



270 John Downey Drive | New Britain, CT 06051 | P 860.826.1358 | F 860.229.6575

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February 16, 2012

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Deputy Commissioner Lisa A. Davis, MBA, BSN, R.N.
Office of Health Care Access
410 Capitol Ave, MS #13HCA
P.O. Box 340308
Hartford, CT 06134

Re: Request to Transfer Ownership/Change in Ownership Control of Community Mental Health Affiliates, Inc. Reference Report No. 11-31727-DTR

Dear Deputy Commissioner Davis:

Enclosed are an original and four copies of the Certificate of Need Application requesting a change in ownership or control of Community Mental Health Affiliates, Inc. An electronic copy of the application and all attachments along with the requisite filing fee and affidavit are included. In addition to the required attachments, you will find numerous letters of support for this proposal. These letters of support came from a broad variety of individuals and institutions, including legislators, business and advocacy groups. Also appended in the letter of support section you will find a Resolution from the Board of Governors of our Team Time Social Club. Team Time is a consumer run psychosocial rehabilitation clubhouse model program. The club supports anywhere from 375 to 550 members per year by providing numerous social and recreational opportunities to persons with prolonged and serious mental illness.

If you have any questions regarding this Certificate of Need application, please contact me at (860) 826.1358 or at rgorman@cmhacc.org.

Sincerely,

Raymond J. Gorman
President and CEO

cc: Claudio Capone, Director of Planning, CCHA

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Application Checklist

Instructions:

1. Please check each box below, as appropriate; and
2. The completed checklist *must* be submitted as the first page of the CON application.

- Attached is the CON application filing fee in the form of a certified, cashier or business check made out to the "Treasurer State of Connecticut" in the amount of \$500.

For OHCA Use Only:

Docket No.: _____ Check No.: _____
 OHCA Verified by: _____ Date: _____

- Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 428-7053, at the time of the publication)
- Attached is a paginated hard copy of the CON application including a completed affidavit, signed and notarized by the appropriate individuals.
- Attached are completed Financial Attachments I and II.
- Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.

Note: A CON application may be filed with OHCA electronically through email, if the total number of pages submitted is 50 pages or less. In this case, the CON Application must be emailed to ohca@ct.gov.

Important: For CON applications (less than 50 pages) filed electronically through email, the signed affidavit and the check in the amount of \$500 must be delivered to OHCA in hardcopy.

- The following have been submitted on a CD
1. A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format.

- 2. An electronic copy of the documents in MS Word and MS Excel as appropriate.**

JOURNAL REGISTER COMPANY ****PROOF****

Ad Number: 2473447

New Britain Herald

Account No: 463327

Customer: COMMUNITY MENTAL HEALTH Contact: MARIA CAPPELLA Phone: 8608261358

Price: 159.66

Size: 1 X 21.00

Class: 1200; LEGALS

Ordered: 6 Times
01/18/2012 01/18/2012

Notes:

229-0545

Printed By: REYNOLDJ 01/12/2012

Dates: 01/16/2012 01/16/2012 01/17/2012 01/17/2012

Signature of Approval:

Maria Cappella

Date: 1/12/12

****PUBLIC NOTICE****

Certificate of Need Application - Public Notice

Pursuant to section 19a-638 of the Connecticut General Statutes, Community Mental Health Affiliates, Inc. (CMHA) is applying to the Office of Health Care Access for a Certificate of Need. The application requests approval for the change in ownership and control of CMHA. The corporate office of CMHA is located at 270 John Downey Drive, New Britain, CT 06051. There is no capital expenditure associated with this project.

AFFIDAVIT

Applicant: Community Mental Health Affiliates, Inc. (CMHA)


Project Title: Change of Ownership or Control

I, Raymond J. Gorman, President and CEO
(Individual's Name) (Position Title – CEO or CFO)

of Community Mental Health Affiliates, Inc. being duly sworn, depose and state that
(Hospital or Facility Name)

Community Mental Health Affiliates, Inc.'s information submitted in this Certificate of
(Hospital or Facility Name)

Need Application is accurate and correct to the best of my knowledge.


Signature

2/16/2012
Date

Subscribed and sworn to before me on February 16, 2012



Notary Public Commissioner of Superior Court

My commission expires: MARIA CAPPELLA
NOTARY PUBLIC
MY COMMISSION EXPIRES MAR. 31, 2016



**State of Connecticut
Office of Health Care Access
Certificate of Need Application**

Instructions: Please complete all sections of the Certificate of Need ("CON") application. If any section or question is not relevant to your project, a response of "Not Applicable" may be deemed an acceptable answer. If there is more than one applicant, identify the name and all contact information for each applicant. OHCA will assign a Docket Number to the CON application once the application is received by OHCA.

Docket Number:

Applicant: Community Mental Health Affiliates, Inc.

Contact Person: Raymond J. Gorman

**Contact Person's
Title:** President & CEO

**Contact Person's
Address:** 270 John Downey Drive, New Britain, CT 05051

**Contact Person's
Phone Number:** 860-826-1358 x 1223

**Contact Person's
Fax Number:** 860-229-6575

**Contact Person's
Email Address:** rgorman@cmhacc.org

Project Town: New Britain and surrounding towns in Central CT

Project Name: Severing Affiliation Agreement between Community Mental Health Affiliates, Inc. and the Central CT Health Alliance

Statute Reference: Section 19a-638, C.G.S.

Estimated Total

Capital Expenditure: \$0

1. Project Description and Need: Change of Ownership or Control

a. Please provide a narrative detailing the proposal.

This application requests the Office of Health Care Access (OHCA) approval for a change of ownership or control via releasing Community Mental Health Associates, Inc. (CMHA) from an Affiliation with the Central CT Health Alliance (CCHA), which became effective on June 18, 1996 and was approved by OCHA on August 19, 1998. The original intent of this Affiliation was for CMHA to become "the behavioral health arm" of the CCHA. Unfortunately, the intent, purpose and goals of the Affiliation were never met.

(SEE ATTACHMENT A – AFFILIATION AGREEMENT).

The Affiliation Agreement, agreed to by the respective Boards of Directors of each party on June 18, 1996, articulated the following roles and benefits of the Affiliation:

- CMHA will serve as the behavioral health arm of CCHA.
- CMHA will represent behavioral health as a specialty within CCHA through its Board of Directors.
- CMHA's Executive Director will concurrently serve as the Director of Behavioral Health for CCHA.
- CMHA and CCHA will jointly appoint a Chief of Psychiatry.
- CCHA agrees to involve CMHA in all aspects of negotiating and/or contracting for behavioral health care.
- CCHA will ensure a joint credentialing process and conflict resolution protocol.
- CCHA would centralize managed care contracting at the Alliance level.

In addition, the original Affiliation Agreement provided for CMHA to have one seat on both the Bradley Memorial Hospital and the New Britain General Hospital Boards of Directors. It was from these Boards that the membership of the CCHA Board of Directors was comprised.

The Agreement also stated that:

"Additionally, any future discussions towards contracting for joint ventures, merger or Affiliation with any entity that involves behavioral health services will include the Executive Director/Director of Behavioral Health or his designee(s) and the Chief of Psychiatry. Any such future Agreements will ensure that a single administrative structure exists for behavioral health, that behavioral health services are fully integrated and that any such affiliation, merger, joint venture Agreement regarding behavioral health in part or whole be developed in a manner that is consistent with this Agreement." (page 5, Affiliate Agreement).

The principles contained within the Affiliation Agreement formed the basis of the Application for Certificate of Need (CON) granted by OHCA on August 19, 1998 under Docket Number 98-539.

(SEE ATTACHMENT B – CERTIFICATE OF NEED FINAL DECISION).

The Certificate of Need also purported cost savings via group purchasing arrangements. It was also expected that "...there will be a continuous sharing of clinical, technological, management and financial expertise among all of the affiliates which will lead to efficiencies of operation". (Certificate of Need Application, page 00014).

Of the activities and objectives noted in the Affiliation Agreement, the Letter of Intent, the Certificate of Need Application and the OHCA approval related to roles, responsibilities, structure, efficiencies, etc., none were met. By 2001, the representation and characterization made by the co-applicants in the 1998 CON application were non-existent. We find no record of any request to modify the decision in Docket Number 98-539, nor any order from OHCA related to modification of the CON.

In late 2007 a new management team assumed responsibility for CMHA operations. CMHA made numerous attempts to refocus the parties into the original conditions of the Affiliation Agreement and as articulated within the OHCA Final Decision. It was also determined at that time that CMHA did not have representation on the hospitals Boards of Directors, the group that also makes up the CCHA Board membership.

CMHA's efforts to fulfill its role as articulated in the Affiliation Agreement and the Certificate of Need Final Decision have been unsuccessful.

In March 2009, CCHA announced that it had reached a Memorandum of Understanding with Hartford Health Care Corporation. CMHA and its Board, on numerous occasions, asked for clarification on the proposed new arrangement between CCHA and HHCC and how it would affect behavioral health care delivery. CCHA was either unable or unwilling to respond to these inquiries. CMHA once again reminded CCHA that the terms of the Affiliation agreement specifically provided for CMHA input into any... "joint venture, merger or Affiliation that involves behavioral health services". The HHCC/CCHA proposed affiliation certainly met those conditions. Despite repeated requests to engage in those discussions, CMHA was not permitted to participate.

In May 2010, OHCA approved the CCHA and HHCC Affiliation under Docket Number 09-31441. For several months, the CMHA Board expressed serious concerns regarding the potential impact of the merger upon CMHA. In December 2010 the CMHA Board of Directors passed a resolution to enter into discussions with CCHA to separate from the Alliance.

(SEE ATTACHMENT C – BOARD RESOLUTION). CCHA agreed to the request, subject to certain conditions.

After several months of effort by CMHA involving developing a Separation Agreement, revised Articles of Incorporation, by-laws and drafts of a Certificate of Need application, CCHA informed CMHA that its request to separate from the Alliance would now be subject to Hartford Health Care approval.

(SEE ATTACHMENT D – CLARENCE SILVIA EMAIL 6/29/11).

In September 2011 CMHA was notified that the Board of Directors at CCHA and HHCC had approved CMHA's separation request pending certain assurances.

(SEE ATTACHMENT E – LETTER FROM CCHA).

These assurances center around current debt arrangements between CCHA and CMHA. In November 2011, CMHA received a Determination from the Office of Health Care Access that a Certificate of Need would be required for a change in ownership and control.

(SEE ATTACHMENT F – OHCA DETERMINATION).

- b. Explain how each Applicant determined need for the proposal and discuss the benefits of this proposal for each Applicant (discuss each Applicant separately in separate paragraphs).**

Beginning in 2007, CMHA began exploring the lack of congruity between the elements of the Affiliation Agreement and the OHCA Final Decision with the actual operations of CMHA and CCHA. CMHA's efforts to adhere to the terms and conditions established between the parties were unsuccessful. During 2009 and 2010 considerable discussions ensued between the management and Boards of the parties. After failing to reach an Agreement or clarity about CMHA's role within CCHA, the CMHA Board of Directors decided to seek separation from CCHA. In September 2011, CCHA and HHCC notified CMHA that its request to separate from the CCHA was approved pending receipt of certain assurances.

The approval of this proposal will benefit CMHA in numerous ways. From a governance perspective, the CMHA Board of Directors will assume full governance authority for CMHA. This is especially important as CMHA's Board of Directors membership represents the various communities, constituencies and consumers that CMHA serves. As indicated earlier, CMHA has no representation on the CCHA Board of Directors, and would have none on the HHCC Board as well. As such, behavioral health and support services would at best, be underrepresented when decisions were made regarding resource allocation and service delivery.

CMHA has grown considerably in size, service type and location since the original Affiliation Agreement with CCHA was entered into by the parties. Due to a series of mergers, acquisitions and funding opportunities, CMHA expanded its service areas to include Waterbury, Torrington/Northwest CT and Greater Danbury. These acquisitions and new services increased CMHA staffing by 70%

and its budget by almost 25% from 2006-2007 to 2008-2009. Most of these new locations are outside the primary service area of CCHA.

These new services include outpatient and residential services, as well as prevention, home-based family intervention, vocational services and supported housing. Now, almost 40% of the services CMHA provides are outside of the traditional CCHA primary and secondary service areas.

Separating from CCHA will also resolve the incompatibility that exists between the medical-centric "gear driven" model characteristics of a hospital based system and the recovery driven community support based philosophy of CMHA. CMHA provides many non-medical community support services. In its adult services, the majority of CMHA programs are non-medical in nature. Examples include vocational services, case management, consumer-run social services and supported housing programs.

Services for children and their families include in-school programs, family reunification and in-home abuse, prevention and intervention programs. Out of CMHA's operating budget of \$24 million, \$19 million is grant supported and private or corporate philanthropy. The remaining \$5 million is from Medicaid, Medicare and 3rd party payers of "medically necessary services".

The failure by CCHA and CMHA to meet the terms and conditions of their Affiliation Agreement and the concepts illustrated in OHCA's Final Order has created an illusion of an operating system.

CMHA contends that achieving independent status will allow it to freely partner with other care providers (Federally Qualified Health Centers, Physicians Practices, Accountable Care Organizations, Hospitals and other Human Service providers) throughout Central, Northwest and Western areas of Connecticut. This will allow greater access to care for CMHA clients throughout these geographic areas.

c. Provide a history and timeline of the proposal (e.g., When did discussions begin between the Applicants? What have the Applicants accomplished so far?).

The first discussions between CMHA and CCHA about CMHA's role within CCHA began in July of 2008. In March 2009, CCHA announced that it had reached a Memorandum of Understanding to Affiliate and merge with Hartford Health Care Corporation (HHCC). Subsequent to that announcement, and on numerous occasions, CMHA and its Board requested information on how the potential relationship with HHCC would affect behavioral health services provided by CMHA. CCHA was unwilling or unable to respond to those inquiries. CCHA representatives did make two presentations to the CMHA Board concerning the Affiliation discussion with HHCC. These presentations were "hospital centric" and

shed no light on the future role of CMHA or any other CCHA Affiliates. In spite of multiple requests to participate in the planning and due diligence process related to the HHCC and CCHA Affiliation, CMHA was never allowed to be part of the process.

In December 2010, the CMHA Board of Directors adopted a resolution to separate from the CCHA. Meetings between the respective Board Chairs and CEO's occurred between January 2011 through September 2011. At these meetings, the terms and conditions of CMHA's separation were discussed.

On September 30, 2011, CMHA's separation from the CCHA and HHCC was approved by their respective Boards of Directors.

CMHA has developed and submitted for CCHA/HHCC review, input and approval the following draft documents:

- 1) Separation Agreement and General Release
- 2) Amended and Restated CMHA Bylaws
- 3) Amended and Restated Certificate of Incorporation
- 4) Securitization of Loan Instrument

These documents are referenced in **Section 1h.** of this proposal.

Agreement between the parties on the above mentioned items has not yet been achieved.

d. List any changes to the clinical services offered by the Applicants that result from this proposal, and provide an explanation.

The creation of an integrated system of behavioral health care through the CCHA system was never realized. As a result, CMHA's services are contracted for, paid for, licensed and operated independently of any CCHA services.

Consequently, there will be no changes to the clinical services provided by CMHA as a result of this proposal.

e. Describe the existing population served by the facility changing ownership or control, and how the proposal will impact these populations. Include demographic information as appropriate.

CMHA serves approximately 10,000 clients per year through its behavioral health, substance abuse, community support and prevention/education programs. Based upon the most recent six month period (July 1, 2011 –

December 31, 2011), 32% of the individuals served will be children ages 0–18; 36% will be ages 19-40 and the remaining 32% will be over the age of 40. Fifty-one percent of our clients are male and 49% are female.

Of these clients, 59% are Caucasian; 31% Latino, 8% African American and 2% are of other racial/ethnic backgrounds.

In terms of areas of residence, clients come from the following geographic areas:

Hartford County	--	64%	Middlesex County	--	1%
Litchfield County	--	29%	Fairfield County	--	1%
New Haven County	--	2%	All others; out of State	--	3%

This proposal should have no measurable impact upon these populations.

f. Describe the transition plan and how the Applicants will ensure continuity of services. Provide a copy of a transition plan, if available.

As indicated earlier, the promise of a single administrative structure that would manage a fully integrated behavioral health system never came to fruition. CMHA, independently of CCHA, operates its own services under its own licenses. CMHA contracts for services directly and maintains its own Medicaid, Medicare and Commercial Insurance contracts. CMHA is JCAHO (The Joint Committee for Accreditation of HealthCare Organizations) accredited and licensed by various state agencies independent of CCHA. CMHA conducts its own client eligibility determinations, admissions, discharges, billing and credentialing independent of CCHA.

Because CMHA has operated independently, there will be no impact on services to clients; therefore no transition plan is necessary.

CMHA will continue to work with CCHA affiliates, such as The Hospital of Central Connecticut (THOCC) and the Visiting Nurse Association. CMHA currently maintains various subcontracts with the The Hospital of Central Connecticut for direct care services. CMHA provides THOCC with funding for a Polish-speaking Mental Health Outpatient Program. CMHA subcontracts with THOCC for the provision of primary care services through CMHA's SAMHSA funded integrated care project, as well as purchasing physicians' services for CMHA's substance abuse residential treatment program.

CMHA also leases residential program space from THOCC for three intensive residential programs. The three leases are in full effect, and include options to renew.

CMHA also provides psychiatric consultation to the Visiting Nurse Association staff under a contractual arrangement.

The Hospital of Central Connecticut provides inpatient psychiatric care for patients requiring that level of care. CMHA Adult Services clinical managers attend weekly rounds with THOCC inpatient staff to facilitate the transition of clients to outpatient programs and other community support programs offered through CMHA. Additionally, hospital managers also attend weekly clinical oversight meetings at CMHA in which service and safety planning for high risk clients are discussed and instituted. Mobile Crisis Services (hospital diversion) is also provided by CMHA through a subcontract with Wheeler Clinic.

All of the above-described services and service coordination for adults with serious mental illness and co-occurring disorders will remain in place. A full listing of treatment and support services offered by CMHA is shown in **Attachment G**.

