



**New Hampshire Veterans Home**  
139 Winter Street  
Tilton, NH 03276-5415  
www.nh.gov/veterans



Kimberly M. MacKay  
Commandant

Telephone: (603) 527-4400  
Fax: (603) 286-4242

May 15, 2024

158

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

**REQUESTED ACTION**

Authorize the New Hampshire Veterans Home to enter into **Sole Source** contracts, with the vendors listed below, to continue to provide Department of Veteran Affairs (VA) required specialized rehabilitative services and radiology and other diagnostic services, per 38 CFR part 51, when the State Veterans Home does not provide the services in house, in an amount not to exceed \$150,000, shared among all vendors with no maximum or minimum service volume guarantee, with the option to renew for four (4) additional years, effective July 1, 2024 upon Governor and Council approval, through June 30, 2029. 39% Federal Funds. 32% Other Funds. 29% General Funds.

Funds are available in State Fiscal Year 2025 and are anticipated to be available in State Fiscal Year 2026 through State Fiscal Year 2029, to support this request, upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and encumbrances between State Fiscal Years through the Budget Office if needed and justified, without approval from Governor and Council.

Vendor Name	Vendor Code	Price Limitation Shared by All Vendors
Concord Hospital, Inc. Concord, NH	177653-B014	\$150,000
Concord Hospital – Franklin Franklin, NH	355355-B001	
Concord Hospital – Laconia Laconia, NH	355356-B002	

**05-043-043-430010-5359 HEALTH AND SOCIAL SERVICES, NH VETERANS HOME, VETS HOME PROFESSIONAL CARE**

State Fiscal Year	Class/Account	Class Title	Amount
2025	101-500729	Medical Payments to Providers	\$30,000.00
2026	101-500729	Medical Payments to Providers	\$30,000.00
2027	101-500729	Medical Payments to Providers	\$30,000.00
2028	101-500729	Medical Payments to Providers	\$30,000.00
2029	101-500729	Medical Payments to Providers	\$30,000.00
<b>Total:</b>			<b>\$150,000.00</b>

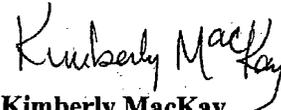
**EXPLANATION**

These contracts are **sole source** because the Contractors represent an established and essential medical resource network to the New Hampshire Veterans Home since 2011. The New Hampshire Veterans Home is a certified State Veterans Home (SVH). State Veteran Homes that provide nursing home care to eligible veterans are recognized and certified by the U.S. Department of Veterans Affairs (VA). As such, there are regulations, requirements, and procedures that the State Veterans Home must abide by to be in compliance with provision of services to the residents by the state home as follows:

1. Specialized rehabilitation services, per 38 CFR 51.160 regulation guidance, such as but not limited to, physical therapy, speech therapy, occupational therapy, and mental health services for mental illness are required in the resident's comprehensive plan of care. The NH Veterans Home must provide the required services or obtain the required services from an outside resource, from a provider of specialized rehabilitative services.
2. Radiology and other diagnostic services, per 38 CFR 51.120(n) regulation guidance. Accordingly, the NH Veterans Home must provide or obtain radiology and other diagnostic services to meet the needs of its residents. If the State home does not provide its own radiology and diagnostic services, it must have an agreement to obtain these services. The services must meet all applicable certification standards, statutes, and regulations.

This contract serves as a coordinated effort between the New Hampshire Veterans Home and the Contractors to ensure that the veterans are receiving the required services as stated above.

**Respectfully Submitted,**



**Kimberly MacKay  
Commandant**

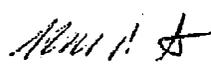
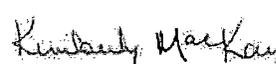
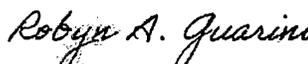
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name New Hampshire Veterans Home		1.2 State Agency Address 139 Winter Street, Tilton, NH 03726	
1.3 Contractor Name Concord Hospital, Inc.		1.4 Contractor Address 250 Pleasant Street, Concord, NH 03301	
1.5 Contractor Phone Number (603)225-2711	1.6 Account Unit and Class 010-043-53590000-101-500729	1.7 Completion Date 6/30/2029	1.8 Price Limitation \$150,000.00
1.9 Contracting Officer for State Agency Kimberly MacKay		1.10 State Agency Telephone Number 603-527-4400	
1.11 Contractor Signature  Date: 04/25/2024		1.12 Name and Title of Contractor Signatory Robert P. Steigmeier President & CEO	
1.13 State Agency Signature  Date: 5/2/2024		1.14 Name and Title of State Agency Signatory Kimberly Mackay, MS NHA Commandant	
1.15 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.16 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By:  On: 6/11/24			
1.17 Approval by the Governor and Executive Council (if applicable) G&C Item number: _____ G&C Meeting Date: _____			

**2. SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT B which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.13 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed.

3.3 Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds. In no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds by any state or federal legislative or executive action that reduces, eliminates or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope for Services provided in EXHIBIT B, in whole or in part, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to reduce or terminate the Services under this Agreement immediately upon giving the Contractor notice of such reduction or termination. The State shall not be required to transfer funds from any other account or source to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.**

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT C which is incorporated herein by reference.

5.2 Notwithstanding any provision 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 Price Limitation set forth in block 1.8. The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance

hereof, and shall be the only and the complete compensation to the Contractor for the Services.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 The State's liability under this Agreement shall be limited to monetary damages not to exceed the total fees paid. The Contractor agrees that it has an adequate remedy at law for any breach of this Agreement by the State and hereby waives any right to specific performance or other equitable remedies against the State.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.**

6.1 In connection with the performance of the Services, the Contractor shall comply with all applicable statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal employment opportunity laws and the Governor's order on Respect and Civility in the Workplace, Executive order 2020-01. In addition, if this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all federal executive orders, rules, regulations and statutes, and with any rules, regulations and guidelines as the State or the United States issue to implement these regulations. The Contractor shall also comply with all applicable intellectual property laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of age, sex, sexual orientation, race, color, marital status, physical or mental disability, religious creed, national origin, gender identity, or gender expression, and will take affirmative action to prevent such discrimination, unless exempt by state or federal law. The Contractor shall ensure any subcontractors comply with these nondiscrimination requirements.

6.3 No payments or transfers of value by Contractor or its representatives in connection with this Agreement have or shall be made which have the purpose or effect of public or commercial bribery, or acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business.

6.4. The Contractor agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with this Agreement and all rules, regulations and orders pertaining to the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants 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.

7.2 The Contracting Officer specified in block 1.9, or any successor, shall be the State's point of contact pertaining to this Agreement.

## 8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

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

8.2.1 give the Contractor 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) calendar days from the date of the notice; and if the Event of Default is not timely cured, terminate this Agreement, effective two (2) calendar days after giving the Contractor notice of termination;

8.2.2 give the Contractor 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 contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 give the Contractor a written notice specifying the Event of Default and set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 give the Contractor a written notice specifying the Event of Default, treat the Agreement as breached, terminate the Agreement and pursue any of its remedies at law or in equity, or both.

## 9. TERMINATION.

9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, terminate the Agreement for any reason, in whole or in part, by thirty (30) calendar days written notice to the Contractor that the State is exercising its option to terminate the Agreement.

9.2 In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall, at the State's discretion, deliver to the Contracting Officer, not later than fifteen (15) calendar days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. In addition, at the State's discretion, the Contractor shall, within fifteen (15) calendar days of notice of early termination, develop and submit to the State a transition plan for Services under the Agreement.

## 10. PROPERTY OWNERSHIP/DISCLOSURE.

10.1 As used in this Agreement, the word "Property" shall mean all data, 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, papers, and documents, all whether finished or unfinished.

10.2 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.

10.3 Disclosure of data, information and other records shall be governed by N.H. RSA chapter 91-A and/or other applicable law. Disclosure requires prior written approval of the State.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

## 12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

12.1 Contractor shall provide the State written notice at least fifteen (15) calendar days before any proposed assignment, delegation, or other transfer of any interest in this Agreement. No such assignment, delegation, or other transfer shall be effective without the written consent of the State.

12.2 For purposes of paragraph 12, a Change of Control shall constitute assignment. "Change of Control" means (a) merger, consolidation, or a transaction or series of related transactions in which a third party, together with its affiliates, becomes the direct or indirect owner of fifty percent (50%) or more of the voting shares or similar equity interests, or combined voting power of the Contractor, or (b) the sale of all or substantially all of the assets of the Contractor.

12.3 None of the Services shall be subcontracted by the Contractor without prior written notice and consent of the State.

12.4 The State is entitled to copies of all subcontracts and assignment agreements and shall not be bound by any provisions contained in a subcontract or an assignment agreement to which it is not a party.

13. **INDEMNIFICATION.** The Contractor shall indemnify, defend, and hold harmless the State, its officers, and employees from and against all actions, claims, damages, demands, judgments, fines, liabilities, losses, and other expenses, including, without limitation, reasonable attorneys' fees, arising out of or relating to this Agreement directly or indirectly arising from death, personal injury, property damage, intellectual property infringement, or other claims asserted against the State, its officers, or employees caused by the acts or omissions of negligence, reckless or willful misconduct, or fraud by the Contractor, its employees, agents, or subcontractors. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph 13. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the State's sovereign immunity, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

#### 14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and continuously maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 commercial general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate or excess; and

14.1.2 special cause of loss coverage form covering all Property subject to subparagraph 10.2 herein, in an amount not less than 80% of the whole replacement value of the Property.

14.2 The policies described in subparagraph 14.1 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.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or any successor, a certificate(s) of insurance for all insurance required under this Agreement. At the request of the Contracting Officer, or any successor, the Contractor shall provide certificate(s) of insurance for all renewal(s) of insurance required under this Agreement. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference.

#### 15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. The Contractor shall furnish the Contracting Officer identified in block 1.9, or any successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. **WAIVER OF BREACH.** A State's failure to enforce its rights with respect to any single or continuing breach of this Agreement shall not act as a waiver of the right of the State to later enforce any such rights or to enforce any other or any subsequent breach.

17. **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 given in blocks 1.2 and 1.4, herein.

18. **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 Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

#### 19. CHOICE OF LAW AND FORUM.

19.1 This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of New Hampshire except where the Federal supremacy clause requires otherwise. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

19.2 Any actions arising out of this Agreement, including the breach or alleged breach thereof, may not be submitted to binding arbitration, but must, instead, be brought and maintained in the Merrimack County Superior Court of New Hampshire which shall have exclusive jurisdiction thereof.

20. **CONFLICTING TERMS.** In the event of a conflict between the terms of this P-37 form (as modified in EXHIBIT A) and any other portion of this Agreement including any attachments thereto, the terms of the P-37 (as modified in EXHIBIT A) shall control.

21. **THIRD PARTIES.** This Agreement is being entered into for the sole benefit of the parties hereto, and nothing herein, express or implied, is intended to or will confer any legal or equitable right, benefit, or remedy of any nature upon any other person.

22. **HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

23. **SPECIAL PROVISIONS.** Additional or modifying provisions set forth in the attached EXHIBIT A are incorporated herein by reference.

24. **FURTHER ASSURANCES.** The Contractor, along with its agents and affiliates, shall, at its own cost and expense, execute any additional documents and take such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby.

25. **SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

26. **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 with respect to the subject matter hereof.

# New Hampshire Veterans Home



## Exhibit A

### REVISIONS TO STANDARD CONTRACT PROVISIONS

#### 1. Revisions to Form P-37, General Provisions

1.1. Paragraph 3, Effective Date/Completion of Services, is amended by deleting subparagraph 3.3 in its entirety and replacing it as follows:

3.3. Contractor must complete all Services by the Completion Date specified in block 1.7. The parties may extend the Agreement for up to four (4) additional years from the Completion Date, contingent upon satisfactory delivery of services, available funding, agreement of the parties, and approval of the Governor and Executive Council.

Appendix A – Revisions to Standard Contract Provisions

Contractor Initials M.J.

Date 6/16/24

# New Hampshire Veterans Home



## Exhibit B

### Scope of Services

#### 1. Regulation and Purpose

1.1. The New Hampshire Veterans Home is a certified State Veterans Home (SVH). State veteran homes that provide nursing home care to eligible veterans are recognized and certified by the U.S. Department of Veterans Affairs (VA). As such, there are regulations, requirements, and procedures that the state veterans home must abide by to be in compliance with provision of services to the residents by the state home as follows:

1.1.1. Specialized rehabilitation services, per 38 CFR 51.160 regulation guidance, such as but not limited to, physical therapy, speech therapy, occupational therapy, and mental health services for mental illness are required in the resident's comprehensive plan of care, the NH Veterans Home must provide the required services; or obtain the required services from an outside resource, from a provider of specialized rehabilitative services.

1.1.2. Radiology and other diagnostic services, per 38 CFR 51.120(n) regulation guidance. Accordingly, the NH Veterans Home must provide or obtain radiology and other diagnostic services to meet the needs of its residents. If the state home does not provide its own diagnostic services, it must have an agreement to obtain these services. The services must meet all applicable certification standards, statutes, and regulations.

1.2. This contract serves as a coordinated effort between the New Hampshire Veterans Home and Concord Hospital, Inc. to ensure that the veterans are receiving these services.

#### 2. Statement of Work

2.1. The Contractor will provide the following provision of service to the residents of the New Hampshire Veterans Home, as described in U.S. Department of Veterans Affairs (VA) CFR 38 Part 51, such as, but not limited to:

2.2. Specialized Rehabilitative Services: As defined in 38 CFR 51.160, these include, but are not limited to:

- (a) Physical Therapy;
- (b) Speech Therapy;
- (c) Occupational Therapy; and
- (d) Mental health services for mental illness.

(e) These services must be provided under the written order of a physician by qualified personnel. "Qualified Personnel" means a physical therapist, occupational therapist, respiratory therapist, speech-language pathologist, physician, nurse practitioner, clinical nurse specialist, or physician's assistant, who is licensed or certified by the state to furnish therapy services. Qualified personnel may also include a physical therapist assistant (PTA),

Contractor Initials WJL

# New Hampshire Veterans Home



## Exhibit B

---

or an occupational therapy assistant (OTA) when furnishing services under the supervision of a qualified therapist.

- 2.3. **Radiology and other diagnostic services:** As defined in 38 CFR 51.210 (n), the Contractor will provide radiology and other diagnostic services to meet the needs of NHVH residents. Radiologic and other diagnostic services must be available 24 hours a day, seven days a week.

### 3. Reporting

- 3.1. The Contractor shall maintain records pertaining to contract activities.
- 3.2. The Contractor shall provide the Department with reports and/or documentation as requested by the Department.
4. By signing this contract, the Contractor is attesting to the fact that their corporation and individuals within their corporation have never been excluded from participating in United States Government federally funded, including VA funded, programs or services.
5. By signing this contract, the Contractor is attesting to the fact that their corporation and individuals within their corporation are not currently excluded from participating in United States Government federally funded, including VA funded, programs or services.
6. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this contract may be withheld, in whole, or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
7. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting encumbrances between State Fiscal Years may be made by written agreement of both parties and may be made without further approval of the Governor and Executive Council, if needed and justified.

Contractor Initials   *ML*

# New Hampshire Veterans Home



## Exhibit C

### Method and Conditions Precedent to Payment

1. The State shall pay the Contractor an amount not to exceed the Form P-37 General Provisions, Price Limitation, Block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services.
  - 1.1. This Agreement is one (1) of multiple Agreements that will provide Department of Veteran Affairs (VA) required specialized rehabilitative services and radiology and other diagnostic services, to Veteran residents, per 38 CFR part 51, when the State Veterans Home does not provide the services in house. No maximum or minimum service volume is guaranteed. Accordingly, the price limitation among all Agreements is identified in Form P-37, General Provisions, Block 1.8, Price Limitation.
  - 1.2. The State shall pay the Contractors among all agreements an amount not to exceed \$30,000 for State Fiscal Year (SFY) 2025; \$30,000 for SFY 2026; \$30,000 for SFY 2027; \$30,000 for SFY 2028; and \$30,000 for SFY 2029, for the services provided by the Contractors pursuant to Exhibit B, Scope of Services, for a total contract value listed on the Form P-37, Block 1.8, Price Limitation of \$150,000, with consideration for paragraph 1.1 of this Exhibit C.
2. The Contractor agrees to provide the services in Exhibit B, Scope of Services in compliance with funding requirements.
3. The NHVH will devise a mechanism to notify the Contractor if the individual is a prevailing, basis, or no rate individual.
4. The Veteran residents, at New Hampshire Veterans Home, fall into one of three eligibility categories that determine the Contractors billing for services rendered:
  - 4.1. Veteran residents, with 0% up to 69% Service-Connected (SC) disability, for whom the Department of Veterans Affairs pays the New Hampshire Veterans Home a **basic per diem rate**:
    - 4.1.1. The Contractor shall first bill the resident's insurance for services rendered.
    - 4.1.2. If there is a balance remaining, after insurance reimburses the Contractor, the Contractor will bill the resident.
  - 4.2. Veteran residents, with 70% up to 100% SC disability, for whom the Department of Veterans Affairs pays the New Hampshire Veterans Home a **prevailing per diem rate**:
    - 4.2.1. The Contractor shall bill the New Hampshire Veterans Home for all services rendered.
    - 4.2.2. The Contractor **cannot** bill the resident's insurance for services rendered.
  - 4.3. Veteran resident for whom the New Hampshire Veterans Home receives **no per diem rate**:
    - 4.3.1. The Contractor shall first bill the resident's insurance for services rendered.
    - 4.3.2. If there is a balance remaining, after insurance reimburses the Contractor, the Contractor will bill the resident.

Exhibit C

Contractor Initials     

Concord Hospital, Inc.

Page 1 of 2

Date 6/10/24

# New Hampshire Veterans Home



## Exhibit C

5. The Contractor will be solely responsible for billing third party payers for services rendered by the Contractor, except for 70% SC Veterans or prevailing rate Veterans, as listed in 4.2 above. The New Hampshire Veterans Home shall reimburse the Contractor for services rendered to SC Veterans not to exceed the Medicare Fee Schedule, of the year in which the service is provided, for the procedure code of the service provided.
6. The Contractor will submit an invoice to NHVH no later than 30 days after the service is rendered, per Exhibit B, to the following:
  - 6.1. Email: Accounts.Payable@nhvh.nh.gov
  - 6.2. Mail: NH Veterans Home  
139 Winter Street  
Tilton, NH 03276  
ATTN: Business Office
7. NHVH has up to 30 days to pay the Contractor, per invoice submission.
8. The Contractor is responsible for paying their own license, taxes, and insurance costs.
9. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
10. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting amounts between budget line items, related items, amendments of related budget exhibits within the price limitation, and to adjusting encumbrances between State Fiscal Years, may be made by written agreement of both parties and may be made without obtaining approval of the Governor and Executive Council.

Exhibit C

Contractor Initials MAA

Concord Hospital, Inc.

Page 2 of 2

Date 6/10/24

# New Hampshire Veterans Home



## Exhibit D

### CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The Vendor 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 Contractor'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 proposal (contract), 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 Veterans Home (NHVH) 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 NHVH 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, NHVH may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the NHVH agency to whom this proposal (contract) 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 proposal (contract) 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 NHVH.
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 NHVH, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Exhibit D – Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials MLP

# New Hampshire Veterans Home



## Exhibit D

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 Office of Inspector General Exclusion Database: <https://exclusions.oig.lhs.gov/>
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 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, NHVH 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 (contract) 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 (1)(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 (contract).

### LOWER TIER COVERED TRANSACTIONS.

13. By signing and submitting this lower tier proposal (contract), 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 (contract).
14. The prospective lower tier participant further agrees by submitting this proposal (contract) that it will

Exhibit D – Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials M.D.

# New Hampshire Veterans Home



## Exhibit D

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.

Vendor Name:

04/25/2024  
Date

*Robert P. Steigmeier*  
Name: Robert P. Steigmeier  
Title: President & CEO

Exhibit D - Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials *RS*

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

This Business Associate Agreement herein, "Agreement", effective as of this 1<sup>st</sup> day of January 2024 herein, "Effective Date", is entered into by and between Concord Hospital, Inc. herein, "Business Associate", located at 250 Pleasant Street, Concord, NH 03301 and State Agency, New Hampshire Veterans Home herein, "Covered Entity" located at 139 Winter Street, Tilton, NH 03276.

1. **HIPAA.** The Business Associate 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 and 164.

### (1) Definitions.

- a. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- b. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- c. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- d. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.
- e. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- f. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- g. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- h. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- i. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- j. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- k. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time.

### (2) Use and Disclosure of Protected Health Information.

Business Associate Initials MM

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

---

- a. Business Associate shall not use, disclose, maintain, or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees, and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
  - (i) for the proper management and administration of the Business Associate;
  - (ii) as required by law, pursuant to the terms set forth in paragraph d. below; or
  - (iii) 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 a third party, Business Associate must obtain, prior to making any such disclosure, (i) 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 (ii) an agreement from such third party to immediately notify Business Associate 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 A 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 Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.
- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions on the uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by 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 report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, of which it becomes aware, within two (2) business days of becoming aware of such unauthorized use or disclosure or security incident.
- b. Business Associate shall use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of protected health information, in electronic or any other form, that it creates, receives, maintains or transmits under this Agreement, in accordance with the Privacy and Security Rules, to prevent the use or disclosure of PHI other than as permitted by the Agreement.
- c. 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 Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.

Business Associate Initials   /11/

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

---

- d. Business Associate shall require all of its business associates that receive, use or have 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)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) 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 and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. 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.
- g. 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.
- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. 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.
- j. 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.
- k. Within ten (10) 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-up tapes of such PHI. 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

Business Associate Initials MM/JP

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

that make the return or destruction infeasible, for so 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

- 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.
- 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 Agreement, pursuant to 45 CFR Section 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) Term and Termination for Cause

- a. Term. The Term of this Agreement shall be effective as of the Effective Date first set forth above and shall continue in effect until terminated hereunder.
- b. Termination by Agreement. This Agreement may be terminated at any time by mutual agreement of the parties.
- c. Automatic Termination. This Agreement shall terminate upon termination of the business relationship between the parties.
- d. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity may at its sole discretion:
  1. Terminate this Agreement after providing opportunity for Business Associate to cure the breach or end the violation within the time specified by Covered Entity; or
  2. Terminate this Agreement immediately if Business Associate has breached a material term of this Agreement; or

If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.

- e. Effect of Termination.
  1. If this Agreement is terminated for any reason, the Covered Entity may simultaneously terminate any business relationship without penalty. If there is a conflict between the underlying service agreement and this Agreement with respect to termination, this Agreement shall prevail.
  2. Except as provided in paragraph (3) of this Section VI. E., upon termination of this Agreement for any reason, Business Associate shall return to Covered Entity or, if agreed to by Covered Entity, destroy all protected health information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, that the Business Associate maintains in any form. Business Associate shall retain no copies of the protected health information.

Business Associate Initials MM

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

3. In the event that Business Associate determines that returning or destroying the protected health information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. In such event, Business Associate shall extend the protections of this Agreement to such protected health information and limit further uses and disclosures of such protected health information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such protected health information.
4. The provisions of this Section VI.E shall survive the termination of this Agreement.

### (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, as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule 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, the Privacy and Security Rule, and 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 the Privacy and Security Rule.
- 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 Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and g. below, shall survive the termination of the Agreement.
- g. Indemnification. To the extent permitted by law, each party (the "Indemnifying Party") shall indemnify and hold harmless the other party (the "Indemnified Party"), its officers, directors, employees and agents, from and against, and, at the Indemnified Party's request, defend the Indemnified Party against, any and all claims, damages, losses, liabilities, costs and expenses (including reasonable attorney's fees) arising out of or resulting from the grossly negligent or the intentional acts or omissions of the Indemnifying Party, its employees and its agents under the Agreement. Each Indemnified Party shall fully cooperate with the Indemnifying Party in all matters within the scope of this section.

Business Associate Initials

*MJL*

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed this Business Associates Agreement.

New Hampshire Veterans Home  
The Covered Entity

Concord Hospital, Inc  
Name of the Business Associate

Kimberly M MacKay  
Signature of Authorized Representative

[Signature]  
Signature of Authorized Representative

Kimberly M. MacKay  
Name of Authorized Representative

Robert P. Steigmeier  
Name of Authorized Representative

Commandant  
Title of Authorized Representative

President & CEO  
Title of Authorized Representative

05/02/2024  
Date

04/25/2024  
Date

Business Associate Initials [Signature]

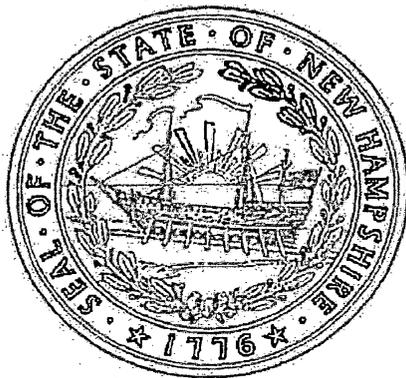
**State of New Hampshire**  
**Department of State**

CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that CONCORD HOSPITAL, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on January 29, 1985. 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: 74948

Certificate Number: 0006676652



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 25th day of April A.D. 2024.

A handwritten signature in black ink, appearing to read "David M. Scanlan".

David M. Scanlan  
Secretary of State

**CERTIFICATE OF AUTHORITY**

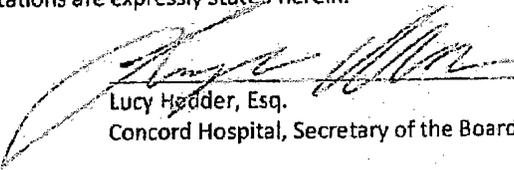
I, Lucy Hodder, Esq., hereby certify that:

1. I am a duly elected Secretary of Concord Hospital, Inc.
2. The following is a true copy of a vote taken at a meeting of the Board of Trustees, duly called and held on January 22, 2024, at which a quorum of the Trustees were present and voting.

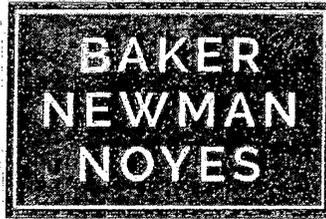
**VOTED:** That Robert Steigmeyer, President and CEO, is duly authorized on behalf of Concord Hospital, Inc. Concord Hospital-Laconia, and Concord Hospital-Franklin to enter into contracts or agreements with the State of New Hampshire and any of its agencies or departments and further is authorized to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, which may in his/her judgment be desirable or necessary to effect the purpose of this vote.

3. I hereby certify that said vote has not been amended or repealed and remains in full force and effect as of the date of the contract/contract amendment to which this certificate is attached. This authority was valid thirty (30) days prior to and remains valid for thirty (30) days from the date of this Certificate of Authority. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person(s) listed above currently occupy the position(s) indicated and that they have full authority to bind the corporation. To the extent that there are any limits on the authority of any listed individual to bind the corporation in contracts with the State of New Hampshire, all such limitations are expressly stated herein.

