	21,366	(235,568)	1,134,526
Notes receivable, related party	848,250	593	-	-	-	-	-	(848,843)	-
Other investments for restricted activities	-	105,869	25,272	3,077	6,265	97	-	-	140,580
Property, plant, and equipment, net	8	469,613	68,374	43,612	18,432	40,126	3,421	-	643,586
Right of use assets, net	1,542	32,714	1,822	621	3,220	17,574	92	-	57,585
Other assets	2,242	122,647	7,429	5,482	2,152	8,199	158	(10,971)	137,338
Total assets	$ 1,330,878	$ 2,223,693	$ 207,560	$ 104,739	$ 64,053	$ 124,732	$ 35,355	$ (1,178,447)	$ 2,912,563
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt	$ -	$ 7,380	$ 865	$ 147	$ 257	$ 747	$ 71	$ -	$ 9,467
Current portion of right of use obligations	338	8,752	420	259	631	1,316	59	-	11,775
Current portion of liability for pension and other postretirement plan benefits	-	3,468	-	-	-	-	-	-	3,468
Accounts payable and accrued expenses	272,762	126,684	35,117	4,251	3,517	3,528	1,791	(318,634)	129,016
Accrued compensation and related benefits	-	122,392	7,732	3,875	3,626	3,883	1,483	-	142,991
Estimated third-party settlements	-	210,143	34,664	24,667	6,430	25,421	1,200	-	302,525
Total current liabilities	273,100	478,819	78,798	33,199	14,461	34,895	4,604	(318,634)	599,242
Notes payable, related party	-	814,525	-	27,718	6,600	-	-	(848,843)	-
Long-term debt, excluding current portion	1,050,694	37,373	23,618	147	10,867	24,312	2,489	(10,970)	1,138,530
Right of use obligations, excluding current portion	1,203	24,290	1,433	368	2,700	16,429	33	-	46,456
Insurance deposits and related liabilities	-	75,697	475	388	222	325	39	-	77,146
Liability for pension and other postretirement plan benefits, excluding current portion	-	301,907	21,840	-	510	-	-	-	324,257
Other liabilities	-	117,631	1,506	2,026	-	22,515	-	-	143,678
Total liabilities	1,324,997	1,850,242	127,670	63,846	35,360	98,476	7,165	(1,178,447)	2,329,309
Commitments and contingencies									
Net assets									
Net assets without donor restrictions	5,526	266,327	48,549	36,158	21,385	24,881	28,160	40	431,026
Net assets with donor restrictions	355	107,124	31,341	4,735	7,308	1,375	30	(40)	152,228
Total net assets	5,881	373,451	79,890	40,893	28,693	26,256	28,190	-	583,254
Total liabilities and net assets	$ 1,330,878	$ 2,223,693	$ 207,560	$ 104,739	$ 64,053	$ 124,732	$ 35,355	$ (1,178,447)	$ 2,912,563

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Statements of Operations and Changes in Net Assets without Donor Restrictions
Year Ended June 30, 2021