(SEE ATTACHMENT G – SERVICES PROVIDED BY CMHA)

- g. For each Applicant (and any new entities to be created as a result of the proposal), provide the following prior to and after this proposal:**
 - i. Legal chart of corporate or entity structure including all affiliates. (SEE ATTACHMENT H – ORGANIZATIONAL CHARTS).**
 - ii. List of owners and the % ownership and shares of each. (NOT APPLICABLE).**
- h. Provide copies of all signed written agreements or memorandum of understanding, including all exhibits/attachments, between the Applicants related to the proposal. Note: If a final version is not available, provide a draft with an estimated date by which the final agreement will be available.**

ATTACHMENT I contains the following:

- 1) Separation Agreement and General Release
- 2) Amended and Restated CMHA Bylaws
- 3) Amended and Restated Certificate of Incorporation
- 4) Securitization of Loan Instrument

These draft documents are being negotiated by the agencies respective legal counsels. CMHA anticipates that the separation agreement will take effect within 45 days of receiving OHCA's Final Order and Decision.

2. Quality Measures

- a. **Submit a list of all key professional, administrative, clinical, and direct service personnel related to the proposal. Attach a copy of their Curriculum Vitae.**

Raymond J. Gorman, Mary R. Casey, CPA, Victor Incerti, MaCP, MAC, LPC, Kenneth M. Marcus, M.D., Marie Mormile-Mehler.

The Curriculum Vitae of the aforementioned key staff are shown in ATTACHMENT J.

- b. **Explain how the proposal contributes to the quality of health care delivery in the region.**

CMHA's independent status will allow it to freely partner with other health care providers (FQHC's, physicians' practices, Accountable Care Organizations) throughout Central, Northwest and Western Connecticut. Developing service models that meet the needs of local communities, while integrating behavioral health and support services into a recovery focused approach will significantly contribute to the quality of health care delivery throughout the CMHA service Region.

3. Organizational and Financial Information

- a. **Identify the Applicant's ownership type(s) (e.g. Corporation, PC, LLC, etc.).**

CMHA, Inc. is a private, non-profit 501(c)(3) corporation.

- b. **Does the Applicant have non-profit status?**

Yes (Provide documentation) **No**
(SEE ATTACHMENT K).

- c. **Provide a copy of the State of Connecticut, Department of Public Health license(s) currently held by the Applicant and indicate any additional licensure categories being sought in relation to the proposal.**

CMHA is currently licensed by the Department of Public Health (DPH) for the following services and sites:

Mental Health Residential Living Center:

-Highlands (33 Highland Street, New Britain, CT)

Psychiatric Outpatient Clinic for Adults:

-CMHA (55 Winthrop Street; New Britain, CT)

-CMHA (5 Hart Street; New Britain, CT)

-CMHA (81 North Main Street; Bristol, CT)

- CMHA (26 Russell Street; New Britain, CT)
- Northwest Center for Family Service and Mental Health (350 Main Street; Lakeville, CT)
- Northwest Center for Family Service and Mental Health (100 Commercial Blvd; Torrington, CT)
- Northwest Center for Family Service and Mental Health (120 Park Lane Road; New Milford, CT)

Substance Abuse:

- Alliance Treatment Center (33 Highland Street; New Britain, CT)
- CMHA (26 Russell Street; New Britain, CT)
- CMHA (81 North Main Street; Bristol, CT)
- CMHA (5 Hart Street; New Britain, CT)
- CMHA (55 Winthrop Street; New Britain, CT)

Copies of all licenses are shown in ATTACHMENT L.

CMHA is also licensed by the Department of Children and Families (DCF) for the provision of clinical and residential services. No additional licensure categories are being sought in relation to this proposal.

(ATTACHMENT M contains a list of all DCF licenses).

d. Financial Statements

- i. **If the Applicant is a Connecticut hospital:** Pursuant to Section 19a-644, C.G.S., each hospital licensed by the Department of Public Health is required to file with OHCA copies of the hospital's audited financial statements. If the hospital has filed its most recently completed fiscal year audited financial statements, the hospital may reference that filing for this proposal.

N/A

- ii. **If the Applicant is not a Connecticut hospital (other health care facilities):** Audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, in lieu of audited financial statements, provide other financial documentation (e.g. unaudited balance sheet, statement of operations, tax return, or other set of books.)

ATTACHMENT N contains CMHA's Audited Financial Statement from the Fiscal Year Ending June 30, 2011.

- e. Submit a final version of all capital expenditures/costs as follows:

N/A – There are no capital expenditures/costs associate with this proposal.

Table 2: Proposed Capital Expenditures/Costs

Medical Equipment Purchase	\$ 0
Imaging Equipment Purchase	0
Non-Medical Equipment Purchase	0
Land/Building Purchase *	0
Construction/Renovation **	0
Other Non-Construction (Specify)	0
Total Capital Expenditure (TCE)	\$ 0
Medical Equipment Lease (Fair Market Value) ***	\$ 0
Imaging Equipment Lease (Fair Market Value) ***	0
Non-Medical Equipment Lease (Fair Market Value) ***	0
Fair Market Value of Space ***	0
Total Capital Cost (TCC)	\$ 0
Total Project Cost (TCE + TCC)	\$ 0
Capitalized Financing Costs (Informational Purpose Only)	0

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.

** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.

*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

- f. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.**

N/A – There are no capital expenditures/costs associated with this proposal.

Therefore, there are no financing sources for this proposal.

- g. Demonstrate how this proposal will affect the financial strength of the state's health care system.**

This proposal will have no negative impact on the financial strength of the states' health care system.

CMHA anticipates that by being able to more freely partner with numerous health care related organizations throughout its various service areas that the overall health care costs to the CMHA service population will be reduced. Additionally, efficiencies

and cost savings that CMHA will realize as a result of this proposal will be reinvested in delivering behavioral health care and supports designed to prevent unnecessary hospitalizations and over use of the health care system.

4. Patient Population Mix: Current and Projected

- a. Provide the current and projected patient population mix (based on the number of patients, not based on revenue) with the CON proposal for the proposed program.

Table 3: Patient Population Mix

Community Mental Health Affiliates, Inc.				
Table 3: Patient Population Mix				
	FY 2012	FY 2013	FY 2014	FY 2015
Medicare	620	632	645	658
Medicaid	4029	4110	4192	4276
Champus & Tri Care	5	5	5	5
Total Government	4654	4747	4842	4939
Commercial Insurers	795	811	827	844
Uninsured	302	308	314	320
Workers Comp	2	2	2	2
Total Non Government	1099	1121	1143	1166
Total Payer Mix	5753	5868	5985	6105
Assumptions:				
FY 2012: Actual statistics for period 7/1-11-12/31/11 annualized				
FY 2013: 2% increase from FY 2012				
FY 2014: 2% increase from FY 2013				
FY 2015: 2% increase from FY 2014				

- * Includes managed care activity.
- ** New programs may leave the "current" column blank.
- *** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided.

b. Provide the basis for/assumptions used to project the patient population mix.

CMHA anticipates annual service growth/demand of 2% per year.
Please note: these "Patient Population Mix" data show only those clients and services that are reimbursed by a third party payor or medically necessary. It does not include clients served in CMHA's community support, crisis intervention and prevention & education programs.

5. Financial Attachments I & II

- a. Provide a summary of revenue, expense, and volume statistics, without the CON project, incremental to the CON project, and with the CON project. Complete Financial Attachment I. (Note that the actual results for the fiscal year reported in the first column must agree with the Applicant's audited financial statements.) The projections must include the first three full fiscal years of the project.**
- b. Provide the assumptions utilized in developing Financial Attachment I (e.g., full-time equivalents, volume statistics, other expenses, revenue and expense % increases, project commencement of operation date, etc.).**

THE ASSUMPTIONS ARE APPENDED TO THE SCHEDULES OF FINANCIAL ATTACHMENT 1.

c. Identify the entity that will be billing for the proposed service(s).

CMHA has always maintained its own contracts with numerous third party payors, including Medicaid and Medicare.

CMHA also executes State and Federal grants independently of CCHA.

CMHA also receives United Way, private and corporate philanthropy independent of CCHA.

- d. As a result of the proposal, will there be any change to existing reimbursement contracts between the Applicants and payers (e.g. Medicare, Medicaid, commercial)? Explain.**

No. CMHA maintains its own contracts with payers. No changes to existing reimbursement contracts between CMHA and payers are expected as a result of this proposal.

e. Provide the minimum number of units required to show an incremental gain from operations for each fiscal year.

Any increased service units will have a minimal impact upon CMHA operations.

f. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

There are no incremental losses projected or anticipated as a result of this proposal.

g. Describe how this proposal is cost effective.

This proposal is cost effective in that it will reduce certain management and support costs to CMHA and will allow CMHA to operate more efficiently and consistent with its mission and role.

Over the past 3 years, CMHA has been assessed an average of approximately \$90,000 annually for a CCHA "Management Fee". Additionally, "system requirements" increased CMHA's auditing fees by \$15,000 per year. Legal costs related to the respective roles of CMHA and CCHA have averaged \$20,000 per year over the past 2 years. Just by eliminating these expenditures, CMHA will save from \$67,000 to \$125,000 per year in unnecessary administrative costs. CMHA recently completed a 2 year, 1.6 million dollar project to implement a data management/information technology system, including an electronic medical record that will adequately meet CMHA's needs for the next 5-7 years. Separating from CCHA will ensure that CMHA will not incur additional and unnecessary IT/IS costs when CCHA pursues its new data management system.

In addition to financial savings, certain organizational efficiencies will be realized. The CMHA Board of Directors and Management will no longer participate in a duplicative approval process. As a member of CCHA, CMHA currently participates in a CCHA compliance program that is time consuming, and yet not relevant to most of the types of services that CMHA provides. When separated from CCHA, CMHA will utilize a compliance and monitoring process that supports the standards and best practices that CMHA's payors and clients expect.

Attachment A

**AFFILIATION AGREEMENT BETWEEN
CENTRAL CONNECTICUT HEALTH ALLIANCE, INC.
AND
COMMUNITY MENTAL HEALTH AFFILIATES, INC.**

This affiliation agreement reflects the partnership between Central Connecticut Health Alliance, Inc. (CCHA) and Community Mental Health Affiliates, Inc. (CMHA) which will serve as the behavioral health arm of CCHA, and outlines the roles, responsibilities and authorities of CMHA in this affiliation. CMHA's responsibility is to represent behavioral health as a specialty within CCHA through its Board of Directors and Executive Director.

CCHA and CMHA agree that there will be a single administrative structure for the development and administration of behavioral health services. To accomplish this objective, CCHA and CMHA agree that the Executive Director of CMHA will concurrently serve as the Director of Behavioral Health for CCHA. This position will have the responsibility and authority in consultation with the Chief of Psychiatry to carry out the behavioral health mission and manage the operations of behavioral health components as consistent with the Bylaws of CMHA and CCHA, respectively, in the terms and conditions identified in this agreement. To achieve a fully integrated system of behavioral health care, CCHA and CMHA will jointly appoint a Chief of Psychiatry who will serve in such a capacity for all affiliated corporations of CCHA where applicable. The Chief of Psychiatry, who is appointed by the CEO of NBGH and the Dean of the University of Connecticut Health Center, and the Executive Director/Director of Behavioral Health will work collaboratively toward achieving the behavioral health mission of CMHA and CCHA and as such will jointly meet the terms and conditions of this agreement.

CCHA agrees to involve the Executive Director/Director of Behavioral Health or his designee(s) and the Chief of Psychiatry and his designee(s) in all aspects of negotiating and/or contracting for behavioral health services with any third party, insurance or managed care plan. The Executive Director/Director of Behavioral Health will have primary responsibility within CCHA to conduct needs' assessments, allocate resources, set priorities for program development and service outcome measures. The Executive Director/Director of Behavioral Health, in collaboration with the Chief of Psychiatry, will monitor clinical practices and ensure that each person using the behavioral health service system has access to a continuum of behavioral health care according to applicable standards of care.

Clinically, the Executive Director/Director of Behavioral Health is responsible for developing a centralized system of client/patient registration and service/treatment planning. The Executive Director/Director of Behavioral Health and the Chief of Psychiatry are responsible for ensuring continuity of care between the various components of the CCHA behavioral health service system for all behavioral health services (i.e., inpatient and outpatient services).

The Executive Director/Director of Behavioral Health and the Chief of Psychiatry will be responsible for monitoring clinical practices and the quality of the care within the service system through the development of an integrated quality assessment and improvement program. CCHA will ensure that a credentialing process for individual clinicians and standards of patient care that are appropriate for the behavioral health system and are consistent with applicable state and federal guidelines (e.g, ethics standards, licensing, etc.) are in place. CCHA will develop a conflict resolution protocol around clinical issues that might arise between direct service staff or CCHA affiliated corporations as it pertains to any

aspect of behavioral health. In emergencies, CCHA will ensure that appropriate services are delivered. The Executive Director/Director of Behavioral Health and the Chief of Psychiatry have the final authority within the behavioral health service system to require affiliated corporations to provide medically necessary services that are identified in a patient's/client's service treatment plan. These services are to be provided according to acceptable clinical practices, contractual terms and stipulations agreed upon by CCHA or its affiliated corporations (i.e., funding sources and/or insurance plans). Any dispute between the Executive Director/Director of Behavioral Health and the Chief of Psychiatry will be directed to and resolved by the Chief Executive Officer of CCHA or his designee.

Finally, the Executive Director/Director of Behavioral Health in consultation with the Chief of Psychiatry will be responsible for the development of budgets for the behavioral health component of CCHA that includes the NBGH behavioral health services, CMHA and any other future behavioral health related corporations. The development of the budgets and the allocation of resources will be based upon assessment of needs, program planning, strategic planning and/or development activities conducted by CCHA and its affiliated corporations. The Executive Director/Director of Behavioral Health will be responsible for ensuring adherence to governmental laws and regulations, generally accepted accounting principles, and the appropriate and cost-effective use of funds allocated to the CCHA behavioral health service system, including monitoring compliance with state funded contracts and grants. These activities will include grant management and ensuring that maintenance of records and mechanisms are established for timely and accurate fiscal reporting to state agencies. The Executive Director/Director of Behavioral Health in consultation with the Chief of Psychiatry will assume responsibility for carrying out the necessary activities to ensure

revenue enhancement for the behavioral health service system, including participation in managed care plans, insurance reimbursements, state and federal funding initiatives, foundations, grants, and related funding.

Administratively, the Executive Director/Director of Behavioral Health will be responsible for determining and carrying out the behavioral health system policies and procedures and establishing time lines for program development. The managed care contracting will be centralized at the Alliance level, however, CMHA will maintain its contractual relationships with key state agencies that fund behavioral health services and will continue to be responsible for the contractual requirements set forth by such agencies (i.e., Department of Mental Health and Addiction Services and Department of Children and Families).

In matters that primarily relate to behavioral health, the Executive Director/Director of Behavioral Health is responsible for developing and maintaining CCHA's behavioral health service system's relationship with consumer groups, local and regional councils, planning councils, citizen groups and government officials. The Executive Director/Director of Behavioral Health is responsible for maintaining accurate, up-to-date information on programs that fall within the continuum of care for behavioral health. The format of the data will conform to the requirements of the Department of Mental Health and Addiction Services (DMHAS) management and client support systems, or that of any state agencies that fund behavioral health services within CCHA. The Executive Director/Director of Behavioral Health will serve as the CCHA representative for all trade associations and groups or their subdivisions that primarily serve or represent behavioral health.

Additionally, any future discussions or negotiations towards contracting for joint ventures, merger or affiliation with any entity that involves behavioral health services will include the Executive Director/Director of Behavioral Health or his designee(s) and the Chief of Psychiatry. Any such future agreements will ensure that a single administrative structure exists for behavioral health, that behavioral health services are fully integrated and that any such affiliation, merger, joint venture agreement regarding behavioral health in part or whole be developed in a manner that is consistent with this agreement.

In furthering the Alliance and its representation of the various aspects and disciplines within the health care delivery system, CCHA sets forth the following principles:

- a) Bradley Memorial Hospital Board of Directors agrees to reserve one of its Board seats for a Director from the CMHA Board of Directors.
- b) New Britain General Hospital Board of Directors agrees to reserve one of its Board seats for a Director from the CMHA Board of Directors.
- c) CMHA may designate one Director that will sit on the CCHA Board without vote.
- d) Committees of CCHA and the hospitals will be open to CMHA Directors for participation.
- e) CCHA recognizes that, should it evolve into a representation of constituencies and should the governance of the Alliance be altered in the future to include representation by the constituencies, that behavioral health will be one of those constituencies.

IN WITNESS WHEREOF, this Affiliation Agreement has been executed by the
Chairpersons and President/Executive Director of CCHA and CMHA effective June 18, 1996.

CENTRAL CONNECTICUT HEALTH
ALLIANCE, INC.

COMMUNITY MENTAL HEALTH
AFFILIATES, INC.