DATED: 04/24/2024

  
Lucy Hodder, Esq.  
Concord Hospital, Secretary of the Board





**Concord Hospital, Inc.  
and Subsidiaries**

**Audited Consolidated Financial Statements**

*Years Ended September 30, 2023 and 2022*

*With Independent Auditors' Report*

Baker Newman & Noyes LLC  
MAINE | MASSACHUSETTS | NEW HAMPSHIRE  
800.244.7444 | [www.bnncpa.com](http://www.bnncpa.com)



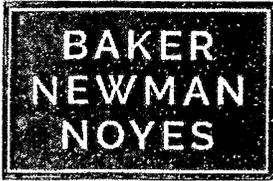
**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**Audited Consolidated Financial Statements**

**Years Ended September 30, 2023 and 2022**

**CONTENTS**

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Audited Consolidated Financial Statements:</b>	
<b>Consolidated Balance Sheets</b>	<b>3</b>
<b>Consolidated Statements of Operations</b>	<b>5</b>
<b>Consolidated Statements of Changes in Net Assets</b>	<b>6</b>
<b>Consolidated Statements of Cash Flows</b>	<b>7</b>
<b>Notes to Consolidated Financial Statements</b>	<b>8</b>



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Concord Hospital, Inc. and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Concord Hospital, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System as of September 30, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, the System adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and all subsequent ASUs that modified Topic 842, effective October 1, 2022. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

The Board of Trustees  
Concord Hospital, Inc. and Subsidiaries

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Newman & Noyes LLC*

Manchester, New Hampshire  
December 8, 2023

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

September 30, 2023 and 2022

ASSETS  
(In thousands)

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 79,917	\$ 54,630
Short-term investments	46,394	15,322
Accounts receivable	91,318	110,525
Due from affiliates	1,443	1,099
Supplies	4,744	6,125
Prepaid expenses and other current assets	<u>11,247</u>	<u>12,255</u>
Total current assets	235,063	199,956
Assets whose use is limited or restricted:		
Board designated	388,305	340,058
Funds held by trustee for insurance reserves, escrows and construction funds	34,960	50,118
Donor-restricted funds and restricted grants	<u>44,094</u>	<u>43,514</u>
Total assets whose use is limited or restricted	467,359	433,690
Other noncurrent assets:		
Due from affiliates, net of current portion	467	533
Prepaid pension and other assets	<u>43,662</u>	<u>21,126</u>
Total other noncurrent assets	44,129	21,659
Property and equipment:		
Land and land improvements	8,435	8,359
Buildings	267,179	266,581
Equipment	278,585	260,992
Construction in progress	<u>10,620</u>	<u>11,807</u>
	564,819	547,739
Less accumulated depreciation	<u>(363,709)</u>	<u>(344,416)</u>
Net property and equipment	201,110	203,323
Operating lease right-of-use assets	<u>26,252</u>	<u>—</u>
	<u>\$ 973,913</u>	<u>\$ 858,628</u>

**LIABILITIES AND NET ASSETS**  
(In thousands)

	<u>2023</u>	<u>2022</u>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 49,982	\$ 50,361
Accrued compensation and related expenses	46,827	49,107
Accrual for estimated third-party payor settlements	68,589	62,608
Current portion of long-term debt	6,144	4,147
Current portion of operating lease liabilities	<u>5,406</u>	<u>—</u>
Total current liabilities	176,948	166,223
Long-term debt, net of current portion	145,525	152,609
Operating lease liabilities, less current portion	21,091	—
Reserve for insurance	20,759	23,601
Accrued pension and other long-term liabilities	<u>18,278</u>	<u>26,490</u>
Total liabilities	382,601	368,923
<b>Net assets:</b>		
Without donor restrictions	544,486	443,500
With donor restrictions	<u>44,094</u>	<u>43,514</u>
Total Concord Hospital net assets	588,580	487,014
Noncontrolling interest in consolidated subsidiary	<u>2,732</u>	<u>2,691</u>
Total net assets	591,312	489,705
	<u>\$ 973,913</u>	<u>\$ 858,628</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended September 30, 2023 and 2022  
(In thousands)

	<u>2023</u>	<u>2022</u>
Revenue and other support without donor restrictions:		
Patient service revenue	\$705,758	\$709,396
Other revenue	29,373	39,781
Disproportionate share revenue	30,212	29,744
Net assets released from restrictions for operations	<u>5,105</u>	<u>1,889</u>
Total revenue and other support without donor restrictions	770,448	780,810
Operating expenses:		
Salaries and wages	377,209	380,846
Employee benefits	81,591	92,363
Supplies and other	152,635	156,674
Purchased services	57,796	51,392
Professional fees	17,021	16,498
Depreciation and amortization	27,291	28,953
Medicaid enhancement tax	32,647	32,035
Interest	<u>4,275</u>	<u>4,568</u>
Total operating expenses	<u>750,465</u>	<u>763,329</u>
Income from operations	19,983	17,481
Nonoperating income (loss):		
Gifts and bequests without donor restrictions	346	261
Investment income (loss) and other	49,961	(48,917)
Other nonoperating expense	(856)	(856)
Net periodic benefit gain, other than service cost	<u>4,733</u>	<u>1,321</u>
Total nonoperating income (loss)	<u>54,184</u>	<u>(48,191)</u>
Consolidated excess (deficiency) of revenues and nonoperating income (loss) over expenses	74,167	(30,710)
Excess of revenues and nonoperating income (loss) over expenses attributable to noncontrolling interest in consolidated subsidiary	<u>(181)</u>	<u>(227)</u>
Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System	<u>\$ 73,986</u>	<u>\$ (30,937)</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended September 30, 2023 and 2022  
(In thousands)

	<u>2023</u>	<u>2022</u>
System net assets without donor restrictions:		
Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System	\$ 73,986	\$ (30,937)
Net transfers from affiliates	97	343
Other changes	(339)	-
Net assets released from restrictions used for purchases of property and equipment	753	1,886
Pension adjustment	<u>26,489</u>	<u>(5,502)</u>
Increase (decrease) in System net assets without donor restrictions	100,986	(34,210)
System net assets with donor restrictions:		
Contributions and pledges with donor restrictions	2,704	5,057
Net investment gain (loss)	3,664	(3,923)
Contributions to affiliates and other community organizations	(302)	(243)
Unrealized gains (losses) on trusts administered by others	372	(2,505)
Net assets released from restrictions for operations	(5,105)	(1,889)
Net assets released from restrictions used for purchases of property and equipment	<u>(753)</u>	<u>(1,886)</u>
Increase (decrease) in System net assets with donor restrictions	<u>580</u>	<u>(5,389)</u>
Increase (decrease) in System net assets	101,566	(39,599)
Noncontrolling interest in consolidated subsidiary:		
Distributions to noncontrolling interest in consolidated subsidiary	(140)	(270)
Excess of revenues and nonoperating income (loss) over expenses attributable to noncontrolling interest in consolidated subsidiary	<u>181</u>	<u>227</u>
Increase (decrease) in noncontrolling interest in consolidated subsidiary	<u>41</u>	<u>(43)</u>
Increase (decrease) in total net assets	101,607	(39,642)
Net assets, beginning of year	<u>489,705</u>	<u>529,347</u>
Net assets, end of year	<u>\$591,312</u>	<u>\$489,705</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in total net assets	\$ 101,607	\$ (39,642)
Adjustments to reconcile increase (decrease) in total net assets to net cash provided (used) by operating activities:		
Contributions and pledges with donor restrictions	(2,704)	(5,057)
Depreciation and amortization	27,291	28,953
Net realized and unrealized (gains) losses on investments	(46,446)	63,991
Bond premium and issuance cost amortization	(940)	(968)
Equity in earnings of affiliates, net	(5,012)	(4,893)
Distributions to noncontrolling interest in consolidated subsidiary	140	270
Loss on disposal of property and equipment	-	(270)
Pension adjustment	(26,489)	5,502
Noncash lease expense	245	-
Changes in operating assets and liabilities:		
Accounts receivable	19,207	(15,805)
Supplies, prepaid expenses and other current assets	2,389	(1,149)
Prepaid pension and other assets	1,900	(4,022)
Due from affiliates	(278)	14
Accounts payable and accrued expenses	(379)	3,289
Accrued compensation and related expenses	(2,280)	5,125
Accrual for estimated third-party payor settlements	5,981	(33,795)
Accrued pension and other long-term liabilities	(5,665)	(19,403)
Reserve for insurance	<u>(2,842)</u>	<u>(5,331)</u>
Net cash provided (used) by operating activities	65,725	(23,191)
Cash flows from investing activities:		
Purchases of property and equipment	(25,078)	(22,032)
Proceeds from sale of property and equipment	-	11,362
Purchases of investments	(99,562)	(23,369)
Proceeds from sales of investments	81,450	67,838
Equity distributions from affiliates	<u>4,518</u>	<u>4,445</u>
Net cash (used) provided by investing activities	(38,672)	38,244
Cash flows from financing activities:		
Payments on long-term debt	(4,147)	(3,020)
Bond issuance costs	-	(26)
Distributions to noncontrolling interest in consolidated subsidiary	(140)	(270)
Contributions and pledges with donor restrictions	<u>2,521</u>	<u>5,171</u>
Net cash (used) provided by financing activities	<u>(1,766)</u>	<u>1,855</u>
Net increase in cash and cash equivalents	25,287	16,908
Cash and cash equivalents at beginning of year	<u>54,630</u>	<u>37,722</u>
Cash and cash equivalents at end of year	\$ <u>79,917</u>	\$ <u>54,630</u>
Supplemental disclosure of noncash transactions:		
See Note 16 with respect to certain noncash activities related to leases.		

See accompanying notes.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies

##### Organization

Concord Hospital, Inc. (the Hospital), located in Concord, New Hampshire, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, emergency care and physician services for residents within its geographic region. Admitting physicians are primarily practitioners in the local area. The Hospital is controlled by Capital Region Health Care Corporation (CRHC).

In 1985, the then Concord Hospital underwent a corporate reorganization in which it was renamed and became CRHC. At the same time, the Hospital was formed as a new entity. All assets and liabilities of the former hospital, now CRHC, with the exception of its endowments and restricted funds, were conveyed to the new entity. The endowments were held by CRHC for the benefit of the Hospital, which is the true party in interest. Effective October 1, 1999, CRHC transferred these funds to the Hospital.

In March 2009, the Hospital created The Concord Hospital Trust (the Trust), a separately incorporated, not-for-profit organization to serve as the Hospital's philanthropic arm. In establishing the Trust, the Hospital transferred philanthropic funds with donor restrictions, including board designated funds, endowments, indigent care funds and specific purpose funds, to the newly formed organization together with the stewardship responsibility to direct monies available to support the Hospital's charitable mission and reflect the specific intentions of the donors who made these gifts.

Subsidiaries of the Hospital are as follows:

Capital Region Health Care Development Corporation (CRHCDC) is a not-for-profit real estate corporation that owns and operates medical office buildings and other properties.

Capital Region Health Ventures Corporation (CRHVC) is a not-for-profit corporation that engages in health care delivery partnerships and joint ventures. It operates ambulatory surgery and diagnostic facilities independently and in cooperation with other entities.

NH Cares ACO, LLC (NHC) and Concord Hospital ACO (CH-ACO) are both single member limited liability companies that engage in providing medical services to Medicare beneficiaries as accountable care organizations. NHC has a perpetual life and is subject to termination in certain events. During 2022, NHC was transferred to an unrelated entity for no consideration and the Hospital formed CH-ACO, which operates in a manner consistent with NHC and had minimal activity during fiscal years 2022 and 2023.

Concord Hospital – Laconia (CH-Laconia) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Laconia, New Hampshire. The CH-Laconia facility includes 137 acute care beds and was designated a Rural Referral Center in 1986, and a Sole Community Hospital in 2009. Admitting physicians are primarily practitioners in the local area.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Concord Hospital – Franklin (CH-Franklin) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Franklin, New Hampshire. The CH-Franklin facility was designated a Critical Access Hospital effective July 1, 2004, and includes 25 acute care beds. CH-Franklin also operates a 10 bed designated psychiatric receiving facility. Admitting physicians are primarily practitioners in the local area.

Granite Shield Insurance Exchange and Subsidiaries (GSIE) was formed on December 20, 2010, in the State of Vermont as an industrial insured reciprocal insurance entity and unincorporated association. GSIE commenced underwriting activities on January 1, 2011. GSIE was formed to provide healthcare professional liability, general liability and medical stop loss insurance to its subscribers through GSI Services, LLC (GSI), the attorney-in-fact. GSI was formed in the State of Vermont as a limited liability company on December 14, 2010, and acts as an agent to enable the subscribers of GSIE to exchange insurance contracts. Through December 31, 2020, GSI was equally controlled by each of the subscribers of GSIE, all of which were health systems located in the State of New Hampshire, inclusive of the Hospital. Effective January 1, 2021, the Hospital became the sole voting member of GSIE, resulting in all activity of GSIE being recorded within the accompanying consolidated financial statements.

GSIE discontinued writing coverages effective October 1, 2022, and its current operations consist of runoff claims for a previously withdrawn subscriber, as well as the current subscriber, CRHC.

Concord Hospital Insurance Group, LLC (CHIG) is a Vermont domiciled single parent captive entity and operates in a manner and conducts activities similar to GSIE, as described above. CHIG began operations in late 2022. GSIE entered into a loss portfolio transfer agreement with CHIG in September 2022, whereas GSIE would transfer all of its existing and future claims to CHIG, with the exception of acts prior to CRHC. This transfer was completed prior to September 30, 2023.

Concord Endoscopy Center, LLC (CEC) is a New Hampshire limited liability company that engages in providing gastrointestinal services, including the diagnosis and treatment of digestive and liver diseases. CEC has a perpetual life and is subject to termination in certain events. CRHVC holds a majority interest and control of CEC.

Capital Region Healthcare Services Corporation (CRHSC) is a for-profit provider of health care services, including an eye surgery center and assisted living facility. CRHSC became a subsidiary of the Hospital effective October 1, 2022.

The Hospital, its subsidiaries and the Trust are collectively referred to as the System. The consolidated financial statements include the accounts of the Hospital, the Trust, CRHCDC, CRHVC, NHC, CH-ACO, CH-Laonia, CH-Franklin, GSIE, CHIG, CEC and CRHSC. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital, the Trust, CH-Laonia and CH-Franklin constitute the Obligated Group at September 30, 2023 and 2022 to certain debt described in Note 7.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

*Principles of Consolidation*

Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the System are presented as a component of total net assets to distinguish between the interests of the System and the interests of the noncontrolling owners. Revenues, expenses and nonoperating income (loss) from these subsidiaries are included in the consolidated amounts presented on the consolidated statements of operations. Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System separately presents the amounts attributable to the controlling interest.

*Noncontrolling Interests*

Noncontrolling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The System's accompanying consolidated financial statements include all assets, liabilities, revenues and expenses at their consolidated amounts, which include the amounts attributable to the System and the noncontrolling interest. The System recognizes as a separate component of net assets and earnings the portion of income or loss attributable to noncontrolling interests based on the portion of the entity not owned by the System.

*Use of Estimates*

The preparation of 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 date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Concentration of Credit Risk*

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected explicit and implicit price concessions, including estimated implicit price concessions from uninsured patients. The System's investment portfolio consists of diversified investments, which are subject to market risk. The System's investment in one fund, the Vanguard Institutional Index Fund, exceeded 10% of total System investments as of September 30, 2023 and 2022.

*Cash and Cash Equivalents*

Cash and cash equivalents include money market funds with original maturities of three months or less, excluding assets whose use is limited or restricted. The System maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The System has not experienced any losses on such accounts.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

*Supplies*

Supplies are carried at the lower of cost, determined on a weighted-average method, or net realizable value.

*Assets Whose Use is Limited or Restricted*

Assets whose use is limited or restricted include assets held by trustees for insurance reserves, escrows, construction funds, designated assets set aside by the Board of Trustees (over which the Board retains control and may, at its discretion, subsequently use for other purposes), and donor-restricted investments.

*Investments and Investment Income (Loss)*

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (loss) (including realized gains and losses on investments, interest and dividends) and the net change in unrealized gains and losses on investments are included in the excess (deficiency) of revenues and nonoperating income (loss) over expenses in the accompanying consolidated statements of operations, unless the income or loss is restricted by donor or law.

*Beneficial Interest in Perpetual Trusts*

The System has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the System are without donor restrictions. The System's interest in the fair value of the trust assets is included in assets whose use is limited or restricted and as net assets with donor restrictions. Changes in the fair value of beneficial trust assets are reported as increases or decreases to net assets with donor restrictions.

*Investment Policies*

The System's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated funds.

Endowment funds are identified as perpetual in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Specific purpose funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Management of these assets is designed to increase, with minimum risk, the inflation adjusted principal and income of the endowment funds over the long term. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

##### Spending Policy for Appropriation of Assets for Expenditure

In accordance with the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System has a current spending policy on various funds currently equivalent to 5% of twelve-quarter moving average of the funds' total market value.

##### Accounts Receivable

Patient accounts receivable for which the unconditional right to payment exists are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. Accounts receivable at September 30, 2023 and 2022 reflect the fact that any estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable rather than allowance for doubtful accounts. At September 30, 2023 and 2022, estimated implicit price concessions of \$26,391 and \$29,203, respectively, had been recorded as reductions to accounts receivable balances to enable the System to record revenues and accounts receivable at the estimated amounts expected to be collected.

Accounts receivable as of September 30, 2023, 2022 and 2021 are \$91,318, \$110,525 and \$94,720, respectively.

##### Property and Equipment

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2023 and 2022, depreciation expense was \$27,291 and \$28,953, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. There was no interest expense capitalized during 2023 or 2022.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions, and are excluded from the excess (deficiency) of revenues and nonoperating income (loss) over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived 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 long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Intangible Assets**

The System reviews its intangible and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended September 30, 2023 or 2022.

Intangible assets are included within other noncurrent assets in the accompanying consolidated balance sheets at cost less accumulated amortization. Amortizable intangible assets consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Cost	\$ 8,556	\$ 8,556
Accumulated amortization	<u>(2,140)</u>	<u>(1,284)</u>
Amortizable intangible assets, net	<u>\$ 6,416</u>	<u>\$ 7,272</u>

Amortization expense was \$856 during the years ended September 30, 2023 and 2022 and is recorded within other nonoperating expense in the accompanying consolidated statements of operations.

Expected amortization of intangible assets through their useful lives is as follows:

2024	\$ 856
2025	856
2026	856
2027	856
2028	856
Thereafter	<u>2,136</u>
	<u>\$ 6,416</u>

**Federal Grant Revenue and Expenditures**

Revenues and expenses under federal grant programs are recognized as the grant expenditures are incurred.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

##### Bond Issuance Costs/Original Issue Discount or Premium

Bond issuance costs incurred to obtain financing for construction and renovation projects and the original issue discount or premium are amortized to interest expense using the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The original issue discount or premium and bond issuance costs are presented as a component of bonds payable.

##### Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 12). Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System uses an industry standard approach in calculating the costs associated with providing charity care. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2023 and 2022 were approximately \$130 and \$133, respectively.

##### Net Assets With Donor Restrictions

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. Donated investments, supplies and equipment are reported at fair value at the date of receipt. Unconditional promises to give cash and other assets are reported at fair value at the date of receipt of the promise. When a donor restriction expires (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 statement of operations as either net assets released from restrictions for operations (for noncapital related items) or as net assets released from restrictions used for purchases of property and equipment (capital related items). Some net assets with donor restrictions have been restricted by donors to be maintained by the System in perpetuity.

##### Patient Service Revenue

Revenues generally relate to contracts with patients in which the System's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The collection of outstanding receivables for Medicare, Medicaid, managed care payers, other third-party payors and patients is the System's primary source of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections at facilities that represent a majority of hospital revenues and accounts receivable (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable. Management performs the hindsight analysis regularly, utilizing rolling twelve-months accounts receivable collection and write-off data. Management believes its regular updates to the estimated implicit price concession amounts provide reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations.

The System receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenues in the year that such amounts become known. For the years ended September 30, 2023 and 2022, patient service revenue in the accompanying consolidated statements of operations increased by approximately \$4,700 and \$5,100, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 40% and 5% and 39% and 6% of the System's patient service revenue for the years ended September 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

#### Excess (Deficiency) of Revenues and Nonoperating Income (Loss) Over Expenses

The System has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for contributions and pledges without donor restrictions, the related philanthropy expenses and investment income which are recorded as nonoperating income (loss).

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The consolidated statements of operations also include excess (deficiency) of revenues and nonoperating income (loss) over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues and nonoperating income (loss) over expenses, consistent with industry practice, include the permanent transfers of assets to and from affiliates for other than goods and services, pension adjustments and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

##### Estimated Workers' Compensation, Malpractice and Health Care Claims

The provision for estimated workers' compensation, malpractice and health care claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

##### Functional Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in Note 11. Accordingly, costs have been allocated among program services and supporting services benefitted.

##### Income Taxes

The Hospital, CH-Laconia, CH-Franklin, CRHCDC, CRHVC, and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. NHC was organized as a single member limited liability company and has elected to be treated as a disregarded entity for federal and state income tax reporting purposes. Accordingly, all income or losses and applicable tax credits are reported on the member's income tax returns, with the exception of taxes due to the State of New Hampshire. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. GSIE, CHIG, NHC, CH-ACO, CEC and CRHSC account for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities. Resulting income tax expense and the temporary differences between the tax and financial reporting basis are not material.

##### Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled \$247 and \$168 for the years ended September 30, 2023 and 2022, respectively.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard, including subsequently issued amendments, collectively referred to as Accounting Standards Codification (ASC) 842, *Leases*, established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. ASC 842 did not have a significant impact on lessor accounting. The System adopted this standard using the modified retrospective transition approach as applied to leases existing as of or entered into after the adoption date (October 1, 2022) in fiscal year 2023. See Note 16 for a discussion of the System's adoption of this standard and its impact on the consolidated financial statements and related disclosures.

At the inception of an arrangement, the System determines whether the arrangement is, or contains, a lease based on the unique facts and circumstances present in the arrangement. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The System determines if the contract conveys the right to control the use of an identified asset for a period of time. The System assesses throughout the period of use whether the System has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and lease obligations, as applicable.

The interest rate implicit in lease contracts is typically not readily determinable. As a result, the System has elected to utilize a risk-free rate as the rate to discount lease payments.

Lease liabilities are initially recorded based on the present value of lease payments over the expected remaining lease term. Lease payments are comprised of fixed and in-substance fixed contract consideration. The System has made a policy election not to separate lease components, nonlease components, and noncomponents. The right-of-use asset is based on the lease liability, adjusted for certain items such as lease prepayments or lease incentives received. Finance lease assets are amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term. Operating lease expense is recognized on a straight-line basis. Variable lease payments are expensed as incurred.

The System assesses at the commencement of a lease any options to extend or terminate the lease agreement, and will include in the lease term any extensions or renewals which it determines it is reasonably certain to exercise. Assumptions made at the lease commencement date are re-evaluated upon the occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right-of-use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right-of-use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

**Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. The COVID-19 pandemic has significantly affected employees, patients, systems, communities and business operations, as well as the U.S. economy and financial markets. Since the declaration of the pandemic, the System has received approximately \$57,885 of accelerated Medicare payments (see Note 6), approximately \$30,668 related to the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) Provider Relief Funds (PRF) and approximately \$8,800 in rural payments related to the *American Rescue Plan Act* (ARPA). Distributions from the PRF and ARPA are not subject to repayment, provided the System is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants, and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the PRF and ARPA and the impact of the pandemic on operating results through September 30, 2022, the System recognized approximately \$10,000 related to PRF and ARPA, and these payments were recorded within other revenue in the accompanying consolidated statements of operations for the year ended September 30, 2022. No amounts related to PRF or ARPA were recognized within other revenues during the year ended September 30, 2023. The remaining funds were recognized within other revenues during previous years.

The CARES Act also provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 2021, and the remaining half until December 2022. At September 30, 2022, the System had deferred balances of payroll taxes totaling \$4,646 which were recorded within accrued compensation and related expenses on the accompanying 2022 consolidated balance sheet. Amounts were fully repaid during the year ended September 30, 2023.

The System will continue to monitor compliance with the terms and conditions of the PRF, ARPA and other potential assistance programs and available grants, and the impact of the pandemic on revenues and expenses. If the System is unable to attest to or comply with current or future terms and conditions, the System's ability to retain some or all of the distributions received may be impacted.

**Reclassifications**

Certain 2022 amounts have been reclassified to permit comparison with the 2023 consolidated financial statements presentation format.

**Subsequent Events**

Management of the System evaluated events occurring between the end of the System's fiscal year and December 8, 2023, the date the consolidated financial statements were available to be issued.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**2. Transactions With Affiliates**

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2023 and 2022, transfers received from affiliates were \$97 and \$343, respectively.

Amounts due the System, primarily from joint ventures, totaled \$1,910 and \$1,632 at September 30, 2023 and 2022, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$467 and \$533 at September 30, 2023 and 2022, respectively) with principal and interest (6.75% at September 30, 2023) payments due monthly. Interest income amounted to \$34 and \$52 for the years ended September 30, 2023 and 2022, respectively.

A brief description of CRHC's affiliated entities is as follows:

- Granite VNA (formerly Concord Regional Visiting Nurse Association, Inc. and Subsidiary) provides home health care services.
- Riverbend Community Mental Health, Inc. provides behavioral health services.

Contributions to affiliates and other community organizations from net assets with donor restrictions were \$302 and \$243 in 2023 and 2022, respectively.

**3. Financial Assets and Liquidity Resources**

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs, consisted of the following at September 30, 2023:

Cash and cash equivalents	\$ 79,917
Short-term investments	46,394
Accounts receivable	91,318
Funds held by trustee for insurance reserves, debt service and construction costs	<u>18,380</u>
	<u>\$236,009</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**3. Financial Assets and Liquidity Resources (Continued)**

To manage liquidity, the System maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents and short-term investments include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to the System. In addition, the System has board-designated assets without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of September 30, 2023, the balance of liquid investments in board-designated assets was \$343,827.

**4. Investments and Assets Whose Use is Limited or Restricted**

Short-term investments totaling \$46,394 and \$15,322 at September 30, 2023 and 2022, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Board designated funds:		
Cash and cash equivalents	\$ 25,295	\$ 2,771
Fixed income securities	22,124	21,839
Marketable equity and other securities	326,500	301,116
Inflation-protected securities	<u>14,386</u>	<u>14,332</u>
	388,305	340,058
Held by trustee for workers' compensation reserves:		
Fixed income securities	2,967	2,501
Self-insurance escrows and construction funds:		
Cash and cash equivalents	1,255	8,648
Fixed income securities	13,357	24,074
Marketable equity securities	<u>17,381</u>	<u>14,895</u>
	31,993	47,617
Donor-restricted funds and restricted grants:		
Cash and cash equivalents	5,857	7,553
Fixed income securities	1,372	1,606
Marketable equity securities	24,965	23,091
Inflation-protected securities	1,100	1,020
Trust funds administered by others	10,208	9,836
Other	<u>592</u>	<u>408</u>
	<u>44,094</u>	<u>43,514</u>
	<u>\$467,359</u>	<u>\$433,690</u>

Included in marketable equity and other securities above are \$205,295 and \$203,040 at September 30, 2023 and 2022, respectively, in so called alternative investments and collective trust funds. See also Note 15.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**4. Investments and Assets Whose Use is Limited or Restricted (Continued)**

Investment income (loss), net realized gains and losses and net unrealized gains and losses on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Interest and dividends	\$ 7,904	\$ 7,099
Investment income from trust funds administered by others	541	599
Net realized gains on sales of investments	5,383	4,079
Net unrealized gains (losses) on investments	<u>37,459</u>	<u>(61,177)</u>
	51,287	(49,400)
Net assets with donor restrictions:		
Interest and dividends	432	465
Net realized gains on sales of investments	395	608
Net unrealized gains (losses) on investments	<u>3,209</u>	<u>(7,501)</u>
	4,036	(6,428)
	<u>\$55,323</u>	<u>\$(55,828)</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$1,767 and \$2,300 in 2023 and 2022, respectively.

Investment management fees expensed and reflected in investment income (loss) and other were \$857 and \$922 for the years ended September 30, 2023 and 2022, respectively.

**5. Retirement Plans**

The System sponsors a defined contribution plan qualified under Section 403(b) of the U.S. Internal Revenue Code (IRC) covering eligible employees of the System. Participants are allowed to make pre-tax or post-tax Roth 403(b) contributions, or a combination of the two. The System does not make matching contributions. Effective January 1, 2024, the System elected to amend this plan to institute employer nonelective and matching contributions, based on certain eligibility requirements, as well as implementing an automatic deferral arrangement equal to 3% of eligible compensation, as further defined in the amendment.

The System sponsors two noncontributory defined benefit retirement plans (the Retirement Plan for Employees of Concord Hospital (CH Plan) and the Retirement Plan for Employees of Concord Hospital – Laconia (CH-Laconia Plan)), (collectively, the Plans), which cover substantially all employees of the System. The Plans provide benefits based on an employee's years of service, age and compensation over those years. The System's funding policy for the plans is to contribute annually the amount needed to meet or exceed actuarially determined minimum funding requirements of the *Employee Retirement Income Security Act of 1974* (ERISA).

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

The System accounts for its defined benefit pension plans under ASC 715, *Compensation Retirement Benefits*, which requires entities to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements.

On September 26, 2022, the Plans were amended to offer certain participants age 62 and older the option to receive a lump-sum distribution as payment for grandfathered benefits. The eligible participants had 180 days to elect this benefit, beginning October 1, 2022.

During fiscal year 2022, the CH-Laconia Plan incurred a settlement charge due to lump sums paid in excess of the settlement threshold for the Plan year. The settlement charge totaled \$450 and is reflected as a component of net periodic benefit gain, other than service cost.

On October 24, 2022, the Board of Trustees approved a merger of the CH Plan into the CH-Laconia Plan. The merger of the Plans was effective December 31, 2022 and the surviving plan was named the Retirement Plan for Employees of Concord Hospital (Concord Hospital Plan).

Effective January 1, 2024, the Board of Trustees elected to amend the Concord Hospital Plan to discontinue future participation in the Plan by any employees who are hired or rehired after December 31, 2023, as further defined in the amendment.

The following table summarizes the Plans' funded status at September 30:

	<u>2023</u>	<u>2022</u>
Funded status:		
Fair value of plan assets	\$ 343,471	\$ 319,496
Projected benefit obligation	<u>(319,529)</u>	<u>(329,477)</u>
	<u>\$ 23,942</u>	<u>\$ (9,981)</u>
Activities for the year consist of:		
Benefit payments and administrative expenses paid	\$ 33,965	\$ 19,314
Net periodic benefit cost	8,565	15,198

The table below presents details about the Plans, including the funded status, components of net periodic benefit cost, and certain assumptions used in determining the funded status and cost:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$329,477	\$392,275
Service cost	13,298	16,519
Interest cost	18,596	13,217
Actuarial gain	(7,877)	(69,169)
Benefit payments and administrative expenses paid	(33,965)	(19,313)
Settlements and plan amendments	<u>—</u>	<u>(4,052)</u>
Projected benefit obligation at end of year	<u>\$319,529</u>	<u>\$329,477</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

	<u>2023</u>	<u>2022</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$319,496	\$375,094
Actual gain (loss) on plan assets	41,940	(59,286)
Employer contributions	16,000	27,900
Benefit payments and administrative expenses	(33,965)	(19,313)
Settlements	<u>—</u>	<u>(4,899)</u>
Fair value of plan assets at end of year	<u>\$343,471</u>	<u>\$319,496</u>
Funded status and amount recognized in noncurrent assets (liabilities) at September 30	<u>\$ 23,942</u>	<u>\$ (9,981)</u>

Amounts recognized as a change in net assets without donor restrictions during the years ended September 30, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Net actuarial (gain) loss	\$ (23,273)	\$ 15,858
Net amortized loss	(3,372)	(10,149)
Prior service credit amortization	156	243
Impact of settlement	<u>—</u>	<u>(450)</u>
Total amount recognized	<u>\$ (26,489)</u>	<u>\$ 5,502</u>

**Pension Plan Assets**

The fair values of the Plans' assets as of September 30, 2023 and 2022, by asset category are as follows (see Note 15 for level definitions). In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

	<u>2023</u>	<u>2022</u>
Short-term investments (Level 1):		
Money market funds	\$ 12,804	\$ 4,114
Equity securities (Level 1):		
Mutual funds – domestic	145,825	115,233
Mutual funds – international	—	10,302
Mutual funds – inflation hedge	12,946	12,909
Fixed income securities (Level 1):		
Mutual funds – fixed income	<u>37,877</u>	<u>45,965</u>
	<u>209,452</u>	<u>188,523</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

	<u>2023</u>	<u>2022</u>
Funds measured at net asset value:		
Equity securities:		
Funds-of-funds	\$ 81,170	\$ 81,961
Collective trust funds:		
Equities	46,327	40,727
Fixed income	<u>6,522</u>	<u>8,285</u>
	<u>52,849</u>	<u>49,012</u>
 Total investments at fair value	 <u>\$343,471</u>	 <u>\$319,496</u>

The Concord Hospital Plan's target asset policy guidelines include total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH-Laconia Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total equity securities of 50% and total fixed income securities of 50%.