(in thousands of dollars)	Dartmouth-Hitchcock Health	Dartmouth-Hitchcock	Cheshire Medical Center	Alice Peck Day Memorial	New London Hospital Association	Mt. Ascutney Hospital and Health Center	Eliminations	DH Obligated Group Subtotal	All Other Non-Oblig Group Affiliates	Eliminations	Health System Consolidated
Operating revenue and other support											
Patient service revenue	$ -	$ 1,683,612	$ 230,810	$ 82,373	$ 61,814	$ 59,686	$ -	$ 2,118,295	$ 19,992	$ -	$ 2,138,287
Contracted revenue	7,266	129,880	379	-	162	2,963	(55,753)	84,897	380	(14)	85,263
Other operating revenue	29,784	404,547	6,775	1,905	4,370	1,175	(37,287)	411,269	15,490	(1,801)	424,958
Net assets released from restrictions	197	12,631	1,182	61	200	201	-	14,472	729	-	15,201
Total operating revenue and other support	37,247	2,230,670	239,146	84,339	66,546	64,025	(93,040)	2,628,933	36,591	(1,815)	2,663,709
Operating expenses											
Salaries	-	988,595	118,678	40,567	33,611	29,119	(42,565)	1,168,005	16,800	1,105	1,185,910
Employee benefits	-	251,774	29,984	7,141	6,550	7,668	(5,159)	297,958	3,877	307	302,142
Medications and medical supplies	-	481,863	41,669	9,776	7,604	3,275	(85)	544,102	1,421	-	545,523
Purchased services and other	19,503	291,364	33,737	12,396	16,591	14,884	(18,065)	370,410	15,395	(1,856)	383,949
Medicaid enhancement tax	-	57,312	8,315	3,075	2,523	1,716	-	72,941	-	-	72,941
Depreciation and amortization	10	67,666	8,623	3,366	4,364	2,617	-	86,646	2,275	-	88,921
Interest	32,324	24,158	936	875	1,077	510	(29,495)	30,385	402	-	30,787
Total operating expenses	51,837	2,162,732	241,942	77,196	72,320	59,789	(95,369)	2,570,447	40,170	(444)	2,610,173
Operating (loss) margin	(14,590)	67,938	(2,796)	7,143	(5,774)	4,236	2,329	58,486	(3,579)	(1,371)	53,536
Non-operating gains (losses)											
Investment income (losses), net	1,223	172,461	3,546	2,495	4,506	3,875	(137)	187,969	15,807	-	203,776
Other components of net periodic pension and post retirement benefit income	-	13,028	547	-	-	(16)	-	13,559	-	-	13,559
Other (losses) income, net	(3,540)	(653)	(332)	-	2	194	(2,192)	(6,521)	917	1,371	(4,233)
Total non-operating (losses) gains, net	(2,317)	184,836	3,761	2,495	4,508	4,053	(2,329)	195,007	16,724	1,371	213,102
(Deficiency) excess of revenue over expenses	(16,907)	252,774	965	9,638	(1,266)	8,289	-	253,493	13,145	-	266,638
Net assets without donor restrictions											
Net assets released from restrictions for capital	-	1,076	600	-	108	224	-	2,008	9	-	2,017
Change in funded status of pension and other postretirement benefits	-	43,047	16,007	-	-	78	-	59,132	-	-	59,132
Net assets transferred to (from) affiliates	8,859	(13,548)	(42)	-	4,557	-	-	(174)	174	-	-
Other changes in net assets	-	(20)	(35)	(120)	-	-	-	(175)	(11)	-	(186)
Increase in net assets without donor restrictions	$ (8,048)	$ 283,329	$ 17,495	$ 9,518	$ 3,399	$ 8,591	$ -	$ 314,284	$ 13,317	$ -	$ 327,601

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Statements of Operations and Changes in Net Assets without Donor Restrictions
Year Ended June 30, 2021

(in thousands of dollars)	D-HH and Other Subsidiaries	D-H and Subsidiaries	Cheshire and Subsidiaries	NLH and Subsidiaries	MAHHC and Subsidiaries	APD and Subsidiaries	VNH and Subsidiaries	Eliminations	Health System Consolidated
Operating revenue and other support									
Patient service revenue	$ -	$ 1,683,612	$ 230,810	$ 61,814	$ 59,672	$ 82,373	$ 20,006	$ -	$ 2,138,287
Contracted revenue	7,266	130,261	379	161	2,963	-	-	(55,767)	85,263
Other operating revenue	29,784	406,911	6,862	4,370	2,839	11,997	1,283	(39,088)	424,958
Net assets released from restrictions	197	13,290	1,196	199	201	118	-	-	15,201
Total operating revenue and other support	37,247	2,234,074	239,247	66,544	65,675	94,488	21,289	(94,855)	2,663,709
Operating expenses									
Salaries	-	988,595	118,711	33,611	29,986	44,240	12,227	(41,460)	1,185,910
Employee benefits	-	251,774	29,994	6,550	7,820	7,884	2,972	(4,852)	302,142
Medications and medical supplies	-	481,863	41,669	7,604	3,270	9,784	1,418	(85)	545,523
Purchased services and other	19,505	294,228	33,912	16,589	15,395	15,455	8,786	(19,921)	383,949
Medicaid enhancement tax	-	57,312	8,315	2,523	1,716	3,075	-	-	72,941
Depreciation and amortization	10	67,666	8,752	4,364	2,741	5,003	385	-	88,921
Interest	32,324	24,158	936	1,077	510	1,217	60	(29,495)	30,787
Total operating expenses	51,839	2,165,596	242,289	72,318	61,438	86,658	25,848	(95,813)	2,610,173
Operating (loss) margin	(14,592)	68,478	(3,042)	(5,774)	4,237	7,830	(4,559)	958	53,536
Non-operating gains (losses)									
Investment income (losses), net	1,223	179,357	6,317	4,506	4,066	2,472	5,972	(137)	203,776
Other components of net periodic pension and post retirement benefit income	-	13,028	547	-	(16)	-	-	-	13,559
Other (losses) income, net	(3,540)	(653)	(346)	2	207	-	918	(821)	(4,233)
Total non-operating (losses) gains, net	(2,317)	191,732	6,518	4,508	4,257	2,472	6,890	(958)	213,102
(Deficiency) excess of revenue over expenses	(16,909)	260,210	3,476	(1,266)	8,494	10,302	2,331	-	266,638
Net assets without donor restrictions									
Net assets released from restrictions for capital	-	1,085	600	108	224	-	-	-	2,017
Change in funded status of pension and other postretirement benefits	-	43,047	16,007	-	78	-	-	-	59,132
Net assets transferred to (from) affiliates	8,859	(13,548)	-	4,557	-	-	132	-	-
Other changes in net assets	-	(20)	(46)	-	-	(120)	-	-	(186)
Increase in net assets without donor restrictions	$ (8,050)	$ 290,774	$ 20,037	$ 3,399	$ 8,796	$ 10,182	$ 2,463	$ -	$ 327,601