By: Carl Sokolowski
Carl Sokolowski
Chairman

Penelope Pease
Penelope Pease
Chairwoman

6.20.96
Date

June 18, 1996
Date

Laurence A. Tanner
Laurence A. Tanner
President

Mark Muradian
Mark Muradian
Executive Director

6/18/96
Date

June 18, 1996
Date

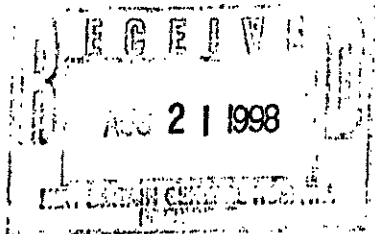
Attachment B



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

copy D. MAZUR
M. Muradian

JOHN G. ROWLAND
GOVERNOR



RAYMOND J. GORMAN
COMMISSIONER

August 19, 1998

IN THE MATTER OF:

An Application Pursuant
to Section 19a-638, C.G.S., as
amended by Section 2 of Public
Act 98-150 by-

Notice of Final Decision
Office of Health Care Access
Docket Number 98-539

**Central Connecticut Health Alliance, Inc.
and Community Mental Health Affiliates, Inc.**

**Transfer of Control of CMHA
to CCHA**

To: Laurence A. Tanner
President
Central Connecticut Health Alliance, Inc.
100 Grand Street
New Britain, CT 06050

Dear Mr. Tanner:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-638, C.G.S., as amended by Section 2 of Public Act 98-150. On August 19, 1998, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the
Office of Health Care Access

Raymond J. Gorman
Commissioner

RJG\km
Cert\prgm_svc\decision\98539cov



OFFICE OF HEALTH CARE ACCESS

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JOHN G. ROWLAND
GOVERNOR

RAYMOND J. GORMAN
COMMISSIONER

FINAL DECISION

On July 15, 1998, the Office of Health Care Access (OHCA) received a request for a Certificate of Need (CON) from Central Connecticut Health Alliance, Inc. (CCHA), the parent company of New Britain General Hospital and Bradley Memorial Hospital, and Community Mental Health Affiliates, Inc. (CMHA), together referred to herein as the Co-Applicants, under Docket Number 98-539, for the transfer of the control of CMHA to CCHA in which CMHA becomes a wholly owned subsidiary of CCHA, with no associated capital expenditure. The Co-Applicants are health care facilities or institutions as defined in Section 19a-630 of the Connecticut General Statutes (C.G.S.), as amended by Section 1 of Public Act 98-150, and the CON request is subject to OHCA's authority pursuant to Section 19a-638, C.G.S., as amended by Section 2 of Public Act 98-150. OHCA has reviewed the CON request pursuant to Section 19a-638, C.G.S., as amended, and has fully considered each of the principles and guidelines set forth in Section 19a-637, C.G.S., in its review. OHCA makes the following findings based on the information provided by the Co-Applicants:

1. The Co-Applicants are both non-profit non-stock section 501(c)(3) exempt organizations, and CMHA serves the community as a mental health agency licensed as a Mental Health Residential Living Center and an Adult Psychiatric Outpatient Clinic.
2. Effective July 1, 1996, CCHA became the sole corporate member of CMHA and CMHA became a wholly owned subsidiary of CCHA, thus transferring the control of CMHA to CCHA.
3. The Co-Applicants' proposal provides evidence that demonstrates that the change in control of the Co-Applicants, resulting in the formation of a single administrative structure for the development and administration of behavioral health services, in which CMHA will act as the behavioral health arm of CCHA, is clearly needed to ensure a coordinated approach to the delivery of outpatient behavioral health services and to enhance the continuum of behavioral health care programs.
4. The Co-Applicants' proposal should contribute to the quality, accessibility and cost-effectiveness of health care delivery in the region by avoiding duplicative administrative services, achieving economies of scale through the development of a comprehensive continuum of behavioral health care, streamlining administrative functions, and sharing technical, financial, managerial, and clinical resources and expertise.
5. The Co-Applicants' proposal appears to be financially feasible and should not have an adverse impact on the Co-Applicants' financial conditions, since the financial structures, in terms of billing and reimbursement, and the licensure of CMHA's and CCHA's affiliates' behavioral health care services remain separate.

An Equal Opportunity Employer

410 Capitol Avenue, MS #13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308

Telephone: (860) 418-7001 Fax: (860) 418-7053

Consumer Information Help-Line: (800) 797-9688

6. CMHA's board is restructured as a result of this proposal to allow CCHA to be a class B voting member.
7. There will be no additions, terminations, or relocation of services of either of the Co-Applicants or their affiliates as a result of this proposal.
8. The Co-Applicants' proposal should not have an adverse impact on the interests of consumers and payers of health care services, since the affiliation creates an integrated delivery system that provides a full range of services in a cost-effective manner.
9. The Co-Applicants' proposal presents evidence that the Co-Applicants are competent to provide efficient and adequate service to the public in that the Co-Applicants appear to be technically, financially and managerially expert and efficient.
10. The Co-Applicants' proposal demonstrates that the rates charged are sufficient to allow the Co-Applicants to cover its reasonable operating-costs.
11. The Co-Applicants' proposal is unrelated to the most recent state health plan, however, it is consistent with the Co-Applicants' missions to enhance and expand service through affiliations and partnerships with surrounding healthcare providers and to be able to provide quality and cost effective health care to the residents of the central Connecticut region.
12. The Co-Applicants' proposal will not directly impact CMHA's or CCHA's affiliates' current behavioral health utilization statistics.
13. The Co-Applicants' proposal will not directly impact any teaching and research responsibilities of the Co-Applicants.
14. The Co-Applicants have committed themselves to making voluntary efforts in improving productivity and containing costs.
15. The Co-Applicants have not demonstrated any special characteristics of the patient-physician mix or patient-health care practitioner mix that differentiates the Co-Applicants from otherwise similar behavioral health care providers.

Based on the above findings, OHCA has determined that the Co-Applicants' proposal is clearly needed for the population it is intended to serve, and I hereby grant a Certificate of Need for the project as follows:

CO-APPLICANTS' NAMES:

Central Connecticut Health Alliance, Inc. and
Community Mental Health Affiliates, Inc.

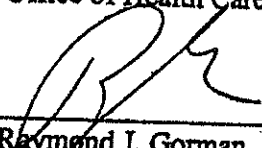
Docket Number 98-539

AUTHORIZED PROJECT:

The transfer of the control of CMHA to CCHA in which CMHA becomes a wholly owned subsidiary of CCHA, with no associated capital expenditure.

8/20/98
Date

By Order of the
Office of Health Care Access


Raymond J. Gorman
Commissioner

RJG/km
Cert\prgm_svc\decision\98539fd

Attachment C



270 John Downey Drive | New Britain, CT 06051 | P 860.826.1358 | F860-229-6575

December 17, 2010

Mr. John S. Manning
Chair, CCHA Board of Directors
118 Mooreland Road
Kensington, CT 06037

Dear Jack,

As a follow up to our joint Executive Committee meeting of November 30, 2010, the CMHA Board of Directors met last evening to discuss the CCHA/HHCC affiliation and its effect on CMHA. As you know, we have expressed concerns about the proposed affiliation impact on CMHA and its mission since the inception of the discussions between CCHA and HHCC. While we recognize that the planning process of the affiliation model is geared to meet the needs of the Hospital of Central Connecticut, we have also come to recognize that it is not optimum for CMHA.

The CMHA Board of Directors has adopted the attached resolution asking CCHA to work with CMHA to effect an amicable and orderly withdrawal by CMHA from the Central Connecticut Health Alliance. It would be our goal to retain service and business relationships with CCHA and its affiliate members that are beneficial to the communities we serve. CMHA would also honor all outstanding financial obligations to CCHA, and continue to explore program initiatives and opportunities to partner with the Hospital of Central Connecticut.

With the upcoming holidays, it may be difficult to get people together to further this discussion, but I would like to hear from you what you think the next steps should be. I have copied Clarence Silvia and Ray Gorman on this correspondence so that we are all in the loop.

Thank you for your consideration and I look forward to hearing from you.

Sincerely,



Nicholas Pettinico, Jr.
Chair, CMHA Board of Directors

NP/mrc

Cc: Clarence Silvia, President CCHA
Raymond J. Gorman, President/CEO, CMHA



270 John Downey Drive | New Britain, CT 06051 | P 860.826.1358 | F860-229-6575

RESOLUTION

Certificate of Resolutions of Community Mental Health Affiliates, Inc.

I hereby certify that at a meeting of the Board of Directors of Community Mental Health Affiliates, Inc., (the "Corporation" or "CMHA") duly called and held on December 16, 2010 in New Britain, Connecticut, the following resolution was duly adopted in conformity with the charter and bylaws of said corporation and is in full force and effect:

"Resolved: The CMHA Board of Directors is authorized to enter into discussions with the CCHA Board of Directors for an amicable separation from the Central Connecticut Health Alliance whereby CMHA is to retain its corporate independence."

Nicholas Pettinico, Jr.
Chair, CMHA Board of Directors

000034

Attachment D

Raymond Gorman

From: Silvia, Clarence [CSilvia@THOCC.ORG]
Sent: Wednesday, June 29, 2011 6:21 AM
To: Raymond Gorman
Cc: Hanks, Steven M.D.
Subject: RE: Loan agreement.

Ray – I want to make you aware that CMHA's request to be separated from CCHA will need the approval of the Hartford Healthcare Board. HHC is now the sole member of CCHA, and one of their reserved powers is approval of divestitures. This was identified when we were reviewing the MOU, and ensuring that CCHA's bylaws are compliant with the MOU. I spoke to Elliot, and the next meeting of the HHC Board is in September. He told me that he would raise CMHA's request to separate from CCHA/HHC at that meeting.

Clarence

From: Raymond Gorman [mailto:RGorman@cmhacc.org]
Sent: Friday, June 24, 2011 4:26 PM
To: Silvia, Clarence
Cc: Hanks, Steven M.D.; Mary Casey; Pettinico, Nick (InstiAdv); Maria Cappella
Subject: Loan agreement.

As we discussed at our meeting on June 14, 2011, Mary and I presented your request for collateralizing/securitizing the existing CCHA loan debt to our Finance Committee at it's June 20, 2011 meeting. At last night's Board of Directors meeting, the Finance Committee recommended to the full Board that we proceed with you to re-open the existing repayment agreement to accommodate your request. The Board unanimously approved the recommendation and directed me to begin working with you and your designees to re work the repayment agreement. At your earliest convenience, please let me know when we can meet to begin this important work. With our best efforts, we should be able to complete all of the necessary separation activities before the end of the Hospitals Fiscal Year, which would be beneficial to both parties.

I am in and out the next 2 weeks taking some vacation time—I will make myself available to your schedule re meeting. Maria can arrange with Joyce for whatever will work best—thanks Clarence—I look forward to completing our work on this —Ray

Raymond J. Gorman
President and CEO
CMHA (Community Mental Health Affiliates, Inc.)
270 John Downey Drive
New Britain, CT 06051
P: 860.826.1358 x1223
F: 860.229.6575
rgorman@cmhacc.org
www.cmhacc.org

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000036

Attachment E



Central Connecticut Health Alliance, Inc.

100 Grand Street
New Britain, CT 06050
860-224-5011
www.thocc.org
Clarence J. Silvia, President

September 30, 2011

Mr. Nicholas Pettinico, Jr., Chair, CMHA Board of Directors
Mr. Raymond J. Gorman, CMHA President and CEO
Community Mental Health Affiliates
270 John Downey Drive
New Britain, CT 06051

Dear Nick and Ray:

The Boards of HHC and CCHA have received your letter of September 23, 2011 regarding the conditions of separation. The Boards have both voted to allow you to separate from CCHA following signature of all the documents supporting the conditions outlined (release of guarantee, collateralization of loan and lease amendment on the Highlands building). In addition, the Boards would like to have more definite language regarding a subcontract for outpatient services. HOCC agrees to defer this for CMHA's current fiscal year but would like more reasonable assurance that the goal is to have a subcontract in place by the next fiscal year.

If this is acceptable to you, our counsel will begin to draft language regarding the lease amendment on the Highlands building. CMHA will provide language on the collateralization of the loan, correspondence from Farmington Bank regarding the guarantee and revised language on the subcontract.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Manning".

John S. Manning
Chairman, Board of Directors

A handwritten signature in black ink, appearing to read "Clarence J. Silvia".

Clarence J. Silvia
President and CEO

jmh

Attachment F



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

November 4, 2011

Raymond J. Gorman
President and CEO
Community Mental Health Affiliates
270 John Downy Drive
New Britain, CT 06051

RE: Certificate of Need, Report No.: 11-31727-DTR
Community Mental Health Affiliates
Transfer of Ownership

Dear Mr. Gorman:

On October 6, 2011, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination on behalf of Community Mental Health Affiliates ("CMHA") for the transfer of ownership of CMHA from Central Connecticut Health Alliance, Inc. ("CCHA") to CMHA.

Pursuant to General Statutes § 19a-638 (a) (2), a CON is required for a transfer of ownership. Therefore, a CON is required for CMHA to transfer its ownership from CCHA to CMHA. If you have any questions regarding this letter, please feel free to contact me directly at (860) 418-7012.

Sincerely,

A handwritten signature in black ink that reads "Kimberly R. Martone".

Kimberly R. Martone
Director of Operations

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR

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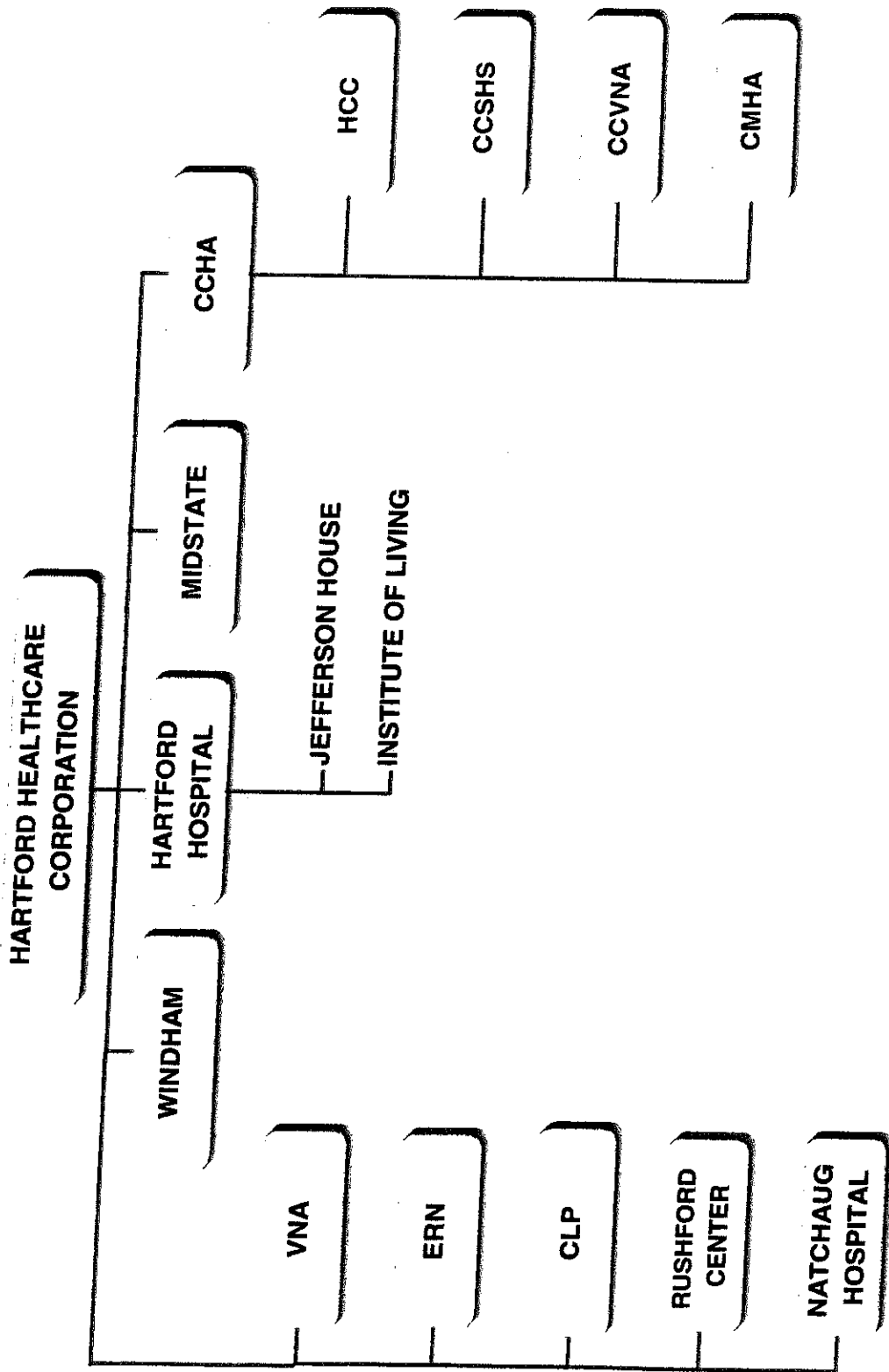
Attachment G

SERVICES PROVIDED BY CMHA:

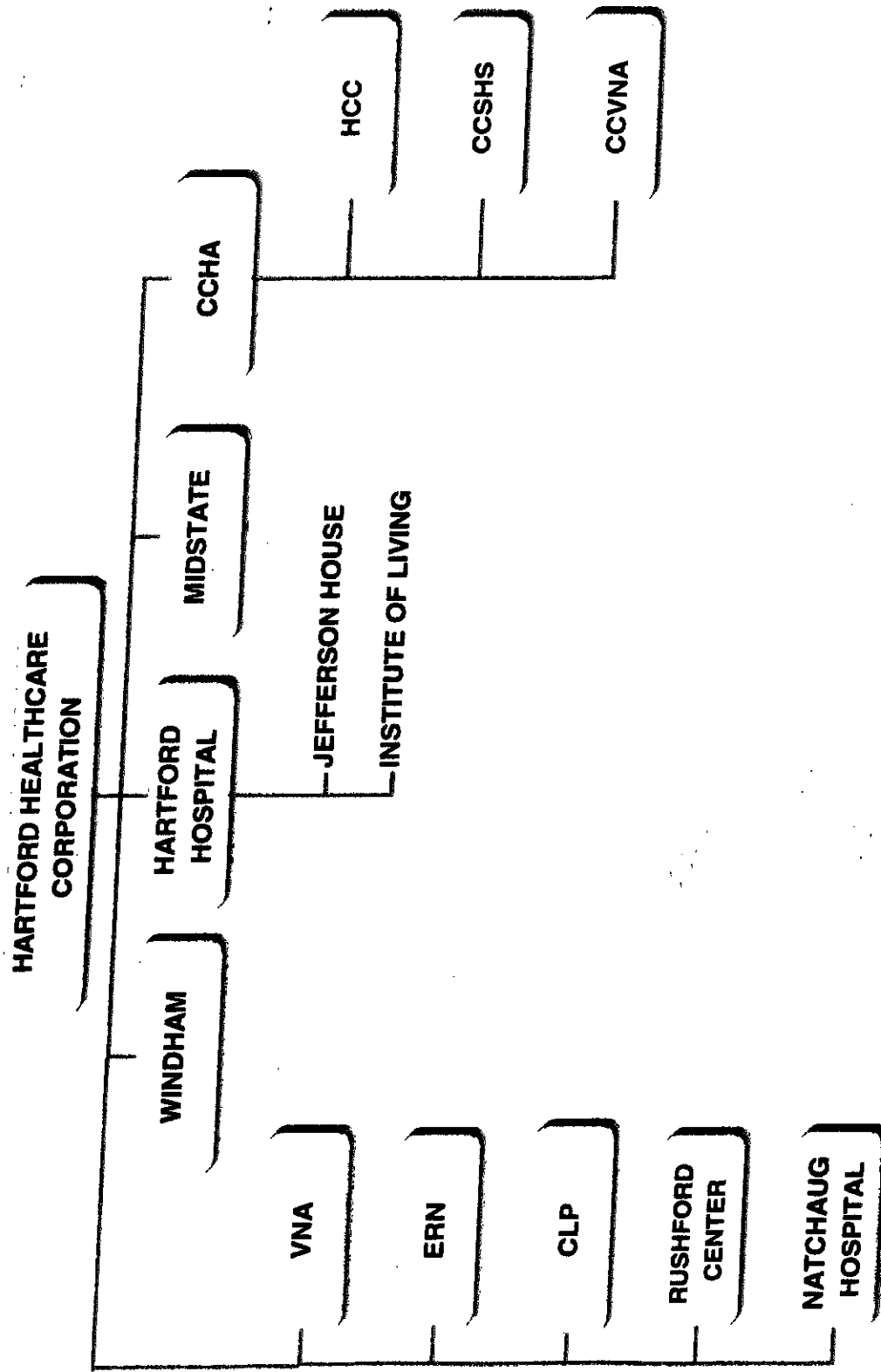
- Outpatient counseling for Adults, Children and Families
- Intensive outpatient programs for Children
- Intensive outpatient programs for Adults, including for co-occurring disorders
- Substance Abuse Treatment, inpatient and outpatient
- Residential Treatment Programs for Adults and Adolescents
- Case Management and Housing Programs
- Jail Diversion Programs
- Vocational and Social Rehabilitation
- In Home Services for Children and Families
- Foster Care Behavioral Health Services
- Integrated Behavioral Health and Medical programs
- Prevention and Education Programs