The Plans' asset allocations by asset category are as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Short-term investments	4%	1%
Equity securities	70%	69%
Fixed income securities	13%	17%
Other	13%	13%

The funds-of-funds in the Concord Hospital Plan are invested with various investment managers and have various restrictions on redemptions. One manager holding amounts totaling approximately \$19 million at September 30, 2023 allows for semi-monthly redemptions, with 5 days' notice. One manager holding approximately \$9 million at September 30, 2023 allows for monthly redemptions, with 15 days' notice. Four managers holding amounts totaling approximately \$34 million at September 30, 2023 allow for quarterly redemptions, with notices ranging from 45 to 65 days. Two managers holding amounts totaling approximately \$16 million at September 30, 2023 allow for annual redemptions, with notices ranging from 60 to 90 days. One manager holding amounts totaling approximately \$3 million at September 30, 2023 allow for redemptions on a semi-annual basis, with a notice of 60 days. The collective trust funds allow for daily, weekly or monthly redemptions, with notices ranging from 6 to 10 days. Certain funds also may include a fee estimated to be equal to the cost the fund incurs in converting investments to cash, limit the percent of the investment that can be redeemed each redemption period, or are subject to certain lock periods.

The System considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from the System's actuaries and investment consultants, and long-term inflation assumptions. The System's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, and real estate.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

The System's investment policy for its pension plans is to balance risk and returns using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, plan assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The System monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The System's Investment Committee provides oversight of the Plans' investments and the performance of the investment managers.

Amounts included in expense consist of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Components of net periodic benefit cost:		
Service cost	\$ 13,298	\$ 16,519
Interest cost	18,596	13,217
Expected return on plan assets	(26,545)	(24,894)
Amortization of prior service credit and loss	3,216	9,906
Settlements	<u>—</u>	<u>450</u>
Net periodic benefit cost	<u>\$ 8,565</u>	<u>\$ 15,198</u>

The accumulated benefit obligation for the Plans at September 30, 2023 and 2022 was \$313,562 and \$315,168, respectively.

	<u>2023</u>	<u>2022</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	6.11%	5.63%
Rate of compensation increase	3.00%	3.00%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	5.63%	3.33%
Expected return on plan assets	7.60%	6.50% - 7.75%
Cash balance credit rate	3.00% - 5.00%	5.00%
Rate of compensation increase	3.00%	2.50% - 3.00%

In selecting the long-term rate of return on plan assets, the System considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plans. This included considering the plans' asset allocation and the expected returns likely to be earned over the life of the plans, as well as the historical returns on the types of assets held and the current economic environment.

The System funds the pension plans and no contributions are made by employees. The System funds the plans annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the System's actuary. However, the System may also fund the plans in excess of the minimum required amount.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

5. Retirement Plans (Continued)

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$16,000 in cash contributions to the Concord Hospital Plan in 2024.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ended September 30

2024	\$ 27,172
2025	24,447
2026	26,747
2027	28,696
2028	28,774
2029 – 2033	147,475

6. Estimated Third-Party Payor Settlements

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the System is also reimbursed for medical education and other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the System files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

The physician practices are reimbursed on a fee schedule basis.

Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% of net patient service revenues in State fiscal years 2023 and 2022. The amount of tax incurred by the System for 2023 and 2022 was \$32,647 and \$32,035, respectively.

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded within revenue without donor restrictions and other support and amounted to \$30,212 in 2023 and \$29,744 in 2022, net of reserves referenced below.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**6. Estimated Third-Party Payor Settlements (Continued)**

The Centers for Medicare and Medicaid Services (CMS) has completed audits of the State's program and the disproportionate share payments made by the State from 2011 to 2019, the first years that those payments reflected the amount of uncompensated care provided by New Hampshire hospitals. It is possible that subsequent years will also be audited by CMS. The System has recorded reserves to address its potential exposure based on the audit results to date or any future redistributions.

Subsequent to year end, the Hospital filed suit against the NH Department of Health and Human Services over their plan for the redistribution of DSH payments from 2011 to 2017. All amounts related to the redistribution plan have been fully reserved for as of September 30, 2023.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid program.

The physician practices are reimbursed on a fee schedule basis.

Other

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined rates.

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2018 for Medicare and 2017 for Medicaid. Settlements for CH-Laconia have been finalized through 2019 for Medicare and Medicaid. Settlements for CH-Franklin have been finalized through 2021 for Medicare and 2019 for Medicaid.

During fiscal year 2020, the System requested accelerated Medicare payments as provided for in the CARES Act, which allowed for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. One year from the date of receipt of the advance payments (beginning April 2021) 25% of the advances were recouped in the first eleven months. An additional 25% of the advances were recouped in the next six months, with the entire amount repayable in 29 months. Any outstanding balance after 29 months was repayable at a 4% interest rate. During the third quarter of fiscal 2020, the System received \$57,885 from these accelerated Medicare payment requests. At September 30, 2022, the current portion due within a year, totaling \$248 was recorded under the caption "accrual for estimated third-party payor settlements" in the accompanying 2022 balance sheet. Amounts were repaid in full during the year ended September 30, 2023.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**7. Long-Term Debt**

Long-term debt consists of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue bonds, Concord Hospital Issue, Series 2021A; interest ranging from 3.0% to 5.0% per year and principal payable in annual installments ranging from \$1,685 to \$3,095 through October 2042, including unamortized original issue premium of \$6,219 in 2023 and \$6,950 in 2022	\$ 46,280	\$ 48,610
2020A note payable to a bank, due October 1, 2026, interest at 1.57% per annum, payable in monthly and annual principal payments ranging from \$2,469 to \$2,580	10,093	12,520
2020B note payable to a bank, due October 1, 2035 (lender has the option to extend the maturity date through October 1, 2043), interest at 2.26% per annum, payable in monthly and annual principal payments ranging from \$991 to \$2,942 beginning October 2023. Final balloon payment of \$10,157 due October 1, 2035, if the maturity date is not extended by the lender. This note converted into tax-exempt revenue bonds effective July 6, 2022. As a result of the conversion, the interest rate was reduced to 1.84%	36,582	36,582
NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017; interest of 5.0% per year and principal payable in annual installments. Installments ranging from \$2,010 to \$5,965 beginning October 2032, including unamortized original issue premium of \$5,923 in 2023 and \$6,249 in 2022	<u>60,012</u>	<u>60,459</u>
	152,967	158,171
Less unamortized bond issuance costs	(1,298)	(1,415)
Less current portion	<u>(6,144)</u>	<u>(4,147)</u>
	<u>\$145,525</u>	<u>\$152,609</u>

In March 2020, the Hospital entered into a \$12,520 note payable agreement (2020A note) with a lender to advance refund \$11,780 of the Series 2011 NHHEFA Hospital Revenue Bonds. No amounts of the Series 2011 advance refunded bonds remained outstanding as of September 30, 2023 and 2022.

In March 2020, the Hospital entered into a \$36,582 note payable agreement (2020B note) with a lender to advance refund the Series 2013A NHHEFA Hospital Revenue Bonds. As of September 30, 2022 \$33,785 of the Series 2013A advance refunded bonds, which were considered extinguished for purposes of these consolidated financial statements, remained outstanding. No amounts of the Series 2013A advance refunded bonds remained outstanding as of September 30, 2023. In conjunction with the issuance of the 2020B note, in order to further reduce debt service obligations, the Hospital, NHHEFA and the lender entered into a forward purchase agreement. Under the forward purchase agreement, the Hospital had the option to request NHHEFA to issue tax-exempt revenue bonds on or after July 3, 2022 to refinance the 2020B note. The Hospital exercised this option on July 6, 2022, which resulted in the interest rate decreasing from 2.26% to 1.84%.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**7. Long-Term Debt (Continued)**

In December 2017, \$62,004 (including an original issue premium of \$7,794) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017, were issued to pay for the construction of a new medical office building. In addition, the Series 2017 Bonds reimbursed the Hospital for capital expenditures incurred in association with the construction of a parking garage and the construction of a medical office building, as well as routine capital expenditures.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, are pledged as collateral for all outstanding long-term debt. In addition, the gross receipts of the Hospital, CH-Laconia and CH-Franklin are also pledged as collateral for all outstanding long-term debt. CH-Laconia and CH-Franklin also pledge gross receipts as collateral for the outstanding Series 2021A Revenue Bonds. The most restrictive financial covenants require a 1.10 to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 75 days. The System was in compliance with its debt covenants at September 30, 2023 and 2022.

The obligations of the Hospital under the above bond indentures are guaranteed by the Hospital, CH-Laconia and CH-Franklin and are not guaranteed by any of the subsidiaries or affiliated entities.

Interest paid on long-term debt amounted to \$5,215 and \$5,531 for the years ended September 30, 2023 and 2022, respectively.

The aggregate principal payments on long-term debt for the next five fiscal years ending September 30 and thereafter are as follows:

2024	\$ 6,144
2025	4,455
2026	5,181
2027	6,949
2028	4,516
Thereafter	<u>113,580</u>
	<u>\$140,825</u>

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 8. Commitments and Contingencies

##### Malpractice Loss Contingencies

The System insures its medical malpractice risks through GSIE, a multiprovider captive insurance company. As discussed in Note 1, during 2022, GSIE began the process of winding down operations and was replaced with CHIG.

GSIE and CHIG provide claims-made medical stop loss coverage to their subscriber health systems. Subsequent to December 31, 2020, the System is the sole remaining subscriber of GSIE. The System is also the only subscriber of CHIG. GSIE and CHIG purchase reinsurance from three reinsurers to limit potential exposure to the System. The reinsurance policies in place are subject to renewal on January 1, 2024, and, after the System's primary retained layer of \$2 million (GSIE) and \$3 million (CHIG) per occurrence and \$12 million aggregate, cover up to \$25 million per occurrence and aggregate per annum. The failure of reinsurers to honor their obligations could result in additional losses to GSIE and CHIG, and those losses could be significant to GSIE, CHIG and the System.

The reserve for unpaid losses and loss adjustment expenses and the related reinsurance recoverables includes case basis estimates of reported losses, plus supplemental reserves for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing historical and industry data. An independent consulting actuary is involved in establishing this reserve and the related reinsurance recoverables. Management of the System believes that GSIE's and CHIG's aggregate reserve for unpaid losses and loss adjustment expenses and related reinsurance recoverables at year-end represent its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability and corresponding asset at the consolidated balance sheet date. Accordingly, the ultimate liability and corresponding asset could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current year operations. Amounts recoverable from reinsurers have been reduced to their net realizable value.

At September 30, 2023, there were no known malpractice claims outstanding for the System, which, in the opinion of management will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accruals. The System has established reserves for unpaid claim amounts for Hospital and Physician Professional Liability and General Liability reported claims and for unreported claims for incidents that have been incurred but not reported. The amounts of the reserves total \$17,690 and \$20,253 at September 30, 2023 and 2022, respectively, and are reflected in the accompanying consolidated balance sheets within reserves for insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 8. Commitments and Contingencies (Continued)

In accordance with ASU No. 2010-24, "*Health Care Entities*" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2023 and 2022, the System recorded a liability of approximately \$3,100 and \$3,300, respectively related to estimated professional liability losses. At September 30, 2023 and 2022, the System also recorded a receivable of \$3,100 and \$3,300, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in reserve for insurance (\$3,100 at September 30, 2023 and \$3,300 at September 30, 2022), and other assets (\$3,100 at September 30, 2023 and \$3,300 at September 30, 2022), respectively, in the accompanying consolidated balance sheets.

#### Workers' Compensation

The System maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the System against excessive losses. The System has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$4,061 and \$3,888 at September 30, 2023 and 2022, respectively, are recorded within accounts payable and accrued expenses in the accompanying consolidated balance sheets and have been discounted at 3% (both years) and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan. Assets held in trust totaled \$2,967 and \$2,501 at September 30, 2023 and 2022, respectively, and are included in assets whose use is limited or restricted in the accompanying consolidated balance sheets.

#### Litigation

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's financial position, results of operations or cash flows.

#### Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$550 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2023 and 2022, have been recorded as a liability of \$13,631 and \$13,286, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Purpose restriction:		
Health education and program services	\$ 18,770	\$ 18,991
Capital acquisitions	441	610
Indigent care	83	116
Pledges receivable with stipulated purpose and/or time restrictions	<u>575</u>	<u>391</u>
	19,869	20,108
Perpetual in nature:		
Health education and program services	20,859	20,225
Capital acquisitions	803	803
Indigent care	2,105	2,105
Annuities to be held in perpetuity	<u>458</u>	<u>273</u>
	<u>24,225</u>	<u>23,406</u>
Total net assets with donor restrictions	<u>\$44,094</u>	<u>\$43,514</u>

**10. Patient Service Revenue**

An estimated breakdown of patient service revenue for the System by major payor sources is as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Private payor (includes coinsurance and deductibles)	\$388,492	\$391,300
Medicare	282,111	276,967
Medicaid	34,880	40,340
Self-pay	<u>275</u>	<u>789</u>
	<u>\$705,758</u>	<u>\$709,396</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**11. Functional Expenses**

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30:

	<u>Health Services</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
<u>2023</u>				
Salaries and wages	\$316,143	\$ 60,492	\$ 574	\$377,209
Employee benefits	68,381	13,086	124	81,591
Supplies and other	131,206	21,241	188	152,635
Purchased services	37,677	19,896	223	57,796
Professional fees	17,021	-	-	17,021
Depreciation and amortization	18,310	8,692	289	27,291
Medicaid enhancement tax	32,647	-	-	32,647
Interest	<u>2,868</u>	<u>1,362</u>	<u>45</u>	<u>4,275</u>
	<u>\$624,253</u>	<u>\$124,769</u>	<u>\$ 1,443</u>	<u>\$750,465</u>
<u>2022</u>				
Salaries and wages	\$320,669	\$ 59,597	\$ 580	\$380,846
Employee benefits	77,767	14,455	141	92,363
Supplies and other	135,008	21,486	180	156,674
Purchased services	33,227	17,988	177	51,392
Professional fees	16,495	3	-	16,498
Depreciation and amortization	19,424	9,222	307	28,953
Medicaid enhancement tax	32,035	-	-	32,035
Interest	<u>3,065</u>	<u>1,455</u>	<u>48</u>	<u>4,568</u>
	<u>\$637,690</u>	<u>\$124,206</u>	<u>\$ 1,433</u>	<u>\$763,329</u>

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. If it is impossible or impractical to make a direct identification, allocation of the expenses were made according to management's estimates. Employee benefits are allocated in accordance with the ratio of salaries and wages of the functional classes. Specifically identifiable costs are assigned to the function which they are identified to.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**12. Charity Care and Community Benefits (Unaudited)**

The System maintains records to identify and monitor the level of charity care it provides. The System provides traditional charity care, as well as other forms of community benefits. The estimated cost of all such benefits provided is as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Government sponsored healthcare	\$35,353	\$36,515
Community health services	1,507	1,281
Health professions education	2,801	2,038
Subsidized health services	52,622	50,929
Research	306	131
Financial contributions	1,405	1,440
Community benefit operations	68	89
Community building activities	786	414
Charity care costs (see Note 1)	<u>3,465</u>	<u>3,389</u>
	<u>\$98,313</u>	<u>\$96,226</u>

The System incurred estimated costs for services to Medicare patients in excess of the payment from this program of \$82,230 and \$78,563 in 2023 and 2022, respectively.

**13. Concentration of Credit Risk**

The System grants credit without collateral to its patients, most of whom are local residents of southern New Hampshire and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of September 30 is as follows:

	<u>2023</u>	<u>2022</u>
Patients	9%	8%
Medicare	38	42
Anthem Blue Cross	19	18
Cigna	3	3
Medicaid	10	11
Commercial	19	16
Workers' compensation	<u>2</u>	<u>2</u>
	<u>100%</u>	<u>100%</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**14. Volunteer Services (Unaudited)**

Total volunteer service hours received by the System were approximately 25,000 and 23,000 in 2023 and 2022, respectively. The volunteers provide various nonspecialized services to the System, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

**15. Fair Value Measurements**

Fair value of a financial instrument is defined as 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. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at September 30, 2023 and 2022. In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

The following presents the balances of assets measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Cash and cash equivalents	\$ 78,801	\$ —	\$ —	\$ 78,801
Fixed income securities	25,471	10,177	—	35,648
Marketable equity and other securities	163,551	—	—	163,551
Inflation-protected securities and other	16,078	—	—	16,078
Trust funds administered by others	<u>—</u>	<u>—</u>	<u>10,208</u>	<u>10,208</u>
	<u>\$283,901</u>	<u>\$10,177</u>	<u>\$10,208</u>	304,286
Funds measured at net asset value:				
Marketable equity and other securities				<u>205,295</u>
				<u>\$509,581</u>
<u>2022</u>				
Cash and cash equivalents	\$ 34,294	\$ —	\$ —	\$ 34,294
Fixed income securities	35,203	10,645	—	45,848
Marketable equity and other securities	136,062	—	—	136,062
Inflation-protected securities and other	15,760	—	—	15,760
Trust funds administered by others	<u>—</u>	<u>—</u>	<u>9,836</u>	<u>9,836</u>
	<u>\$221,319</u>	<u>\$10,645</u>	<u>\$ 9,836</u>	241,800
Funds measured at net asset value:				
Marketable equity and other securities				<u>203,040</u>
				<u>\$444,840</u>

In addition, for the years ended September 30, 2023 and 2022, there are certain investments totaling \$4,172 which are appropriately being carried at cost.

The System's Level 3 investments consist of funds administered by others. The fair value measurement is based on significant unobservable inputs.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2023 and 2022:

	<u>Trust Funds Administered by Others</u>
Balance at September 30, 2021	\$12,341
Net realized and unrealized losses	<u>(2,505)</u>
Balance at September 30, 2022	9,836
Net realized and unrealized gains	<u>372</u>
Balance at September 30, 2023	<u>\$10,208</u>

The table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	<u>Fair Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>September 30, 2023:</b>				
Funds-of-funds	\$22,628	\$ —	Semi-monthly	5 days
Funds-of-funds	12,007	—	Monthly	15 days
Funds-of-funds	44,264	—	Quarterly	45 – 65 days**
Funds-of-funds	13,621	—	Annual	60 - 90 days
Funds-of-funds	4,657	—	Semi-annual	60 days*
Funds-of-funds	47,870	32,327	Illiquid	N/A
Collective trust funds	7,032	—	Daily	10 days
Collective trust funds	7,641	—	Weekly	10 days
Collective trust funds	45,575	—	Monthly	6 – 10 days
<b>September 30, 2022:</b>				
Funds-of-funds	\$18,489	\$ —	Semi-monthly	5 days
Funds-of-funds	9,645	—	Monthly	15 days
Funds-of-funds	53,791	—	Quarterly	45 – 65 days**
Funds-of-funds	10,329	—	Annual	90 days
Funds-of-funds	8,250	—	Semi-annual	60 days*
Funds-of-funds	42,296	25,854	Illiquid	N/A
Collective trust funds	12,582	—	Daily	10 days
Collective trust funds	7,008	—	Weekly	10 days
Collective trust funds	40,650	—	Monthly	6 – 10 days

\* Limited to 25% of the investment balance at each redemption. A full redemption of this fund is in progress as of September 30, 2023.

\*\* One investment has a one-year lock period and redemption of one investment is limited to 12.5% of the investment balance at each redemption.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 15. Fair Value Measurements (Continued)

##### Fixed Income Securities

The primary purpose of fixed income investments is to provide a highly predictable and dependable source of income, preserve capital, and reduce the volatility of the total portfolio and hedge against the risk of deflation or protracted economic contraction.

##### Marketable Equity and Other Securities

The primary purpose of marketable equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total marketable equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics including style and capitalization. The System may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

The System invests in other securities that are considered alternative investments that consist of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments at fair value, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. Collective trust funds are generally valued based on the proportionate share of total fund net assets.

System management is responsible for the fair value measurements of investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions and is estimated using the net asset value per share of the fund. Because of inherent uncertainty of valuation of certain alternative investments, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its alternative investments at the balance sheet dates are reasonable.

The System has committed to invest up to \$73,183 with various investment managers, and had funded \$33,856 of that commitment as of September 30, 2023. As these investments are made, the System reallocates resources from its current investments resulting in an asset allocation shift within the investment pool.

##### Inflation-Protected Securities

The primary purpose of inflation-protected securities is to provide protection against the negative effects of inflation.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

**Fair Value of Other Financial Instruments**

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value.

**16. Leases**

**Adoption of ASC Topic 842, Leases (ASC 842)**

The System has various leases relative to its office and offsite locations. ASC 842 became effective for the System on October 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The System elected to recognize any effects of applying the new standard as a cumulative-effect adjustment to the opening balance of net assets in the period of adoption, which there were none. In addition, the System elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the System's consolidated statements of operations, changes in net assets and cash flows. The adoption of the new standard resulted in the following impact: the recording of right-of-use assets and corresponding lease liabilities pertaining to the System's operating leases on the accompanying 2023 consolidated balance sheet.

Operating lease right-of-use assets and operating lease liabilities are reported in the System's 2023 consolidated balance sheet as follows:

Operating lease right-of-use assets	<u>\$26,252</u>
Current portion of operating lease liabilities	\$ 5,406
Operating lease liabilities, less current portion	<u>21,091</u>
Total operating lease liabilities	<u>\$26,497</u>

During the year ended September 30, 2023, the total lease cost associated with the System's operating leases was \$6,319.

CONCORD HOSPITAL  
BOARD OF TRUSTEES  
2024

Frederick Briccetti, MD  
Philip Emma  
Charles Fanaras, **Vice Chair**  
Jeanie Forrester  
Lucy Hodder, Esq., **Secretary**  
Lucy Karl, Esq.  
Linda Lorden  
Joseph Meyer, MD  
Matthew Nadeau  
Peter Noordsij, MD  
Manisha Patel, DDS, **Chair**  
Ari Salis, MD *ex-officio; CH Medical Staff President*  
Katherine Saunders  
Robert Segal  
Robert Steigmeyer, **President/CEO** *ex-officio*  
David Weiss  
Donald Welford

**Treasurer** (not Member of the Board):  
Scott W. Sloane

## **KEY PERSONNEL**

Danny Turmel, RTR (CT)

Director of Radiology at Concord Hospital--Concord, Laconia, Franklin

Dan has been in the field of Radiology for 29+ years. He holds a Bachelors Degree in Healthcare Administration. He has 17+ years in a direct leadership role in hospital based settings, with 8 of those years serving as the Director of Radiology in two different institutions. Dan has been the Director of Radiology at Concord Hospital since May of 2021. He focuses on continuous improvement that drives productivity, operational efficiencies and financial stewardship with the aim of positive customer service.

Dan Turmel RTR (CT)

Director of Radiology

603-227-7000 ext. 7262

Concord Hospital

250 Pleasant St.

Concord, NH 03301

dturmel@crhc.org

Debra Willey, MBA, MT(ASCP)

Director of Laboratory Services, Concord Hospital - Concord

Debra Willey started working at Concord Hospital in 1989 as a new graduate from the University of New Hampshire. Since then, Debra has held multiple leadership roles in the Laboratory, including Director, since 2008. The Laboratory has serviced Nursing Homes, Acute Care Facilities and Rehabilitation Facilities actively since 1997 and prides itself on its strong commitment to customer service.

*Debra Willey, MBA, MT(ASCP)*

*Director of Laboratory Services*

*Concord Hospital / Concord*

*603-227-7000 x 4614*

*dwilley@crhc.org*

Kerri Scribner OTR/L, MBA

Director of Inpatient Rehabilitation Services and Outpatient Speech Language Pathology at Concord Hospital-Concord/Laconia/Franklin

Kerri has served as the Director of Rehabilitative Services at all 3 hospitals in the Concord Hospital Health System since 2020 and has been with Concord Hospital since 2012. She has been a practicing Occupational therapist for 27 + years earning a BS in Science/Occupational Therapy from University of New Hampshire in 1997 and a MBA from New England College in 2012. An experienced and visionary leader in acute care PT, OT and SLP as well as leading Outpatient Adult and Pediatric SLP who thrives in a fast-paced environment that values high quality patient care and system thinking.

250 Pleasant St Suite 5073

Concord, NH 03301

603-227-7000 ext.2631

kscribne@crhc.org

## New Hampshire Veterans Home

### KEY PERSONNEL

List those primarily responsible for meeting the terms and conditions of the agreement.

Job descriptions are not required for vacant positions.

**Contractor Name:** Concord Hospital, Inc., Concord Hospital – Laconia & Concord Hospital - Franklin

<b>NAME</b>	<b>JOB TITLE</b>	<b>ANNUAL AMOUNT PAID FROM THIS CONTRACT</b>	<b>ANNUAL SALARY</b>
Danny Turmel	Director of Radiology	\$0.00	\$180,000
Kerri Scribner	Director of Inpatient Rehabilitation and Outpatient Speech Language Pathology	\$0.00	\$143,000
Debra Willey	Director of Laboratory Services	\$0.00	\$163,000

**FORM NUMBER P-37 (version 2/23/2023)**

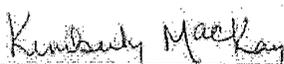
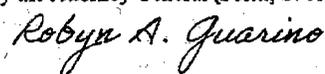
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

<b>1.1 State Agency Name</b> New Hampshire Veterans Home		<b>1.2 State Agency Address</b> 139 Winter Street, Tilton, NH 03726	
<b>1.3 Contractor Name</b> Concord Hospital - Laconia		<b>1.4 Contractor Address</b> 80 Highland Street, Laconia, NH 03246	
<b>1.5 Contractor Phone Number</b> (603)524-3211	<b>1.6 Account Unit and Class</b> 010-043-53590000-101-500729	<b>1.7 Completion Date</b> 6/30/2029	<b>1.8 Price Limitation</b> \$150,000.00
<b>1.9 Contracting Officer for State Agency</b> Kimberly MacKay		<b>1.10 State Agency Telephone Number</b> 603-527-4400	
<b>1.11 Contractor Signature</b>  Date: 04/25/2024		<b>1.12 Name and Title of Contractor Signatory</b> Robert P. Steigmeyer, President & CEO	
<b>1.13 State Agency Signature</b>  Date: 5/2/2024		<b>1.14 Name and Title of State Agency Signatory</b> Kimberly Mackay, MS NHA Commandant	
<b>1.15 Approval by the N.H. Department of Administration, Division of Personnel (if applicable)</b>  By: _____ Director, On: _____			
<b>1.16 Approval by the Attorney General (Form, Substance and Execution) (if applicable)</b>  By:  On: 6/11/24			
<b>1.17 Approval by the Governor and Executive Council (if applicable)</b>  G&C Item number: _____ G&C Meeting Date: _____			

**2. SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT B which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.13 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed.

3.3 Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds. In no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds by any state or federal legislative or executive action that reduces, eliminates or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope for Services provided in EXHIBIT B, in whole or in part, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to reduce or terminate the Services under this Agreement immediately upon giving the Contractor notice of such reduction or termination. The State shall not be required to transfer funds from any other account or source to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.**

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT C which is incorporated herein by reference.

5.2 Notwithstanding any provision 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 Price Limitation set forth in block 1.8. The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance

hereof, and shall be the only and the complete compensation to the Contractor for the Services.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 The State's liability under this Agreement shall be limited to monetary damages not to exceed the total fees paid. The Contractor agrees that it has an adequate remedy at law for any breach of this Agreement by the State and hereby waives any right to specific performance or other equitable remedies against the State.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.**

6.1 In connection with the performance of the Services, the Contractor shall comply with all applicable statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal employment opportunity laws and the Governor's order on Respect and Civility in the Workplace, Executive order 2020-01. In addition, if this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all federal executive orders, rules, regulations and statutes, and with any rules, regulations and guidelines as the State or the United States issue to implement these regulations. The Contractor shall also comply with all applicable intellectual property laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of age, sex, sexual orientation, race, color, marital status, physical or mental disability, religious creed, national origin, gender identity, or gender expression, and will take affirmative action to prevent such discrimination, unless exempt by state or federal law. The Contractor shall ensure any subcontractors comply with these nondiscrimination requirements.

6.3 No payments or transfers of value by Contractor or its representatives in connection with this Agreement have or shall be made which have the purpose or effect of public or commercial bribery, or acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business.

6.4. The Contractor agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with this Agreement and all rules, regulations and orders pertaining to the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants 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.

7.2 The Contracting Officer specified in block 1.9, or any successor, shall be the State's point of contact pertaining to this Agreement.

### 8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

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

8.2.1 give the Contractor 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) calendar days from the date of the notice; and if the Event of Default is not timely cured, terminate this Agreement, effective two (2) calendar days after giving the Contractor notice of termination;

8.2.2 give the Contractor 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 contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 give the Contractor a written notice specifying the Event of Default and set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 give the Contractor a written notice specifying the Event of Default, treat the Agreement as breached, terminate the Agreement and pursue any of its remedies at law or in equity, or both.

### 9. TERMINATION.

9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, terminate the Agreement for any reason, in whole or in part, by thirty (30) calendar days written notice to the Contractor that the State is exercising its option to terminate the Agreement.

9.2 In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall, at the State's discretion, deliver to the Contracting Officer, not later than fifteen (15) calendar days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. In addition, at the State's discretion, the Contractor shall, within fifteen (15) calendar days of notice of early termination, develop and submit to the State a transition plan for Services under the Agreement.

### 10. PROPERTY OWNERSHIP/DISCLOSURE.

10.1 As used in this Agreement, the word "Property" shall mean all data, 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, papers, and documents, all whether finished or unfinished.

10.2 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.

10.3 Disclosure of data, information and other records shall be governed by N.H. RSA chapter 91-A and/or other applicable law. Disclosure requires prior written approval of the State.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

### 12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

12.1 Contractor shall provide the State written notice at least fifteen (15) calendar days before any proposed assignment, delegation, or other transfer of any interest in this Agreement. No such assignment, delegation, or other transfer shall be effective without the written consent of the State.

12.2 For purposes of paragraph 12, a Change of Control shall constitute assignment. "Change of Control" means (a) merger, consolidation, or a transaction or series of related transactions in which a third party, together with its affiliates, becomes the direct or indirect owner of fifty percent (50%) or more of the voting shares or similar equity interests, or combined voting power of the Contractor, or (b) the sale of all or substantially all of the assets of the Contractor.