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Statements of Operations and Changes in Net Assets without Donor Restrictions
Year Ended June 30, 2020

(in thousands of dollars)	Dartmouth-Hitchcock Health	Dartmouth-Hitchcock	Cheshire Medical Center	Alice Peck Day Memorial	New London Hospital Association	Mt. Ascutney Hospital and Health Center	Eliminations	DH Obligated Group Subtotal	All Other Non-Oblig Group Affiliates	Eliminations	Health System Consolidated
Operating revenue and other support											
Patient service revenue	$ -	$ 1,490,516	$ 207,416	$ 65,496	$ 53,943	$ 41,349	$ -	$ 1,858,720	$ 21,305	$ -	$ 1,880,025
Contracted revenue	5,369	114,906	400	-	10	7,427	(54,543)	73,569	498	(39)	74,028
Other operating revenue	26,349	321,028	16,406	7,179	10,185	7,847	(28,972)	360,022	15,128	(528)	374,622
Net assets released from restrictions	409	13,013	1,315	162	160	84	-	15,143	1,117	-	16,260
Total operating revenue and other support	32,127	1,939,463	225,537	72,837	64,298	56,707	(83,515)	2,307,454	38,048	(567)	2,344,935
Operating expenses											
Salaries	-	947,275	115,777	37,596	33,073	27,600	(34,706)	1,126,615	17,007	1,201	1,144,823
Employee benefits	-	227,138	26,979	6,214	6,741	6,344	(4,864)	268,552	4,009	311	272,872
Medications and medical supplies	-	401,165	36,313	8,390	5,140	2,944	-	453,952	1,429	-	455,381
Purchased services and other	13,615	284,714	31,864	11,639	14,311	13,351	(20,942)	348,552	13,943	(1,999)	360,496
Medicaid enhancement tax	-	59,708	8,476	3,226	2,853	1,747	-	76,010	-	-	76,010
Depreciation and amortization	14	71,108	9,351	3,361	3,601	2,475	-	89,910	2,254	-	92,164
Interest	25,780	23,431	953	906	1,097	252	(25,412)	27,007	315	-	27,322
Total operating expenses	39,409	2,014,539	229,713	71,332	66,816	54,713	(85,924)	2,390,598	38,957	(487)	2,429,068
Operating (loss) margin	(7,282)	(75,076)	(4,176)	1,505	(2,518)	1,994	2,409	(83,144)	(909)	(80)	(84,133)
Non-operating gains (losses)											
Investment income (losses), net	4,877	18,522	714	292	359	433	(198)	24,999	2,048	-	27,047
Other components of net periodic pension and post retirement benefit income	-	8,793	1,883	-	-	134	-	10,810	-	-	10,810
Other (losses) income, net	(3,932)	(1,077)	(569)	(205)	544	4,317	(2,211)	(3,133)	346	80	(2,707)
Total non-operating gains (losses), net	945	26,238	2,028	87	903	4,884	(2,409)	32,676	2,394	80	35,150
(Deficiency) excess of revenue over expenses	(6,337)	(48,838)	(2,148)	1,592	(1,615)	6,878	-	(50,468)	1,485	-	(48,983)
Net assets without donor restrictions											
Net assets released from restrictions for capital	-	564	179	-	344	300	-	1,387	27	-	1,414
Change in funded status of pension and other postretirement benefits	-	(58,513)	(13,321)	-	-	(7,188)	-	(79,022)	-	-	(79,022)
Net assets transferred to (from) affiliates	4,375	(7,269)	(32)	219	1,911	15	-	(781)	781	-	-
Other changes in net assets	-	-	-	-	-	-	-	-	(2,316)	-	(2,316)
Increase in net assets without donor restrictions	$ (1,962)	$ (114,056)	$ (15,322)	$ 1,811	$ 640	$ 5	$ -	$ (128,884)	$ (23)	$ -	$ (128,907)