Attachment H

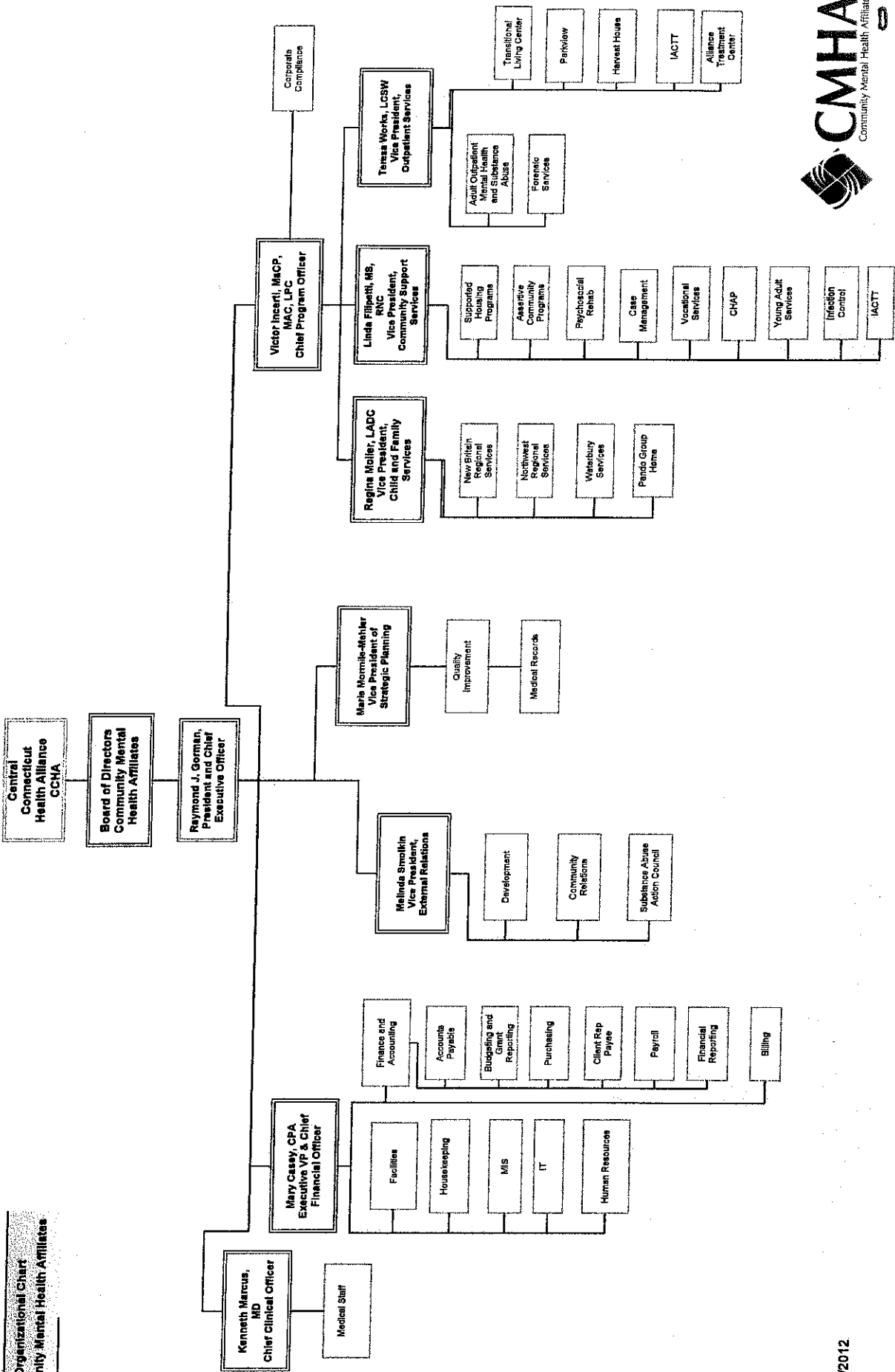
ORGANIZATIONAL CHART



ORGANIZATIONAL CHART

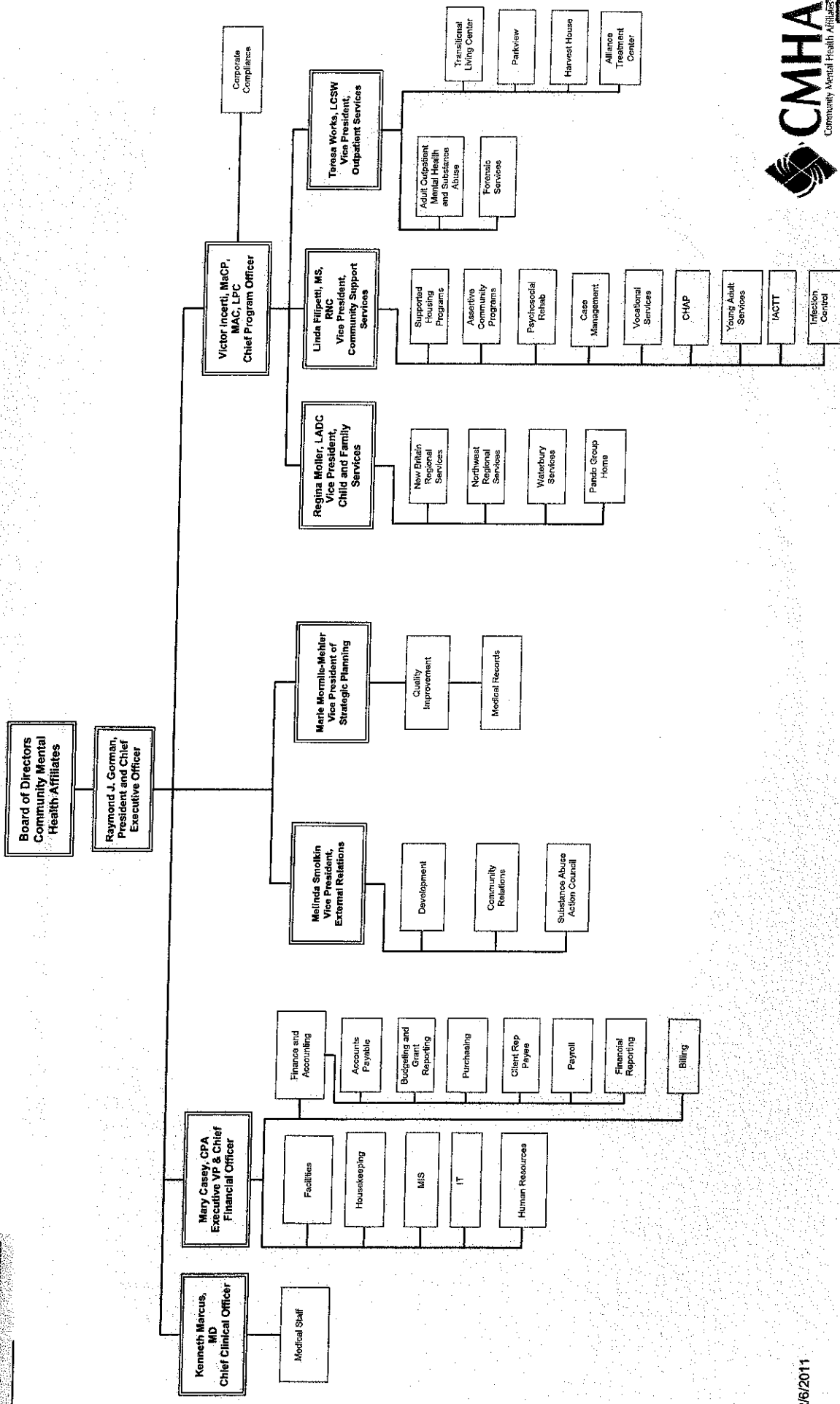


Organizational Chart
Community Mental Health Affiliates



Post Approval

Organizational Chart
Community Mental Health Affiliates



Attachment I

DRAFT

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ATTACHMENT I

SEPARATION AGREEMENT AND GENERAL RELEASE

THIS SEPARATION AGREEMENT AND GENERAL RELEASE ("*Agreement*") is dated as of November __, 2011, by and between Community Mental Health Affiliates, Inc., a Connecticut nonstock corporation with offices at 270 John Downey Drive, New Britain, Connecticut 06051 ("*CMHA*") and Central Connecticut Health Alliance, Inc., a Connecticut nonstock corporation with offices at 100 Grand Street, New Britain, Connecticut 06050 ("*CCHA*").

RECITALS

WHEREAS, CMHA and CCHA entered into an Affiliation Agreement, dated June 18, 1996, whereby CMHA was intended to become the behavioral health arm of CCHA (the "*Affiliation*");

WHEREAS, in anticipation of the Affiliation, the Certificate of Incorporation of CMHA was amended and restated and filed with the Secretary of State of Connecticut on July 7, 1996, with the result that CCHA became the sole Class B Member of CMHA and the sole owner of the Class B Membership Interest ("*CCHA Membership Interest*"), and as a result, CCHA has a controlling interest in CMHA;

WHEREAS, after filing the amended and restated Certificate of Incorporation, the individual members of CMHA that existed prior to the Affiliation, continued as Class A Members;

WHEREAS, the Office of Health Care Access of the State of Connecticut issued a Final Decision, dated August 19, 1998, approving CCHA as the sole corporate member of CMHA and CMHA as a subsidiary of CCHA; and

WHEREAS, CMHA and CCHA desire to terminate the Affiliation and CCHA desires to withdraw as a Class B Member of CMHA, and CMHA desires that the Class A Members shall have the right to operate and control CMHA.

NOW, THEREFORE, in consideration of the promises contained herein, and for good and valuable consideration, the parties hereto, intending to be legally bound, agree as follows:

1. **Recitals.** The recitals hereinabove are incorporated and made a part of this Agreement as if set forth at length herein.

2. **Transfer of Membership Interest and Withdrawal as a Member.** On the Closing Date (as hereinafter defined), CCHA shall transfer, convey and assign to CMHA, and CMHA shall hereby redeem, the CCHA Membership Interest. Upon such transfer and redemption, CCHA shall be deemed withdrawn as a Class B Member of CMHA.

3. **Amended and Restated Certificate of Incorporation and Bylaws.** Upon the Closing, CMHA shall file an amended and restated Certificate of Incorporation with the

Secretary of State of Connecticut, substantially in the form of Exhibit A attached hereto ("*Amended Certificate*") and shall adopt the amended and restated Bylaws, substantially in the form of Exhibit B attached hereto ("*Amended Bylaws*"), whereby the Class B Membership Interest shall be eliminated and the Class A Membership Interest of CMHA shall have the right to manage and control CMHA, as specified in the Amended Certificate and the Amended Bylaws; and the existing Class A Members shall continue as Class A Members. CCHA agrees that it shall execute such consents that are reasonably requested by CMHA to approve the Amended Certificate and Amended Bylaws to take effect immediately simultaneously with the effectiveness of the Closing.

4. Outstanding Loans to CCHA.

(a) Continuation of CCHA Loans. CMHA and CCHA are parties to a Loan Agreement, dated March 25, 2008, as amended by an amendment dated April 14, 2009 ("*Amendment*"), but which Amendment was effective as of July 1, 2008 (as so amended, the "*Loan Agreement*"). The original Loan Agreement was evidenced by two Promissory Notes, one in the principal amount of \$900,000 and one in the principal amount of \$600,000, which notes were non-interest bearing (collectively, the "*Loans*"). The Amendment provided that CCHA would lend CMHA an additional \$900,000, pursuant to a Promissory Note bearing interest at prime minus .50%. The parties agree that the Loan Agreement, as amended, shall continue in full force and effect following the Closing, and that CMHA will repay the loans pursuant to payment terms set forth on the attached Schedule A.

(b) Collateralization of Existing Loans. At Closing, CMHA will provide a second mortgage (the "*Second Mortgages*") to CCHA substantially in the form of Exhibit C attached hereto, on each of the properties listed on Schedule B attached hereto ("*Mortgaged Properties*"), which Mortgaged Properties will be subject only to a first lien in favor of Farmington Bank, its successors and assigns, or to any other senior lender that may refinance CMHA's senior debt.

[(c) Release of Guaranty. CCHA has guaranteed CMHA's mortgage loan with Farmington Bank ("*CCHA Guaranty*"). On or prior to Closing, CMHA shall obtain a release of said guaranty from Farmington Bank ("*Guaranty Release*").] [*We will delete if completed before closing.*]

5. Amendment to Highlands Building Lease. At Closing, the lease between CMHA and CCHA, dated _____, shall be amended substantially in the form of Exhibit D attached hereto ("*Lease Amendment*").

6. Subcontract for Outpatient Services. As part of its budget development for its next fiscal year, starting July 1, 2012, CMHA will make good faith efforts to negotiate and enter into a subcontract with the Hospital of Central Connecticut for the provision of outpatient services at the hospital.

DRAFT

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7. **Closing.** Subject to the satisfaction or waiver of each of the conditions set forth in Section 8 of this Agreement, the closing of the transactions contemplated by this Agreement (the "*Closing*") shall take place on _____, 2011 at the offices of CMHA or on such other date and at such other location as may be agreed upon by the parties (such date and time being called the "*Closing Date*").

8. **Transactions at the Closing.** At or before the Closing, the following shall take place:

(i) CMHA shall have received a determination from the Connecticut Office of Health Care Access authorizing the change of control of CMHA.

(ii) CCHA shall execute and deliver a written consent as the sole Class B Member of CMHA authorizing the Amended Certificate and Amended Bylaws.

(iii) CCHA shall have obtained the written consent of its direct and indirect members to the transactions contemplated by this Agreement, including Hartford Health Care Corporation, to the extent required under CCHA's organizational documents.

(iv) CCHA shall deliver to CMHA the following, certified as to accuracy and completeness by an authorized officer of CCHA: (A) CCHA's Certificate of Incorporation, as certified by the Secretary of State of the State of Connecticut, and its current Bylaws, including all amendments thereto; (B) resolutions of CCHA's [Board of Directors] and its direct and/or indirect members authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated herein; and (C) an incumbency setting forth the identity of the officers of CCHA and certifying the genuineness of the signature of the officer executing this Agreement and all instruments and certificates delivered on behalf of CCHA to CMHA pursuant hereto.

(v) CMHA shall have delivered to CCHA: the Second Mortgages on the Mortgaged Premises, the Lease Amendment [and the Guaranty Release].

(vi) Immediately upon the effectiveness of the Closing, CMHA shall file the Amended Certificate with the Secretary of State of Connecticut.

(viii) Both parties shall execute and deliver any other documents reasonably necessary for the completion of the transactions contemplated hereby.

9. Mutual Releases.

(a) CCHA, on behalf of itself and its affiliates, subsidiaries, successors, and assigns (individually and collectively, "*CCHA Releasors*"), and except for the obligations and undertakings expressly provided herein, hereby releases, acquits and discharges CMHA, and its employees, agents, successors and assigns (individually and collectively, "*CMHA Releasees*"), from and against any and all claims, demands, obligations, suits, actions, charges, torts, complaints, and causes of action of any kind whatsoever against the CMHA Releasees, whether known and/or unknown, and whether fixed and/or contingent, which the CCHA Releasors ever had, now have and/or hereafter can, shall and/or may have, from the beginning of the world to the date of this Agreement. Notwithstanding the foregoing, this release does not release, acquit or discharge the CMHA Releasees from (i) any liabilities arising under the Loan Agreement, the Second Mortgages or with respect to the obligation of CMHA to extinguish the CCHA Guaranty, (ii) their obligations and undertakings under and pursuant to this Agreement or (iii) any claim arising after the date hereof.

(b) CMHA, on behalf of itself and its affiliates, subsidiaries, successors and assigns (individually and collectively, "*CMHA Releasors*"), and except for the obligations and undertakings expressly provided herein, hereby releases, acquits and discharges CCHA, and its employees, agents, affiliates, successors and assigns (individually and collectively, "*CCHA Releasees*"), from and against any all claims, demands, obligations, suits, actions, charges, torts, complaints, and causes of action of any kind whatsoever against the CCHA Releasees, whether known and/or unknown, and whether fixed and/or contingent, which the CMHA Releasors ever had, now have and/or hereafter can, shall and/or may have, from the beginning of the world to the date of this Agreement. Notwithstanding the foregoing, this release does not release, acquit or discharge the CCHA Releasees from their obligations and undertakings under and pursuant to this Agreement, or any claim arising after the date hereof.

10. Continued Association and Non-Disparagement. Notwithstanding the provisions of this Agreement, and the withdrawal of CCHA as a member of CMHA, the parties anticipate that they will continue a business relationship for the purpose of meeting the behavioral health needs of residents of central Connecticut. Each party agrees that it shall not knowingly take any action nor make any statement, written or oral, that disparages the other party, or the affiliates of the other party; nor shall any party take any action that is intended to damage the reputation or business of the other. Each party shall take such actions as it deems necessary to assure that its employees comply with the provisions of this section.