12.3 None of the Services shall be subcontracted by the Contractor without prior written notice and consent of the State.

12.4 The State is entitled to copies of all subcontracts and assignment agreements and shall not be bound by any provisions contained in a subcontract or an assignment agreement to which it is not a party.

13. **INDEMNIFICATION.** The Contractor shall indemnify, defend, and hold harmless the State, its officers, and employees from and against all actions, claims, damages, demands, judgments, fines, liabilities, losses, and other expenses, including, without limitation, reasonable attorneys' fees, arising out of or relating to this Agreement directly or indirectly arising from death, personal injury, property damage, intellectual property infringement, or other claims asserted against the State, its officers, or employees caused by the acts or omissions of negligence, reckless or willful misconduct, or fraud by the Contractor, its employees, agents, or subcontractors. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph 13. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the State's sovereign immunity, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

#### 14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and continuously maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 commercial general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate or excess; and

14.1.2 special cause of loss coverage form covering all Property subject to subparagraph 10.2 herein, in an amount not less than 80% of the whole replacement value of the Property.

14.2 The policies described in subparagraph 14.1 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.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or any successor, a certificate(s) of insurance for all insurance required under this Agreement. At the request of the Contracting Officer, or any successor, the Contractor shall provide certificate(s) of insurance for all renewal(s) of insurance required under this Agreement. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference.

#### 15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. The Contractor shall furnish the Contracting Officer identified in block 1.9, or any successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. **WAIVER OF BREACH.** A State's failure to enforce its rights with respect to any single or continuing breach of this Agreement shall not act as a waiver of the right of the State to later enforce any such rights or to enforce any other or any subsequent breach.

17. **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 given in blocks 1.2 and 1.4, herein.

18. **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 Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

#### 19. CHOICE OF LAW AND FORUM.

19.1 This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of New Hampshire except where the Federal supremacy clause requires otherwise. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

19.2 Any actions arising out of this Agreement, including the breach or alleged breach thereof, may not be submitted to binding arbitration, but must, instead, be brought and maintained in the Merrimack County Superior Court of New Hampshire which shall have exclusive jurisdiction thereof.

20. **CONFLICTING TERMS.** In the event of a conflict between the terms of this P-37 form (as modified in EXHIBIT A) and any other portion of this Agreement including any attachments thereto, the terms of the P-37 (as modified in EXHIBIT A) shall control.

21. **THIRD PARTIES.** This Agreement is being entered into for the sole benefit of the parties hereto, and nothing herein, express or implied, is intended to or will confer any legal or equitable right, benefit, or remedy of any nature upon any other person.

22. **HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

23. **SPECIAL PROVISIONS.** Additional or modifying provisions set forth in the attached EXHIBIT A are incorporated herein by reference.

24. **FURTHER ASSURANCES.** The Contractor, along with its agents and affiliates, shall, at its own cost and expense, execute any additional documents and take such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby.

25. **SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

26. **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 with respect to the subject matter hereof.

# New Hampshire Veterans Home



## Exhibit A

### REVISIONS TO STANDARD CONTRACT PROVISIONS

#### 1. Revisions to Form P-37, General Provisions

- 1.1. Paragraph 3, Effective Date/Completion of Services, is amended by deleting subparagraph 3.3 in its entirety and replacing it as follows:
  - 3.3. Contractor must complete all Services by the Completion Date specified in block 1.7. The parties may extend the Agreement for up to four (4) additional years from the Completion Date, contingent upon satisfactory delivery of services, available funding, agreement of the parties, and approval of the Governor and Executive Council.

Appendix A – Revisions to Standard Contract Provisions

Contractor Initials

*MS*

Date

*6/10/24*

# New Hampshire Veterans Home



## Exhibit B

### Scope of Services

#### 1. Regulation and Purpose

1.1. The New Hampshire Veterans Home is a certified State Veterans Home (SVH). State veteran homes that provide nursing home care to eligible veterans are recognized and certified by the U.S. Department of Veterans Affairs (VA). As such, there are regulations, requirements, and procedures that the state veterans home must abide by to be in compliance with provision of services to the residents by the state home as follows:

1.1.1. Specialized rehabilitation services, per 38 CFR 51.160 regulation guidance, such as but not limited to, physical therapy, speech therapy, occupational therapy, and mental health services for mental illness are required in the resident's comprehensive plan of care, the NH Veterans Home must provide the required services; or obtain the required services from an outside resource, from a provider of specialized rehabilitative services.

1.1.2. Radiology and other diagnostic services, per 38 CFR 51.120(n) regulation guidance. Accordingly, the NH Veterans Home must provide or obtain radiology and other diagnostic services to meet the needs of its residents. If the state home does not provide its own diagnostic services, it must have an agreement to obtain these services. The services must meet all applicable certification standards, statutes, and regulations.

1.2. This contract serves as a coordinated effort between the New Hampshire Veterans Home and Concord Hospital - Laconia to ensure that the veterans are receiving these services.

#### 2. Statement of Work

2.1. The Contractor will provide the following provision of service to the residents of the New Hampshire Veterans Home, as described in U.S. Department of Veterans Affairs (VA) CFR 38 Part 51, such as, but not limited to:

2.2. Specialized Rehabilitative Services: As defined in 38 CFR 51.160, these include, but are not limited to:

- (a) Physical Therapy;
- (b) Speech Therapy;
- (c) Occupational Therapy; and
- (d) Mental health services for mental illness.
- (e) These services must be provided under the written order of a physician by qualified personnel. "Qualified Personnel" means a physical therapist, occupational therapist, respiratory therapist, speech-language pathologist, physician, nurse practitioner, clinical nurse specialist, or physician's assistant, who is licensed or certified by the state to furnish therapy services. Qualified personnel may also include a physical therapist assistant (PTA),

Contractor Initials MM

# New Hampshire Veterans Home



## Exhibit B

or an occupational therapy assistant (OTA) when furnishing services under the supervision of a qualified therapist.

- 2.3. **Radiology and other diagnostic services:** As defined in 38 CFR 51.210 (n), the Contractor will provide radiology and other diagnostic services to meet the needs of NHVH residents. Radiologic and other diagnostic services must be available 24 hours a day, seven days a week.

### 3. Reporting

- 3.1. The Contractor shall maintain records pertaining to contract activities.
- 3.2. The Contractor shall provide the Department with reports and/or documentation as requested by the Department.
4. By signing this contract, the Contractor is attesting to the fact that their corporation and individuals within their corporation have never been excluded from participating in United States Government federally funded, including VA funded, programs or services.
5. By signing this contract, the Contractor is attesting to the fact that their corporation and individuals within their corporation are not currently excluded from participating in United States Government federally funded, including VA funded, programs or services.
6. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this contract may be withheld, in whole, or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
7. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting encumbrances between State Fiscal Years may be made by written agreement of both parties and may be made without further approval of the Governor and Executive Council, if needed and justified.

Contractor Initials MAD

# New Hampshire Veterans Home



## Exhibit C

### Method and Conditions Precedent to Payment

1. The State shall pay the Contractor an amount not to exceed the Form P-37 General Provisions, Price Limitation, Block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services.
  - 1.1. This Agreement is one (1) of multiple Agreements that will provide Department of Veteran Affairs (VA) required specialized rehabilitative services and radiology and other diagnostic services, to Veteran residents, per 38 CFR part 51, when the State Veterans Home does not provide the services in house. No maximum or minimum service volume is guaranteed. Accordingly, the price limitation among all Agreements is identified in Form P-37, General Provisions, Block 1.8, Price Limitation.
  - 1.2. The State shall pay the Contractors among all agreements an amount not to exceed \$30,000 for State Fiscal Year (SFY) 2025; \$30,000 for SFY 2026; \$30,000 for SFY 2027; \$30,000 for SFY 2028; and \$30,000 for SFY 2029, for the services provided by the Contractors pursuant to Exhibit B, Scope of Services, for a total contract value listed on the Form P-37, Block 1.8, Price Limitation of \$150,000, with consideration for paragraph 1.1 of this Exhibit C.
2. The Contractor agrees to provide the services in Exhibit B, Scope of Services in compliance with funding requirements.
3. The NHVH will devise a mechanism to notify the Contractor if the individual is a prevailing, basis, or no rate individual.
4. The Veteran residents, at New Hampshire Veterans Home, fall into one of three eligibility categories that determine the Contractors billing for services rendered:
  - 4.1. Veteran residents, with 0% up to 69% Service-Connected (SC) disability, for whom the Department of Veterans Affairs pays the New Hampshire Veterans Home a **basic per diem rate**:
    - 4.1.1. The Contractor shall first bill the resident's insurance for services rendered.
    - 4.1.2. If there is a balance remaining, after insurance reimburses the Contractor, the Contractor will bill the resident.
  - 4.2. Veteran residents, with 70% up to 100% SC disability, for whom the Department of Veterans Affairs pays the New Hampshire Veterans Home a **prevailing per diem rate**:
    - 4.2.1. The Contractor shall bill the New Hampshire Veterans Home for all services rendered.
    - 4.2.2. The Contractor **cannot** bill the resident's insurance for services rendered.
  - 4.3. Veteran resident for whom the New Hampshire Veterans Home receives **no per diem rate**:
    - 4.3.1. The Contractor shall first bill the resident's insurance for services rendered.
    - 4.3.2. If there is a balance remaining, after insurance reimburses the Contractor, the Contractor will bill the resident.

Exhibit C

Contractor Initials MS

Date 6/10/24

# New Hampshire Veterans Home



## Exhibit C

5. The Contractor will be solely responsible for billing third party payers for services rendered by the Contractor, except for 70% SC Veterans or prevailing rate Veterans, as listed in 4.2 above. The New Hampshire Veterans Home shall reimburse the Contractor for services rendered to SC Veterans not to exceed the Medicare Fee Schedule, of the year in which the service is provided, for the procedure code of the service provided.
6. The Contractor will submit an invoice to NHVH no later than 30 days after the service is rendered, per Exhibit B, to the following:
  - 6.1. Email: Accounts.Payable@nhvh.nh.gov
  - 6.2. Mail: NH Veterans Home  
139 Winter Street  
Tilton, NH 03276  
ATTN: Business Office
7. NHVH has up to 30 days to pay the Contractor, per invoice submission.
8. The Contractor is responsible for paying their own license, taxes, and insurance costs.
9. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
10. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting amounts between budget line items, related items, amendments of related budget exhibits within the price limitation, and to adjusting encumbrances between State Fiscal Years, may be made by written agreement of both parties and may be made without obtaining approval of the Governor and Executive Council.

Exhibit C

Contractor Initials MSJ

# New Hampshire Veterans Home



## Exhibit D

### CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The Vendor 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 Contractor'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 proposal (contract), 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 Veterans Home (NHVH) 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 NHVH 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, NHVH may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the NHVH agency to whom this proposal (contract) 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 proposal (contract) 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 NHVH.
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 NHVH, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Exhibit D – Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials MM

# New Hampshire Veterans Home



## Exhibit D

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 Office of Inspector General Exclusion Database: <https://exclusions.oig.nh.gov/>
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 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, NHVH 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 (contract) 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 (1)(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 (contract).
- LOWER TIER COVERED TRANSACTIONS.**

13. By signing and submitting this lower tier proposal (contract), 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 (contract).
14. The prospective lower tier participant further agrees by submitting this proposal (contract) that it will

Exhibit D – Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials   M

# New Hampshire Veterans Home



## Exhibit D

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.

Vendor Name:

04/25/2024  
Date

Robert P. Stojmeyer  
Name: Robert P. Stojmeyer  
Title: President & CEO

Exhibit D - Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials RS

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

This Business Associate Agreement herein, "Agreement", effective as of this 1<sup>st</sup> day of January 2024 herein, "Effective Date", is entered into by and between Concord Hospital - Laconia herein, "Business Associate", located at 80 Highland Street, Laconia, NH 03246 and State Agency, New Hampshire Veterans Home herein, "Covered Entity" located at 139 Winter Street, Tilton, NH 03276.

1. **HIPAA.** The Business Associate 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 and 164.

### (1) Definitions.

- a. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- b. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- c. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- d. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.
- e. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- f. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- g. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- h. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- i. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- j. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- k. **Other Definitions** - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time.

### (2) Use and Disclosure of Protected Health Information.

Business Associate Initials ML

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

- a. Business Associate shall not use, disclose, maintain, or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees, and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
- (i) for the proper management and administration of the Business Associate;
  - (ii) as required by law, pursuant to the terms set forth in paragraph d. below; or
  - (iii) 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 a third party, Business Associate must obtain, prior to making any such disclosure, (i) 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 (ii) an agreement from such third party to immediately notify Business Associate 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 A 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 Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.
- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions on the uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by 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 report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, of which it becomes aware, within two (2) business days of becoming aware of such unauthorized use or disclosure or security incident.
- b. Business Associate shall use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of protected health information, in electronic or any other form, that it creates, receives, maintains or transmits under this Agreement, in accordance with the Privacy and Security Rules, to prevent the use or disclosure of PHI other than as permitted by the Agreement.
- c. 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 Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.

Business Associate Initials

*ML*

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

- d. Business Associate shall require all of its business associates that receive, use or have 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)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) 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 and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. 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.
- g. 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.
- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. 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.
- j. 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.
- k. Within ten (10) 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-up tapes of such PHI. 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

Business Associate Initials MLL

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

that make the return or destruction infeasible, for so 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

- 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.
- 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 Agreement, pursuant to 45 CFR Section 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) Term and Termination for Cause

- a. **Term.** The Term of this Agreement shall be effective as of the Effective Date first set forth above and shall continue in effect until terminated hereunder.
- b. **Termination by Agreement.** This Agreement may be terminated at any time by mutual agreement of the parties.
- c. **Automatic Termination.** This Agreement shall terminate upon termination of the business relationship between the parties.
- d. **Termination for Cause.** Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity may at its sole discretion:
  1. Terminate this Agreement after providing opportunity for Business Associate to cure the breach or end the violation within the time specified by Covered Entity; or
  2. Terminate this Agreement immediately if Business Associate has breached a material term of this Agreement; or

If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.

- e. **Effect of Termination.**
  1. If this Agreement is terminated for any reason, the Covered Entity may simultaneously terminate any business relationship without penalty. If there is a conflict between the underlying service agreement and this Agreement with respect to termination, this Agreement shall prevail.
  2. Except as provided in paragraph (3) of this Section VI. E., upon termination of this Agreement for any reason, Business Associate shall return to Covered Entity or, if agreed to by Covered Entity, destroy all protected health information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, that the Business Associate maintains in any form. Business Associate shall retain no copies of the protected health information.

Business Associate Initials MLL

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

3. In the event that Business Associate determines that returning or destroying the protected health information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. In such event, Business Associate shall extend the protections of this Agreement to such protected health information and limit further uses and disclosures of such protected health information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such protected health information.
4. The provisions of this Section VI.E shall survive the termination of this Agreement.

### (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, as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule 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, the Privacy and Security Rule, and 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 the Privacy and Security Rule.
- 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 Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and g. below, shall survive the termination of the Agreement.
- g. Indemnification. To the extent permitted by law, each party (the "Indemnifying Party") shall indemnify and hold harmless the other party (the "Indemnified Party"), its officers, directors, employees and agents, from and against, and, at the Indemnified Party's request, defend the Indemnified Party against, any and all claims, damages, losses, liabilities, costs and expenses (including reasonable attorney's fees) arising out of or resulting from the grossly negligent or the intentional acts or omissions of the Indemnifying Party, its employees and its agents under the Agreement. Each Indemnified Party shall fully cooperate with the Indemnifying Party in all matters within the scope of this section.

Business Associate Initials MLL



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
05/01/2024

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).

<b>PRODUCER</b> MARSH USA, LLC. 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.certrequest@Marsh.com  CN142100133-CORP-GAUWP-23-  <b>INSURED</b> Concord Hospital - Laconia 80 Highland Street Laconia, NH 03245	<b>CONTACT NAME:</b> _____ <b>PHONE (A/C, No, Ext):</b> _____ <b>FAX (A/C, No):</b> _____ <b>E-MAIL ADDRESS:</b> _____													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Concord Hospital Insurance Group, LLC</td> <td>23035</td> </tr> <tr> <td>INSURER B : Liberty Mutual Fire Insurance Company</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Concord Hospital Insurance Group, LLC	23035	INSURER B : Liberty Mutual Fire Insurance Company		INSURER C :		INSURER D :		INSURER E :		INSURER F :
INSURER(S) AFFORDING COVERAGE	NAIC #													
INSURER A : Concord Hospital Insurance Group, LLC	23035													
INSURER B : Liberty Mutual Fire Insurance Company														
INSURER C :														
INSURER D :														
INSURER E :														
INSURER F :														

**COVERAGES**      **CERTIFICATE NUMBER:** NYC-011945398-17      **REVISION NUMBER:** 2

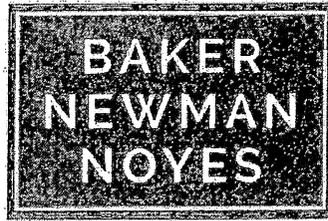
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE 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 SUBR INSD WVR	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Healthcare Professional Liab (Claims Made)  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER: _____		CHIG-PRIMARY-2023  General And Professional Liability Share A Combined Limit Of \$3M/\$12M. Hospital Professional Liability	10/01/2023	10/01/2024	EACH OCCURRENCE \$ 3,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ 12,000,000 PRODUCTS - COMP/OP AGG \$ \$ AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> AUTOS ONLY  <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N N/A	EW2-61N-252276-023 (NH) SIR \$450,000	10/01/2023	10/01/2024	<input checked="" type="checkbox"/> PER. STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 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)

<b>CERTIFICATE HOLDER</b>  NH Veterans Home 139 Winter St. Tilton, NH 03276	<b>CANCELLATION</b>  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  <i>Marsh USA LLC</i>
---	--

© 1988-2016 ACORD CORPORATION. All rights reserved.



**Concord Hospital, Inc.  
and Subsidiaries**

**Audited Consolidated Financial Statements**

*Years Ended September 30, 2023 and 2022  
With Independent Auditors' Report*

Baker Newman & Noyes LLC  
MAINE | MASSACHUSETTS | NEW HAMPSHIRE  
800.244.7444 | [www.bnncpa.com](http://www.bnncpa.com)



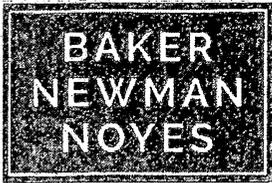
# **CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**Audited Consolidated Financial Statements**

**Years Ended September 30, 2023 and 2022**

## **CONTENTS**

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Audited Consolidated Financial Statements:</b>	
<b>Consolidated Balance Sheets</b>	<b>3</b>
<b>Consolidated Statements of Operations</b>	<b>5</b>
<b>Consolidated Statements of Changes in Net Assets</b>	<b>6</b>
<b>Consolidated Statements of Cash Flows</b>	<b>7</b>
<b>Notes to Consolidated Financial Statements</b>	<b>8</b>



Baker Newman & Noyes LLC  
MAINE | MASSACHUSETTS | NEW HAMPSHIRE  
800.244.7444 | www.bnn CPA.com



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Concord Hospital, Inc. and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Concord Hospital, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System as of September 30, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, the System adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and all subsequent ASUs that modified Topic 842, effective October 1, 2022. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

The Board of Trustees  
Concord Hospital, Inc. and Subsidiaries

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Newman & Noyes LLC*

Manchester, New Hampshire  
December 8, 2023

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

September 30, 2023 and 2022

ASSETS  
(In thousands)

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 79,917	\$ 54,630
Short-term investments	46,394	15,322
Accounts receivable	91,318	110,525
Due from affiliates	1,443	1,099
Supplies	4,744	6,125
Prepaid expenses and other current assets	<u>11,247</u>	<u>12,255</u>
Total current assets	235,063	199,956
Assets whose use is limited or restricted:		
Board designated	388,305	340,058
Funds held by trustee for insurance reserves, escrows and construction funds	34,960	50,118
Donor-restricted funds and restricted grants	<u>44,094</u>	<u>43,514</u>
Total assets whose use is limited or restricted	467,359	433,690
Other noncurrent assets:		
Due from affiliates, net of current portion	467	533
Prepaid pension and other assets	<u>43,662</u>	<u>21,126</u>
Total other noncurrent assets	44,129	21,659
Property and equipment:		
Land and land improvements	8,435	8,359
Buildings	267,179	266,581
Equipment	278,585	260,992
Construction in progress	<u>10,620</u>	<u>11,807</u>
	564,819	547,739
Less accumulated depreciation	<u>(363,709)</u>	<u>(344,416)</u>
Net property and equipment	201,110	203,323
Operating lease right-of-use assets	<u>26,252</u>	<u>-</u>
	<u>\$ 973,913</u>	<u>\$ 858,628</u>

**LIABILITIES AND NET ASSETS**  
(In thousands)

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 49,982	\$ 50,361
Accrued compensation and related expenses	46,827	49,107
Accrual for estimated third-party payor settlements	68,589	62,608
Current portion of long-term debt	6,144	4,147
Current portion of operating lease liabilities	<u>5,406</u>	<u>—</u>
Total current liabilities	176,948	166,223
Long-term debt, net of current portion	145,525	152,609
Operating lease liabilities, less current portion	21,091	—
Reserve for insurance	20,759	23,601
Accrued pension and other long-term liabilities	<u>18,278</u>	<u>26,490</u>
Total liabilities	382,601	368,923
Net assets:		
Without donor restrictions	544,486	443,500
With donor restrictions	<u>44,094</u>	<u>43,514</u>
Total Concord Hospital net assets	588,580	487,014
Noncontrolling interest in consolidated subsidiary	<u>2,732</u>	<u>2,691</u>
Total net assets	591,312	489,705
	<u>\$ 973,913</u>	<u>\$ 858,628</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended September 30, 2023 and 2022  
(In thousands)

	<u>2023</u>	<u>2022</u>
Revenue and other support without donor restrictions:		
Patient service revenue	\$705,758	\$709,396
Other revenue	29,373	39,781
Disproportionate share revenue	30,212	29,744
Net assets released from restrictions for operations	<u>5,105</u>	<u>1,889</u>
Total revenue and other support without donor restrictions	770,448	780,810
Operating expenses:		
Salaries and wages	377,209	380,846
Employee benefits	81,591	92,363
Supplies and other	152,635	156,674
Purchased services	57,796	51,392
Professional fees	17,021	16,498
Depreciation and amortization	27,291	28,953
Medicaid enhancement tax	32,647	32,035
Interest	<u>4,275</u>	<u>4,568</u>
Total operating expenses	<u>750,465</u>	<u>763,329</u>
Income from operations	19,983	17,481
Nonoperating income (loss):		
Gifts and bequests without donor restrictions	346	261
Investment income (loss) and other	49,961	(48,917)
Other nonoperating expense	(856)	(856)
Net periodic benefit gain, other than service cost	<u>4,733</u>	<u>1,321</u>
Total nonoperating income (loss)	<u>54,184</u>	<u>(48,191)</u>
Consolidated excess (deficiency) of revenues and nonoperating income (loss) over expenses	74,167	(30,710)
Excess of revenues and nonoperating income (loss) over expenses attributable to noncontrolling interest in consolidated subsidiary	<u>(181)</u>	<u>(227)</u>
Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System	<u>\$ 73,986</u>	<u>\$ (30,937)</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended September 30, 2023 and 2022  
(In thousands)

	<u>2023</u>	<u>2022</u>
<b>System net assets without donor restrictions:</b>		
Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System	\$ 73,986	\$ (30,937)
Net transfers from affiliates	97	343
Other changes	(339)	-
Net assets released from restrictions used for purchases of property and equipment	753	1,886
Pension adjustment	<u>26,489</u>	<u>(5,502)</u>
<b>Increase (decrease) in System net assets without donor restrictions</b>	<b>100,986</b>	<b>(34,210)</b>
<b>System net assets with donor restrictions:</b>		
Contributions and pledges with donor restrictions	2,704	5,057
Net investment gain (loss)	3,664	(3,923)
Contributions to affiliates and other community organizations	(302)	(243)
Unrealized gains (losses) on trusts administered by others	372	(2,505)
Net assets released from restrictions for operations	(5,105)	(1,889)
Net assets released from restrictions used for purchases of property and equipment	<u>(753)</u>	<u>(1,886)</u>
<b>Increase (decrease) in System net assets with donor restrictions</b>	<b><u>580</u></b>	<b><u>(5,389)</u></b>
<b>Increase (decrease) in System net assets</b>	<b>101,566</b>	<b>(39,599)</b>
<b>Noncontrolling interest in consolidated subsidiary:</b>		
Distributions to noncontrolling interest in consolidated subsidiary	(140)	(270)
Excess of revenues and nonoperating income (loss) over expenses attributable to noncontrolling interest in consolidated subsidiary	<u>181</u>	<u>227</u>
<b>Increase (decrease) in noncontrolling interest in consolidated subsidiary</b>	<b><u>41</u></b>	<b><u>(43)</u></b>
<b>Increase (decrease) in total net assets</b>	<b>101,607</b>	<b>(39,642)</b>
<b>Net assets, beginning of year</b>	<b><u>489,705</u></b>	<b><u>529,347</u></b>
<b>Net assets, end of year</b>	<b><u>\$591,312</u></b>	<b><u>\$489,705</u></b>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2023 and 2022  
(In thousands)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in total net assets	\$ 101,607	\$ (39,642)
Adjustments to reconcile increase (decrease) in total net assets to net cash provided (used) by operating activities:		
Contributions and pledges with donor restrictions	(2,704)	(5,057)
Depreciation and amortization	27,291	28,953
Net realized and unrealized (gains) losses on investments	(46,446)	63,991
Bond premium and issuance cost amortization	(940)	(968)
Equity in earnings of affiliates, net	(5,012)	(4,893)
Distributions to noncontrolling interest in consolidated subsidiary	140	270
Loss on disposal of property and equipment	-	(270)
Pension adjustment	(26,489)	5,502
Noncash lease expense	245	-
Changes in operating assets and liabilities:		
Accounts receivable	19,207	(15,805)
Supplies, prepaid expenses and other current assets	2,389	(1,149)
Prepaid pension and other assets	1,900	(4,022)
Due from affiliates	(278)	14
Accounts payable and accrued expenses	(379)	3,289
Accrued compensation and related expenses	(2,280)	5,125
Accrual for estimated third-party payor settlements	5,981	(33,795)
Accrued pension and other long-term liabilities	(5,665)	(19,403)
Reserve for insurance	(2,842)	(5,331)
Net cash provided (used) by operating activities	<u>65,725</u>	<u>(23,191)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(25,078)	(22,032)
Proceeds from sale of property and equipment	-	11,362
Purchases of investments	(99,562)	(23,369)
Proceeds from sales of investments	81,450	67,838
Equity distributions from affiliates	<u>4,518</u>	<u>4,445</u>
Net cash (used) provided by investing activities	<u>(38,672)</u>	<u>38,244</u>
Cash flows from financing activities:		
Payments on long-term debt	(4,147)	(3,020)
Bond issuance costs	-	(26)
Distributions to noncontrolling interest in consolidated subsidiary	(140)	(270)
Contributions and pledges with donor restrictions	<u>2,521</u>	<u>5,171</u>
Net cash (used) provided by financing activities	<u>(1,766)</u>	<u>1,855</u>
Net increase in cash and cash equivalents	25,287	16,908
Cash and cash equivalents at beginning of year	<u>54,630</u>	<u>37,722</u>
Cash and cash equivalents at end of year	<u>\$ 79,917</u>	<u>\$ 54,630</u>

Supplemental disclosure of noncash transactions:  
See Note 16 with respect to certain noncash activities related to leases.

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

1. **Description of Organization and Summary of Significant Accounting Policies**

**Organization**

Concord Hospital, Inc. (the Hospital), located in Concord, New Hampshire, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, emergency care and physician services for residents within its geographic region. Admitting physicians are primarily practitioners in the local area. The Hospital is controlled by Capital Region Health Care Corporation (CRHC).

In 1985, the then Concord Hospital underwent a corporate reorganization in which it was renamed and became CRHC. At the same time, the Hospital was formed as a new entity. All assets and liabilities of the former hospital, now CRHC, with the exception of its endowments and restricted funds, were conveyed to the new entity. The endowments were held by CRHC for the benefit of the Hospital, which is the true party in interest. Effective October 1, 1999, CRHC transferred these funds to the Hospital.

In March 2009, the Hospital created The Concord Hospital Trust (the Trust), a separately incorporated, not-for-profit organization to serve as the Hospital's philanthropic arm. In establishing the Trust, the Hospital transferred philanthropic funds with donor restrictions, including board designated funds, endowments, indigent care funds and specific purpose funds, to the newly formed organization together with the stewardship responsibility to direct monies available to support the Hospital's charitable mission and reflect the specific intentions of the donors who made these gifts.

Subsidiaries of the Hospital are as follows:

Capital Region Health Care Development Corporation (CRHCDC) is a not-for-profit real estate corporation that owns and operates medical office buildings and other properties.

Capital Region Health Ventures Corporation (CRHVC) is a not-for-profit corporation that engages in health care delivery partnerships and joint ventures. It operates ambulatory surgery and diagnostic facilities independently and in cooperation with other entities.

NH Cares ACO, LLC (NHC) and Concord Hospital ACO (CH-ACO) are both single member limited liability companies that engage in providing medical services to Medicare beneficiaries as accountable care organizations. NHC has a perpetual life and is subject to termination in certain events. During 2022, NHC was transferred to an unrelated entity for no consideration and the Hospital formed CH-ACO, which operates in a manner consistent with NHC and had minimal activity during fiscal years 2022 and 2023.

Concord Hospital – Laconia (CH-Laconia) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Laconia, New Hampshire. The CH-Laconia facility includes 137 acute care beds and was designated a Rural Referral Center in 1986, and a Sole Community Hospital in 2009. Admitting physicians are primarily practitioners in the local area.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Concord Hospital – Franklin (CH-Franklin) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Franklin, New Hampshire. The CH-Franklin facility was designated a Critical Access Hospital effective July 1, 2004, and includes 25 acute care beds. CH-Franklin also operates a 10 bed designated psychiatric receiving facility. Admitting physicians are primarily practitioners in the local area.