Dartmouth-Hitchcock Health and Subsidiaries
Consolidating Statements of Operations and Changes in Net Assets without Donor Restrictions
Year Ended June 30, 2020

(in thousands of dollars)	D-HH and Other Subsidiaries	D-H and Subsidiaries	Cheshire and Subsidiaries	NLH and Subsidiaries	MAHHC and Subsidiaries	APD	VNH and Subsidiaries	Eliminations	Health System Consolidated
Operating revenue and other support									
Patient service revenue	$ -	$ 1,490,516	$ 207,416	$ 53,943	$ 41,348	$ 65,496	$ 21,306	$ -	$ 1,880,025
Contracted revenue	5,369	115,403	400	10	7,427	-	-	(54,581)	74,028
Other operating revenue	26,349	323,151	16,472	10,185	9,482	16,726	1,757	(29,500)	374,622
Net assets released from restrictions	409	13,660	1,335	160	83	613	-	-	16,260
Total operating revenue and other support	32,127	1,942,730	225,623	64,298	58,340	82,835	23,063	(84,081)	2,344,935
Operating expenses									
Salaries	-	947,275	115,809	33,073	28,477	41,085	12,608	(33,504)	1,144,823
Employee benefits	-	227,138	26,988	6,741	6,517	7,123	2,918	(4,553)	272,872
Medications and medical supplies	-	401,165	36,313	5,140	2,941	8,401	1,421	-	455,381
Purchased services and other	13,615	287,948	32,099	14,311	13,767	14,589	7,108	(22,941)	360,496
Medicaid enhancement tax	-	59,708	8,476	2,853	1,747	3,226	-	-	76,010
Depreciation and amortization	14	71,109	9,480	3,601	2,596	5,004	360	-	92,164
Interest	25,780	23,431	953	1,097	252	1,159	62	(25,412)	27,322
Total operating expenses	39,409	2,017,774	230,118	66,816	56,297	80,587	24,477	(86,410)	2,429,068
Operating (loss) margin	(7,282)	(75,044)	(4,495)	(2,518)	2,043	2,248	(1,414)	2,329	(84,133)
Non-operating gains (losses)									
Investment income (losses), net	4,877	19,361	1,305	359	463	292	588	(198)	27,047
Other components of net periodic pension and post retirement benefit income	-	8,793	1,883	-	134	-	-	-	10,810
Other (losses) income, net	(3,932)	(1,077)	(569)	(25)	4,318	(205)	914	(2,131)	(2,707)
Total non-operating gains (losses), net	945	27,077	2,619	334	4,915	87	1,502	(2,329)	35,150
(Deficiency) excess of revenue over expenses	(6,337)	(47,967)	(1,876)	(2,184)	6,958	2,335	88	-	(48,983)
Net assets without donor restrictions									
Net assets released from restrictions for capital	-	591	179	344	300	-	-	-	1,414
Change in funded status of pension and other postretirement benefits	-	(58,513)	(13,321)	-	(7,188)	-	-	-	(79,022)
Net assets transferred to (from) affiliates	4,377	(7,282)	10	1,911	15	219	750	-	-
Other changes in net assets	-	-	(2,316)	-	-	-	-	-	(2,316)
Increase (decrease) in net assets without donor restrictions	$ (1,960)	$ (113,171)	$ (17,324)	$ 71	$ 85	$ 2,554	$ 838	$ -	$ (128,907)