11. Severability. If any term or condition of this Agreement shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, this Agreement shall be construed without such term or condition. If at the time of enforcement of any provision of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

12. **Cooperation; Further Assurances.** Each party agrees to cooperate, to the fullest extent possible, with each other and with any relevant governmental entities to effectuate the separation contemplated by this Agreement and to otherwise address any matters that may not be covered by this Agreement but would be part of a successful separation. Each party hereto shall execute, acknowledge and deliver all other instruments and documents and shall take all such other actions reasonably required to consummate and make effective the transactions contemplated by this Agreement.

13. **Choice of Law.** This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Connecticut, without regard to its choice of law provisions, and without regard to any presumption or rule requiring construction against the draftsman. Any dispute arising between the parties hereto as to the meaning, performance or effect of this Agreement shall be resolved exclusively in State or federal courts located in the State of Connecticut.

14. **Amendment.** This Agreement may not be amended or modified in any way, except pursuant to a written instrument signed by both parties.

15. **Confidentiality.** The parties shall maintain the terms of this Agreement as strictly confidential and shall not disclose these terms to any person or entity not a party hereto; provided, however, that the confidentiality requirements shall not apply to disclosures required by law, any regulatory or supervisory agency or order of court, or necessary disclosure to legal or tax advisors or any financial institution or agency providing financing to either party.

16. **Entire Agreement.** This Agreement, including the exhibits and schedules attached hereto, constitute the entire agreement between the parties and supersedes all other agreements and understandings, both written and oral, between or among any of the parties, with respect to the subject matter hereof.

17. **Third-Party Beneficiaries.** With the exception of the releases set forth above, this Agreement does not convey any rights, benefits, or standing to any person or entity other than the parties.

18. **Authority to Execute; Counterparts.** Each undersigned representative of the parties represents that s/he has all requisite authority and capacity to execute this Agreement on behalf of the specified party, and that this Agreement is binding and enforceable against the parties hereto. This Agreement may be executed in counterparts, all of which together shall constitute a single document. Signatures delivered via facsimile or in pdf format via email shall be regarded as the equivalent of originals.

19. **Notices.** All notices under this Agreement may be sent by hand delivery, recognized overnight courier service, or certified mail (with return receipt requested) to the party's attention at the addresses set forth below, or at such other addresses as each party may subsequently notify the other in writing:

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For CMHA:

Community Mental Health Affiliates, Inc.
270 John Downey Drive
New Britain, Connecticut 06051
Attention: Raymond J. Gorman, President and CEO

For CCHA:

Central Connecticut Health Alliance, Inc.
100 Grand Street
New Britain, Connecticut 06050
Attention:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**COMMUNITY MENTAL HEALTH
AFFILIATES, INC.**

By: _____
Name: Raymond J. Gorman
Title: President and Chief Executive Officer

**CENTRAL CONNECTICUT HEALTH
ALLIANCE, INC.**

By: _____
Name:
Title:

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Schedule A

Repayment of Loans

Principal Amount Due: \$2,400,000
\$1,500,000 non-interest bearing
\$900,000 at prime minus .5%

Payment Due Date	Amount of Payment	Status
September 30, 2010 December 31, 2010 March 31, 2011 June 30, 2011	\$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest	Paid Paid Paid Paid
September 30, 2011 December 31, 2011 March 31, 2012 June 30, 2012	\$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest	Paid Paid
September 30, 2012 December 31, 2012 March 31, 2013 June 30, 2013	\$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest	
September 30, 2013 December 31, 2013 March 31, 2014 June 30, 2014	\$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest \$56,250 plus accrued interest	
September 30, 2014 December 31, 2014 March 31, 2015 June 30, 2015	\$62,500 \$62,500 \$62,500 \$62,500	
September 30, 2015 December 31, 2015 March 31, 2016 June 30, 2016	\$62,500 \$62,500 \$62,500 \$62,500	
September 30, 2016 December 31, 2016 March 31, 2017 June 30, 2017	\$62,500 \$62,500 \$62,500 \$62,500	
September 30, 2017	\$62,500	

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September 30,2017	\$62,500	
December 31, 2017	\$62,500	
March 31, 2018	\$62,500	
June 30, 2018	\$62,500	
September 30,2018	\$62,500	
December 31, 2018	\$62,500	
March 31, 2019	\$62,500	
June 30, 2019	\$62,500	
September 30,2019	\$62,500	
December 31, 2019	\$62,500	
March 31, 2020	\$62,500	
June 30, 2020	\$62,500	

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Amended and Restated on May __, 2011

**SECOND AMENDED AND RESTATED BYLAWS OF
COMMUNITY MENTAL HEALTH AFFILIATES, INC.**

ARTICLE I. NAME

The name of the Corporation is COMMUNITY MENTAL HEALTH AFFILIATES, INC. The Corporation may be referred to in these Bylaws as the "Corporation."

ARTICLE II. MISSION: PURPOSES AND PROGRAMS

Section 1. Corporation's Mission. The Corporation is a non-profit behavioral health agency. In this regard, the mission of the Corporation is to:

- (a) develop, provide and promote an effective system of service delivery for behavioral health through a network of integrated unified services located in one or more community facilities affording continuity of care. Such behavioral health service shall include but not be limited to: crisis intervention; consultation and education; day treatment; detoxification; diagnostic evaluation; hospital diversion (and mobile services); individual, family and group psychotherapies; inpatient treatment; intake and assessment; intensive case management; intensive outpatient treatment; medication evaluation and therapy; partial hospitalization; prevention and education; psychosocial rehabilitation; relapse prevention; respite; transportation; and vocational rehabilitation;
- (b) to promote and support the capacity of persons of all ages who experience behavioral health problems to: live, learn, and work in the community; enjoy a stable and safe living environment; develop and realize self potential; and maintain a satisfactory state of mental well being; and
- (c) to work in partnership with its constituents, clients, patients, consumers, family members, friends, service providers, funding sources, and citizen advisory groups to promote community relations and education activities to reduce stigma, and increase public awareness and support for behavioral health.

All assets, policies, programs and undertakings of the Corporation shall be dedicated at all times solely to perpetuating, fulfilling and furthering the Corporation's Mission.

ARTICLE III. MEMBERSHIP

Section 1. Class A Members. There shall be one (1) class of Members, designated as the Class A Members. The Class A Members shall be selected from individuals who are interested in the purposes of the Corporation and who are representative of broad sections of the community. The

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Corporation shall at all times have at least three (3) Class A Members and may have as many as [twenty] Class A Members.

Section 2. Rights of the Class A Members. The Class A Members shall have the right to vote for the election of other Class A Members and for the removal of other Class A Members. The Class A Members shall have no other rights whatsoever to vote or act upon any matter of any nature concerning the Corporation.

Section 3. Annual Meeting of the Class A Members. The annual meeting of the Class A Members shall immediately precede the annual meeting of the Board and shall be held during the last quarter of each calendar year, at such time and place as the Board shall appoint. At the annual meeting of the Class A Members, the Class A Members may elect additional Class A Members or remove Class A Members.

Section 4. Special Meetings of the Class A Members. Special meetings of the Class A Members may be held at the call of the Chairman of the Board of Directors, and shall be called by the Chair within fourteen (14) days after receipt of a written request for a special meeting of the Class A Members signed by at least two of the Class A Members entitled to vote at the meeting, provided, however, that the Chairman of the Board of Directors and the Class A Members shall only have the right to request a special meeting for the purpose of electing additional Class A Members or removing Class A Members. No business may be transacted at any special meeting except such as is set forth in the call of the meeting.

Section 5. Notice of Meetings. Notice of the annual meeting or any special meeting of the Class A Members shall be given by the Secretary at least ten (10) days before the date of such meeting by (i) depositing in the U.S. Post Office a notice addressed to each Class A Member or (ii) sending the notice by email at the email addresses provided to the Secretary by such Class A Member for the purpose of receiving notice of such meetings.

Section 6. Quorum and Voting. A quorum at any annual or special meeting of the Class A Members shall consist of at least [five (5)] Class A Members. Each Class A Member shall be entitled to one vote on the election of additional Class A Members or the removal of any Class A Member. Except as otherwise provided by law or these Bylaws, the vote of a majority of the Class A Members present and voting, in person or by proxy, at any meeting at which a quorum of Class A Members is present shall constitute the act of the Class A Members.

Section 7. Waiver of Notice. Whenever notice of a meeting is required to be given to a Class A Member under any provision of law, the Certificate of Incorporation, or these Bylaws, a written waiver thereof, executed before or after the meeting by such Class A Member and filed with the records of the meeting, shall have the effect of such notice. A Class A Member's attendance at a meeting without protesting lack of notice prior to or at the commencement thereof shall be deemed the Class A Member's waiver of notice of such meeting.

Section 8. Meeting by Conference Call. The Class A Members may participate in a meeting of the Class A Members by means of conference telephone call or similar communications

equipment, by means of which all Class A Members participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 9. Consent in Writing without Meeting. Any action required or permitted to be taken at a meeting of the Class A Members may be taken without a meeting if the action is taken by all of the Class A Members entitled to vote thereon. The action shall be evidenced by one or more written consents describing the action taken, signed by each Class A Member taking such action, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 10. Procedure for Election of Class A Members. Class A Members of the Corporation shall be elected pursuant to the following procedures:

- (a) **CMHA Nominating Committee.** The CMHA Nominating Committee will present a slate of Class A Members up for appointment and reappointment which shall be presented for the approval of the Class A Members.
- (b) **Commencement of Term.** Newly elected Class A Members shall take office at the close of the annual meeting (or special meeting, if necessary) at which they are elected or on such date as otherwise set forth in the approval by the Class A Members.

Section 11. Limitation on Terms. There shall be no limitation on the length of time that a person may serve as a Class A Member.

Section 12. Class A Member Qualifications. All Class A Members shall either reside or work in the service area of the Corporation. Additionally, all Class A Members shall have widely recognized qualifications, including interests and skills in areas and activities which serve the interest of the Corporation and the community, and a willingness and availability to participate actively in the governance of the Corporation.

Section 13. Removal of Class A Members and Directors. The Class A Members may remove any Class A Member as both a Class A Member and as a director at any time, with or without cause, subject to an affirmative vote of a majority of the Class A Members. As used in this Section "cause" shall mean the Class A Member's failure to demonstrate an active interest in the Corporation, as evidenced by three (3) consecutive unexcused absences of meetings as a member of the Board or a member of a committee or failures to discharge board-assigned responsibilities, or acting in a manner which has a clear deleterious effect upon the Corporation. Action upon the removal of a Class A Member and a director may be taken at any meeting of the Class A Members, provided that written notice of the proposed action shall have been delivered personally to the Class A Member to be removed or mailed to his or her last known address at least ten (10) days before the meeting.

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ARTICLE IV. BOARD OF DIRECTORS

Section 1. Composition of Board; Authority and Responsibilities. Each Class A Member shall also be a member of the Board of Directors of the Corporation, and the Corporation shall at all times have at least three (3) directors. Other than honorary members of the Board as described in Article V, Section 7, only Class A Members shall serve on the Board of Directors. Any Class A Member who resigns, is removed or otherwise ceases to be a Class A Member shall also be removed as a member of the Board of Directors. The Corporation shall operate under the management of the Board of Directors in all matters, other than the election or removal of the Class A Members. The Board shall determine the program(s), services, policies and standards of the Corporation and authorize annual operating and capital budgets for the Corporation. The Board shall also establish procedures to assure compliance with all legal requirements under local, state and federal law; manage the Corporation's endowment monies in a prudent manner; interpret the Mission and purposes of the Corporation; elect a qualified President and Chief Executive Officer, hereinafter referred to as President/CEO; and define the authority vested in the President/CEO. Except as otherwise provided by applicable law, the Board may delegate to its committees, officers, employees or agents, including investment counsel, the authority to act on its behalf in specific instances as and where directed.

Section 2. Powers of the Board. Subject to the power of the Class A Members to elect or remove Class A Members, all administrative and other powers of the Corporation shall be vested in the Board, which shall have charge, control and management of the affairs, property and funds of the Corporation, including, without limitation, the following:

- (a) preparing and approving the Corporation's annual operating budget and the capital budget;
- (b) initiating a merger, or consolidation of the Corporation; the affiliation of the Corporation with any hospital or health care delivery system; or the sale, pledge, lease or transfer of any substantial amount of the Corporation's assets; or the creation or acquisition of any subsidiary or affiliate;
- (c) approving the filing of any application for Certificate of Need by the Corporation;
- (d) deleting any service of the Corporation;
- (e) approving the Corporation's execution of managed care contracts;
- (f) initiating a dissolution of the Corporation;
- (g) approving amendments or restatements to this Certificate of Incorporation or the Corporation's Bylaws; and

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(h) approving the borrowing of funds or the granting of any security interests in the assets of the Corporation.

Section 3. Responsibilities of Individual Directors. Directors are accountable for Corporation property entrusted to their care and control, and for establishing and enforcing standards relating to the delivery of services by the Corporation. Directors are required to exercise good faith, due care and prudent judgment in the governance of the Corporation.

Section 4. Resignation. A director may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified therein, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective, unless otherwise specified in the resignation. Any director who resigns will also be deemed to resign as a Class A Member of the Corporation.

Section 5. Status of Board Members. The directors shall offer their services on a voluntary basis without reimbursement. The Corporation may reimburse any director for out-of-pocket expenses (such as registration fees, meals and hotel charges) incurred by the director while in attendance as a representative of the Corporation at meetings of other organizations. Nothing contained in these Bylaws shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore, for actual services rendered to the Corporation in effecting one or more of its purposes.

Section 6. Relationship to Corporation. No benefit shall inure to any director by virtue of his or her Board membership. However, a proper business relationship may exist between a director and the Corporation as evidenced by a contract or written agreement entered into in compliance with Board policy regarding duality of interests. No director shall be entitled to participate in Board deliberations and/or vote on any matter relating to that director's compensation or any other subject where the director has a duality of interest.

ARTICLE V. DIRECTORS' MEETINGS

Section 1. Annual Meetings. The annual meeting of the Board shall be held immediately following the annual meeting of the Class A Members. As stated in Section 3 of Article III, the annual meeting of the Class A Members shall be held during the last quarter of each calendar year, at such place and time as the Board shall appoint. At the annual meeting of the Board, the directors shall transact such business relating to the affairs of the Corporation as may properly come before the meeting. Notice of the annual meeting shall be given by the Secretary by depositing in the U.S. Post Office a notice addressed to each director at least ten (10) days before the date of such meeting or by sending the directors email notification of the meeting at email addresses provided to the Secretary by such director for the purpose of receiving notice of such meetings.

Section 2. Regular Meetings. There shall be at least five (5) regular meetings of the Board during the year, beginning in September and continuing through June, to be held whenever and wherever the Board may specify by resolution. No notice of regular meetings need be given, but if no resolution is in effect, regular meetings shall be called in the same manner as special meetings of

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the Board. Members may elect to receive notices of meetings, agendas, minutes and all other materials by US mail or electronic transmission.

Section 3. Special Meetings. Special meetings of the Board may be called at any time by the Chair. The Chair shall call a special meeting upon the written request of any three (3) directors. If the Chair does not call the meeting within fourteen (14) days of the request, the directors making the request may call the meeting. Notice of a special meeting shall be mailed or sent by email to each director at least ten (10) days before the meeting, and shall state the purpose for which it is called. Any action taken at a meeting shall be considered valid, despite lack of such notice, if all directors have either attended such meeting or waived notice of such meeting in a writing executed and filed with the Secretary of the Corporation either before or after the meeting. The Secretary shall file any such waiver with the records of the meeting.

Section 4. Quorum. At any meeting a quorum shall consist of directors holding a majority of the filled directorships.

Section 5. Voting Requirements. Board action on any matter shall require the affirmative vote of a majority of the directors present at a meeting at which a quorum exists. The following actions shall require the affirmative vote of directors constituting two-thirds (2/3) of the directorships:

- (a) Any amendment to the Certificate of Incorporation;
- (b) Any amendment to these Bylaws;
- (c) Any merger or consolidation of the Corporation with or into any other corporation or entity, regardless of whether the Corporation shall be the surviving entity of such merger or consolidation;
- (d) Any sale of all or substantially all of the assets of the Corporation; and
- (e) The dissolution or liquidation of the Corporation.

Section 6. Attendance by Others. Other persons deemed appropriate by the directors may attend meetings of the Board.

Section 7. Honorary Members. The Board shall at any given time have the power by majority vote to elect honorary directors. Those persons elected as honorary directors shall have the right to attend all Board meetings and shall have the right to discuss and debate any issue before any such meeting, but shall not have the right to vote on any of the issues and shall not be counted in determining a quorum.

Section 8. Waiver of Notice. Whenever notice of a meeting is required to be given to a director under any provision of law, the Certificate of Incorporation, or these Bylaws, a written waiver thereof, executed before or after the meeting by such director and filed with the records of the

meeting, shall have the effect of such notice. A director's attendance at a meeting without protesting lack of notice prior to or at the commencement thereof shall be deemed the director's waiver of notice of such meeting.

Section 9. Meeting by Conference Call. The directors may participate in a meeting of the Board by means of conference telephone call or similar communications equipment, by means of which all directors participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 10. Consent in Writing without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all of the members of the Board of Directors. The action shall be evidenced by one or more written consents describing the action taken, signed by each director taking such action, and included in the minutes or filed with the corporate records reflecting the action taken.

ARTICLE VI. OFFICERS

Section 1. Officers and Election. The Board shall from time to time elect a President/CEO of the Corporation. Additionally, at the annual meeting of the Corporation each year, the Board shall elect from among its members a Chair, a Vice Chair, a Secretary and a Treasurer. The Board may also elect other officers as it deems necessary from time to time, none of whom need to be directors; the responsibilities of such other officers shall be such as are set forth in the resolutions of the directors electing the officers.

Section 2. Term. The President shall serve for the term set out in the resolution of the Board electing the President, and thereafter until his or her successor is duly elected. The other officers of the Corporation shall serve for a term of one (1) year and thereafter until their respective successors are duly elected.

Section 3. President. The President shall be the Chief Executive Officer of the Corporation and shall be responsible to the Board for the overall management and administration of the Corporation's operations. The President/CEO shall be a member of the Executive Committee. In addition, the responsibilities of the President/CEO shall include planning, organizing, directing, coordinating and evaluating activities of the Corporation, its service programs and its service staff, and such other matters as the Board may from time to time define. The President/CEO shall be responsible to the Board and shall have ultimate administrative authority and responsibility for the delivery of health care and other support services provided by the Corporation.