Granite Shield Insurance Exchange and Subsidiaries (GSIE) was formed on December 20, 2010, in the State of Vermont as an industrial insured reciprocal insurance entity and unincorporated association. GSIE commenced underwriting activities on January 1, 2011. GSIE was formed to provide healthcare professional liability, general liability and medical stop loss insurance to its subscribers through GSI Services, LLC (GSI), the attorney-in-fact. GSI was formed in the State of Vermont as a limited liability company on December 14, 2010, and acts as an agent to enable the subscribers of GSIE to exchange insurance contracts. Through December 31, 2020, GSI was equally controlled by each of the subscribers of GSIE, all of which were health systems located in the State of New Hampshire, inclusive of the Hospital. Effective January 1, 2021, the Hospital became the sole voting member of GSIE, resulting in all activity of GSIE being recorded within the accompanying consolidated financial statements.

GSIE discontinued writing coverages effective October 1, 2022, and its current operations consist of runoff claims for a previously withdrawn subscriber, as well as the current subscriber, CRHC.

Concord Hospital Insurance Group, LLC (CHIG) is a Vermont domiciled single parent captive entity and operates in a manner and conducts activities similar to GSIE, as described above. CHIG began operations in late 2022. GSIE entered into a loss portfolio transfer agreement with CHIG in September 2022, whereas GSIE would transfer all of its existing and future claims to CHIG, with the exception of acts prior to CRHC. This transfer was completed prior to September 30, 2023.

Concord Endoscopy Center, LLC (CEC) is a New Hampshire limited liability company that engages in providing gastrointestinal services, including the diagnosis and treatment of digestive and liver diseases. CEC has a perpetual life and is subject to termination in certain events. CRHVC holds a majority interest and control of CEC.

Capital Region Healthcare Services Corporation (CRHSC) is a for-profit provider of health care services, including an eye surgery center and assisted living facility. CRHSC became a subsidiary of the Hospital effective October 1, 2022.

The Hospital, its subsidiaries and the Trust are collectively referred to as the System. The consolidated financial statements include the accounts of the Hospital, the Trust, CRHCDC, CRHVC, NHC, CH-ACO, CH-Laconia, CH-Franklin, GSIE, CHIG, CEC and CRHSC. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital, the Trust, CH-Laconia and CH-Franklin constitute the Obligated Group at September 30, 2023 and 2022 to certain debt described in Note 7.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

##### Principles of Consolidation

Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the System are presented as a component of total net assets to distinguish between the interests of the System and the interests of the noncontrolling owners. Revenues, expenses and nonoperating income (loss) from these subsidiaries are included in the consolidated amounts presented on the consolidated statements of operations. Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System separately presents the amounts attributable to the controlling interest.

##### Noncontrolling Interests

Noncontrolling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The System's accompanying consolidated financial statements include all assets, liabilities, revenues and expenses at their consolidated amounts, which include the amounts attributable to the System and the noncontrolling interest. The System recognizes as a separate component of net assets and earnings the portion of income or loss attributable to noncontrolling interests based on the portion of the entity not owned by the System.

##### Use of Estimates

The preparation of 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 date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected explicit and implicit price concessions, including estimated implicit price concessions from uninsured patients. The System's investment portfolio consists of diversified investments, which are subject to market risk. The System's investment in one fund, the Vanguard Institutional Index Fund, exceeded 10% of total System investments as of September 30, 2023 and 2022.

##### Cash and Cash Equivalents

Cash and cash equivalents include money market funds with original maturities of three months or less, excluding assets whose use is limited or restricted. The System maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The System has not experienced any losses on such accounts.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Supplies

Supplies are carried at the lower of cost, determined on a weighted-average method, or net realizable value.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees for insurance reserves, escrows, construction funds, designated assets set aside by the Board of Trustees (over which the Board retains control and may, at its discretion, subsequently use for other purposes), and donor-restricted investments.

Investments and Investment Income (Loss)

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (loss) (including realized gains and losses on investments, interest and dividends) and the net change in unrealized gains and losses on investments are included in the excess (deficiency) of revenues and nonoperating income (loss) over expenses in the accompanying consolidated statements of operations, unless the income or loss is restricted by donor or law.

Beneficial Interest in Perpetual Trusts

The System has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the System are without donor restrictions. The System's interest in the fair value of the trust assets is included in assets whose use is limited or restricted and as net assets with donor restrictions. Changes in the fair value of beneficial trust assets are reported as increases or decreases to net assets with donor restrictions.

Investment Policies

The System's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated funds.

Endowment funds are identified as perpetual in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Specific purpose funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Management of these assets is designed to increase, with minimum risk, the inflation adjusted principal and income of the endowment funds over the long term. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

##### Spending Policy for Appropriation of Assets for Expenditure

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System has a current spending policy on various funds currently equivalent to 5% of twelve-quarter moving average of the funds' total market value.

##### Accounts Receivable

Patient accounts receivable for which the unconditional right to payment exists are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. Accounts receivable at September 30, 2023 and 2022 reflect the fact that any estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable rather than allowance for doubtful accounts. At September 30, 2023 and 2022, estimated implicit price concessions of \$26,391 and \$29,203, respectively, had been recorded as reductions to accounts receivable balances to enable the System to record revenues and accounts receivable at the estimated amounts expected to be collected.

Accounts receivable as of September 30, 2023, 2022 and 2021 are \$91,318, \$110,525 and \$94,720, respectively.

##### Property and Equipment

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2023 and 2022, depreciation expense was \$27,291 and \$28,953, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. There was no interest expense capitalized during 2023 or 2022.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions, and are excluded from the excess (deficiency) of revenues and nonoperating income (loss) over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived 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 long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Intangible Assets**

The System reviews its intangible and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended September 30, 2023 or 2022.

Intangible assets are included within other noncurrent assets in the accompanying consolidated balance sheets at cost less accumulated amortization. Amortizable intangible assets consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Cost	\$ 8,556	\$ 8,556
Accumulated amortization	<u>(2,140)</u>	<u>(1,284)</u>
Amortizable intangible assets, net	<u>\$ 6,416</u>	<u>\$ 7,272</u>

Amortization expense was \$856 during the years ended September 30, 2023 and 2022 and is recorded within other nonoperating expense in the accompanying consolidated statements of operations.

Expected amortization of intangible assets through their useful lives is as follows:

2024	\$ 856
2025	856
2026	856
2027	856
2028	856
Thereafter	<u>2,136</u>
	<u>\$ 6,416</u>

**Federal Grant Revenue and Expenditures**

Revenues and expenses under federal grant programs are recognized as the grant expenditures are incurred.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

##### Bond Issuance Costs/Original Issue Discount or Premium

Bond issuance costs incurred to obtain financing for construction and renovation projects and the original issue discount or premium are amortized to interest expense using the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The original issue discount or premium and bond issuance costs are presented as a component of bonds payable.

##### Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 12). Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System uses an industry standard approach in calculating the costs associated with providing charity care. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2023 and 2022 were approximately \$130 and \$133, respectively.

##### Net Assets With Donor Restrictions

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. Donated investments, supplies and equipment are reported at fair value at the date of receipt. Unconditional promises to give cash and other assets are reported at fair value at the date of receipt of the promise. When a donor restriction expires (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 statement of operations as either net assets released from restrictions for operations (for noncapital related items) or as net assets released from restrictions used for purchases of property and equipment (capital related items). Some net assets with donor restrictions have been restricted by donors to be maintained by the System in perpetuity.

##### Patient Service Revenue

Revenues generally relate to contracts with patients in which the System's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The collection of outstanding receivables for Medicare, Medicaid, managed care payers, other third-party payors and patients is the System's primary source of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections at facilities that represent a majority of hospital revenues and accounts receivable (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable. Management performs the hindsight analysis regularly, utilizing rolling twelve-months accounts receivable collection and write-off data. Management believes its regular updates to the estimated implicit price concession amounts provide reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations.

The System receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenues in the year that such amounts become known. For the years ended September 30, 2023 and 2022, patient service revenue in the accompanying consolidated statements of operations increased by approximately \$4,700 and \$5,100, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 40% and 5% and 39% and 6% of the System's patient service revenue for the years ended September 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

#### Excess (Deficiency) of Revenues and Nonoperating Income (Loss) Over Expenses

The System has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for contributions and pledges without donor restrictions, the related philanthropy expenses and investment income which are recorded as nonoperating income (loss).

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The consolidated statements of operations also include excess (deficiency) of revenues and nonoperating income (loss) over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues and nonoperating income (loss) over expenses, consistent with industry practice, include the permanent transfers of assets to and from affiliates for other than goods and services, pension adjustments and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

##### Estimated Workers' Compensation, Malpractice and Health Care Claims

The provision for estimated workers' compensation, malpractice and health care claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

##### Functional Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in Note 11. Accordingly, costs have been allocated among program services and supporting services benefitted.

##### Income Taxes

The Hospital, CH-Laconia, CH-Franklin, CRHCDC, CRHVC, and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. NHC was organized as a single member limited liability company and has elected to be treated as a disregarded entity for federal and state income tax reporting purposes. Accordingly, all income or losses and applicable tax credits are reported on the member's income tax returns, with the exception of taxes due to the State of New Hampshire. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. GSIE, CHIG, NHC, CH-ACO, CEC and CRHSC account for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities. Resulting income tax expense and the temporary differences between the tax and financial reporting basis are not material.

##### Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled \$247 and \$168 for the years ended September 30, 2023 and 2022, respectively.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

##### Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard, including subsequently issued amendments, collectively referred to as Accounting Standards Codification (ASC) 842, *Leases*, established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. ASC 842 did not have a significant impact on lessor accounting. The System adopted this standard using the modified retrospective transition approach as applied to leases existing as of or entered into after the adoption date (October 1, 2022) in fiscal year 2023. See Note 16 for a discussion of the System's adoption of this standard and its impact on the consolidated financial statements and related disclosures.

At the inception of an arrangement, the System determines whether the arrangement is, or contains, a lease based on the unique facts and circumstances present in the arrangement. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The System determines if the contract conveys the right to control the use of an identified asset for a period of time. The System assesses throughout the period of use whether the System has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and lease obligations, as applicable.

The interest rate implicit in lease contracts is typically not readily determinable. As a result, the System has elected to utilize a risk-free rate as the rate to discount lease payments.

Lease liabilities are initially recorded based on the present value of lease payments over the expected remaining lease term. Lease payments are comprised of fixed and in-substance fixed contract consideration. The System has made a policy election not to separate lease components, nonlease components, and noncomponents. The right-of-use asset is based on the lease liability, adjusted for certain items such as lease prepayments or lease incentives received. Finance lease assets are amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term. Operating lease expense is recognized on a straight-line basis. Variable lease payments are expensed as incurred.

The System assesses at the commencement of a lease any options to extend or terminate the lease agreement, and will include in the lease term any extensions or renewals which it determines it is reasonably certain to exercise. Assumptions made at the lease commencement date are re-evaluated upon the occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right-of-use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right-of-use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

**Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. The COVID-19 pandemic has significantly affected employees, patients, systems, communities and business operations, as well as the U.S. economy and financial markets. Since the declaration of the pandemic, the System has received approximately \$57,885 of accelerated Medicare payments (see Note 6), approximately \$30,668 related to the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) Provider Relief Funds (PRF) and approximately \$8,800 in rural payments related to the *American Rescue Plan Act* (ARPA). Distributions from the PRF and ARPA are not subject to repayment, provided the System is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants, and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the PRF and ARPA and the impact of the pandemic on operating results through September 30, 2022, the System recognized approximately \$10,000 related to PRF and ARPA, and these payments were recorded within other revenue in the accompanying consolidated statements of operations for the year ended September 30, 2022. No amounts related to PRF or ARPA were recognized within other revenues during the year ended September 30, 2023. The remaining funds were recognized within other revenues during previous years.

The CARES Act also provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 2021, and the remaining half until December 2022. At September 30, 2022, the System had deferred balances of payroll taxes totaling \$4,646 which were recorded within accrued compensation and related expenses on the accompanying 2022 consolidated balance sheet. Amounts were fully repaid during the year ended September 30, 2023.

The System will continue to monitor compliance with the terms and conditions of the PRF, ARPA and other potential assistance programs and available grants, and the impact of the pandemic on revenues and expenses. If the System is unable to attest to or comply with current or future terms and conditions, the System's ability to retain some or all of the distributions received may be impacted.

**Reclassifications**

Certain 2022 amounts have been reclassified to permit comparison with the 2023 consolidated financial statements presentation format.

**Subsequent Events**

Management of the System evaluated events occurring between the end of the System's fiscal year and December 8, 2023, the date the consolidated financial statements were available to be issued.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 2. Transactions With Affiliates

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2023 and 2022, transfers received from affiliates were \$97 and \$343, respectively.

Amounts due the System, primarily from joint ventures, totaled \$1,910 and \$1,632 at September 30, 2023 and 2022, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$467 and \$533 at September 30, 2023 and 2022, respectively) with principal and interest (6.75% at September 30, 2023) payments due monthly. Interest income amounted to \$34 and \$52 for the years ended September 30, 2023 and 2022, respectively.

A brief description of CRHC's affiliated entities is as follows:

- Granite VNA (formerly Concord Regional Visiting Nurse Association, Inc. and Subsidiary) provides home health care services.
- Riverbend Community Mental Health, Inc. provides behavioral health services.

Contributions to affiliates and other community organizations from net assets with donor restrictions were \$302 and \$243 in 2023 and 2022, respectively.

#### 3. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs, consisted of the following at September 30, 2023:

Cash and cash equivalents	\$ 79,917
Short-term investments	46,394
Accounts receivable	91,318
Funds held by trustee for insurance reserves, debt service and construction costs	<u>18,380</u>
	<u>\$236,009</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**3. Financial Assets and Liquidity Resources (Continued)**

To manage liquidity, the System maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents and short-term investments include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to the System. In addition, the System has board-designated assets without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of September 30, 2023, the balance of liquid investments in board-designated assets was \$343,827.

**4. Investments and Assets Whose Use is Limited or Restricted**

Short-term investments totaling \$46,394 and \$15,322 at September 30, 2023 and 2022, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
<b>Board designated funds:</b>		
Cash and cash equivalents	\$ 25,295	\$ 2,771
Fixed income securities	22,124	21,839
Marketable equity and other securities	326,500	301,116
Inflation-protected securities	<u>14,386</u>	<u>14,332</u>
	388,305	340,058
<b>Held by trustee for workers' compensation reserves:</b>		
Fixed income securities	2,967	2,501
<b>Self-insurance escrows and construction funds:</b>		
Cash and cash equivalents	1,255	8,648
Fixed income securities	13,357	24,074
Marketable equity securities	<u>17,381</u>	<u>14,895</u>
	31,993	47,617
<b>Donor-restricted funds and restricted grants:</b>		
Cash and cash equivalents	5,857	7,553
Fixed income securities	1,372	1,606
Marketable equity securities	24,965	23,091
Inflation-protected securities	1,100	1,020
Trust funds administered by others	10,208	9,836
Other	<u>592</u>	<u>408</u>
	<u>44,094</u>	<u>43,514</u>
	<u>\$467,359</u>	<u>\$433,690</u>

Included in marketable equity and other securities above are \$205,295 and \$203,040 at September 30, 2023 and 2022, respectively, in so called alternative investments and collective trust funds. See also Note 15.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**4. Investments and Assets Whose Use is Limited or Restricted (Continued)**

Investment income (loss), net realized gains and losses and net unrealized gains and losses on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Interest and dividends	\$ 7,904	\$ 7,099
Investment income from trust funds administered by others	541	599
Net realized gains on sales of investments	5,383	4,079
Net unrealized gains (losses) on investments	<u>37,459</u>	<u>(61,177)</u>
	51,287	(49,400)
Net assets with donor restrictions:		
Interest and dividends	432	465
Net realized gains on sales of investments	395	608
Net unrealized gains (losses) on investments	<u>3,209</u>	<u>(7,501)</u>
	<u>4,036</u>	<u>(6,428)</u>
	 <u>\$55,323</u>	 <u>\$(55,828)</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$1,767 and \$2,300 in 2023 and 2022, respectively.

Investment management fees expensed and reflected in investment income (loss) and other were \$857 and \$922 for the years ended September 30, 2023 and 2022, respectively.

**5. Retirement Plans**

The System sponsors a defined contribution plan qualified under Section 403(b) of the U.S. Internal Revenue Code (IRC) covering eligible employees of the System. Participants are allowed to make pre-tax or post-tax Roth 403(b) contributions, or a combination of the two. The System does not make matching contributions. Effective January 1, 2024, the System elected to amend this plan to institute employer nonelective and matching contributions, based on certain eligibility requirements, as well as implementing an automatic deferral arrangement equal to 3% of eligible compensation, as further defined in the amendment.

The System sponsors two noncontributory defined benefit retirement plans (the Retirement Plan for Employees of Concord Hospital (CH Plan) and the Retirement Plan for Employees of Concord Hospital – Laconia (CH-Laconia Plan)), (collectively, the Plans), which cover substantially all employees of the System. The Plans provide benefits based on an employee's years of service, age and compensation over those years. The System's funding policy for the plans is to contribute annually the amount needed to meet or exceed actuarially determined minimum funding requirements of the *Employee Retirement Income Security Act of 1974* (ERISA).

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022

(In thousands)

**5. Retirement Plans (Continued)**

The System accounts for its defined benefit pension plans under ASC 715, *Compensation Retirement Benefits*, which requires entities to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements.

On September 26, 2022, the Plans were amended to offer certain participants age 62 and older the option to receive a lump-sum distribution as payment for grandfathered benefits. The eligible participants had 180 days to elect this benefit, beginning October 1, 2022.

During fiscal year 2022, the CH-Laconia Plan incurred a settlement charge due to lump sums paid in excess of the settlement threshold for the Plan year. The settlement charge totaled \$450 and is reflected as a component of net periodic benefit gain, other than service cost.

On October 24, 2022, the Board of Trustees approved a merger of the CH Plan into the CH-Laconia Plan. The merger of the Plans was effective December 31, 2022 and the surviving plan was named the Retirement Plan for Employees of Concord Hospital (Concord Hospital Plan).

Effective January 1, 2024, the Board of Trustees elected to amend the Concord Hospital Plan to discontinue future participation in the Plan by any employees who are hired or rehired after December 31, 2023, as further defined in the amendment.

The following table summarizes the Plans' funded status at September 30:

	<u>2023</u>	<u>2022</u>
Funded status:		
Fair value of plan assets	\$ 343,471	\$ 319,496
Projected benefit obligation	<u>(319,529)</u>	<u>(329,477)</u>
	<u>\$ 23,942</u>	<u>\$ (9,981)</u>
Activities for the year consist of:		
Benefit payments and administrative expenses paid	\$ 33,965	\$ 19,314
Net periodic benefit cost	8,565	15,198

The table below presents details about the Plans, including the funded status, components of net periodic benefit cost, and certain assumptions used in determining the funded status and cost:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$329,477	\$392,275
Service cost	13,298	16,519
Interest cost	18,596	13,217
Actuarial gain	(7,877)	(69,169)
Benefit payments and administrative expenses paid	(33,965)	(19,313)
Settlements and plan amendments	<u>—</u>	<u>(4,052)</u>
Projected benefit obligation at end of year	<u>\$319,529</u>	<u>\$329,477</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

	<u>2023</u>	<u>2022</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$319,496	\$375,094
Actual gain (loss) on plan assets	41,940	(59,286)
Employer contributions	16,000	27,900
Benefit payments and administrative expenses	(33,965)	(19,313)
Settlements	<u>—</u>	<u>(4,899)</u>
Fair value of plan assets at end of year	<u>\$343,471</u>	<u>\$319,496</u>
Funded status and amount recognized in noncurrent assets (liabilities) at September 30	<u>\$ 23,942</u>	<u>\$ (9,981)</u>

Amounts recognized as a change in net assets without donor restrictions during the years ended September 30, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Net actuarial (gain) loss	\$ (23,273)	\$ 15,858
Net amortized loss	(3,372)	(10,149)
Prior service credit amortization	156	243
Impact of settlement	<u>—</u>	<u>(450)</u>
Total amount recognized	<u>\$ (26,489)</u>	<u>\$ 5,502</u>

**Pension Plan Assets**

The fair values of the Plans' assets as of September 30, 2023 and 2022, by asset category are as follows (see Note 15 for level definitions). In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

	<u>2023</u>	<u>2022</u>
Short-term investments (Level 1):		
Money market funds	\$ 12,804	\$ 4,114
Equity securities (Level 1):		
Mutual funds – domestic	145,825	115,233
Mutual funds – international	—	10,302
Mutual funds – inflation hedge	12,946	12,909
Fixed income securities (Level 1):		
Mutual funds – fixed income	<u>37,877</u>	<u>45,965</u>
	<u>209,452</u>	<u>188,523</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022

(In thousands)

**5. Retirement Plans (Continued)**

	<u>2023</u>	<u>2022</u>
Funds measured at net asset value:		
Equity securities:		
Funds-of-funds	\$ 81,170	\$ 81,961
Collective trust funds:		
Equities	46,327	40,727
Fixed income	<u>6,522</u>	<u>8,285</u>
	<u>52,849</u>	<u>49,012</u>
 Total investments at fair value	 <u>\$343,471</u>	 <u>\$319,496</u>

The Concord Hospital Plan's target asset policy guidelines include total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH-Laconia Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total equity securities of 50% and total fixed income securities of 50%.

The Plans' asset allocations by asset category are as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Short-term investments	4%	1%
Equity securities	70%	69%
Fixed income securities	13%	17%
Other	13%	13%

The funds-of-funds in the Concord Hospital Plan are invested with various investment managers and have various restrictions on redemptions. One manager holding amounts totaling approximately \$19 million at September 30, 2023 allows for semi-monthly redemptions, with 5 days' notice. One manager holding approximately \$9 million at September 30, 2023 allows for monthly redemptions, with 15 days' notice. Four managers holding amounts totaling approximately \$34 million at September 30, 2023 allow for quarterly redemptions, with notices ranging from 45 to 65 days. Two managers holding amounts totaling approximately \$16 million at September 30, 2023 allow for annual redemptions, with notices ranging from 60 to 90 days. One manager holding amounts totaling approximately \$3 million at September 30, 2023 allow for redemptions on a semi-annual basis, with a notice of 60 days. The collective trust funds allow for daily, weekly or monthly redemptions, with notices ranging from 6 to 10 days. Certain funds also may include a fee estimated to be equal to the cost the fund incurs in converting investments to cash, limit the percent of the investment that can be redeemed each redemption period, or are subject to certain lock periods.

The System considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from the System's actuaries and investment consultants, and long-term inflation assumptions. The System's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, and real estate.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

The System's investment policy for its pension plans is to balance risk and returns using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, plan assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The System monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The System's Investment Committee provides oversight of the Plans' investments and the performance of the investment managers.

Amounts included in expense consist of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Components of net periodic benefit cost:		
Service cost	\$ 13,298	\$ 16,519
Interest cost	18,596	13,217
Expected return on plan assets	(26,545)	(24,894)
Amortization of prior service credit and loss	3,216	9,906
Settlements	<u>—</u>	<u>450</u>
Net periodic benefit cost	<u>\$ 8,565</u>	<u>\$ 15,198</u>

The accumulated benefit obligation for the Plans at September 30, 2023 and 2022 was \$313,562 and \$315,168, respectively.

	<u>2023</u>	<u>2022</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	6.11%	5.63%
Rate of compensation increase	3.00%	3.00%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	5.63%	3.33%
Expected return on plan assets	7.60%	6.50% - 7.75%
Cash balance credit rate	3.00% - 5.00%	5.00%
Rate of compensation increase	3.00%	2.50% - 3.00%

In selecting the long-term rate of return on plan assets, the System considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plans. This included considering the plans' asset allocation and the expected returns likely to be earned over the life of the plans, as well as the historical returns on the types of assets held and the current economic environment.

The System funds the pension plans and no contributions are made by employees. The System funds the plans annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the System's actuary. However, the System may also fund the plans in excess of the minimum required amount.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 5. Retirement Plans (Continued)

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$16,000 in cash contributions to the Concord Hospital Plan in 2024.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

#### Year Ended September 30

2024	\$ 27,172
2025	24,447
2026	26,747
2027	28,696
2028	28,774
2029 – 2033	147,475

#### 6. Estimated Third-Party Payer Settlements

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

#### Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the System is also reimbursed for medical education and other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the System files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

The physician practices are reimbursed on a fee schedule basis.

#### Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% of net patient service revenues in State fiscal years 2023 and 2022. The amount of tax incurred by the System for 2023 and 2022 was \$32,647 and \$32,035, respectively.

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded within revenue without donor restrictions and other support and amounted to \$30,212 in 2023 and \$29,744 in 2022, net of reserves referenced below.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 6. Estimated Third-Party Payor Settlements (Continued)

The Centers for Medicare and Medicaid Services (CMS) has completed audits of the State's program and the disproportionate share payments made by the State from 2011 to 2019, the first years that those payments reflected the amount of uncompensated care provided by New Hampshire hospitals. It is possible that subsequent years will also be audited by CMS. The System has recorded reserves to address its potential exposure based on the audit results to date or any future redistributions.

Subsequent to year end, the Hospital filed suit against the NH Department of Health and Human Services over their plan for the redistribution of DSH payments from 2011 to 2017. All amounts related to the redistribution plan have been fully reserved for as of September 30, 2023.

#### Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid program.

The physician practices are reimbursed on a fee schedule basis.

#### Other

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined rates.

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2018 for Medicare and 2017 for Medicaid. Settlements for CH-Laconia have been finalized through 2019 for Medicare and Medicaid. Settlements for CH-Franklin have been finalized through 2021 for Medicare and 2019 for Medicaid.

During fiscal year 2020, the System requested accelerated Medicare payments as provided for in the CARES Act, which allowed for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. One year from the date of receipt of the advance payments (beginning April 2021) 25% of the advances were recouped in the first eleven months. An additional 25% of the advances were recouped in the next six months, with the entire amount repayable in 29 months. Any outstanding balance after 29 months was repayable at a 4% interest rate. During the third quarter of fiscal 2020, the System received \$57,885 from these accelerated Medicare payment requests. At September 30, 2022, the current portion due within a year, totaling \$248 was recorded under the caption "accrual for estimated third-party payor settlements" in the accompanying 2022 balance sheet. Amounts were repaid in full during the year ended September 30, 2023.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**7. Long-Term Debt**

Long-term debt consists of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue bonds, Concord Hospital Issue, Series 2021A; interest ranging from 3.0% to 5.0% per year and principal payable in annual installments ranging from \$1,685 to \$3,095 through October 2042, including unamortized original issue premium of \$6,219 in 2023 and \$6,950 in 2022	\$ 46,280	\$ 48,610
2020A note payable to a bank, due October 1, 2026, interest at 1.57% per annum, payable in monthly and annual principal payments ranging from \$2,469 to \$2,580	10,093	12,520
2020B note payable to a bank, due October 1, 2035 (lender has the option to extend the maturity date through October 1, 2043), interest at 2.26% per annum, payable in monthly and annual principal payments ranging from \$991 to \$2,942 beginning October 2023. Final balloon payment of \$10,157 due October 1, 2035, if the maturity date is not extended by the lender. This note converted into tax-exempt revenue bonds effective July 6, 2022. As a result of the conversion, the interest rate was reduced to 1.84%	36,582	36,582
NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017; interest of 5.0% per year and principal payable in annual installments. Installments ranging from \$2,010 to \$5,965 beginning October 2032, including unamortized original issue premium of \$5,923 in 2023 and \$6,249 in 2022	<u>60,012</u>	<u>60,459</u>
Less unamortized bond issuance costs	(1,298)	(1,415)
Less current portion	<u>(6,144)</u>	<u>(4,147)</u>
	<u>\$145,525</u>	<u>\$152,609</u>

In March 2020, the Hospital entered into a \$12,520 note payable agreement (2020A note) with a lender to advance refund \$11,780 of the Series 2011 NHHEFA Hospital Revenue Bonds. No amounts of the Series 2011 advance refunded bonds remained outstanding as of September 30, 2023 and 2022.

In March 2020, the Hospital entered into a \$36,582 note payable agreement (2020B note) with a lender to advance refund the Series 2013A NHHEFA Hospital Revenue Bonds. As of September 30, 2022 \$33,785 of the Series 2013A advance refunded bonds, which were considered extinguished for purposes of these consolidated financial statements, remained outstanding. No amounts of the Series 2013A advance refunded bonds remained outstanding as of September 30, 2023. In conjunction with the issuance of the 2020B note, in order to further reduce debt service obligations, the Hospital, NHHEFA and the lender entered into a forward purchase agreement. Under the forward purchase agreement, the Hospital had the option to request NHHEFA to issue tax-exempt revenue bonds on or after July 3, 2022 to refinance the 2020B note. The Hospital exercised this option on July 6, 2022, which resulted in the interest rate decreasing from 2.26% to 1.84%.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**7. Long-Term Debt (Continued)**

In December 2017, \$62,004 (including an original issue premium of \$7,794) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017, were issued to pay for the construction of a new medical office building. In addition, the Series 2017 Bonds reimbursed the Hospital for capital expenditures incurred in association with the construction of a parking garage and the construction of a medical office building, as well as routine capital expenditures.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, are pledged as collateral for all outstanding long-term debt. In addition, the gross receipts of the Hospital, CH-Laconia and CH-Franklin are also pledged as collateral for all outstanding long-term debt. CH-Laconia and CH-Franklin also pledge gross receipts as collateral for the outstanding Series 2021A Revenue Bonds. The most restrictive financial covenants require a 1.10 to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 75 days. The System was in compliance with its debt covenants at September 30, 2023 and 2022.

The obligations of the Hospital under the above bond indentures are guaranteed by the Hospital, CH-Laconia and CH-Franklin and are not guaranteed by any of the subsidiaries or affiliated entities.

Interest paid on long-term debt amounted to \$5,215 and \$5,531 for the years ended September 30, 2023 and 2022, respectively.