Dartmouth-Hitchcock Health and Subsidiaries
Note to Supplemental Consolidating Information
June 30, 2021 and 2020

1. Basis of Presentation

The accompanying supplemental consolidating information includes the consolidating balance sheet and the consolidating statement of operations and changes in net assets without donor restrictions of D-HH and its subsidiaries. All significant intercompany accounts and transactions between D-HH and its subsidiaries have been eliminated. The consolidating information presented is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements and is not required as part of the basic financial statements.

DARTMOUTH-HITCHCOCK (D-H)
DARTMOUTH-HITCHCOCK HEALTH (D-HH)

BOARDS OF TRUSTEES AND OFFICERS
(22 D-H Trustees; 13 D-HH Trustees)

Effective: January 1, 2022

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MHMH/DHC/D-HH Trustee
Adjunct Professor, Australian Catholic University

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Joanne M. Conroy, MD
MHMH/DHC/D-HH Trustee
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One Medical Center Drive, Lebanon, NH 03756

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Department of Pathology and Laboratory Medicine

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MHMH/DHC Trustee
Professor Emeritus, Harvard Medical School and
Chief Medical Officer, Applied Tissues Technologies, LLC

Elof Eriksson, MD, PhD (Gudrun)
MHMH/DHC Trustee
Professor Emeritus, Harvard Medical School and

Chief Medical Officer, Applied Tissues Technologies, LLC

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MHMH/DHC Trustee
Medical Director of the Comprehensive Wound Clinic at D-H & Assistant Professor of Surgery, Geisel School of Medicine at Dartmouth

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Adjust Lecturer, Harvard Kennedy School of Government

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MHMH/DHC Trustee
Founder & Producing Artistic Director, JAG Productions

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MHMH/DHC Boards' Chair | D-HH Trustee
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MHMH/DHC Trustee
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D-HH Board Treasurer & Secretary
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Edward Howe Stansfield, III, MA (Amy)
MHMH/DHC Trustee
D-HH Trustee & Board Chair
Senior VP, Resident Director for the Hanover, NH Bank of America/Merrill Lynch Office

Pamela Austin Thompson, MS, RN, CENP, FAAN
(Robert)
MHMH/DHC/D-HH Trustee
Chief executive officer emeritus of the American Organization of Nurse Executives (AONE)

Marc B. Wolpow, JD, MBA (Robin)
MHMH/DHC/D-HH Trustee
Co-Chief Executive Officer of Audax Group

Member of D-HH, not a member of D-H:

Richard J. Powell, MD (Roshini Pinto-Powell, MD)
D-HH Trustee
Section Chief, Vascular Surgery; Professor of Surgery and Radiology

Alexander J. Horvath

Expertise	
• Healthcare economics • Strategic planning • Financial management • Teambuilding • Leadership development • Communication	**Lean Six Sigma Black Belt** performance improvement combined with a coherent translation of the complex to simple logic. Active listening, transparency, and an acute ability of "getting to yes" promote teams toward strategies that work smarter.

Technology	
• Customized spreadsheet builds • Integrated application development • Telehealth • Financial software • Statistical software • Project management software	**Proficiency with both utilization and application customizations**, supporting team learning, comfort, and confidence with technology tools that enhance the work at hand. Advanced skill with Excel, PowerPoint, Word, Zoom, Webex, Liquid Planner, JIRA, Confluence, Quickbooks.

Publications	
• Healthcare delivery costs • Process impact on outcomes • Financial impact of change • Sustainability models	Warner, CJ, **Horvath AJ**, Powell RJ, Columbo JA, Walsh TR, Goodney PP, Walsh DB, Stone DH. Endovascular aneurysm repair delivery redesign leads to quality improvement and cost reduction. J Vasc Surg 62:285-289, 2015 Stone DH, **Horvath AJ**, Goodney PP, Rzucidlo EM, Nolan BW, Walsh DB, Zwolak RM, Powell RJ. The Financial Implications of Endovascular Aneurysm Repair in the Cost Containment Era. J Vasc Surg 59:283-290, 2014 Warner CJ, Walsh DB, **Horvath AJ**, Walsh TR, Herrick DP, Prentiss SJ, Powell RJ. Lean principles optimize on-time vascular surgery operating room starts and decrease resident work hours. J Vasc Surg 58:1417-1422, 2013
Presentations	*Lauching a Proactive Consultation-liaison Psychiatry Service: A How-to Skills Session for Participants*, 2019 ACLP Annual Meeting, Academy of Consultation Liaison Psychiatry, San Diego, CA *Telemedicine Panel: Return on Investment for Telemedicine, 2015 Northern New England Clinical Oncology Society Spring Meeting, Portsmouth New Hampshire*