Section 4. Chair. The Chair shall preside at all meetings of the Class A Members, the Board and the Executive Committee. The Chair shall be responsible for a report of the year's work at the annual meeting of the Class A Members and of the Board.

Section 5. Vice Chair of the Board. The Vice Chair shall assist the Chair in performing the Chair's duties and shall perform all of the duties of the Chair upon the Chair's absence or inability to serve. The Vice Chair shall be a member of the Executive Committee.

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Section 6. Secretary. The Secretary shall attend all meetings of the Corporation, the Board and the Executive Committee and shall record the minutes of such meetings for the Corporation's permanent records. The Secretary shall issue notices of meetings as required by these Bylaws. The Secretary shall be a member of the Executive Committee.

Section 7. Treasurer. The Treasurer shall be knowledgeable about financial matters as they pertain to the Corporation and shall be responsible for all funds of the Corporation and for the payment of expenditures of the Corporation in the ordinary course of business. The Treasurer shall report to the Corporation's financial condition at regular and annual meetings of the Board and of the Class A Members, and shall submit an annual report based on books and accounts which shall be audited by a certified public accountant. The Treasurer shall also be a member of the Executive Committee.

Section 8. Immediate Past Chair. The Immediate Past Chair shall serve for one (1) year immediately following his/her term of office as Chair. This one-year term may follow two consecutive terms as a director. The Immediate Past Chair shall be a member of the Executive Committee.

ARTICLE VII. COMMITTEES

Section 1. Standing Committees. The standing committees of the Board shall be the Executive Committee, the Nominating Committee, the Finance/Audit Committee and the Strategic Planning Committee. Each of these committees shall keep minutes of its meetings and shall report them to the Board.

Section 2. Other Committees. The Board may form any other committee it deems necessary or desirable. The Board shall, by resolution, determine the size, membership and powers of each such committee. Any such committee shall keep minutes of its proceedings and shall report them to the Board.

Section 3. Elected Committees; Appointed Committees. At the annual meeting of the Board, the Board shall elect members of the Executive Committee and the Nominating Committee from slates of candidates presented by the Nominating Committee.

Section 4. Executive Committee. The Executive Committee shall be comprised of the Chair, President/CEO, Vice Chair, Secretary, Treasurer and Immediate Past Chair of the Corporation, and at least one (1) member at large as elected by the Board from, among its members. The Chair shall preside at all meetings of the Executive Committee. Meetings shall be called at the discretion of the Chair. This Committee shall be empowered to act for the Board in the exercise of its routine powers in connection with the ordinary business and affairs of the Corporation during the interval between meetings of the Board, except that it shall not modify any action taken by the Board. Actions of the Executive Committee shall be reported at the next regular meeting of the Board for review by the Board.

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Section 5. Nominating Committee. The Nominating Committee shall consist of three (3) members. The members and Chair of the Nominating Committee will be elected annually by the Board. The Committee shall meet on the call of its Chair. The function of the Committee shall be to keep in close touch with the needs of the Board and committees, to recommend candidates for election to Class A Membership and to the elected committees, and to determine the availability and willingness of such candidates to serve.

ARTICLE VIII. CONFLICT OF INTEREST

Any member of the Board or any committee of the Board, or any employee of the Corporation, who would derive any profit or gain directly or indirectly by reason of action of the Board or any committee, or by reason of services to the Corporation, shall disclose such interest to the Board and refrain from participating in any decision on such matters. Such a person shall also disclose any known significant reason why the transaction(s) might not be in the best interest of the Corporation. The person's abstention from the vote and the reason for it will be recorded in the minutes of any meeting of the Board or committee at which such matters are discussed. Each director and committee member shall be required to submit a disclosure statement. Unless the Board shall by resolution otherwise determine, the form of such statement shall be as follows:

"I have read and I am fully familiar with the Corporation's Bylaw provision regarding Conflict of Interest. I am not presently involved in any transaction, investment or other matter in which I would profit or gain directly or indirectly as a result of my membership on the Corporation's Board of Directors or any committee of the Board of Directors or by my employment with the Corporation. Furthermore, I agree to disclose any such interest which may occur in accordance with the requirements of the Bylaws.

ARTICLE IX. GENERAL PROVISIONS

Section 1. Fiscal Year: Audit. The fiscal year of the Corporation shall be July 1st to June 30th unless set differently by the Board. The books of the Corporation shall be audited annually by a certified public accountant and the report of such accountant shall be filed with the records of the Corporation.

Section 2. Distribution of Assets. None of the Corporation's income or assets shall ever be distributed to its officers, directors, Class A Members or to any other individual, except as set forth in these Bylaws; provided, however, that the Corporation may, in the discretion of the Board, make non-liquidating distributions of its income or assets to organizations that are exempt from taxation under §501(c)(3) of the Internal Revenue Code of 1986, as amended, if such distributions are in furtherance of the Corporation's charitable purposes and if such distributions are conditioned upon the recipients' promise to use such income or assets to the maximum extent practicable to perpetuate the Corporation's Mission, as then set forth in these Bylaws and the Certificate of Incorporation. Nothing contained in these Bylaws shall prevent the Corporation from reasonably compensating any of its officers, directors or employees for services performed for the Corporation.

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Section 3. Dissolution. The Corporation may be dissolved at any time by the affirmative vote of directors constituting two thirds (2/3) of the directorships of the Board called to consider dissolution. If the Corporation is dissolved, any assets remaining after payment of all its liabilities and obligations shall be given, in amounts and proportions determined by the Board, to charitable or educational organizations exempt from taxation under said §501(c)(3) of the Internal Revenue Code, provided that such transfer of the Corporation's assets shall be conditioned upon the recipients' promise to use them to the maximum extent practicable to perpetuate the Corporation's Mission, as then set forth in these Bylaws and the Certificate of Incorporation.

Section 4. Record of Changes. Whenever a Bylaw is amended or repealed or a new Bylaw is adopted, that action and the date on which it was taken shall be noted on the original Bylaws in the appropriate place, or a new set of Bylaws shall be prepared incorporating those changes.

Section 5. Inconsistencies with Certificate of Incorporation. If any provisions of these Bylaws shall be found to be inconsistent with any provisions of the Certificate of Incorporation, as presently existing or as amended, the Certificate of Incorporation shall be the controlling authority.

Section 6. Statutory References. Any reference in these Bylaws to a section of the Internal Revenue Code of 1986 shall refer to the section as it is written at the time of adoption of these Second Amended and Restated Bylaws and as it may be hereafter amended, including any other provision of similar purposes which may later become applicable to the Corporation.

ARTICLE X. INDEMNIFICATION

The Corporation shall indemnify a director of the Corporation for liability to any person for any action taken, or any failure to take any action, as a director of the Corporation to the fullest extent permitted by Section 33-1026(b)(5) of Connecticut Revised Nonstock Corporation Act, as the same may be amended from time to time (herein called the "RNCA"). If RNCA is hereafter amended or superseded to incorporate provisions providing greater indemnification of a director for liability, then the Corporation shall provide such greater indemnification to the fullest extent permitted by RNCA, as so amended or superseded. Neither the amendment nor repeal of this Section, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section shall affect the indemnification of or advance of expenses to a director of the Corporation for any liability stemming from acts or omissions occurring prior to such amendment, repeal or adoption of an inconsistent provision. For purposes of this Section, the terms "director" and "liability," as they relate to a director of the Corporation and liability incurred by such a director in his capacity as a director of the Corporation, shall have the respective meanings ascribed to the terms "director" and "liability" in Section 33-1116 of RNCA, as now in effect or as it may hereafter be amended or superseded.

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ARTICLE XI. AMENDMENTS

These Bylaws may be amended by action at any meetings of the Board duly called for that purpose, by the affirmative vote of the directors constituting two-thirds (2/3) of the directorships, provided such amendment has been proposed at a previous meeting of the Board, or that the proposed amendment has been mailed or emailed to all of the directors at least ten (10) days prior to the meeting(s) at which they are to be considered. In addition to the foregoing, no change may be made in these Bylaws or in the Certificate of Incorporation if it would adversely affect the exempt status of the Corporation under §501(c)(3) of the Internal Revenue Code of 1986, as amended.

These Bylaws are amended and restated effective May __, 2011.

Secretary

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**CERTIFICATE AMENDING AND RESTATING
CERTIFICATE OF INCORPORATION
OF COMMUNITY MENTAL HEALTH AFFILIATES
BY THE BOARD OF DIRECTORS
AND SOLE MEMBER
(Non-Stock Corporation)**

1. The name of the Corporation is Community Mental Health Affiliates, Inc. (the "Corporation").

2. The Certificate of Incorporation is amended and restated in its entirety pursuant to Connecticut General Statutes §33-1142 and 1145 by the following resolution of the Board of Directors (the "Board") and its sole Member:

RESOLVED: That the Certificate of Incorporation of the Corporation be, and it hereby is, amended and restated in its entirety to read as follows:

Section 1. Name. The name of the Corporation is Community Mental Health Affiliates, Inc.

Section 2. Purpose. The activities or purposes of the Corporation are as follows: To operate only as a non-profit mental health agency.

In particular, the mission of the Corporation (the "Corporation's Mission") shall be to do the following (all references to sections in the paragraphs below are to those sections of the Internal Revenue Code of 1986, as amended, or to the corresponding provisions of whatever revenue laws of the United States shall be in force from time to time):

(a) Develop, provide and promote an effective system of service delivery for behavioral health through a network of integrated unified services located in one or more community facilities affording continuity of care. Such behavioral health service shall include but not be limited to: crisis intervention; consultation and education; day treatment; detoxification; diagnostic evaluation; hospital diversion (and mobile services); individual, family and group psychotherapies; inpatient treatment; intake and assessment; intensive case management; intensive outpatient treatment; medication evaluation and therapy; partial hospitalization; prevention and education; psychosocial rehabilitation; relapse prevention; respite; transportation; and vocational rehabilitation;

(b) Promote and support the capacity of persons of all ages who experience behavioral health problems to: live, learn, and work in the community; enjoy a stable and safe living environment; develop and realize self potential; and maintain a satisfactory state of mental well being;

(c) Work in partnership with its constituents, clients, patients, consumers, family members, friends, service providers, funding sources, and citizen advisory groups to

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promote community relations and education activities to reduce stigma, and increase public awareness and support for behavioral health;

(d) Not do anything forbidden to be done by corporations which are qualified to receive deductible contributions under §170(c)(2). None of the net earnings of the Corporation shall benefit any individual, and the Corporation shall never participate in any political campaign on behalf of or against a candidate for public office. No substantial part of the Corporation's activities may consist of attempting to influence legislation in the manner described in §501(h);

(e) If the Corporation is or becomes a private foundation (as defined in §509), the Corporation must distribute its income for each taxable year in a way that will not subject it to tax under §4942. The Corporation shall not self deal (as defined in §4941(d)), shall not retain excess business holdings (as defined in §4943(c)), shall not make investments which will subject the Corporation to tax under §4944, and shall not make any table expenditures (as defined in §4945(d));

(f) In all of the foregoing, to organize and operate so as to qualify as a charitable organization exempt from federal income taxation under §501(c)(3) of the Internal Revenue Code of 1954, as amended or under any corresponding provision of subsequent federal tax law; and

(g) Subject to and in furtherance of the foregoing, to engage in any lawful act or activity for which corporations may be formed under Sections 33-1000 to 33-1290 of the Connecticut Revised Nonstock Corporation Act, as the same may be amended from time to time (herein called the "RNCA") and to have and exercise all the powers granted to non-stock corporations under RNCA.

Section 3. Class A Members. There shall be one (1) class of Members, designated as the Class A Members. The Class A Members shall be selected from individuals who are interested in the purposes of the Corporation and who are representative of broad sections of the community. The Corporation shall at all times have at least three (3) Class A Members and may have as many as [twenty (20)] Class A Members. The initial Class A Members shall be those individuals currently serving as Class A Members of the Corporation. The Class A Members shall only have the right to vote to elect new Class A Members or to remove Class A Members, which may be elected by affirmative vote of a majority of the Class A Members present and voting, in person or by proxy, at the annual meeting of the Members or at any meeting specifically called for that purpose. The Class A Members shall not have any other voting rights.

Section 4. Board of Directors.

(a) Composition. Each Class A Member shall also be a member of the Board of Directors of the Corporation and the Corporation shall at all times have at least three (3) directors. Only Class A Members shall serve on the Board of Directors. Any Class A Member who is removed or otherwise ceases to be a Class A Member shall also be removed as a member of the Board of Directors. The Corporation shall operate under the management of the Board of

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Directors in all matters, other than the election or removal of Class A Members as set forth in Section 3 above.

(b) Powers of the Board. Subject to the power of the Class A Members to elect or remove Class A Members as set forth in Section 3 above, the administrative and all other powers of the Corporation shall be vested in the Board as further set forth in the Corporation's Bylaws, which shall have charge, control and management of the affairs, property and funds of the Corporation, including, without limitation, the following:

- (1) preparing and approving the Corporation's annual operating budget and the capital budget;
- (2) initiating a merger or consolidation of the Corporation; the affiliation of the Corporation with any hospital or health care delivery system; or the sale, pledge, lease or transfer of any substantial amount of the Corporation's assets; or the creation or acquisition of any subsidiary or affiliate;
- (3) approving the filing of any application for Certificate of Need by the Corporation;
- (4) deleting any service of the Corporation;
- (5) approving the Corporation's execution of managed care contracts;
- (6) initiating a dissolution of the Corporation, which would require the affirmative vote of at least two-thirds (2/3) of the members of the Board;
- (7) approving amendments or restatements to this Certificate of Incorporation or the Corporation's Bylaws, which would require the affirmative vote of at least two-thirds (2/3) of the members of the Board; and
- (8) approving the borrowing of funds or the granting of any security interests in the assets of the Corporation.

Section 5. Non-profit. The Corporation shall be nonprofit and shall not have or issue shares of stock, make distributions or pay dividends. The Corporation shall at all times be organized and operated exclusively for charitable, scientific or educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954 as amended or any corresponding provision of subsequent federal law.

No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to the Corporation's directors, officers or other private persons, provided that the Corporation may pay reasonable compensation for services actually rendered and may make payments and distributions in furtherance of its purposes as set forth above in Section 1 of this Certificate of Incorporation.

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Notwithstanding any other provisions of this Certificate of Corporation, the Corporation shall not conduct any activities not permitted to be conducted by a corporation exempt from taxation under section 501(c)(3) of the Internal Revenue Code or by a corporation the contributions to which are deductible by a contributor under section 170(c)(2) of the Internal Revenue Code.

Section 6. Dissolution. The Corporation may be dissolved at any time by the affirmative vote of directors constituting two thirds (2/3) of the directorships of the Board called to consider dissolution. If the Corporation is dissolved, any assets remaining after payment of all its liabilities and obligations shall be given, in amounts and proportions determined by the Board, to charitable or educational organizations exempt from taxation under said §501(c)(3) of the Internal Revenue Code, provided that such transfer of the Corporation's assets shall be conditioned upon the recipients' promise to use them to the maximum extent to perpetuate the Corporation's Mission, as then set forth in this Certificate of Incorporation.

Section 7. Limitation of Liability. The personal liability of a Director to the Corporation or its members shall be limited to the fullest extent permitted by Section 33-1026(b)(4) of RNCA. If RNCA is hereafter amended or superseded to incorporate provisions further eliminating or limiting the personal liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by RNCA, as so amended or superseded. Neither the amendment nor repeal of this Section, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section shall eliminate or reduce the effect of this Section in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

Section 8. Indemnification. The Corporation shall indemnify a director of the Corporation for liability to any person for any action taken, or any failure to take any action, as a director of the Corporation to the fullest extent permitted by Section 33-1026(b)(5) of RNCA. If RNCA is hereafter amended or superseded to incorporate provisions providing greater indemnification of a director for liability, then the Corporation shall provide such greater indemnification to the fullest extent permitted by RNCA, as so amended or superseded. Neither the amendment nor repeal of this Section, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section shall affect the indemnification of or advance of expenses to a director of the Corporation for any liability stemming from acts or omissions occurring prior to such amendment, repeal or adoption of an inconsistent provision. For purposes of this Section, the terms "director" and "liability," as they relate to a director of the Corporation and liability incurred by such a director in his capacity as a director of the Corporation, shall have the respective meanings ascribed to the terms "director" and "liability" in Section 33-1116 of RNCA, as now in effect or as it may hereafter be amended or superseded.

Section 9. Registered Agent. The name of the Corporation's registered agent is [Raymond J. Gorman] with a business address at 29 Russell Street, New Britain, Connecticut 06052. The residence address of the registered agent is _____ Connecticut, _____.

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2. The above resolution amends and restates the Certificate of Incorporation in its entirety.
3. The above resolution was adopted [unanimously] by the Board and by the sole Class B Member, pursuant to the provisions of Sections 33-1140 to 33-1147 of RNCA inclusive and by this Certificate of Incorporation.
4. Vote of Class B Member:

Vote Required for Adoption

Vote Favoring Adoption

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Dated, at New Britain, Connecticut this ____ day of May, 2011.

We hereby declare, under the penalties of false statement, that the statements made in the foregoing Certificate are true.

President

Secretary

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MORTGAGE DEED AND SECURITY AGREEMENT

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

KNOW YE, that COMMUNITY MENTAL HEALTH AFFILIATES, INC., a Connecticut non-stock corporation, having its chief executive office and principal place of business located at 270 John Downey Drive, New Britain, Connecticut 06051 (hereinafter called the "Borrower"), for the consideration of ONE DOLLAR (\$1.00) and other good and valuable consideration received to the Borrower's full satisfaction from Central Connecticut Health Alliance, Inc., a Connecticut Corporation located at 100 Central Avenue, New Britain, Connecticut 06050 (hereinafter call the "Lender") does hereby give, grant, bargain, sell and confirm, with MORTGAGE COVENANTS (hereinafter referred to as the "Mortgage"), unto the Lender, its successors and assigns the real property located at 125 Whiting Street f/k/a 6-16 Whiting Street, New Britain, CT; 92 Vine Street, New Britain, CT; 26 Russell Street, New Britain, CT; and 18 Hemlock Road, Torrington, CT described in more detail on **Schedule A** (collectively the "Properties" and/or "Property") attached hereto; and

TO HAVE AND TO HOLD the above granted and bargained Properties, with the privileges and appurtenances thereof unto it, the .said Lender, its successors and assigns forever, to its and their own proper use and behoof.