The aggregate principal payments on long-term debt for the next five fiscal years ending September 30 and thereafter are as follows:

2024	\$ 6,144
2025	4,455
2026	5,181
2027	6,949
2028	4,516
Thereafter	<u>113,580</u>
	<u>\$140,825</u>

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 8. Commitments and Contingencies

##### Malpractice Loss Contingencies

The System insures its medical malpractice risks through GSIE, a multiprovider captive insurance company. As discussed in Note 1, during 2022, GSIE began the process of winding down operations and was replaced with CHIG.

GSIE and CHIG provide claims-made medical stop loss coverage to their subscriber health systems. Subsequent to December 31, 2020, the System is the sole remaining subscriber of GSIE. The System is also the only subscriber of CHIG. GSIE and CHIG purchase reinsurance from three reinsurers to limit potential exposure to the System. The reinsurance policies in place are subject to renewal on January 1, 2024, and, after the System's primary retained layer of \$2 million (GSIE) and \$3 million (CHIG) per occurrence and \$12 million aggregate, cover up to \$25 million per occurrence and aggregate per annum. The failure of reinsurers to honor their obligations could result in additional losses to GSIE and CHIG, and those losses could be significant to GSIE, CHIG and the System.

The reserve for unpaid losses and loss adjustment expenses and the related reinsurance recoverables includes case basis estimates of reported losses, plus supplemental reserves for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing historical and industry data. An independent consulting actuary is involved in establishing this reserve and the related reinsurance recoverables. Management of the System believes that GSIE's and CHIG's aggregate reserve for unpaid losses and loss adjustment expenses and related reinsurance recoverables at year-end represent its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability and corresponding asset at the consolidated balance sheet date. Accordingly, the ultimate liability and corresponding asset could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current year operations. Amounts recoverable from reinsurers have been reduced to their net realizable value.

At September 30, 2023, there were no known malpractice claims outstanding for the System, which, in the opinion of management will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accruals. The System has established reserves for unpaid claim amounts for Hospital and Physician Professional Liability and General Liability reported claims and for unreported claims for incidents that have been incurred but not reported. The amounts of the reserves total \$17,690 and \$20,253 at September 30, 2023 and 2022, respectively, and are reflected in the accompanying consolidated balance sheets within reserves for insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 8. Commitments and Contingencies (Continued)

In accordance with ASU No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2023 and 2022, the System recorded a liability of approximately \$3,100 and \$3,300, respectively related to estimated professional liability losses. At September 30, 2023 and 2022, the System also recorded a receivable of \$3,100 and \$3,300, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in reserve for insurance (\$3,100 at September 30, 2023 and \$3,300 at September 30, 2022), and other assets (\$3,100 at September 30, 2023 and \$3,300 at September 30, 2022), respectively, in the accompanying consolidated balance sheets.

#### Workers' Compensation

The System maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the System against excessive losses. The System has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$4,061 and \$3,888 at September 30, 2023 and 2022, respectively, are recorded within accounts payable and accrued expenses in the accompanying consolidated balance sheets and have been discounted at 3% (both years) and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan. Assets held in trust totaled \$2,967 and \$2,501 at September 30, 2023 and 2022, respectively, and are included in assets whose use is limited or restricted in the accompanying consolidated balance sheets.

#### Litigation

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's financial position, results of operations or cash flows.

#### Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$550 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2023 and 2022, have been recorded as a liability of \$13,631 and \$13,286, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Purpose restriction:		
Health education and program services	\$ 18,770	\$ 18,991
Capital acquisitions	441	610
Indigent care	83	116
Pledges receivable with stipulated purpose and/or time restrictions	<u>575</u>	<u>391</u>
	19,869	20,108
 Perpetual in nature:		
Health education and program services	20,859	20,225
Capital acquisitions	803	803
Indigent care	2,105	2,105
Annuities to be held in perpetuity	<u>458</u>	<u>273</u>
	<u>24,225</u>	<u>23,406</u>
 Total net assets with donor restrictions	 <u>\$44,094</u>	 <u>\$43,514</u>

**10. Patient Service Revenue**

An estimated breakdown of patient service revenue for the System by major payor sources is as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Private payor (includes coinsurance and deductibles)	\$388,492	\$391,300
Medicare	282,111	276,967
Medicaid	34,880	40,340
Self-pay	<u>275</u>	<u>789</u>
	<u>\$705,758</u>	<u>\$709,396</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022

(In thousands)

**11. Functional Expenses**

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30:

	<u>Health Services</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
<u>2023</u>				
Salaries and wages	\$316,143	\$ 60,492	\$ 574	\$377,209
Employee benefits	68,381	13,086	124	81,591
Supplies and other	131,206	21,241	188	152,635
Purchased services	37,677	19,896	223	57,796
Professional fees	17,021	-	-	17,021
Depreciation and amortization	18,310	8,692	289	27,291
Medicaid enhancement tax	32,647	-	-	32,647
Interest	<u>2,868</u>	<u>1,362</u>	<u>45</u>	<u>4,275</u>
	<u>\$624,253</u>	<u>\$124,769</u>	<u>\$ 1,443</u>	<u>\$750,465</u>
<u>2022</u>				
Salaries and wages	\$320,669	\$ 59,597	\$ 580	\$380,846
Employee benefits	77,767	14,455	141	92,363
Supplies and other	135,008	21,486	180	156,674
Purchased services	33,227	17,988	177	51,392
Professional fees	16,495	3	-	16,498
Depreciation and amortization	19,424	9,222	307	28,953
Medicaid enhancement tax	32,035	-	-	32,035
Interest	<u>3,065</u>	<u>1,455</u>	<u>48</u>	<u>4,568</u>
	<u>\$637,690</u>	<u>\$124,206</u>	<u>\$ 1,433</u>	<u>\$763,329</u>

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. If it is impossible or impractical to make a direct identification, allocation of the expenses were made according to management's estimates. Employee benefits are allocated in accordance with the ratio of salaries and wages of the functional classes. Specifically identifiable costs are assigned to the function which they are identified to.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**12. Charity Care and Community Benefits (Unaudited)**

The System maintains records to identify and monitor the level of charity care it provides. The System provides traditional charity care, as well as other forms of community benefits. The estimated cost of all such benefits provided is as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Government sponsored healthcare	\$35,353	\$36,515
Community health services	1,507	1,281
Health professions education	2,801	2,038
Subsidized health services	52,622	50,929
Research	306	131
Financial contributions	1,405	1,440
Community benefit operations	68	89
Community building activities	786	414
Charity care costs (see Note 1)	<u>3,465</u>	<u>3,389</u>
	<u>\$98,313</u>	<u>\$96,226</u>

The System incurred estimated costs for services to Medicare patients in excess of the payment from this program of \$82,230 and \$78,563 in 2023 and 2022, respectively.

**13. Concentration of Credit Risk**

The System grants credit without collateral to its patients, most of whom are local residents of southern New Hampshire and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of September 30 is as follows:

	<u>2023</u>	<u>2022</u>
Patients	9%	8%
Medicare	38	42
Anthem Blue Cross	19	18
Cigna	3	3
Medicaid	10	11
Commercial	19	16
Workers' compensation	<u>2</u>	<u>2</u>
	<u>100%</u>	<u>100%</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**14. Volunteer Services (Unaudited)**

Total volunteer service hours received by the System were approximately 25,000 and 23,000 in 2023 and 2022, respectively. The volunteers provide various nonspecialized services to the System, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

**15. Fair Value Measurements**

Fair value of a financial instrument is defined as 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. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at September 30, 2023 and 2022. In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022

(In thousands)

**15. Fair Value Measurements (Continued)**

The following presents the balances of assets measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Cash and cash equivalents	\$ 78,801	\$ -	\$ -	\$ 78,801
Fixed income securities	25,471	10,177	-	35,648
Marketable equity and other securities	163,551	-	-	163,551
Inflation-protected securities and other	16,078	-	-	16,078
Trust funds administered by others	<u>-</u>	<u>-</u>	<u>10,208</u>	<u>10,208</u>
	<u>\$283,901</u>	<u>\$10,177</u>	<u>\$10,208</u>	304,286
Funds measured at net asset value:				
Marketable equity and other securities				<u>205,295</u>
				<u>\$509,581</u>
<u>2022</u>				
Cash and cash equivalents	\$ 34,294	\$ -	\$ -	\$ 34,294
Fixed income securities	35,203	10,645	-	45,848
Marketable equity and other securities	136,062	-	-	136,062
Inflation-protected securities and other	15,760	-	-	15,760
Trust funds administered by others	<u>-</u>	<u>-</u>	<u>9,836</u>	<u>9,836</u>
	<u>\$221,319</u>	<u>\$10,645</u>	<u>\$ 9,836</u>	241,800
Funds measured at net asset value:				
Marketable equity and other securities				<u>203,040</u>
				<u>\$444,840</u>

In addition, for the years ended September 30, 2023 and 2022, there are certain investments totaling \$4,172 which are appropriately being carried at cost.

The System's Level 3 investments consist of funds administered by others. The fair value measurement is based on significant unobservable inputs.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2023 and 2022:

	<u>Trust Funds Administered by Others</u>
Balance at September 30, 2021	\$ 12,341
Net realized and unrealized losses	<u>(2,505)</u>
Balance at September 30, 2022	9,836
Net realized and unrealized gains	<u>372</u>
Balance at September 30, 2023	<u>\$ 10,208</u>

The table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	<u>Fair Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>September 30, 2023:</b>				
Funds-of-funds	\$ 22,628	\$ —	Semi-monthly	5 days
Funds-of-funds	12,007	—	Monthly	15 days
Funds-of-funds	44,264	—	Quarterly	45 – 65 days**
Funds-of-funds	13,621	—	Annual	60 - 90 days
Funds-of-funds	4,657	—	Semi-annual	60 days*
Funds-of-funds	47,870	32,327	Illiquid	N/A
Collective trust funds	7,032	—	Daily	10 days
Collective trust funds	7,641	—	Weekly	10 days
Collective trust funds	45,575	—	Monthly	6 – 10 days
<b>September 30, 2022:</b>				
Funds-of-funds	\$ 18,489	\$ —	Semi-monthly	5 days
Funds-of-funds	9,645	—	Monthly	15 days
Funds-of-funds	53,791	—	Quarterly	45 – 65 days**
Funds-of-funds	10,329	—	Annual	90 days
Funds-of-funds	8,250	—	Semi-annual	60 days*
Funds-of-funds	42,296	25,854	Illiquid	N/A
Collective trust funds	12,582	—	Daily	10 days
Collective trust funds	7,008	—	Weekly	10 days
Collective trust funds	40,650	—	Monthly	6 – 10 days

\* Limited to 25% of the investment balance at each redemption. A full redemption of this fund is in progress as of September 30, 2023.

\*\* One investment has a one-year lock period and redemption of one investment is limited to 12.5% of the investment balance at each redemption.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 15. Fair Value Measurements (Continued)

##### Fixed Income Securities

The primary purpose of fixed income investments is to provide a highly predictable and dependable source of income, preserve capital, and reduce the volatility of the total portfolio and hedge against the risk of deflation or protracted economic contraction.

##### Marketable Equity and Other Securities

The primary purpose of marketable equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total marketable equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics including style and capitalization. The System may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

The System invests in other securities that are considered alternative investments that consist of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments at fair value, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. Collective trust funds are generally valued based on the proportionate share of total fund net assets.

System management is responsible for the fair value measurements of investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions and is estimated using the net asset value per share of the fund. Because of inherent uncertainty of valuation of certain alternative investments, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its alternative investments at the balance sheet dates are reasonable.

The System has committed to invest up to \$73,183 with various investment managers, and had funded \$33,856 of that commitment as of September 30, 2023. As these investments are made, the System reallocates resources from its current investments resulting in an asset allocation shift within the investment pool.

##### Inflation-Protected Securities

The primary purpose of inflation-protected securities is to provide protection against the negative effects of inflation.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

Fair Value of Other Financial Instruments

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value.

**16. Leases**

Adoption of ASC Topic 842, Leases (ASC 842)

The System has various leases relative to its office and offsite locations. ASC 842 became effective for the System on October 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The System elected to recognize any effects of applying the new standard as a cumulative-effect adjustment to the opening balance of net assets in the period of adoption, which there were none. In addition, the System elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the System's consolidated statements of operations, changes in net assets and cash flows. The adoption of the new standard resulted in the following impact: the recording of right-of-use assets and corresponding lease liabilities pertaining to the System's operating leases on the accompanying 2023 consolidated balance sheet.

Operating lease right-of-use assets and operating lease liabilities are reported in the System's 2023 consolidated balance sheet as follows:

Operating lease right-of-use assets	<u>\$26,252</u>
Current portion of operating lease liabilities	\$ 5,406
Operating lease liabilities, less current portion	<u>21,091</u>
Total operating lease liabilities	<u>\$26,497</u>

During the year ended September 30, 2023, the total lease cost associated with the System's operating leases was \$6,319.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**16. Leases (Continued)**

**Supplemental Cash Flow Information**

Supplemental cash flow information is as follows for the fiscal year ended September 30, 2023:

Operating leases – operating cash flows (fixed payments)	\$ 6,073
Operating leases - right-of-use assets and operating lease liabilities recorded upon adoption of ASU 842	28,636
Operating leases - right-of-use assets obtained in exchange for new operating lease liabilities	2,876

**Lease Term and Discount Rate**

Lease term and discount rate are as follows for the fiscal year ended September 30, 2023:

Weighted-average remaining lease term (in years)	6.97
Weighted-average discount rate	3.91%

As of September 30, 2023, maturities of operating lease liabilities for each of the following five years were as follows:

2024	\$ 6,324
2025	5,183
2026	4,091
2027	3,175
2028	3,091
Thereafter	<u>8,588</u>
Total minimum future lease payments	30,452
Less imputed interest	<u>(3,955)</u>
Total lease liabilities	<u>\$26,497</u>

As of September 30, 2022, future minimum lease payments prepared under the previous guidance of ASC 840 were as follows:

2023	\$ 8,078
2024	7,038
2025	5,590
2026	3,333
2027	2,967
Thereafter	<u>10,826</u>
	<u>\$37,832</u>

Rent expense was \$9,532 for the year ended September 30, 2022.

CONCORD HOSPITAL LACONIA  
BOARD OF TRUSTEES  
2024

Charles Fanaras **VICE CHAIR**

Lucy Hodder, Esq.

Lucy Karl, Esq.

Manisha Patel, DDS **CHAIR**

Robert Segal

Robert Steigmeyer **PRESIDENT & CEO**

Scott Sloane **TREASURER** *(not a member of the Board)*

## **KEY PERSONNEL**

Danny Turmel, RTR (CT)

Director of Radiology at Concord Hospital--Concord, Laconia, Franklin

Dan has been in the field of Radiology for 29+ years. He holds a Bachelors Degree in Healthcare Administration. He has 17+ years in a direct leadership role in hospital based settings, with 8 of those years serving as the Director of Radiology in two different institutions. Dan has been the Director of Radiology at Concord Hospital since May of 2021. He focuses on continuous improvement that drives productivity, operational efficiencies and financial stewardship with the aim of positive customer service.

Dan Turmel RTR (CT)

Director of Radiology

603-227-7000 ext. 7262

Concord Hospital

250 Pleasant St.

Concord, NH 03301

[dturmel@crhc.org](mailto:dturmel@crhc.org)

Debra Willey, MBA, MT(ASCP)

Director of Laboratory Services, Concord Hospital - Concord

Debra Willey started working at Concord Hospital in 1989 as a new graduate from the University of New Hampshire. Since then, Debra has held multiple leadership roles in the Laboratory, including Director, since 2008. The Laboratory has serviced Nursing Homes, Acute Care Facilities and Rehabilitation Facilities actively since 1997 and prides itself on its strong commitment to customer service.

*Debra Willey, MBA, MT(ASCP)*

*Director of Laboratory Services*

*Concord Hospital / Concord*

*603-227-7000 x 4614*

*[dwilley@crhc.org](mailto:dwilley@crhc.org)*

Kerri Scribner OTR/L, MBA

Director of Inpatient Rehabilitation Services and Outpatient Speech Language Pathology at Concord Hospital-Concord/Laconia/Franklin

Kerri has served as the Director of Rehabilitative Services at all 3 hospitals in the Concord Hospital Health System since 2020 and has been with Concord Hospital since 2012. She has been a practicing Occupational therapist for 27 + years earning a BS in Science/Occupational Therapy from University of New Hampshire in 1997 and a MBA from New England College in 2012. An experienced and visionary leader in acute care PT, OT and SLP as well as leading Outpatient Adult and Pediatric SLP who thrives in a fast-paced environment that values high quality patient care and system thinking.

250 Pleasant St Suite 5073

Concord, NH 03301

603-227-7000 ext.2631

[kscribne@crhc.org](mailto:kscribne@crhc.org)

## New Hampshire Veterans Home

### KEY PERSONNEL

List those primarily responsible for meeting the terms and conditions of the agreement.

Job descriptions are not required for vacant positions.

**Contractor Name:** Concord Hospital, Inc., Concord Hospital – Laconia & Concord Hospital - Franklin

NAME	JOB TITLE	ANNUAL AMOUNT PAID FROM THIS CONTRACT	ANNUAL SALARY
Danny Turmel	Director of Radiology	\$0.00	\$180,000
Kerri Scribner	Director of Inpatient Rehabilitation and Outpatient Speech Language Pathology	\$0.00	\$143,000
Debra Willey	Director of Laboratory Services	\$0.00	\$163,000

**FORM NUMBER P-37 (version 2/23/2023)**

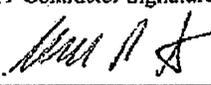
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name New Hampshire Veterans Home		1.2 State Agency Address 139 Winter Street, Tilton, NH 03726	
1.3 Contractor Name Concord Hospital - Franklin		1.4 Contractor Address 15 Aiken Ave, Franklin, NH 03235	
1.5 Contractor Phone Number (603)934-2060	1.6 Account Unit and Class 010-043-53590000-101-500729	1.7 Completion Date 6/30/2029	1.8 Price Limitation \$150,000.00
1.9 Contracting Officer for State Agency Kimberly MacKay		1.10 State Agency Telephone Number 603-527-4400	
1.11 Contractor Signature  Date: 04/25/2024		1.12 Name and Title of Contractor Signatory Robert P. Steigmeier, President of CEO	
1.13 State Agency Signature  Date: 05/02/2024		1.14 Name and Title of State Agency Signatory Kimberly Mackay, MS NHA Commandant	
1.15 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.16 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By: <i>Robyn A. Guarino</i> On: 6/11/24			
1.17 Approval by the Governor and Executive Council (if applicable) G&C Item number: _____ G&C Meeting Date: _____			

**2. SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT B which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.13 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed.

3.3 Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds. In no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds by any state or federal legislative or executive action that reduces, eliminates or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope for Services provided in EXHIBIT B, in whole or in part, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to reduce or terminate the Services under this Agreement immediately upon giving the Contractor notice of such reduction or termination. The State shall not be required to transfer funds from any other account or source to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.**

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT C which is incorporated herein by reference.

5.2 Notwithstanding any provision 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 Price Limitation set forth in block 1.8. The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance

hereof, and shall be the only and the complete compensation to the Contractor for the Services.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 The State's liability under this Agreement shall be limited to monetary damages not to exceed the total fees paid. The Contractor agrees that it has an adequate remedy at law for any breach of this Agreement by the State and hereby waives any right to specific performance or other equitable remedies against the State.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.**

6.1 In connection with the performance of the Services, the Contractor shall comply with all applicable statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal employment opportunity laws and the Governor's order on Respect and Civility in the Workplace, Executive order 2020-01. In addition, if this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all federal executive orders, rules, regulations and statutes, and with any rules, regulations and guidelines as the State or the United States issue to implement these regulations. The Contractor shall also comply with all applicable intellectual property laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of age, sex, sexual orientation, race, color, marital status, physical or mental disability, religious creed, national origin, gender identity, or gender expression, and will take affirmative action to prevent such discrimination, unless exempt by state or federal law. The Contractor shall ensure any subcontractors comply with these nondiscrimination requirements.

6.3 No payments or transfers of value by Contractor or its representatives in connection with this Agreement have or shall be made which have the purpose or effect of public or commercial bribery, or acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business.

6.4 The Contractor agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with this Agreement and all rules, regulations and orders pertaining to the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants 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.

7.2 The Contracting Officer specified in block 1.9, or any successor, shall be the State's point of contact pertaining to this Agreement.

**8. EVENT OF DEFAULT/REMEDIES.**

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

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

- 8.2.1 give the Contractor 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) calendar days from the date of the notice; and if the Event of Default is not timely cured, terminate this Agreement, effective two (2) calendar days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor 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 contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 give the Contractor a written notice specifying the Event of Default and set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 give the Contractor a written notice specifying the Event of Default, treat the Agreement as breached, terminate the Agreement and pursue any of its remedies at law or in equity, or both.

**9. TERMINATION.**

9.1 Notwithstanding paragraph 8, the State may, at its sole discretion, terminate the Agreement for any reason, in whole or in part, by thirty (30) calendar days written notice to the Contractor that the State is exercising its option to terminate the Agreement.

9.2 In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall, at the State's discretion, deliver to the Contracting Officer, not later than fifteen (15) calendar days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. In addition, at the State's discretion, the Contractor shall, within fifteen (15) calendar days of notice of early termination, develop and submit to the State a transition plan for Services under the Agreement.

**10. PROPERTY OWNERSHIP/DISCLOSURE.**

10.1 As used in this Agreement, the word "Property" shall mean all data, 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, papers, and documents, all whether finished or unfinished.

10.2 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.

10.3 Disclosure of data, information and other records shall be governed by N.H. RSA chapter 91-A and/or other applicable law. Disclosure requires prior written approval of the State.

**11. CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

**12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.**

12.1 Contractor shall provide the State written notice at least fifteen (15) calendar days before any proposed assignment, delegation, or other transfer of any interest in this Agreement. No such assignment, delegation, or other transfer shall be effective without the written consent of the State.

12.2 For purposes of paragraph 12, a Change of Control shall constitute assignment. "Change of Control" means (a) merger, consolidation, or a transaction or series of related transactions in which a third party, together with its affiliates, becomes the direct or indirect owner of fifty percent (50%) or more of the voting shares or similar equity interests, or combined voting power of the Contractor, or (b) the sale of all or substantially all of the assets of the Contractor.

12.3 None of the Services shall be subcontracted by the Contractor without prior written notice and consent of the State.

12.4 The State is entitled to copies of all subcontracts and assignment agreements and shall not be bound by any provisions contained in a subcontract or an assignment agreement to which it is not a party.

**13. INDEMNIFICATION.** The Contractor shall indemnify, defend, and hold harmless the State, its officers, and employees from and against all actions, claims, damages, demands, judgments, fines, liabilities, losses, and other expenses, including, without limitation, reasonable attorneys' fees, arising out of or relating to this Agreement directly or indirectly arising from death, personal injury, property damage, intellectual property infringement, or other claims asserted against the State, its officers, or employees caused by the acts or omissions of negligence, reckless or willful misconduct, or fraud by the Contractor, its employees, agents, or subcontractors. The State shall not be liable for any costs incurred by the Contractor arising under this paragraph 13. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the State's sovereign immunity, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

Contractor Initials *AB*  
Date *4/26/24*

#### 14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and continuously maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 commercial general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate or excess; and

14.1.2 special cause of loss coverage form covering all Property subject to subparagraph 10.2 herein, in an amount not less than 80% of the whole replacement value of the Property.

14.2 The policies described in subparagraph 14.1 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.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or any successor, a certificate(s) of insurance for all insurance required under this Agreement. At the request of the Contracting Officer, or any successor, the Contractor shall provide certificate(s) of insurance for all renewal(s) of insurance required under this Agreement. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference.

#### 15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. The Contractor shall furnish the Contracting Officer identified in block 1.9, or any successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. **WAIVER OF BREACH.** A State's failure to enforce its rights with respect to any single or continuing breach of this Agreement shall not act as a waiver of the right of the State to later enforce any such rights or to enforce any other or any subsequent breach.

17. **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 given in blocks 1.2 and 1.4, herein.

18. **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 Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

#### 19. CHOICE OF LAW AND FORUM.

19.1 This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of New Hampshire except where the Federal supremacy clause requires otherwise. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

19.2 Any actions arising out of this Agreement, including the breach or alleged breach thereof, may not be submitted to binding arbitration, but must, instead, be brought and maintained in the Merrimack County Superior Court of New Hampshire which shall have exclusive jurisdiction thereof.

20. **CONFLICTING TERMS.** In the event of a conflict between the terms of this P-37 form (as modified in EXHIBIT A) and any other portion of this Agreement including any attachments thereto, the terms of the P-37 (as modified in EXHIBIT A) shall control.

21. **THIRD PARTIES.** This Agreement is being entered into for the sole benefit of the parties hereto, and nothing herein, express or implied, is intended to or will confer any legal or equitable right, benefit, or remedy of any nature upon any other person.

22. **HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

23. **SPECIAL PROVISIONS.** Additional or modifying provisions set forth in the attached EXHIBIT A are incorporated herein by reference.

24. **FURTHER ASSURANCES.** The Contractor, along with its agents and affiliates, shall, at its own cost and expense, execute any additional documents and take such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby.

25. **SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

26. **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 with respect to the subject matter hereof.

# New Hampshire Veterans Home



## Exhibit A

### REVISIONS TO STANDARD CONTRACT PROVISIONS

#### 1. Revisions to Form P-37, General Provisions

- 1.1. Paragraph 3, Effective Date/Completion of Services, is amended by deleting subparagraph 3.3 in its entirety and replacing it as follows:
  - 3.3. Contractor must complete all Services by the Completion Date specified in block 1.7. The parties may extend the Agreement for up to four (4) additional years from the Completion Date, contingent upon satisfactory delivery of services, available funding, agreement of the parties, and approval of the Governor and Executive Council.

Appendix A – Revisions to Standard Contract Provisions

Contractor Initials ML

Date 6/10/24

# New Hampshire Veterans Home



## Exhibit B

### Scope of Services

#### 1. Regulation and Purpose

1.1. The New Hampshire Veterans Home is a certified State Veterans Home (SVH). State veteran homes that provide nursing home care to eligible veterans are recognized and certified by the U.S. Department of Veterans Affairs (VA). As such, there are regulations, requirements, and procedures that the state veterans home must abide by to be in compliance with provision of services to the residents by the state home as follows:

1.1.1. Specialized rehabilitation services, per 38 CFR 51.160 regulation guidance, such as but not limited to, physical therapy, speech therapy, occupational therapy, and mental health services for mental illness are required in the resident's comprehensive plan of care, the NH Veterans Home must provide the required services; or obtain the required services from an outside resource, from a provider of specialized rehabilitative services.

1.1.2. Radiology and other diagnostic services, per 38 CFR 51.120(n) regulation guidance. Accordingly, the NH Veterans Home must provide or obtain radiology and other diagnostic services to meet the needs of its residents. If the state home does not provide its own diagnostic services, it must have an agreement to obtain these services. The services must meet all applicable certification standards, statutes, and regulations.

1.2. This contract serves as a coordinated effort between the New Hampshire Veterans Home and Concord Hospital - Franklin to ensure that the veterans are receiving these services.

#### 2. Statement of Work

2.1. The Contractor will provide the following provision of service to the residents of the New Hampshire Veterans Home, as described in U.S. Department of Veterans Affairs (VA) CFR 38 Part 51, such as, but not limited to:

2.2. **Specialized Rehabilitative Services:** As defined in 38 CFR 51.160, these include, but are not limited to:

- (a) Physical Therapy;
- (b) Speech Therapy;
- (c) Occupational Therapy; and
- (d) Mental health services for mental illness.
- (e) These services must be provided under the written order of a physician by qualified personnel. "Qualified Personnel" means a physical therapist, occupational therapist, respiratory therapist, speech-language pathologist, physician, nurse practitioner, clinical nurse specialist, or physician's assistant, who is licensed or certified by the state to furnish therapy services. Qualified personnel may also include a physical therapist assistant (PTA),

Contractor Initials MM

# New Hampshire Veterans Home



## Exhibit B

or an occupational therapy assistant (OTA) when furnishing services under the supervision of a qualified therapist.

- 2.3. **Radiology and other diagnostic services:** As defined in 38 CFR 51.210 (n), the Contractor will provide radiology and other diagnostic services to meet the needs of NHVH residents. Radiologic and other diagnostic services must be available 24 hours a day, seven days a week.

### 3. Reporting

- 3.1. The Contractor shall maintain records pertaining to contract activities.
- 3.2. The Contractor shall provide the Department with reports and/or documentation as requested by the Department.
4. By signing this contract, the Contractor is attesting to the fact that their corporation and individuals within their corporation have never been excluded from participating in United States Government federally funded, including VA funded, programs or services.
5. By signing this contract, the Contractor is attesting to the fact that their corporation and individuals within their corporation are not currently excluded from participating in United States Government federally funded, including VA funded, programs or services.
6. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this contract may be withheld, in whole, or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
7. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting encumbrances between State Fiscal Years may be made by written agreement of both parties and may be made without further approval of the Governor and Executive Council, if needed and justified.