Experience

ADMINISTRATIVE DIRECTOR **April 2019-Present**	**Dartmouth-Hitchcock**, Lebanon, NH **Department of Psychiatry**
• Administrative leadership • Financial management • Strategic planning	***Academic Health System servicing NH and VT*** - Design and implementation of new administrative structures supporting all areas of the Department (clinical, education and research). - In conjunction with the Department Chair, leadership of strategy execution, operations and improvement projects for the Psychiatric Service Line within the health system. - Administrative and project leadership for multi-disciplinary team to develop coordinated transgender services within the health system. - Administrative and co-project leadership for provider staff planning associated with new patient pavilion set to open in 2023 - Leadership for all administrative functions, including interface with centralized functions of the health system. - Course leader for psychiatry residents, *Understanding and Negotiating Provider Employment Contracts*, Dartmouth-Hitchcock, 2019-2022 - Course leader for psychiatry residents, *Healthcare Economics*, Dartmouth-Hitchcock, 2021 - 2022 - Course leader for psychology trainees, *Business of Psychology*, Dartmouth-Hitchcock, 2023 - Course leader for neuropsychology post-docs, *Business of Neuropsychology*, Dartmouth Hitchcock, 2023

CONSULTANT **Dec 2015-present**	**Tangin, LLC**, Enfield, NH
• Software implementation • Strategic planning • Executive coaching • Meeting facilitation • Reorganization • Project management	Founding Partner of Tangin, LLC, currently providing consulting services within environments conducive to innovative growth and development of programs, products, and people. Recent projects include: - Interim financial and operational leadership for the River Valley Club - Mental Health and Substance Use Treatment integration within primary care practices at an academic medical center - Retrospective and predictive analytics platform development and deployment for perioperative services within an academic medical center - Strategic planning for integrated spine care service line within an academic medical center - Project leadership for technological platform customization and migration for Aquifer, an online medical education company - Executive coaching and leadership team development for Aquifer, an online medical education company

ADMINISTRATIVE DIRECTOR **Oct 2013-Jan 2016**	**Dartmouth-Hitchcock**, Lebanon, NH **Center for Telehealth**
• Administrative leadership • Financial management • Strategic planning	***Academic Health System servicing NH and VT*** -Leadership in strategic industry partnerships for D-H. -Leadership and oversight of telehealth implementations and ongoing operations within D-H and with external customers. -Development and execution of Center for Telehealth strategic, operational, and financial plans in accordance with D-H mission and strategy.

SENIOR PRACTICE MANAGER **Aug 2010-Oct 2013**	**Dartmouth-Hitchcock**, Lebanon, NH **Heart and Vascular Center**
• Administrative leadership • Financial management • Strategic planning • Research and process improvement	***Academic Health System servicing NH and VT*** -Design, development, and implementation of a predictive business model for effective resource allocation; facilitated assignment of people to work rather than work to people. -Alignment of capacity and capability that resulted in more than $1M of recurring annual operational savings. -Leadership via collaboration, patient-focus, and relationship building hence improving physician and staff satisfaction. -Application and acceptance of clinical trial amongst three competing departments within the organization. -Leadership of several successful multi-disciplinary process improvement projects inclusive of EVAR care path resulting in $1.5M annual margin impact, national publications, and participation in an international fellowship. -Outreach and program expansion to the Southern regions of NH and VT. -Design and facilitation of a plan for development of the Heart and Vascular Center.

CHIEF FINANCIAL OFFICER **Sept 2003-July 2010**	**Clara Martin Center**, Randolph, VT
• Administrative leadership • Financial leadership • Strategic planning • HR oversight	***Community Mental Health Center serving Orange County Vermont*** -Recruited back to agency for design and implementation of financial turn-around. -Fiscal management inclusive of implementation of new computer systems and technology to facilitate compliance and operational optimization. -Leadership within the state for health policy issues around mental health services and funding. -Development of sustainable financial and operating models for each service line of the organization.