THE CONDITION OF THIS DEED IS SUCH THAT:

WHEREAS, Borrower and Lender entered into a Second Mortgage Agreement ("Loan Agreement") dated of even date herewith, a copy of which is on file at the office of the Lender as set forth herein and/or at the Guion, Stevens & Rybak, LLP and available for inspection, whereby the Lender has made a term loan to Borrower, as further evidenced by a Term Note dated of even date herewith from the Borrower and made payable to the order of the Lender in the original principal amount of \$2,118,745 (herein the "Note"), a copy of the Note is attached hereto as **Schedule B** and made a part hereof. Upon full payment of the said principal amount, plus all outstanding accrued interest, fees, and other expenses owed on account of this Loan Agreement and Note, the Lender shall issue to the Borrower a duly executed release of this Loan Agreement suitable for recording in the land records.

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Loan Agreement; and

WHEREAS, advances to be made by the Lender to or for the benefit of the Borrower in respect of the Loan shall be made pursuant to the terms of the Loan Agreement and/or Notes; and

WHEREAS, advances made by the Lender in respect of the Loan are payable in the manner set forth in the Notes and/or Loan Agreement; and

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WHEREAS, Borrower, as security for the Loan Agreement and Notes, all of Borrower's Obligations, as hereinafter defined, has given Lender an interest in the Properties pursuant to this Mortgage; and

WHEREAS, the Borrower is justly indebted to the Lender pursuant to the terms of the Notes and the Loan Agreement subject to the following additional terms and conditions:

SECTION 1: DEFINITIONS

The following terms as used herein shall have the following meanings:

Section 1.1. "Building Service Equipment" shall mean all apparatus, fixtures and articles of personal property owned by the Borrower now or hereafter attached to or used or procured for use in connection with the operation or maintenance of any building, structure or other improvement located on or included in the Property, including, but without limiting the generality of the foregoing, all engines, furnaces, boilers, stokers, pumps, heaters, tanks, dynamos, motors, generators, switchboards, electrical equipment, heating, plumbing, lifting and ventilating apparatus, air-cooling and air-conditioning apparatus, gas and electrical fixtures, elevators, escalators, fittings, and machinery and all other equipment of every kind and description, used or procured for use in the operation of the building standing on the Property (except apparatus, fixtures or articles of personal property belonging to lessees or other occupants of such building or to persons other than the Borrower, unless the same be abandoned by any such lessee or other occupant or person), together with any and all replacements thereof and additions thereto.

Section 1.2. "Disposal" shall have the meaning assigned to it in Section 3.5(e) hereof.

Section 1.3. "Environmental Reports" shall have the meaning assigned to it in the Environmental Indemnity Agreement dated of even date herewith and executed by Borrower in favor of The Lender,

Section 1.4. "Event of Default" shall mean (a) any Event of Default under the Revolving Note, Term Note, Loan Agreement or any of the other Loan Documents, (b) any default in the payment or performance of the obligations of the Borrower hereunder, or (c) any representation or warranty of the Borrower hereunder proving to be untrue in any material respect.

Section 1.5. "Hazardous Materials" shall have the meaning assigned to it in Section 2.5 hereof.

Section 1.6. "Loan Documents" shall mean the Loan Agreement, the Notes and all other documents, agreements or instruments executed by Borrower evidencing, securing or relating to the Loan in connection therewith.

Section 1.7. "Notes" shall have the meaning assigned to them in the recitals to this Mortgage.

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Section 1.8. "Obligations" shall mean all indebtedness, liabilities, obligations, covenants and agreements of the Borrower to the Lender now existing or hereafter arising or incurred under the Loan Agreement, Notes, this Mortgage, or the other Loan Documents, whether individually or collectively, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising thereunder or hereunder by contract, operation of law or otherwise and whether before or after any judgment relating to any of the foregoing. .

Section 1.9. "Property" and/or "Properties" shall mean the property described in Schedule A attached hereto and incorporated herein by reference as if fully set out herein.

Section 1.10. "Property Income" shall mean all rents, income, profits, security deposits and other benefits to which the Borrower may now or hereafter be entitled from any lease, tenancy or rights of use of all or any part of the Property and/or the income generated from the business operations conducted at or from the Property.

Section 1.11. "Release" shall have the meaning assigned to it in' Section 3.5(e) hereof.

Section 1.12. "Spill" shall have the meaning assigned to it in Section 3.5(e) hereof.

SECTION 2: REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents, covenants, and warrants to the Lender as follows:

Section 2.1. Title to Property. Borrower represents, covenants and warrants that it has good, fee simple title to the Properties as described on Schedule A attached hereto and has full power and lawful right to convey and mortgage the same in the manner and form aforesaid; and that this Mortgage is and will remain a valid and enforceable SECOND lien on the Property; and that it shall warrant, defend and preserve such title and the rights granted by this Mortgage with respect thereto against all claims of all persons or entities.

Section 2.2: Authority. Borrower has good right and lawful authority to convey the Property in the manner and form hereby mortgaged and conveyed.

Section 2.3. No Conflicts. The execution and delivery of this Mortgage does not, and the performance and observance of the terms hereof will not, contravene any provision of existing law, ordinance, rule, regulation or order of any Federal, state or local governmental body, instrumentality or agency, and will not conflict with or result in any breach of the terms, conditions or provisions of, or constitute a default under or result in or permit the creation or imposition of any charge or encumbrance upon any of the properties or assets of the Borrower pursuant to, any indenture, mortgage or other agreement or instrument to which the Borrower is a party or by which its properties or assets are bound.

Section 2.4. Governmental Filings. Other than the recording of this Mortgage and the filing of uniform commercial code financing statements with the appropriate recording and filing offices in the State of Connecticut, no approval, authorization or other action by, or filing with, any Federal, state, or local body, instrumentality or agency, is required under existing law in connection with the execution and delivery by the Borrower of this Mortgage.

Section 2.5. Environmental Compliance. The Borrower has taken all necessary steps to investigate the past and present condition and usage of the Property and the operations conducted

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thereon and, based upon such diligent investigation, makes the following representations and warranties in connection with the Property.

A. Neither the Borrower nor any operator of the Property, or any operations thereon is in violation, or alleged violation, of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including without limitation, those arising under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq. ("RCRA") and regulations promulgated thereunder, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment (hereinafter "Environmental Laws"), which violation involves the Property or would have a material adverse effect on the environment or the business, assets or financial condition of the Borrower.

B. The Borrower has not received notice from any third party including, without limitation, any Federal, state or local governmental authority, (i) that it has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B (1986); (ii) that any hazardous waste, as defined by 42 U.S.C. Section 9601(5), any hazardous substances as defined by 42 U.S.C. Section 9601(14), any pollutant or contaminant as defined by 42 U.S.C. Section 9601 (33) or any toxic substances, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws ("Hazardous Materials") which it has generated, transported or disposed of have been found at any site at which a Federal, state or local agency or other third party has conducted or has ordered that the Borrower, its members or managers, conduct a remedial investigation, removal or other response action pursuant to any Environmental Law; or (iii) that it is or shall be a named party to any claim, action, cause of action, complaint, or legal or administrative proceeding (in each case, contingent or otherwise) arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the release of Hazardous Materials. No portion of the Property has been used for the handling, processing, storage or disposal of Hazardous Materials except in accordance with applicable Environmental Laws; and no underground tank or other underground storage receptacle for Hazardous Materials is located on any portion of the Property; (ii) in the course of any activities conducted by the Borrower, its members or managers, or the operators of their properties, no Hazardous Materials have been generated or are being used on the

Property, except in accordance with applicable Environmental Laws; (iii) there has been no past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping (a "Release") or threatened Release of Hazardous Materials on, upon, into or from the Property, which Release would have a material adverse effect on the value of any of the Property or adjacent properties or the environment; (iv) to the best of the Borrower's knowledge, there have been no Releases on, upon, from or into any real property in the vicinity of any of the Property which, through soil or groundwater contamination, may have come to be located on, and which would have a material adverse effect on the value of, the Property; and (v) any Hazardous Materials that have been generated on any of the Property have been transported off-site only by carriers having an identification number issued by the EPA, treated or disposed of only by treatment or disposal facilities maintaining valid permits as required under applicable Environmental Laws, which transporters and facilities have been and are, to the best of the Borrower's knowledge, operating in compliance with such permits and applicable Environmental Laws,

C. None of the Property is or shall be subject to any applicable environmental clean up responsibility law or environmental restrictive transfer law or regulation, by virtue of the transactions set forth herein and contemplated hereby.

D. The Borrower covenants and agrees that it will indemnify and hold the Lender harmless from and against any and all expense, damage, loss or liability incurred by the Lender (including, without limitation, all costs of legal representation incurred by the Lender in connection with enforcing the provisions hereof, or otherwise) arising from the application of any law, including any so-called "Super Fund," "Transfer Act" or "Super Lien" legislation, relating to the presence of Hazardous Materials on the Property, whether such legislation is Federal, state or local in nature. It is expressly acknowledged by the Borrower that, notwithstanding anything to the contrary set forth herein, this covenant of indemnification shall survive any foreclosure of the lien and security interest of this Mortgage or the discharge of this Mortgage and shall inure to the benefit of the Lender, its successors and assigns.

Section 2.6. Absence of Litigation. There are no actions, suits, proceedings or investigations, including, without limitation, condemnation and eminent domain proceedings, pending or threatened, against or affecting the Property, or which may involve or affect the validity of this Mortgage, and the Borrower is not in default with respect to any order, writ, injunction, decree or demand of any Federal, state or local governmental body, instrumentality or agency affecting the Property or the use and occupancy thereof.

Section 2.7. Execution, Delivery and Enforceability. The Borrower is duly authorized to make and enter into this Mortgage and to carry out the transactions contemplated by the Notes and the other Loan Documents. This Mortgage has been duly executed and delivered by the

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Borrower and is the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to the effect of any applicable Bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and the discretionary nature of specific performance and other equitable remedies.

Section 2.8. Compliance with Law. Except as set forth in the Environmental Reports and the knowledge of the Borrower, the Property is in compliance with all applicable Federal, state and local laws, rules, ordinances and regulations, including but not limited to those governing zoning, land use, subdivision control, health, safety, fire protection and protection of the environment.

Section 2.9. Condition of the Property. The Borrower shall place the Property in good order and repair and is free of all defects other than such defects as have been previously disclosed to and are acceptable to the Lender. There is no real or personal property necessarily or customarily used to operate the Property as an integrated economic unit, except as is owned in fee simple by the Borrower and granted to Lender in the granting clauses hereof. There is direct and adequate ingress, egress access to and from the Property to one or more public highways and adequate connections to all customary public utilities, including, but not limited to, electricity, natural gas, telephone and cable television from public ways, or utility-owned rights of way, abutting the Property.

SECTION 3: CERTAIN COVENANTS AND CONDITIONS

The Borrower covenants and agrees as follows:

Section 3.1. Governmental Charges. The Borrower shall pay before the same become delinquent all taxes, charges, sewer use fees, water rates and assessments of every name and nature, whether or not assessed against the Borrower, if applicable or related to the Property, or any interest therein or applicable or related to any of the Obligations, which, if unpaid, might by law become a lien or charge upon all or any part of the Property; provided, however, that so long as no distraint, foreclosure sale or other levy upon or transfer with respect to the Property or any part thereof shall have been effected or threatened, the Borrower shall not be required to pay any such taxes, charges, fees, rates and assessments by reason of this Section 3.1 if the amount, applicability or validity thereof is currently being contested by the Borrower in good faith by appropriate legal proceedings.

Section 3.2. Maintenance of Property; Alterations. Borrower shall keep and maintain the Property in as good repair and condition as the same now is or may hereafter be put (ordinary wear and tear excepted), damage from casualty expressly not excepted, shall make all such needful and proper repairs, replacements, additions and improvements thereto as shall be necessary for the proper conduct of its business thereon, and shall not permit or commit waste on the Property. The Borrower will make or cause to be made, as and when the same shall become necessary, all structural and non-structural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals and replacements necessary to that end. The Borrower shall permit the Lender to enter the Property at any reasonable time after reasonable notice (unless an Event of Default shall have occurred, in which event no notification shall be required) to determine whether the Borrower is in compliance with its obligations under this Mortgage.

Section 3.3. Insurance. The Borrower agrees, at the Borrower's own cost and expense, to keep the Property insured at all times throughout the term of this Mortgage with policies of insurance as follows:

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- (a) casualty or physical hazard insurance on an "all risks" basis, and building code, valuable papers, extra expenses, extended period of indemnity and electronic data processing coverages, with a full replacement cost endorsement (including builder's risk during any period or periods of time that construction or remodeling is being performed on the Property) and an "agreed amount" clause, in an amount equal to 100% of the full replacement cost of all improvements (excluding only the reasonable value of footings and foundations) and the Borrower's contents therein, such amount to be determined annually by an insurer or qualified appraiser selected and paid for by the Borrower, and in any event, in an amount sufficient to prevent the Borrower from incurring any coinsurance liability;
- (b) insurance with respect to other insurable risks and coverages relating to the Property (including, without limitation, commercial general public liability insurance (broad form), loss of income (rent insurance or business interruption insurance), boiler insurance, builder's risk insurance and worker's compensation insurance) in such amounts and containing such terms and conditions as the Lender may reasonably require from time to time.

Section 3.4. Casualties. If there are no insurance proceeds available with respect to a casualty loss for any reason; if a casualty loss is not covered by any insurance applicable to the Property (whether or not required by this Mortgage); or if any insurer shall deny a casualty loss is covered by its policy, or if any insurer shall fail to pay a claim as a result of the insurer's insolvency, the Borrower shall not be relieved of any obligations under this Mortgage.

Section 3.5. Hazardous Materials; Asbestos.

Borrower further covenants and agrees that it will

- (a) not store, Dispose of, Spill, Release or allow the Release of any Hazardous Materials on the Property, except in accordance with applicable law;
- (b) either directly nor indirectly transport or arrange for the transport of any Hazardous Materials (except in compliance with all Federal, state or local laws, rules, ordinances and regulations pertaining thereto);
- (c) in the event of any change in the laws governing the assessment, Spill, Release or removal of Hazardous Materials, which change would lead a prudent lender to require additional testing to avail itself of any statutory insurance or limited liability, take all such action (including, without limitation, the conducting of engineering tests at the sole expense of the Borrower) to confirm that no Hazardous Materials are or ever were Spilled, Released or Disposed of on the Property;
- (d) provide the Lender with written notice:
 - (i) upon the Borrower's obtaining knowledge of any potential or known Spill, Release, or threat of Release, of any Hazardous Materials at or from the Property;
 - (ii) upon the Borrower's receipt of any notice to such effect from any Federal, state or

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local governmental body, instrumental agency; or (iii) upon the Borrower's obtaining knowledge that any expense or loss has been incurred by such governmental authority in connection with the assessment, containment, removal or remediation of any Hazardous Materials for which expense or loss the Borrower may be liable or for which expense a lien may be imposed on the Property; and

(e) if any Spill, Release or Disposal of Hazardous Materials shall occur or shall have occurred on the Property, cause the prompt containment and removal of such Hazardous Materials and remediation of the Property in full compliance with all applicable Federal, state or local laws, rules, ordinances and regulations. The terms "Spill" (or "Spilled") and "Release" (or "Released") shall have the meaning specified thereof in CERCLA and the term "Disposal" (or "Disposed") shall have the meaning specified in RCRA; provided, that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment and provided further, to the extent that the laws of the state where the Property is located establish a meaning for "Spill", "Release" or "Disposal" which is broader than specified in either CERCLA or RCRA, such broader meaning shall apply; and provided that in the cases of friable asbestos or toxic levels of lead in paint, plaster or Other accessible materials, "Spill" and "Release" shall include the presence of such substances anywhere on the Property.

Section 3.6. Environmental Assessments. At any time after an Event of Default shall have occurred hereunder, or, whether or not an Event of Default shall have occurred, at any time after the Lender shall receive notice of a Spill, Release or threatened Release of Hazardous Materials by from the Borrower, or shall have received notice from any other source deemed reliable the Lender that a Spill or Release of Hazardous Materials may have occurred or if Lender has a good faith belief of an environmental problem or potential environmental problem with respect to any of the Property or if the Lender may at its election after five (5) days prior notice to the Borrower obtain one or more environmental assessments of the Property prepared by a geohydrologist, an independent engineer or other qualified consultant or expert approved by the Lender evaluating or confirming (i) whether any Hazardous Materials are present in the soil or water at or adjacent to the Property, and (ii) whether the use and operation of the Property comply with all applicable Environmental Laws relating to air quality, environmental control, release of oil, hazardous materials, hazardous wastes and hazardous substances, and any and all other applicable environmental laws. Environmental assessments may include detailed visual inspections of the Property including, without limitation, any and all storage areas, storage tanks, drains, dry wells and leaching areas, and the taking of soil samples, surface water samples and ground water samples, as well as such other investigations or analyses as are necessary or appropriate for a complete determination of the compliance of the Property and the use and operation thereof with all applicable Environmental Laws. All such environmental assessments shall be at the sole cost and expense of the Borrower.

Section 3.7. Notice of Condemnation. The Borrower, immediately upon obtaining knowledge of the institution of any proceeding for the condemnation or requisition of the Property or any portion thereof, shall notify the Lender of the pendency of such proceeding. The Lender may participate in such proceeding, and the Borrower from time to time shall deliver to the Lender all instruments requested by the Lender to permit such participation.

Section 3.8. Encumbrances. The Borrower shall not create or permit to be created or permit to exist any encumbrance on the Property (other than a lien for property taxes not yet due and payable and the Permitted Encumbrances) even if such encumbrance is inferior to this Mortgage, without the prior express written consent of the Lender which consent shall not be

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unreasonably withheld, conditioned or delayed. The Borrower shall not declare or otherwise subject the Property to any form of common interest ownership including, but not limited to, a condominium, cooperative, planned community, or planned unit development form of ownership, without the prior express written consent of the Lender which consent shall not be unreasonably withheld, conditioned or delayed.

Section 3.9. Transfers of Ownership. The Borrower shall not sell or permit any transfer or other disposition, by operation of law or otherwise, of legal or equitable title to or interest in the Property, or any part thereof including any sale, transfer, assignment nor permit or any type of encumbrance on the Property (including, without limitation, any sale, transfer or disposition of any corporate, partnership or other legal or beneficial interest in the Borrower), without the prior express written consent of the Lender, which consent may be withheld in the Lender's sole discretion for any reason whatsoever.