Contractor Initials MM 11

# New Hampshire Veterans Home



## Exhibit C

### Method and Conditions Precedent to Payment

1. The State shall pay the Contractor an amount not to exceed the Form P-37 General Provisions, Price Limitation, Block 1.8, for the services provided by the Contractor pursuant to Exhibit A, Scope of Services.
  - 1.1. This Agreement is one (1) of multiple Agreements that will provide Department of Veteran Affairs (VA) required specialized rehabilitative services and radiology and other diagnostic services, to Veteran residents, per 38 CFR part 51, when the State Veterans Home does not provide the services in house. No maximum or minimum service volume is guaranteed. Accordingly, the price limitation among all Agreements is identified in Form P-37, General Provisions, Block 1.8, Price Limitation.
  - 1.2. The State shall pay the Contractors among all agreements an amount not to exceed \$30,000 for State Fiscal Year (SFY) 2025; \$30,000 for SFY 2026; \$30,000 for SFY 2027; \$30,000 for SFY 2028; and \$30,000 for SFY 2029, for the services provided by the Contractors pursuant to Exhibit B, Scope of Services, for a total contract value listed on the Form P-37, Block 1.8, Price Limitation of \$150,000, with consideration for paragraph 1.1 of this Exhibit C.
2. The Contractor agrees to provide the services in Exhibit B, Scope of Services in compliance with funding requirements.
3. The NHVH will devise a mechanism to notify the Contractor if the individual is a prevailing, basis, or no rate individual.
4. The Veteran residents, at New Hampshire Veterans Home, fall into one of three eligibility categories that determine the Contractors billing for services rendered:
  - 4.1. Veteran residents, with 0% up to 69% Service-Connected (SC) disability, for whom the Department of Veterans Affairs pays the New Hampshire Veterans Home a **basic per diem rate**:
    - 4.1.1. The Contractor shall first bill the resident's insurance for services rendered.
    - 4.1.2. If there is a balance remaining, after insurance reimburses the Contractor, the Contractor will bill the resident.
  - 4.2. Veteran residents, with 70% up to 100% SC disability, for whom the Department of Veterans Affairs pays the New Hampshire Veterans Home a **prevailing per diem rate**:
    - 4.2.1. The Contractor shall bill the New Hampshire Veterans Home for all services rendered.
    - 4.2.2. The Contractor **cannot** bill the resident's insurance for services rendered.
  - 4.3. Veteran resident for whom the New Hampshire Veterans Home receives **no per diem rate**:
    - 4.3.1. The Contractor shall first bill the resident's insurance for services rendered.
    - 4.3.2. If there is a balance remaining, after insurance reimburses the Contractor, the Contractor will bill the resident.

Exhibit C

Contractor Initials M. H.

# New Hampshire Veterans Home



## Exhibit C

5. The Contractor will be solely responsible for billing third party payers for services rendered by the Contractor, except for 70% SC Veterans or prevailing rate Veterans, as listed in 4.2 above. The New Hampshire Veterans Home shall reimburse the Contractor for services rendered to SC Veterans not to exceed the Medicare Fee Schedule, of the year in which the service is provided, for the procedure code of the service provided.
6. The Contractor will submit an invoice to NHVH no later than 30 days after the service is rendered, per Exhibit B, to the following:
  - 6.1. Email: [Accounts.Payable@nhvh.nh.gov](mailto:Accounts.Payable@nhvh.nh.gov)
  - 6.2. Mail: NH Veterans Home  
139 Winter Street  
Tilton, NH 03276  
ATTN: Business Office
7. NHVH has up to 30 days to pay the Contractor, per invoice submission.
8. The Contractor is responsible for paying their own license, taxes, and insurance costs.
9. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.
10. Notwithstanding paragraph 18 of the General Provisions P-37, changes limited to adjusting amounts between budget line items, related items, amendments of related budget exhibits within the price limitation, and to adjusting encumbrances between State Fiscal Years, may be made by written agreement of both parties and may be made without obtaining approval of the Governor and Executive Council.

Exhibit C

Contractor Initials   *ML*  

Concord Hospital - Franklin

Page 2 of 2

Date   6/10/27

# New Hampshire Veterans Home



## Exhibit D

### CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The Vendor 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 Contractor'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 proposal (contract), 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 Veterans Home (NHVH) 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 NHVH 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, NHVH may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the NHVH agency to whom this proposal (contract) 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 proposal (contract) 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 NHVH.
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 NHVH, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Exhibit D - Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials AAJ

# New Hampshire Veterans Home



## Exhibit D

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 Office of Inspector General Exclusion Database: <https://exclusions.oig.hhs.gov/>
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 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, NHVH 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 (contract) 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 (11) 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 (contract).

### LOWER TIER COVERED TRANSACTIONS.

13. By signing and submitting this lower tier proposal (contract), 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 (contract).
14. The prospective lower tier participant further agrees by submitting this proposal (contract) that it will

Exhibit D – Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials MLJ

# New Hampshire Veterans Home



## Exhibit D

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.

04/25/2024  
Date

Vendor Name:

Novi A

Name: Robert P. Geigheimer  
Title: President & CEO

Exhibit D – Certification Regarding Debarment, Suspension and Other Responsibility Matters

Vendor Initials RSR

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

This Business Associate Agreement herein, "Agreement", effective as of this 1<sup>st</sup> day of January 2024 herein, "Effective Date", is entered into by and between Concord Hospital - Franklin herein, "Business Associate", located at 15 Aiken Ave. Franklin, NH 03235 and State Agency, New Hampshire Veterans Home herein, "Covered Entity" located at 139 Winter Street, Tilton, NH 03276.

1. **HIPAA.** The Business Associate 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 and 164.

### (1) Definitions.

- a. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- b. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- c. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- d. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.
- e. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- f. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- g. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- h. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- i. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- j. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- k. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time.

### (2) Use and Disclosure of Protected Health Information.

Business Associate Initials MM

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

- a. Business Associate shall not use, disclose, maintain, or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees, and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
  - (i) for the proper management and administration of the Business Associate;
  - (ii) as required by law, pursuant to the terms set forth in paragraph d. below; or
  - (iii) 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 a third party, Business Associate must obtain, prior to making any such disclosure, (i) 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 (ii) an agreement from such third party to immediately notify Business Associate 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 A 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 Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.
- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions on the uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by 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 report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, of which it becomes aware, within two (2) business days of becoming aware of such unauthorized use or disclosure or security incident.
- b. Business Associate shall use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of protected health information, in electronic or any other form, that it creates, receives, maintains or transmits under this Agreement, in accordance with the Privacy and Security Rules, to prevent the use or disclosure of PHI other than as permitted by the Agreement.
- c. 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 Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.

Business Associate Initials ML

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

- d. Business Associate shall require all of its business associates that receive, use or have 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)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) 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 and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. 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.
- g. 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.
- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. 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.
- j. 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.
- k. Within ten (10) 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-up tapes of such PHI. 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

Business Associate Initials   M

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

that make the return or destruction infeasible, for so 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

- 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.
- 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 Agreement, pursuant to 45 CFR Section 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) Term and Termination for Cause

- a. **Term.** The Term of this Agreement shall be effective as of the Effective Date first set forth above and shall continue in effect until terminated hereunder.
- b. **Termination by Agreement.** This Agreement may be terminated at any time by mutual agreement of the parties.
- c. **Automatic Termination.** This Agreement shall terminate upon termination of the business relationship between the parties.
- d. **Termination for Cause.** Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity may at its sole discretion:
  1. Terminate this Agreement after providing opportunity for Business Associate to cure the breach or end the violation within the time specified by Covered Entity; or
  2. Terminate this Agreement immediately if Business Associate has breached a material term of this Agreement; or

If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.

- e. **Effect of Termination.**
  1. If this Agreement is terminated for any reason, the Covered Entity may simultaneously terminate any business relationship without penalty. If there is a conflict between the underlying service agreement and this Agreement with respect to termination, this Agreement shall prevail.
  2. Except as provided in paragraph (3) of this Section VI. E., upon termination of this Agreement for any reason, Business Associate shall return to Covered Entity or, if agreed to by Covered Entity, destroy all protected health information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, that the Business Associate maintains in any form. Business Associate shall retain no copies of the protected health information.

Business Associate Initials MAJ

# New Hampshire Veterans Home



## Exhibit E: Business Associates Agreement

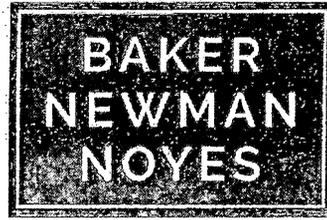
3. In the event that Business Associate determines that returning or destroying the protected health information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. In such event, Business Associate shall extend the protections of this Agreement to such protected health information and limit further uses and disclosures of such protected health information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such protected health information.
4. The provisions of this Section VI.E shall survive the termination of this Agreement.

### (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, as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule 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, the Privacy and Security Rule, and 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 the Privacy and Security Rule.
- 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 Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and g. below, shall survive the termination of the Agreement.
- g. Indemnification. To the extent permitted by law, each party (the "Indemnifying Party") shall indemnify and hold harmless the other party (the "Indemnified Party"), its officers, directors, employees and agents, from and against, and, at the Indemnified Party's request, defend the Indemnified Party against, any and all claims, damages, losses, liabilities, costs and expenses (including reasonable attorney's fees) arising out of or resulting from the grossly negligent or the intentional acts or omissions of the Indemnifying Party, its employees and its agents under the Agreement. Each Indemnified Party shall fully cooperate with the Indemnifying Party in all matters within the scope of this section.

Business Associate Initials

*MJH*



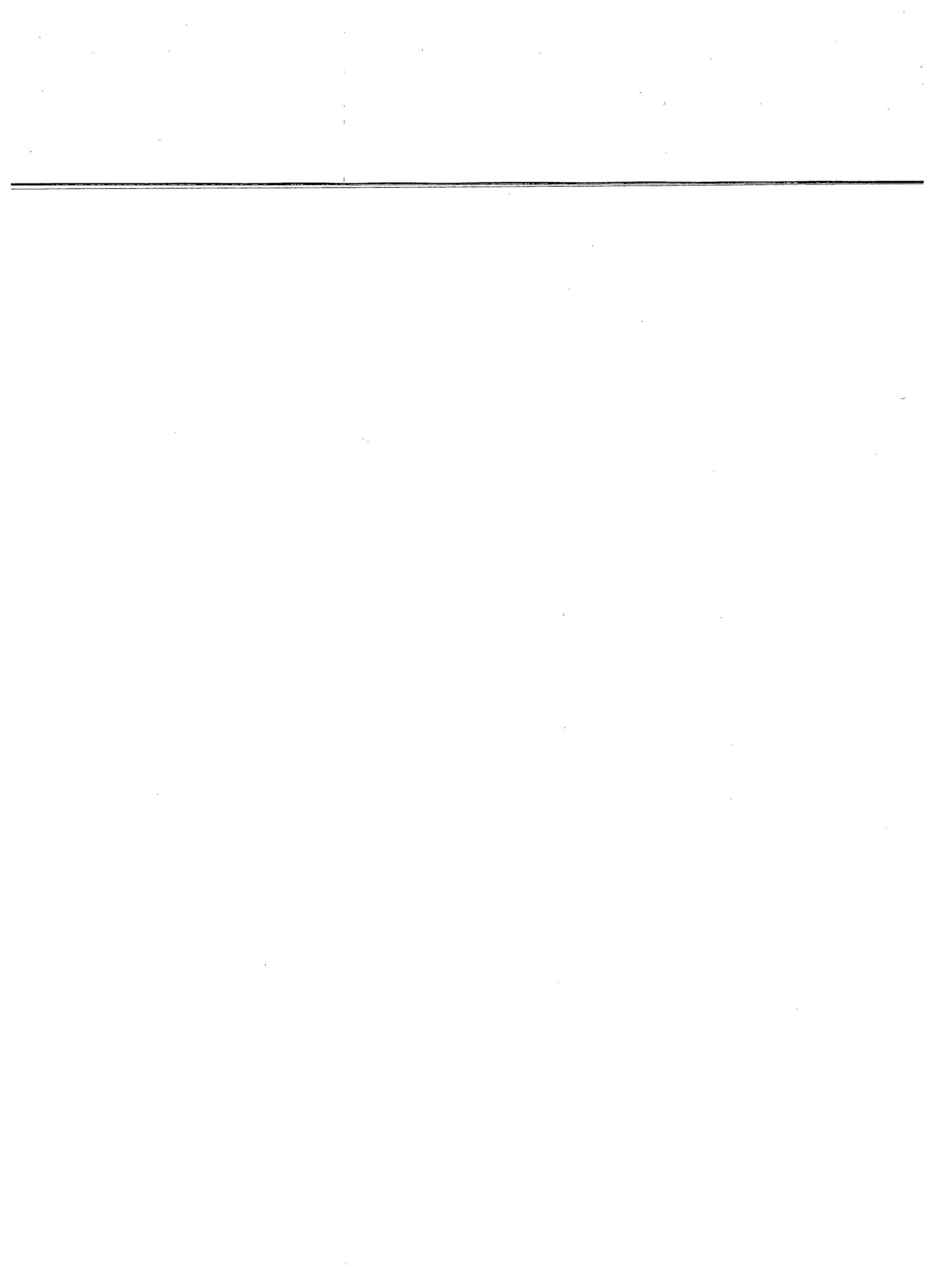
**Concord Hospital, Inc.  
and Subsidiaries**

**Audited Consolidated Financial Statements**

*Years Ended September 30, 2023 and 2022  
With Independent Auditors' Report*

Baker Newman & Noyes LLC  
MAINE | MASSACHUSETTS | NEW HAMPSHIRE  
800.244.7444 | [www.bnncpa.com](http://www.bnncpa.com)





**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Concord Hospital – Franklin (CH-Franklin) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Franklin, New Hampshire. The CH-Franklin facility was designated a Critical Access Hospital effective July 1, 2004, and includes 25 acute care beds. CH-Franklin also operates a 10 bed designated psychiatric receiving facility. Admitting physicians are primarily practitioners in the local area.

Granite Shield Insurance Exchange and Subsidiaries (GSIE) was formed on December 20, 2010, in the State of Vermont as an industrial insured reciprocal insurance entity and unincorporated association. GSIE commenced underwriting activities on January 1, 2011. GSIE was formed to provide healthcare professional liability, general liability and medical stop loss insurance to its subscribers through GSI Services, LLC (GSI), the attorney-in-fact. GSI was formed in the State of Vermont as a limited liability company on December 14, 2010, and acts as an agent to enable the subscribers of GSIE to exchange insurance contracts. Through December 31, 2020, GSI was equally controlled by each of the subscribers of GSIE, all of which were health systems located in the State of New Hampshire, inclusive of the Hospital. Effective January 1, 2021, the Hospital became the sole voting member of GSIE, resulting in all activity of GSIE being recorded within the accompanying consolidated financial statements.

GSIE discontinued writing coverages effective October 1, 2022, and its current operations consist of runoff claims for a previously withdrawn subscriber, as well as the current subscriber, CRHC.

Concord Hospital Insurance Group, LLC (CHIG) is a Vermont domiciled single parent captive entity and operates in a manner and conducts activities similar to GSIE, as described above. CHIG began operations in late 2022. GSIE entered into a loss portfolio transfer agreement with CHIG in September 2022, whereas GSIE would transfer all of its existing and future claims to CHIG, with the exception of acts prior to CRHC. This transfer was completed prior to September 30, 2023.

Concord Endoscopy Center, LLC (CEC) is a New Hampshire limited liability company that engages in providing gastrointestinal services, including the diagnosis and treatment of digestive and liver diseases. CEC has a perpetual life and is subject to termination in certain events. CRHVC holds a majority interest and control of CEC.

Capital Region Healthcare Services Corporation (CRHSC) is a for-profit provider of health care services, including an eye surgery center and assisted living facility. CRHSC became a subsidiary of the Hospital effective October 1, 2022.

The Hospital, its subsidiaries and the Trust are collectively referred to as the System. The consolidated financial statements include the accounts of the Hospital, the Trust, CRHCDC, CRHVC, NHC, CH-ACO, CH-Laconia, CH-Franklin, GSIE, CHIG, CEC and CRHSC. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital, the Trust, CH-Laconia and CH-Franklin constitute the Obligated Group at September 30, 2023 and 2022 to certain debt described in Note 7.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

##### Principles of Consolidation

Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the System are presented as a component of total net assets to distinguish between the interests of the System and the interests of the noncontrolling owners. Revenues, expenses and nonoperating income (loss) from these subsidiaries are included in the consolidated amounts presented on the consolidated statements of operations. Excess (deficiency) of revenues and nonoperating income (loss) over expenses attributable to the System separately presents the amounts attributable to the controlling interest.

##### Noncontrolling Interests

Noncontrolling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The System's accompanying consolidated financial statements include all assets, liabilities, revenues and expenses at their consolidated amounts, which include the amounts attributable to the System and the noncontrolling interest. The System recognizes as a separate component of net assets and earnings the portion of income or loss attributable to noncontrolling interests based on the portion of the entity not owned by the System.

##### Use of Estimates

The preparation of 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 date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected explicit and implicit price concessions, including estimated implicit price concessions from uninsured patients. The System's investment portfolio consists of diversified investments, which are subject to market risk. The System's investment in one fund, the Vanguard Institutional Index Fund, exceeded 10% of total System investments as of September 30, 2023 and 2022.

##### Cash and Cash Equivalents

Cash and cash equivalents include money market funds with original maturities of three months or less, excluding assets whose use is limited or restricted. The System maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The System has not experienced any losses on such accounts.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

##### Supplies

Supplies are carried at the lower of cost, determined on a weighted-average method, or net realizable value.

##### Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees for insurance reserves, escrows, construction funds, designated assets set aside by the Board of Trustees (over which the Board retains control and may, at its discretion, subsequently use for other purposes), and donor-restricted investments.

##### Investments and Investment Income (Loss)

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (loss) (including realized gains and losses on investments, interest and dividends) and the net change in unrealized gains and losses on investments are included in the excess (deficiency) of revenues and nonoperating income (loss) over expenses in the accompanying consolidated statements of operations, unless the income or loss is restricted by donor or law.

##### Beneficial Interest in Perpetual Trusts

The System has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the System are without donor restrictions. The System's interest in the fair value of the trust assets is included in assets whose use is limited or restricted and as net assets with donor restrictions. Changes in the fair value of beneficial trust assets are reported as increases or decreases to net assets with donor restrictions.

##### Investment Policies

The System's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated funds.

Endowment funds are identified as perpetual in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Specific purpose funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Management of these assets is designed to increase, with minimum risk, the inflation adjusted principal and income of the endowment funds over the long term. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

##### Spending Policy for Appropriation of Assets for Expenditure

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System has a current spending policy on various funds currently equivalent to 5% of twelve-quarter moving average of the funds' total market value.

##### Accounts Receivable

Patient accounts receivable for which the unconditional right to payment exists are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. Accounts receivable at September 30, 2023 and 2022 reflect the fact that any estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable rather than allowance for doubtful accounts. At September 30, 2023 and 2022, estimated implicit price concessions of \$26,391 and \$29,203, respectively, had been recorded as reductions to accounts receivable balances to enable the System to record revenues and accounts receivable at the estimated amounts expected to be collected.

Accounts receivable as of September 30, 2023, 2022 and 2021 are \$91,318, \$110,525 and \$94,720, respectively.

##### Property and Equipment

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2023 and 2022, depreciation expense was \$27,291 and \$28,953, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. There was no interest expense capitalized during 2023 or 2022.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions, and are excluded from the excess (deficiency) of revenues and nonoperating income (loss) over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived 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 long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Intangible Assets**

The System reviews its intangible and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended September 30, 2023 or 2022.

Intangible assets are included within other noncurrent assets in the accompanying consolidated balance sheets at cost less accumulated amortization. Amortizable intangible assets consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Cost	\$ 8,556	\$ 8,556
Accumulated amortization	<u>(2,140)</u>	<u>(1,284)</u>
Amortizable intangible assets, net	<u>\$ 6,416</u>	<u>\$ 7,272</u>

Amortization expense was \$856 during the years ended September 30, 2023 and 2022 and is recorded within other nonoperating expense in the accompanying consolidated statements of operations.

Expected amortization of intangible assets through their useful lives is as follows:

2024	\$ 856
2025	856
2026	856
2027	856
2028	856
Thereafter	<u>2,136</u>
	<u>\$ 6,416</u>

**Federal Grant Revenue and Expenditures**

Revenues and expenses under federal grant programs are recognized as the grant expenditures are incurred.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Bond Issuance Costs/Original Issue Discount or Premium

Bond issuance costs incurred to obtain financing for construction and renovation projects and the original issue discount or premium are amortized to interest expense using the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The original issue discount or premium and bond issuance costs are presented as a component of bonds payable.

#### Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 12). Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System uses an industry standard approach in calculating the costs associated with providing charity care. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2023 and 2022 were approximately \$130 and \$133, respectively.

#### Net Assets With Donor Restrictions

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. Donated investments, supplies and equipment are reported at fair value at the date of receipt. Unconditional promises to give cash and other assets are reported at fair value at the date of receipt of the promise. When a donor restriction expires (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 statement of operations as either net assets released from restrictions for operations (for noncapital related items) or as net assets released from restrictions used for purchases of property and equipment (capital related items). Some net assets with donor restrictions have been restricted by donors to be maintained by the System in perpetuity.

#### Patient Service Revenue

Revenues generally relate to contracts with patients in which the System's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The collection of outstanding receivables for Medicare, Medicaid, managed care payers, other third-party payors and patients is the System's primary source of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections at facilities that represent a majority of hospital revenues and accounts receivable (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable. Management performs the hindsight analysis regularly, utilizing rolling twelve-months accounts receivable collection and write-off data. Management believes its regular updates to the estimated implicit price concession amounts provide reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations.

The System receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenues in the year that such amounts become known. For the years ended September 30, 2023 and 2022, patient service revenue in the accompanying consolidated statements of operations increased by approximately \$4,700 and \$5,100, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 40% and 5% and 39% and 6% of the System's patient service revenue for the years ended September 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

#### Excess (Deficiency) of Revenues and Nonoperating Income (Loss) Over Expenses

The System has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for contributions and pledges without donor restrictions, the related philanthropy expenses and investment income which are recorded as nonoperating income (loss).

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The consolidated statements of operations also include excess (deficiency) of revenues and nonoperating income (loss) over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues and nonoperating income (loss) over expenses, consistent with industry practice, include the permanent transfers of assets to and from affiliates for other than goods and services, pension adjustments and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

##### Estimated Workers' Compensation, Malpractice and Health Care Claims

The provision for estimated workers' compensation, malpractice and health care claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

##### Functional Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in Note 11. Accordingly, costs have been allocated among program services and supporting services benefitted.

##### Income Taxes

The Hospital, CH-Laconia, CH-Franklin, CRHCDC, CRHVC, and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. NHC was organized as a single member limited liability company and has elected to be treated as a disregarded entity for federal and state income tax reporting purposes. Accordingly, all income or losses and applicable tax credits are reported on the member's income tax returns, with the exception of taxes due to the State of New Hampshire. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. GSIE, CHIG, NHC, CH-ACO, CEC and CRHSC account for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities. Resulting income tax expense and the temporary differences between the tax and financial reporting basis are not material.

##### Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled \$247 and \$168 for the years ended September 30, 2023 and 2022, respectively.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

#### Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard, including subsequently issued amendments, collectively referred to as Accounting Standards Codification (ASC) 842, *Leases*, established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. ASC 842 did not have a significant impact on lessor accounting. The System adopted this standard using the modified retrospective transition approach as applied to leases existing as of or entered into after the adoption date (October 1, 2022) in fiscal year 2023. See Note 16 for a discussion of the System's adoption of this standard and its impact on the consolidated financial statements and related disclosures.

At the inception of an arrangement, the System determines whether the arrangement is, or contains, a lease based on the unique facts and circumstances present in the arrangement. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The System determines if the contract conveys the right to control the use of an identified asset for a period of time. The System assesses throughout the period of use whether the System has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and lease obligations, as applicable.

The interest rate implicit in lease contracts is typically not readily determinable. As a result, the System has elected to utilize a risk-free rate as the rate to discount lease payments.

Lease liabilities are initially recorded based on the present value of lease payments over the expected remaining lease term. Lease payments are comprised of fixed and in-substance fixed contract consideration. The System has made a policy election not to separate lease components, nonlease components, and noncomponents. The right-of-use asset is based on the lease liability, adjusted for certain items such as lease prepayments or lease incentives received. Finance lease assets are amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term. Operating lease expense is recognized on a straight-line basis. Variable lease payments are expensed as incurred.

The System assesses at the commencement of a lease any options to extend or terminate the lease agreement, and will include in the lease term any extensions or renewals which it determines it is reasonably certain to exercise. Assumptions made at the lease commencement date are re-evaluated upon the occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right-of-use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right-of-use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

**Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. The COVID-19 pandemic has significantly affected employees, patients, systems, communities and business operations, as well as the U.S. economy and financial markets. Since the declaration of the pandemic, the System has received approximately \$57,885 of accelerated Medicare payments (see Note 6), approximately \$30,668 related to the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) Provider Relief Funds (PRF) and approximately \$8,800 in rural payments related to the *American Rescue Plan Act* (ARPA). Distributions from the PRF and ARPA are not subject to repayment, provided the System is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants, and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the PRF and ARPA and the impact of the pandemic on operating results through September 30, 2022, the System recognized approximately \$10,000 related to PRF and ARPA, and these payments were recorded within other revenue in the accompanying consolidated statements of operations for the year ended September 30, 2022. No amounts related to PRF or ARPA were recognized within other revenues during the year ended September 30, 2023. The remaining funds were recognized within other revenues during previous years.

The CARES Act also provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 2021, and the remaining half until December 2022. At September 30, 2022, the System had deferred balances of payroll taxes totaling \$4,646 which were recorded within accrued compensation and related expenses on the accompanying 2022 consolidated balance sheet. Amounts were fully repaid during the year ended September 30, 2023.

The System will continue to monitor compliance with the terms and conditions of the PRF, ARPA and other potential assistance programs and available grants, and the impact of the pandemic on revenues and expenses. If the System is unable to attest to or comply with current or future terms and conditions, the System's ability to retain some or all of the distributions received may be impacted.

**Reclassifications**

Certain 2022 amounts have been reclassified to permit comparison with the 2023 consolidated financial statements presentation format.

**Subsequent Events**

Management of the System evaluated events occurring between the end of the System's fiscal year and December 8, 2023, the date the consolidated financial statements were available to be issued.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 2. Transactions With Affiliates

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2023 and 2022, transfers received from affiliates were \$97 and \$343, respectively.

Amounts due the System, primarily from joint ventures, totaled \$1,910 and \$1,632 at September 30, 2023 and 2022, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$467 and \$533 at September 30, 2023 and 2022, respectively) with principal and interest (6.75% at September 30, 2023) payments due monthly. Interest income amounted to \$34 and \$52 for the years ended September 30, 2023 and 2022, respectively.

A brief description of CRHC's affiliated entities is as follows:

- Granite VNA (formerly Concord Regional Visiting Nurse Association, Inc. and Subsidiary) provides home health care services.
- Riverbend Community Mental Health, Inc. provides behavioral health services.

Contributions to affiliates and other community organizations from net assets with donor restrictions were \$302 and \$243 in 2023 and 2022, respectively.

#### 3. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs, consisted of the following at September 30, 2023:

Cash and cash equivalents	\$ 79,917
Short-term investments	46,394
Accounts receivable	91,318
Funds held by trustee for insurance reserves, debt service and construction costs	<u>18,380</u>
	<u>\$236,009</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022

(In thousands)

**3. Financial Assets and Liquidity Resources (Continued)**

To manage liquidity, the System maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents and short-term investments include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to the System. In addition, the System has board-designated assets without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of September 30, 2023, the balance of liquid investments in board-designated assets was \$343,827.

**4. Investments and Assets Whose Use is Limited or Restricted**

Short-term investments totaling \$46,394 and \$15,322 at September 30, 2023 and 2022, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
<b>Board designated funds:</b>		
Cash and cash equivalents	\$ 25,295	\$ 2,771
Fixed income securities	22,124	21,839
Marketable equity and other securities	326,500	301,116
Inflation-protected securities	<u>14,386</u>	<u>14,332</u>
	388,305	340,058
<b>Held by trustee for workers' compensation reserves:</b>		
Fixed income securities	2,967	2,501
<b>Self-insurance escrows and construction funds:</b>		
Cash and cash equivalents	1,255	8,648
Fixed income securities	13,357	24,074
Marketable equity securities	<u>17,381</u>	<u>14,895</u>
	31,993	47,617
<b>Donor-restricted funds and restricted grants:</b>		
Cash and cash equivalents	5,857	7,553
Fixed income securities	1,372	1,606
Marketable equity securities	24,965	23,091
Inflation-protected securities	1,100	1,020
Trust funds administered by others	10,208	9,836
Other	<u>592</u>	<u>408</u>
	<u>44,094</u>	<u>43,514</u>
	<u>\$467,359</u>	<u>\$433,690</u>

Included in marketable equity and other securities above are \$205,295 and \$203,040 at September 30, 2023 and 2022, respectively, in so called alternative investments and collective trust funds. See also Note 15.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

**4. Investments and Assets Whose Use is Limited or Restricted (Continued)**

Investment income (loss), net realized gains and losses and net unrealized gains and losses on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Interest and dividends	\$ 7,904	\$ 7,099
Investment income from trust funds administered by others	541	599
Net realized gains on sales of investments	5,383	4,079
Net unrealized gains (losses) on investments	<u>37,459</u>	<u>(61,177)</u>
	51,287	(49,400)
Net assets with donor restrictions:		
Interest and dividends	432	465
Net realized gains on sales of investments	395	608
Net unrealized gains (losses) on investments	<u>3,209</u>	<u>(7,501)</u>
	4,036	(6,428)
	<u>\$55,323</u>	<u>\$(55,828)</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$1,767 and \$2,300 in 2023 and 2022, respectively.

Investment management fees expensed and reflected in investment income (loss) and other were \$857 and \$922 for the years ended September 30, 2023 and 2022, respectively.

**5. Retirement Plans**

The System sponsors a defined contribution plan qualified under Section 403(b) of the U.S. Internal Revenue Code (IRC) covering eligible employees of the System. Participants are allowed to make pre-tax or post-tax Roth 403(b) contributions, or a combination of the two. The System does not make matching contributions. Effective January 1, 2024, the System elected to amend this plan to institute employer nonelective and matching contributions, based on certain eligibility requirements, as well as implementing an automatic deferral arrangement equal to 3% of eligible compensation, as further defined in the amendment.

The System sponsors two noncontributory defined benefit retirement plans (the Retirement Plan for Employees of Concord Hospital (CH Plan) and the Retirement Plan for Employees of Concord Hospital – Laconia (CH-Laconia Plan)), (collectively, the Plans), which cover substantially all employees of the System. The Plans provide benefits based on an employee's years of service, age and compensation over those years. The System's funding policy for the plans is to contribute annually the amount needed to meet or exceed actuarially determined minimum funding requirements of the *Employee Retirement Income Security Act of 1974* (ERISA).