	- Improved all financial metrics related to liquidity, debt, and performance. - Lead performance management and compensation restructure to align with business goals and objectives. - Focus on community partnerships and integration of mental health services resulting in successful negotiation of numerous community partnerships.

DIRECTOR OF BUSINESS DEVELOPMENT **Sept 2002-Sept 2003**	**Medical Systems, Inc.**, Peabody, MA
• Planning and operations • Market analysis • Sales and partnerships	***Software company providing practice management solutions to FQHCs*** - Evaluation of business partnerships and acquisitions. - Development of product outreach and sales plan. - Community health center consults for customer product design customization.

VICE PRESIDENT OF CLINICAL SERVICES **Sept 2000-Sept 2002**	**Valley Regional Healthcare**, Claremont, NH
• Planning and operations • Administrative leadership	***Critical Access Hospital*** - Quality assurance and improvement project leadership resulting in design and implementation of new performance management system, facilities improvements, and new clinical partnerships. - Demonstration of responsive leadership capability by accepting VP position in time of organizational crisis, resulting in successful CMS regulatory review and operational improvements. - Built comprehensive financial model for negotiation of first nursing union contract

PHYSICIAN PRACTICE MANAGER AND DIRECTOR OF COMMUNITY HEALTH CENTER **Aug 1999-Aug 2000**	**Valley Regional Healthcare**, Claremont, NH
• Planning and operations • Administrative leadership • Practice management	***Critical Access Hospital*** - Restructure of physician compensation to align with business objectives. - Integration of specialty practices with nearby academic medical center. - Development and implementation of new laboratory business.

DIRECTOR OF OPERATIONS AND FINANCE **Sept 1996-Aug 1999**	**Clara Martin Center**, Randolph, VT
• Administrative leadership • Financial leadership • Strategic planning • HR oversight	***Community Mental Health Center serving Orange County Vermont*** - Standardized, transparent, and easy to understand financial reporting and presentations to the board of directors and external funding sources. - Leadership of the administrative resources supporting both clinical and administrative operations. - Oversight of Accounting, Accounts Receivable, Accounts Payable, IS, and Human Resources Departments. - Development and execution of long-term and short-term strategic plans.

INFORMATION SYSTEMS. CONSULTANT **Aug 1994-Sept 1996**	**West Central Services and Behavioral Information Systems**, Lebanon, NH
• Grant project design • HIT consulting • Service/Product development	***Community Mental Health Center serving Claremont, Newport and Lebanon*** - Co-leadership of the development of a NH state sponsored grant to form the Behavioral Health Systems Company. - Design and implementation of the company's operating structure. - Planning and management of the implementation of WAN and SCO UNIX server technology for customers. - Management of the product development projects, company financial operations, and human resources.

ASSOCIATE CONSULTANT **Aug1990 – July 1994**	**Analysis Group, Inc. & Integral, Inc.,** Boston, MA
• **IT Group** • **Product Development** • **Research Analyst-Economic Consulting Group**	***Global economic and strategy consulting company*** - Accountability for statistical support in the preparation of economic testimony for large corporate litigation resulted in detailed and thorough trial exhibits. - Demonstrated collaborative teamwork in developing economic models and industry papers on trends in telecommunications and healthcare industries. - Creation of information technology solutions. - Developed and managed professional relationships with factory employees, product managers, and executive officers of clients. - Provided support and leadership to the product development efforts of several manufacturing clients. - Conducted financial and process audits to determine optimization of business opportunities. - Demonstration of analytical and presentation skills resulted in quick progression within company.

Experience

Lean Six Sigma Black Belt (LSSBB), Villanova University, July 2015

B.A., Union College, 1990 Major: Managerial Economics
Other related fields of study: accounting, mathematics, physics and engineering Economics
Thesis: Consumer Reactions Resulting from Cost Changes in Health Insurance.

Dartmouth-Hitchcock
Key Personnel

Name	Job Title	Salary Amount Paid from this Contract
Alexander J. Horvath	Director, Psychiatry Administration	0
TBD	Facility Project Manager	0