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022

(In thousands)

**5. Retirement Plans (Continued)**

The System accounts for its defined benefit pension plans under ASC 715, *Compensation Retirement Benefits*, which requires entities to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements.

On September 26, 2022, the Plans were amended to offer certain participants age 62 and older the option to receive a lump-sum distribution as payment for grandfathered benefits. The eligible participants had 180 days to elect this benefit, beginning October 1, 2022.

During fiscal year 2022, the CH-Laconia Plan incurred a settlement charge due to lump sums paid in excess of the settlement threshold for the Plan year. The settlement charge totaled \$450 and is reflected as a component of net periodic benefit gain, other than service cost.

On October 24, 2022, the Board of Trustees approved a merger of the CH Plan into the CH-Laconia Plan. The merger of the Plans was effective December 31, 2022 and the surviving plan was named the Retirement Plan for Employees of Concord Hospital (Concord Hospital Plan).

Effective January 1, 2024, the Board of Trustees elected to amend the Concord Hospital Plan to discontinue future participation in the Plan by any employees who are hired or rehired after December 31, 2023, as further defined in the amendment.

The following table summarizes the Plans' funded status at September 30:

	<u>2023</u>	<u>2022</u>
Funded status:		
Fair value of plan assets	\$ 343,471	\$ 319,496
Projected benefit obligation	<u>(319,529)</u>	<u>(329,477)</u>
	<u>\$ 23,942</u>	<u>\$ (9,981)</u>
Activities for the year consist of:		
Benefit payments and administrative expenses paid	\$ 33,965	\$ 19,314
Net periodic benefit cost	8,565	15,198

The table below presents details about the Plans, including the funded status, components of net periodic benefit cost, and certain assumptions used in determining the funded status and cost:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$329,477	\$392,275
Service cost	13,298	16,519
Interest cost	18,596	13,217
Actuarial gain	(7,877)	(69,169)
Benefit payments and administrative expenses paid	(33,965)	(19,313)
Settlements and plan amendments	<u>—</u>	<u>(4,052)</u>
Projected benefit obligation at end of year	<u>\$319,529</u>	<u>\$329,477</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

	<u>2023</u>	<u>2022</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$319,496	\$375,094
Actual gain (loss) on plan assets	41,940	(59,286)
Employer contributions	16,000	27,900
Benefit payments and administrative expenses	(33,965)	(19,313)
Settlements	<u>—</u>	<u>(4,899)</u>
Fair value of plan assets at end of year	<u>\$343,471</u>	<u>\$319,496</u>
Funded status and amount recognized in noncurrent assets (liabilities) at September 30	<u>\$ 23,942</u>	<u>\$ (9,981)</u>

Amounts recognized as a change in net assets without donor restrictions during the years ended September 30, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Net actuarial (gain) loss	\$ (23,273)	\$ 15,858
Net amortized loss	(3,372)	(10,149)
Prior service credit amortization	156	243
Impact of settlement	<u>—</u>	<u>(450)</u>
Total amount recognized	<u>\$ (26,489)</u>	<u>\$ 5,502</u>

**Pension Plan Assets**

The fair values of the Plans' assets as of September 30, 2023 and 2022, by asset category are as follows (see Note 15 for level definitions). In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

	<u>2023</u>	<u>2022</u>
Short-term investments (Level 1):		
Money market funds	\$ 12,804	\$ 4,114
Equity securities (Level 1):		
Mutual funds – domestic	145,825	115,233
Mutual funds – international	—	10,302
Mutual funds – inflation hedge	12,946	12,909
Fixed income securities (Level 1):		
Mutual funds – fixed income	<u>37,877</u>	<u>45,965</u>
	<u>209,452</u>	<u>188,523</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

	<u>2023</u>	<u>2022</u>
Funds measured at net asset value:		
Equity securities:		
Funds-of-funds	\$ 81,170	\$ 81,961
Collective trust funds:		
Equities	46,327	40,727
Fixed income	<u>6,522</u>	<u>8,285</u>
	<u>52,849</u>	<u>49,012</u>
 Total investments at fair value	 <u>\$343,471</u>	 <u>\$319,496</u>

The Concord Hospital Plan's target asset policy guidelines include total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH-Laconia Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total equity securities of 50% and total fixed income securities of 50%.

The Plans' asset allocations by asset category are as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Short-term investments	4%	1%
Equity securities	70%	69%
Fixed income securities	13%	17%
Other	13%	13%

The funds-of-funds in the Concord Hospital Plan are invested with various investment managers and have various restrictions on redemptions. One manager holding amounts totaling approximately \$19 million at September 30, 2023 allows for semi-monthly redemptions, with 5 days' notice. One manager holding approximately \$9 million at September 30, 2023 allows for monthly redemptions, with 15 days' notice. Four managers holding amounts totaling approximately \$34 million at September 30, 2023 allow for quarterly redemptions, with notices ranging from 45 to 65 days. Two managers holding amounts totaling approximately \$16 million at September 30, 2023 allow for annual redemptions, with notices ranging from 60 to 90 days. One manager holding amounts totaling approximately \$3 million at September 30, 2023 allow for redemptions on a semi-annual basis, with a notice of 60 days. The collective trust funds allow for daily, weekly or monthly redemptions, with notices ranging from 6 to 10 days. Certain funds also may include a fee estimated to be equal to the cost the fund incurs in converting investments to cash, limit the percent of the investment that can be redeemed each redemption period, or are subject to certain lock periods.

The System considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from the System's actuaries and investment consultants, and long-term inflation assumptions. The System's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, and real estate.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**5. Retirement Plans (Continued)**

The System's investment policy for its pension plans is to balance risk and returns using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, plan assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The System monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The System's Investment Committee provides oversight of the Plans' investments and the performance of the investment managers.

Amounts included in expense consist of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Components of net periodic benefit cost:		
Service cost	\$ 13,298	\$ 16,519
Interest cost	18,596	13,217
Expected return on plan assets	(26,545)	(24,894)
Amortization of prior service credit and loss	3,216	9,906
Settlements	<u>—</u>	<u>450</u>
Net periodic benefit cost	<u>\$ 8,565</u>	<u>\$ 15,198</u>

The accumulated benefit obligation for the Plans at September 30, 2023 and 2022 was \$313,562 and \$315,168, respectively.

	<u>2023</u>	<u>2022</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	6.11%	5.63%
Rate of compensation increase	3.00%	3.00%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	5.63%	3.33%
Expected return on plan assets	7.60%	6.50% - 7.75%
Cash balance credit rate	3.00% - 5.00%	5.00%
Rate of compensation increase	3.00%	2.50% - 3.00%

In selecting the long-term rate of return on plan assets, the System considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plans. This included considering the plans' asset allocation and the expected returns likely to be earned over the life of the plans, as well as the historical returns on the types of assets held and the current economic environment.

The System funds the pension plans and no contributions are made by employees. The System funds the plans annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the System's actuary. However, the System may also fund the plans in excess of the minimum required amount.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

5. Retirement Plans (Continued)

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$16,000 in cash contributions to the Concord Hospital Plan in 2024.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ended September 30

2024	\$ 27,172
2025	24,447
2026	26,747
2027	28,696
2028	28,774
2029 – 2033	147,475

6. Estimated Third-Party Payor Settlements

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the System is also reimbursed for medical education and other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the System files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

The physician practices are reimbursed on a fee schedule basis.

Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% of net patient service revenues in State fiscal years 2023 and 2022. The amount of tax incurred by the System for 2023 and 2022 was \$32,647 and \$32,035, respectively.

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded within revenue without donor restrictions and other support and amounted to \$30,212 in 2023 and \$29,744 in 2022, net of reserves referenced below.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

#### 6. Estimated Third-Party Payor Settlements (Continued)

The Centers for Medicare and Medicaid Services (CMS) has completed audits of the State's program and the disproportionate share payments made by the State from 2011 to 2019, the first years that those payments reflected the amount of uncompensated care provided by New Hampshire hospitals. It is possible that subsequent years will also be audited by CMS. The System has recorded reserves to address its potential exposure based on the audit results to date or any future redistributions.

Subsequent to year end, the Hospital filed suit against the NH Department of Health and Human Services over their plan for the redistribution of DSH payments from 2011 to 2017. All amounts related to the redistribution plan have been fully reserved for as of September 30, 2023.

#### Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid program.

The physician practices are reimbursed on a fee schedule basis.

#### Other

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined rates.

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2018 for Medicare and 2017 for Medicaid. Settlements for CH-Laconia have been finalized through 2019 for Medicare and Medicaid. Settlements for CH-Franklin have been finalized through 2021 for Medicare and 2019 for Medicaid.

During fiscal year 2020, the System requested accelerated Medicare payments as provided for in the CARES Act, which allowed for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. One year from the date of receipt of the advance payments (beginning April 2021) 25% of the advances were recouped in the first eleven months. An additional 25% of the advances were recouped in the next six months, with the entire amount repayable in 29 months. Any outstanding balance after 29 months was repayable at a 4% interest rate. During the third quarter of fiscal 2020, the System received \$57,885 from these accelerated Medicare payment requests. At September 30, 2022, the current portion due within a year, totaling \$248 was recorded under the caption "accrual for estimated third-party payor settlements" in the accompanying 2022 balance sheet. Amounts were repaid in full during the year ended September 30, 2023.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**7. Long-Term Debt**

Long-term debt consists of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue bonds, Concord Hospital Issue, Series 2021A; interest ranging from 3.0% to 5.0% per year and principal payable in annual installments ranging from \$1,685 to \$3,095 through October 2042, including unamortized original issue premium of \$6,219 in 2023 and \$6,950 in 2022	\$ 46,280	\$ 48,610
2020A note payable to a bank, due October 1, 2026, interest at 1.57% per annum, payable in monthly and annual principal payments ranging from \$2,469 to \$2,580	10,093	12,520
2020B note payable to a bank, due October 1, 2035 (lender has the option to extend the maturity date through October 1, 2043), interest at 2.26% per annum, payable in monthly and annual principal payments ranging from \$991 to \$2,942 beginning October 2023. Final balloon payment of \$10,157 due October 1, 2035, if the maturity date is not extended by the lender. This note converted into tax-exempt revenue bonds effective July 6, 2022. As a result of the conversion, the interest rate was reduced to 1.84%	36,582	36,582
NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017; interest of 5.0% per year and principal payable in annual installments. Installments ranging from \$2,010 to \$5,965 beginning October 2032, including unamortized original issue premium of \$5,923 in 2023 and \$6,249 in 2022	<u>60,012</u>	<u>60,459</u>
	152,967	158,171
Less unamortized bond issuance costs	(1,298)	(1,415)
Less current portion	<u>(6,144)</u>	<u>(4,147)</u>
	<u>\$145,525</u>	<u>\$152,609</u>

In March 2020, the Hospital entered into a \$12,520 note payable agreement (2020A note) with a lender to advance refund \$11,780 of the Series 2011 NHHEFA Hospital Revenue Bonds. No amounts of the Series 2011 advance refunded bonds remained outstanding as of September 30, 2023 and 2022.

In March 2020, the Hospital entered into a \$36,582 note payable agreement (2020B note) with a lender to advance refund the Series 2013A NHHEFA Hospital Revenue Bonds. As of September 30, 2022 \$33,785 of the Series 2013A advance refunded bonds, which were considered extinguished for purposes of these consolidated financial statements, remained outstanding. No amounts of the Series 2013A advance refunded bonds remained outstanding as of September 30, 2023. In conjunction with the issuance of the 2020B note, in order to further reduce debt service obligations, the Hospital, NHHEFA and the lender entered into a forward purchase agreement. Under the forward purchase agreement, the Hospital had the option to request NHHEFA to issue tax-exempt revenue bonds on or after July 3, 2022 to refinance the 2020B note. The Hospital exercised this option on July 6, 2022, which resulted in the interest rate decreasing from 2.26% to 1.84%.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

7. Long-Term Debt (Continued)

In December 2017, \$62,004 (including an original issue premium of \$7,794) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017, were issued to pay for the construction of a new medical office building. In addition, the Series 2017 Bonds reimbursed the Hospital for capital expenditures incurred in association with the construction of a parking garage and the construction of a medical office building, as well as routine capital expenditures.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, are pledged as collateral for all outstanding long-term debt. In addition, the gross receipts of the Hospital, CH-Laconia and CH-Franklin are also pledged as collateral for all outstanding long-term debt. CH-Laconia and CH-Franklin also pledge gross receipts as collateral for the outstanding Series 2021A Revenue Bonds. The most restrictive financial covenants require a 1.10 to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 75 days. The System was in compliance with its debt covenants at September 30, 2023 and 2022.

The obligations of the Hospital under the above bond indentures are guaranteed by the Hospital, CH-Laconia and CH-Franklin and are not guaranteed by any of the subsidiaries or affiliated entities.

Interest paid on long-term debt amounted to \$5,215 and \$5,531 for the years ended September 30, 2023 and 2022, respectively.

The aggregate principal payments on long-term debt for the next five fiscal years ending September 30 and thereafter are as follows:

2024	\$ 6,144
2025	4,455
2026	5,181
2027	6,949
2028	4,516
Thereafter	<u>113,580</u>
	<u>\$140,825</u>

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 8. Commitments and Contingencies

##### Malpractice Loss Contingencies

The System insures its medical malpractice risks through GSIE, a multiprovider captive insurance company. As discussed in Note 1, during 2022, GSIE began the process of winding down operations and was replaced with CHIG.

GSIE and CHIG provide claims-made medical stop loss coverage to their subscriber health systems. Subsequent to December 31, 2020, the System is the sole remaining subscriber of GSIE. The System is also the only subscriber of CHIG. GSIE and CHIG purchase reinsurance from three reinsurers to limit potential exposure to the System. The reinsurance policies in place are subject to renewal on January 1, 2024, and, after the System's primary retained layer of \$2 million (GSIE) and \$3 million (CHIG) per occurrence and \$12 million aggregate, cover up to \$25 million per occurrence and aggregate per annum. The failure of reinsurers to honor their obligations could result in additional losses to GSIE and CHIG, and those losses could be significant to GSIE, CHIG and the System.

The reserve for unpaid losses and loss adjustment expenses and the related reinsurance recoverables includes case basis estimates of reported losses, plus supplemental reserves for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing historical and industry data. An independent consulting actuary is involved in establishing this reserve and the related reinsurance recoverables. Management of the System believes that GSIE's and CHIG's aggregate reserve for unpaid losses and loss adjustment expenses and related reinsurance recoverables at year-end represent its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability and corresponding asset at the consolidated balance sheet date. Accordingly, the ultimate liability and corresponding asset could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current year operations. Amounts recoverable from reinsurers have been reduced to their net realizable value.

At September 30, 2023, there were no known malpractice claims outstanding for the System, which, in the opinion of management will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accruals. The System has established reserves for unpaid claim amounts for Hospital and Physician Professional Liability and General Liability reported claims and for unreported claims for incidents that have been incurred but not reported. The amounts of the reserves total \$17,690 and \$20,253 at September 30, 2023 and 2022, respectively, and are reflected in the accompanying consolidated balance sheets within reserves for insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 8. Commitments and Contingencies (Continued)

In accordance with ASU No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2023 and 2022, the System recorded a liability of approximately \$3,100 and \$3,300, respectively related to estimated professional liability losses. At September 30, 2023 and 2022, the System also recorded a receivable of \$3,100 and \$3,300, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in reserve for insurance (\$3,100 at September 30, 2023 and \$3,300 at September 30, 2022), and other assets (\$3,100 at September 30, 2023 and \$3,300 at September 30, 2022), respectively, in the accompanying consolidated balance sheets.

#### Workers' Compensation

The System maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the System against excessive losses. The System has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$4,061 and \$3,888 at September 30, 2023 and 2022, respectively, are recorded within accounts payable and accrued expenses in the accompanying consolidated balance sheets and have been discounted at 3% (both years) and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan. Assets held in trust totaled \$2,967 and \$2,501 at September 30, 2023 and 2022, respectively, and are included in assets whose use is limited or restricted in the accompanying consolidated balance sheets.

#### Litigation

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's financial position, results of operations or cash flows.

#### Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$550 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2023 and 2022, have been recorded as a liability of \$13,631 and \$13,286, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
<b>Purpose restriction:</b>		
Health education and program services	\$18,770	\$18,991
Capital acquisitions	441	610
Indigent care	83	116
Pledges receivable with stipulated purpose and/or time restrictions	<u>575</u>	<u>391</u>
	<u>19,869</u>	<u>20,108</u>
 <b>Perpetual in nature:</b>		
Health education and program services	20,859	20,225
Capital acquisitions	803	803
Indigent care	2,105	2,105
Annuities to be held in perpetuity	<u>458</u>	<u>273</u>
	<u>24,225</u>	<u>23,406</u>
 Total net assets with donor restrictions	 <u>\$44,094</u>	 <u>\$43,514</u>

**10. Patient Service Revenue**

An estimated breakdown of patient service revenue for the System by major payor sources is as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Private payor (includes coinsurance and deductibles)	\$388,492	\$391,300
Medicare	282,111	276,967
Medicaid	34,880	40,340
Self-pay	<u>275</u>	<u>789</u>
	<u>\$705,758</u>	<u>\$709,396</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**11. Functional Expenses**

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30:

	<u>Health Services</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
<u>2023</u>				
Salaries and wages	\$316,143	\$ 60,492	\$ 574	\$377,209
Employee benefits	68,381	13,086	124	81,591
Supplies and other	131,206	21,241	188	152,635
Purchased services	37,677	19,896	223	57,796
Professional fees	17,021	-	-	17,021
Depreciation and amortization	18,310	8,692	289	27,291
Medicaid enhancement tax	32,647	-	-	32,647
Interest	<u>2,868</u>	<u>1,362</u>	<u>45</u>	<u>4,275</u>
	<u>\$624,253</u>	<u>\$124,769</u>	<u>\$ 1,443</u>	<u>\$750,465</u>
<u>2022</u>				
Salaries and wages	\$320,669	\$ 59,597	\$ 580	\$380,846
Employee benefits	77,767	14,455	141	92,363
Supplies and other	135,008	21,486	180	156,674
Purchased services	33,227	17,988	177	51,392
Professional fees	16,495	3	-	16,498
Depreciation and amortization	19,424	9,222	307	28,953
Medicaid enhancement tax	32,035	-	-	32,035
Interest	<u>3,065</u>	<u>1,455</u>	<u>48</u>	<u>4,568</u>
	<u>\$637,690</u>	<u>\$124,206</u>	<u>\$ 1,433</u>	<u>\$763,329</u>

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. If it is impossible or impractical to make a direct identification, allocation of the expenses were made according to management's estimates. Employee benefits are allocated in accordance with the ratio of salaries and wages of the functional classes. Specifically identifiable costs are assigned to the function which they are identified to.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**12. Charity Care and Community Benefits (Unaudited)**

The System maintains records to identify and monitor the level of charity care it provides. The System provides traditional charity care, as well as other forms of community benefits. The estimated cost of all such benefits provided is as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Government sponsored healthcare	\$ 35,353	\$ 36,515
Community health services	1,507	1,281
Health professions education	2,801	2,038
Subsidized health services	52,622	50,929
Research	306	131
Financial contributions	1,405	1,440
Community benefit operations	68	89
Community building activities	786	414
Charity care costs (see Note 1)	<u>3,465</u>	<u>3,389</u>
	<u>\$98,313</u>	<u>\$95,226</u>

The System incurred estimated costs for services to Medicare patients in excess of the payment from this program of \$82,230 and \$78,563 in 2023 and 2022, respectively.

**13. Concentration of Credit Risk**

The System grants credit without collateral to its patients, most of whom are local residents of southern New Hampshire and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of September 30 is as follows:

	<u>2023</u>	<u>2022</u>
Patients	9%	8%
Medicare	38	42
Anthem Blue Cross	19	18
Cigna	3	3
Medicaid	10	11
Commercial	19	16
Workers' compensation	<u>2</u>	<u>2</u>
	<u>100%</u>	<u>100%</u>

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 14. Volunteer Services (Unaudited)

Total volunteer service hours received by the System were approximately 25,000 and 23,000 in 2023 and 2022, respectively. The volunteers provide various nonspecialized services to the System, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

#### 15. Fair Value Measurements

Fair value of a financial instrument is defined as 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. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at September 30, 2023 and 2022. In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

The following presents the balances of assets measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Cash and cash equivalents	\$ 78,801	\$ -	\$ -	\$ 78,801
Fixed income securities	25,471	10,177	-	35,648
Marketable equity and other securities	163,551	-	-	163,551
Inflation-protected securities and other	16,078	-	-	16,078
Trust funds administered by others	<u>-</u>	<u>-</u>	<u>10,208</u>	<u>10,208</u>
	<u>\$283,901</u>	<u>\$10,177</u>	<u>\$10,208</u>	304,286
Funds measured at net asset value:				
Marketable equity and other securities				<u>205,295</u>
				<u>\$509,581</u>
<u>2022</u>				
Cash and cash equivalents	\$ 34,294	\$ -	\$ -	\$ 34,294
Fixed income securities	35,203	10,645	-	45,848
Marketable equity and other securities	136,062	-	-	136,062
Inflation-protected securities and other	15,760	-	-	15,760
Trust funds administered by others	<u>-</u>	<u>-</u>	<u>9,836</u>	<u>9,836</u>
	<u>\$221,319</u>	<u>\$10,645</u>	<u>\$ 9,836</u>	241,800
Funds measured at net asset value:				
Marketable equity and other securities				<u>203,040</u>
				<u>\$444,840</u>

In addition, for the years ended September 30, 2023 and 2022, there are certain investments totaling \$4,172 which are appropriately being carried at cost.

The System's Level 3 investments consist of funds administered by others. The fair value measurement is based on significant unobservable inputs.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**15. Fair Value Measurements (Continued)**

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2023 and 2022:

	<u>Trust Funds Administered by Others</u>
Balance at September 30, 2021	\$12,341
Net realized and unrealized losses	<u>(2,505)</u>
Balance at September 30, 2022	9,836
Net realized and unrealized gains	<u>372</u>
Balance at September 30, 2023	<u>\$10,208</u>

The table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	<u>Fair Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>September 30, 2023:</b>				
Funds-of-funds	\$22,628	\$ —	Semi-monthly	5 days
Funds-of-funds	12,007	—	Monthly	15 days
Funds-of-funds	44,264	—	Quarterly	45 – 65 days**
Funds-of-funds	13,621	—	Annual	60 - 90 days
Funds-of-funds	4,657	—	Semi-annual	60 days*
Funds-of-funds	47,870	32,327	Illiquid	N/A
Collective trust funds	7,032	—	Daily	10 days
Collective trust funds	7,641	—	Weekly	10 days
Collective trust funds	45,575	—	Monthly	6 – 10 days
<b>September 30, 2022:</b>				
Funds-of-funds	\$18,489	\$ —	Semi-monthly	5 days
Funds-of-funds	9,645	—	Monthly	15 days
Funds-of-funds	53,791	—	Quarterly	45 – 65 days**
Funds-of-funds	10,329	—	Annual	90 days
Funds-of-funds	8,250	—	Semi-annual	60 days*
Funds-of-funds	42,296	25,854	Illiquid	N/A
Collective trust funds	12,582	—	Daily	10 days
Collective trust funds	7,008	—	Weekly	10 days
Collective trust funds	40,650	—	Monthly	6 – 10 days

\* Limited to 25% of the investment balance at each redemption. A full redemption of this fund is in progress as of September 30, 2023.

\*\* One investment has a one-year lock period and redemption of one investment is limited to 12.5% of the investment balance at each redemption.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022  
(In thousands)

#### 15. Fair Value Measurements (Continued)

##### Fixed Income Securities

The primary purpose of fixed income investments is to provide a highly predictable and dependable source of income, preserve capital, and reduce the volatility of the total portfolio and hedge against the risk of deflation or protracted economic contraction.

##### Marketable Equity and Other Securities

The primary purpose of marketable equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total marketable equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics including style and capitalization. The System may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

The System invests in other securities that are considered alternative investments that consist of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments at fair value, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. Collective trust funds are generally valued based on the proportionate share of total fund net assets.

System management is responsible for the fair value measurements of investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions and is estimated using the net asset value per share of the fund. Because of inherent uncertainty of valuation of certain alternative investments, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its alternative investments at the balance sheet dates are reasonable.

The System has committed to invest up to \$73,183 with various investment managers, and had funded \$33,856 of that commitment as of September 30, 2023. As these investments are made, the System reallocates resources from its current investments resulting in an asset allocation shift within the investment pool.

##### Inflation-Protected Securities

The primary purpose of inflation-protected securities is to provide protection against the negative effects of inflation.

CONCORD HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(In thousands)

15. Fair Value Measurements (Continued)

Fair Value of Other Financial Instruments

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value.

16. Leases

Adoption of ASC Topic 842, Leases (ASC 842)

The System has various leases relative to its office and offsite locations. ASC 842 became effective for the System on October 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The System elected to recognize any effects of applying the new standard as a cumulative-effect adjustment to the opening balance of net assets in the period of adoption, which there were none. In addition, the System elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the System's consolidated statements of operations, changes in net assets and cash flows. The adoption of the new standard resulted in the following impact: the recording of right-of-use assets and corresponding lease liabilities pertaining to the System's operating leases on the accompanying 2023 consolidated balance sheet.

Operating lease right-of-use assets and operating lease liabilities are reported in the System's 2023 consolidated balance sheet as follows:

Operating lease right-of-use assets	<u>\$26,252</u>
Current portion of operating lease liabilities	\$ 5,406
Operating lease liabilities, less current portion	<u>21,091</u>
Total operating lease liabilities	<u>\$26,497</u>

During the year ended September 30, 2023, the total lease cost associated with the System's operating leases was \$6,319.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2023 and 2022  
(In thousands)

**16. Leases (Continued)**

*Supplemental Cash Flow Information*

Supplemental cash flow information is as follows for the fiscal year ended September 30, 2023:

Operating leases – operating cash flows (fixed payments)	\$ 6,073
Operating leases - right-of-use assets and operating lease liabilities recorded upon adoption of ASU 842	28,636
Operating leases - right-of-use assets obtained in exchange for new operating lease liabilities	2,876

*Lease Term and Discount Rate*

Lease term and discount rate are as follows for the fiscal year ended September 30, 2023:

Weighted-average remaining lease term (in years)	6.97
Weighted-average discount rate	3.91%

As of September 30, 2023, maturities of operating lease liabilities for each of the following five years were as follows:

2024	\$ 6,324
2025	5,183
2026	4,091
2027	3,175
2028	3,091
Thereafter	<u>8,588</u>
 Total minimum future lease payments	 30,452
 Less imputed interest	 <u>(3,955)</u>
 Total lease liabilities	 <u>\$26,497</u>

As of September 30, 2022, future minimum lease payments prepared under the previous guidance of ASC 840 were as follows:

2023	\$ 8,078
2024	7,038
2025	5,590
2026	3,333
2027	2,967
Thereafter	<u>10,826</u>
	<u>\$37,832</u>

Rent expense was \$9,532 for the year ended September 30, 2022.

CONCORD HOSPITAL FRANKLIN  
BOARD OF TRUSTEES  
2024

Charles Fanaras **VICE CHAIR**

Lucy Hodder, Esq.

Lucy Karl, Esq.

Manisha Patel, DDS **CHAIR**

Robert Segal

Robert Steigmeyer **PRESIDENT & CEO**

Scott Sloane **TREASURER** *(not a member of the Board)*

## **KEY PERSONNEL**

Danny Turmel, RTR (CT)

Director of Radiology at Concord Hospital--Concord, Laconia, Franklin

Dan has been in the field of Radiology for 29+ years. He holds a Bachelors Degree in Healthcare Administration. He has 17+ years in a direct leadership role in hospital based settings, with 8 of those years serving as the Director of Radiology in two different institutions. Dan has been the Director of Radiology at Concord Hospital since May of 2021. He focuses on continuous improvement that drives productivity, operational efficiencies and financial stewardship with the aim of positive customer service.

Dan Turmel RTR (CT)

Director of Radiology

603-227-7000 ext. 7262

Concord Hospital

250 Pleasant St.

Concord, NH 03301

dturmel@crhc.org

Debra Willey, MBA, MT(ASCP)

Director of Laboratory Services, Concord Hospital - Concord

Debra Willey started working at Concord Hospital in 1989 as a new graduate from the University of New Hampshire. Since then, Debra has held multiple leadership roles in the Laboratory, including Director, since 2008. The Laboratory has serviced Nursing Homes, Acute Care Facilities and Rehabilitation Facilities actively since 1997 and prides itself on its strong commitment to customer service.

*Debra Willey, MBA, MT(ASCP)*

*Director of Laboratory Services*

*Concord Hospital / Concord*

603-227-7000 x 4614

dwilley@crhc.org

Kerri Scribner OTR/L, MBA

Director of Inpatient Rehabilitation Services and Outpatient Speech Language Pathology at Concord Hospital-Concord/Laconia/Franklin

Kerri has served as the Director of Rehabilitative Services at all 3 hospitals in the Concord Hospital Health System since 2020 and has been with Concord Hospital since 2012. She has been a practicing Occupational therapist for 27 + years earning a BS in Science/Occupational Therapy from University of New Hampshire in 1997 and a MBA from New England College in 2012. An experienced and visionary leader in acute care PT, OT and SLP as well as leading Outpatient Adult and Pediatric SLP who thrives in a fast-paced environment that values high quality patient care and system thinking.

250 Pleasant St Suite 5073

Concord, NH 03301

603-227-7000 ext.2631

kscribne@crhc.org

## New Hampshire Veterans Home

### KEY PERSONNEL

List those primarily responsible for meeting the terms and conditions of the agreement.

Job descriptions are not required for vacant positions.

**Contractor Name:** Concord Hospital, Inc., Concord Hospital – Laconia & Concord Hospital - Franklin

NAME	JOB TITLE	ANNUAL AMOUNT PAID FROM THIS CONTRACT	ANNUAL SALARY
Danny Turmel	Director of Radiology	\$0.00	\$180,000
Kerri Scribner	Director of Inpatient Rehabilitation and Outpatient Speech Language Pathology	\$0.00	\$143,000
Debra Willey	Director of Laboratory Services	\$0.00	\$163,000