Section 3.10. Expenses. The Borrower shall pay when due all reasonable fees and charges (including reasonable attorneys' fees) incurred by the Lender in connection with the transactions evidenced by the Obligations and secured by this Mortgage, the insurance of the security represented by this Mortgage, protecting or sustaining the lien of this Mortgage and the enforcement of the Obligations and this Mortgage, all either before or after obtaining judgment of foreclosure of this Mortgage or judgment in or with respect to the Obligations, including, without limitation, all filing, registration, recording, search, appraisal and information fees, all title insurance premiums, all transfer taxes and expenses incident to the execution and acknowledgment of this Mortgage and all other documents securing the Obligations, and all Federal, state and local taxes, duties, stamps, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and the instruments evidencing the Obligations. Such fees and charges shall be secured by the lien of this Mortgage and shall accrue interest at the rate set forth in the Notes.

Section 3.11. Priority of Lien; After-Acquired Property. This Mortgage is and will be maintained as a valid second mortgage lien on the Property subject only to the Permitted Encumbrances. All Property of every kind acquired by the Borrower after the date hereof which, by the terms hereof, is required or intended to be Subjected to the lien of this Mortgage shall, immediately upon the acquisition thereof by the Borrower, and without any further mortgage, conveyance, assignment or transfer, become subject to the lien of this Mortgage. Any real property or easement across real property adjoining or adjacent to the Property which is used for access to, providing utility service to or is granted in lieu of a cash award for a condemnation of any portion of Property now existing or hereafter acquired shall be subject to the lien of this Mortgage. The Borrower will do, execute, acknowledge and deliver all and every such further conveyances, mortgages, and assurances as the Lender shall reasonably require for accomplishing the purposes of this Mortgage. If any action or proceeding shall be instituted to recover possession of the or for the foreclosure of any other mortgage or for any other purpose affecting the Property or this Mortgage, the Borrower will immediately, upon service thereof on or by the Borrower, deliver to the Lender a true copy of each petition, summons, complaint, notice, motion, order to show cause, and all other process, pleadings and papers, however designated, served in any such action or proceeding. The lien of this Mortgage will automatically attach, without further act, to all after-acquired leasehold improvements.

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Section 3.12. Waiver and Modification. Whether or not for additional interest or other consideration paid or payable to the Lender, no forbearance on the part of the Lender or extension of the time for the payment of the whole or any part of the Obligations secured hereby, or any other indulgence given by the Lender to the Borrower or to any other party claiming any interest in or to the Property, shall operate to release or in any manner affect the original liability of the Borrower, or the priority of this Mortgage or to limit, prejudice or impair any right of the Lender, including, without limitation, the right to realize upon the security, or any part thereof, for the Obligations secured hereby or any of them, notice of any such extension, forbearance or indulgence being hereby waived by the Borrower and all those claiming by, through or under the Borrower. No consent or waiver, express or implied, by the Lender to or of any default by the Borrower shall be construed as a consent or waiver to or of any further default in the same or any other term, condition, covenant or provision of this Mortgage or of the Obligations secured hereby, Borrower waives presentment, demand, notice, protest, notice of acceptance of this Mortgage, notice of loans made, credit extended or other collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect both to the Obligations and the Property, Borrower assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of the Property, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Lender may deem advisable, Lender shall have no duty as to the collection or protection of the Property or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof. Lender may exercise its rights With respect to the Property without resorting or regard to other collateral or sources of reimbursement for liability. Lender shall not be deemed to have waived any of its rights upon or under the Obligations or the Property unless such waiver be in writing and signed by Lender.

SECTION 4: DEFAULT AND REMEDIES

Section 4.1. Default; Acceleration of Obligations. If an Event of Default shall occur, then the Lender may exercise the remedies provided under this Mortgage, under the Notes under the other Loan Documents or under the laws of the State of Connecticut or any one or more of such remedies.

Section 4.2. Remedies Cumulative. No remedy herein conferred on the Lender is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing.

Section 4.3. Right of Lender to Cure an Event of Default. If an Event of Default shall occur, the Lender shall have the right, but without any obligation so to do, to cure such default for the account of the Borrower and to make any payment or take any action necessary to effect such cure. Without limiting the generality of the foregoing, the Borrower hereby authorizes the Lender to pay all taxes, sewer use fees, water rates and assessments, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Property, or any part thereof; to pay the premiums for any insurance required hereunder; to incur and pay reasonable expenses in

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protecting its rights hereunder and the security hereby granted; and to pay any balance due under any security agreement on any fixtures and equipment included as a part of the Property; and the payment of all amounts so incurred shall be secured hereby as fully and effectually as any other obligation of the Borrower secured hereby. If the Lender shall make any payment or take action in accordance with this Section 4.3, the Lender will give to the Borrower written notice of the making of any such payment or the taking of any such action. In any such event, the Lender and any person designated by the Lender shall have, and is hereby granted, the right to enter upon the Property at reasonable times and from any time and from time to time for the purpose of taking any such action, and all monies expended by the Lender in connection therewith (including, but not limited to, reasonable legal expenses and disbursements), together with interest thereon at the Default Rate as specified in the Notes (or the highest rate permitted by law, whichever shall be less), from the date of each such expenditure, shall be paid by the Borrower to, the Lender forthwith upon demand by the Lender, and shall be secured by this Mortgage, and the Lender shall have, in addition to any other right or remedy of the Lender, the same rights and remedies in the event of non-payment of any such sums by the Borrower as in the case of a default by the Borrower in the payment of any installment of principal or interest title and payable under the Notes.

Section 4.4. Foreclosure. Without limiting any of the Lender's rights set forth in Section 4.5 hereof, if an Event of Default shall occur, the Lender may foreclose this Mortgage and exercise its rights as a secured party for all or any portion of the Obligations which is then due and payable, subject to the continuing lien for this Mortgage for the balance not then due and payable.

Section 4.5. Possession of Property; Appointment of Receiver.

(a) Without limiting any of the Lender's rights set forth in Section 4.4 hereof, but subject to the rights of Landlord pursuant to the Lease, if an Event of Default shall occur the Lender, its agents, or a receiver, may, at its option: (i) enter upon and take possession and control of the Property and the Property Income with those rights and powers more particularly set forth in Section 4.5(b) hereof; (ii) make application to a court of competent jurisdiction for and obtain the immediate ex parte appointment of a receiver authorized to immediately enter upon and take possession and control of the Property and the Property Income with those rights and powers more particularly set forth in Section 4.5(b) hereof; and (iii) without taking possession and control of the Property, immediately (with or without commencing any legal action or proceeding in any court of competent jurisdiction) collect directly all Property Income in the place and stead of the Borrower with full rights and powers to notify all parties liable to make payments of Property Income to make said payments directly to the Lender or its agents, and the Lender or its agents shall have the further power and authority to sue for or otherwise collect and receive all Property

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Income.

(b) In the event the Lender, its agents or a receiver enters upon and takes possession and control of the Property and/or the Property Income pursuant to Section 4.5(a) hereof, said person or entity shall, in addition to such other rights and powers as may subsequently be authorized, have the right and power to (i) operate, manage and control the Property and exercise all the rights and powers of the Borrower in its name or otherwise with respect to the same; (ii) make all necessary and proper maintenance, repairs, replacements, and improvements to the Property; (iii) collect and receive all Property Income; and (iv) enforce all terms of existing contracts pertaining to the Property and enter into such new contracts as the Lender or the receiver may determine necessary in their sole discretion.

(c) All Property Income collected by the Lender, the Lender's agent or a receiver, pursuant to Section 4.5(a) hereof, shall be applied in such order of priority as the Lender may determine in its sole discretion to (i) interest and principal due on the Obligations; (ii) taxes, assessments and insurance premiums due with respect to the Property and/or the business operations conducted from the Property; (iii) all costs and expenses of operating, maintaining, repairing and improving the Property; and (iv) the compensation, salaries, expenses and disbursements of any agents, employees, attorneys or other representatives of the Lender, the Lender's agent or the receiver in connection with the possession, control and/or operation of the Property and the business operations conducted there from.

(d) The Lender, its agents, or any receiver acting pursuant to Section 4.5(a) hereof shall in no event be liable or accountable for more monies than actually are received from the Property during the period which the Lender, its agent or any receiver actually is in possession and control of the Property. Neither the Lender, its agents or any receiver shall be liable or accountable in any manner for the failure to collect Property Income for any reason whatsoever.

(e) All costs, expenses and liabilities of every character incurred by the Lender, its agents in managing, operating and maintaining the Property, not paid from Property Income as herein above provided, shall constitute advances by the Lender pursuant to Section 4.3.

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(f) In the event of foreclosure, the Lender, its agent or any receiver acting pursuant to Section 4.5(a) hereof may, if a deficiency exists, remain in possession of the Property until (i) the foreclosure sale; (ii) the redemption of the Property; or (iii) the expiration of any redemption period of the United States of America extending subsequent to the foreclosure sale. The Lender, its agents or the receiver shall incur no liability for, nor shall the Borrower assert any claim or setoff as a result of, any action taken while the Lender, its agent or a receiver is in possession of the Property.

Section 4.6. Uniform Commercial Code. If the provisions of the Uniform Commercial Code, as enacted in the State of Connecticut, are applicable to any property or security given to secure the indebtedness secured hereby which is sold in combination with or as a part of the Property, or any part thereof, at one or more foreclosure sales, any notice required under such provisions shall be fully satisfied by any notice given in connection with such foreclosure sales of the Property or any part thereof

Section 4.7. Rights Cumulative. Each right, power and remedy conferred upon the Lender by this Mortgage, the Notes and the other Loan Documents, and conferred by law or in equity, is cumulative and in addition to every other right, power and remedy herein or therein set forth or otherwise so existing, may be exercised from time to time, as often, and in such order, as may be deemed expedient by the Lender, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of, or discontinuance by, the Lender in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence in. To constitute a waiver, there must be a writing signed by an officer of the Lender and directed to the Borrower, specifying the waiver.

No delay or omission of the Lender to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy nor shall it be to be a waiver of any such default or an acquiescence therein, and every right, power or remedy given by this Mortgage to the Lender may be exercised from time to time and as often deemed expedient by the Lender.

In case the Lender shall have proceeded to enforce any right or remedy under this Mortgage, the Notes or the other Loan Documents by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Lender, then and in every such case the Borrower and the Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Lender shall continue as if no such proceeding had been taken. In the event of an Event of Default under this Mortgage, the Notes or other Loan Documents, the Borrower agrees to pay and to indemnify and hold harmless the Lender for all reasonable expenses, attorneys' fees, taxes and other court costs occasioned by such breach or default.

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Section 4.8. No Merger. In the event the Lender shall acquire title to the Property by conveyance from the Borrower or as a result of the foreclosure of any other mortgage which the Lender at any time holds with respect to the Property, this Mortgage shall not merge in the fee of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record by the Lender in writing.

SECTION 5: MISCELLANEOUS

Section 5.1. Notices. All notices, requests and other communications hereunder shall be made in writing (including telex and telecopy communications), shall be sent by first-class mail, postage prepaid, or sent by commercial overnight courier delivery service, charges prepaid, or sent by certified mail, return-receipt requested or sent by telex, telecopier or hand delivery, addressed as follows:

If to the Borrower, at:

270 John Downey Drive
New Britain, Connecticut 06051

with a copy to:

Michael D. Lynch
Guion, Stevens & Rybak, LLP
93 West Street P.O. Box 338
Litchfield, CT 06759

Or at such other address for notice as the Borrower shall last have furnished in writing to the person giving the notice;

If to the Lender, at:

100 Central Avenue
New Britain, CT 06050

or at such other address for notice as the Lender shall last have furnished in writing to the person giving the notice.

Section 5.2. COMMERCIAL WAIVER. THE BORROWER AND EACH AND EVERY ENDORSER, GUARANTOR AND SURETY OF THE OBLIGATIONS SECURED BY THIS MORTGAGE, AND EACH OTHER PERSON WHO IS OR WHO SHALL BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS SECURED BY THIS MORTGAGE, HEREBY ACKNOWLEDGE THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A COMMERCIAL TRANSACTION AND WAIVE THEIR RIGHTS TO NOTICE AND HEARING UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES AS AMENDED OR BY OTHER APPLICABLE LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH THE LENDER MAY DESIRE TO USE.

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Section 5.3. JURY TRIAL WAIVER. THE BORROWER AND EACH AND EVERY ENDORSER, GUARANTOR AND SURETY OF THIS MORTGAGE, AND EACH OTHER PERSON WHO IS OR WHO SHALL BECOME LIABLE FOR ALL OR ANY PART OF THIS MORTGAGE, HEREBY WAIVE TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION, OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART AND/OR IN THE ENFORCEMENT BY THE LENDER OF ANY OF ITS RIGHTS AND REMEDIES HEREUNDER OR UNDER APPLICABLE LAW. THE BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER BY ITS ATTORNEY.

Section 5.4 Open-End Mortgage. This is an "open-end" mortgage and the Lender and any holder hereof shall have all the rights, powers and protection to which the holder of any open end mortgage is entitled under Section 49-2 the Connecticut General Statutes, as amended. Periodic advances in respect of the Loan are permitted under the Notes and hereunder and the Lender shall record such advancements in its books and records. It is further agreed that, in addition to periodic advances contemplated by the Notes and Loan Agreement upon request of the Borrower, the Lender may hereafter, at its option, at any time before full payment of the indebtedness secured by this Mortgage, make further advances, to the Borrower, in amounts and at such rates of interest as the Lender shall determine, and every such further advance, with interest, shall be secured by this Mortgage and evidenced by an additional instrument given by the Borrower provided, that the amount of the aggregate principal secured by this Mortgage and remaining unpaid shall at no time exceed the original aggregate principal sum secured hereby and provided that the time of repayment of such advances shall not extend the time of repayment beyond the maturity of the original debt hereby secured.

Section 5.5. Cross Default and Cross Collateral. The Borrower acknowledges and agrees that the occurrence of an Event of Default under the terms of this Mortgage shall constitute a default under the other Loan Documents in effect at the time of any such default made by the Lender to the Borrower, and a default under the other Loan Documents or any of them or any of said existing or future loans shall constitute an Event of Default under this Mortgage. The security interests, liens and other rights and interests in and relative to any of the collateral now or hereafter granted to the Lender by the Borrower by or in any instrument or agreement, including but not limited to this Mortgage and the other Loan Documents, shall serve as security for any and all liabilities of the Borrower to the Lender, including but not limited to the liabilities described in this Mortgage and the other Loan Documents, and, for the repayment thereof, the Lender may resort to any security held by it in such order and manner as it may elect.

Section 5.6. Expenses. The Borrower will pay all expenses arising out of the preparation, administration, amendment, protection, collection and/or other enforcement of this Mortgage (including, without limitation, the reasonable fees and expenses of the Lender's legal counsel, accountants and appraisers).

Section 5.7. Stamp Tax. The Borrower will pay any stamp or other tax which becomes payable in respect of this Mortgage.

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Section 5.8. Schedules and Exhibits. The Schedules and Exhibits which are attached hereto are and shall constitute a part of this Mortgage.

Section 5.9. Governing Law. This Mortgage and the rights and obligations of the parties hereunder shall be governed by and construed and interpreted in accordance with the laws of the State of Connecticut

Section 5.10. Survival of Representations. All representations, warranties, covenants and agreements contained in this Mortgage shall continue in full force and effect until all of the Obligations shall have been paid in full.

Section 5.11. Amendments. No modification or amendment of this Mortgage shall be effective unless same shall be in writing and signed by the parties hereto.

Section 5.12. Successors and Assigns. This Mortgage shall be binding upon and shall inure to the benefit of the Borrower, the Lender and their respective permitted heirs, executors, administrators successors and assigns.

Section 5.13. Severability Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or enforceability of such provision in any other jurisdiction. In the event that any provisions of this Mortgage are held to be void or unenforceable all other provisions shall remain unaffected and be enforceable

Section 5.14. Headings. All article and section headings in this Mortgage are included for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose.

Section 5.15. Interpretation and Construction. The following rules shall apply to the interpretation and construction of this Mortgage unless the context requires otherwise: (a) the singular includes the plural and the plural, the singular; (b) words importing any gender include the other genders; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made and all regulations promulgated pursuant to such statutes; (d) references to "writing" includes printing, photocopying, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; (f) references to the introductory paragraph, preliminary statements, articles, sections (or subdivisions of sections), exhibits or schedules are to those of this Mortgage unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Mortgage; (h) references to persons include their respective permitted heirs, executors, administrators, successors and assigns; and (i) "or" is not exclusive.

Section 5.16. Duplicate Mortgages. Borrower agrees to execute two (2) duplicate originals of this Mortgage as a result of the Properties being located in two (2) separate towns namely

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New Britain, Connecticut, and Torrington, Connecticut. Notwithstanding the fact that the Borrower has agreed to execute two (2) duplicate original Mortgages for recording in each of the above-referenced Towns, any reference to the Mortgage in the Loan Documents shall be deemed to include each Mortgage. Accordingly, any reference to a Mortgage in any and all of the Loan Documents shall mean and include each and every of the two (2) duplicate originals, each of which is being recorded in separate land records.

Section 5.17. Partial Releases. Notwithstanding anything to the contrary contained herein, any one or more of the Properties shall be released from the lien of this Mortgage in accordance with the following terms and conditions:

- (i) The lien of this mortgage on 125 Whiting Street f/k/a 6-16 Whiting Street, New Britain, CT shall be released upon payment of 43% of the then balance, interest and accrued fees owed to the Lender under this Loan Agreement, exclusive of the then Quarterly Interest and Principal Payment.
- (ii) The lien of this mortgage on 92 Vine Street, New Britain, CT shall be released upon payment of 14% of the then balance, interest and accrued fees owed to the Lender under this Loan Agreement, exclusive of the then applicable Quarterly Interest and Principal Payment.
- (iii) The lien of this mortgage on 26 Russell Street, New Britain, CT shall be released upon payment of 30% of the then balance, interest and accrued fees owed to the Lender under this Loan Agreement, exclusive of the then applicable Quarterly Interest and Principal Payment.
- (iv) The lien of this mortgage on 18 Hemlock Road, Torrington, CT shall be released upon payment of 30% of the then balance, interest and accrued fees owed to the Lender under this Loan Agreement, exclusive of the then applicable Quarterly Interest and Principal Payment.

When making payment to the Lender for the above-described Partial Releases, the Borrower shall identify, in writing, the address of the property for which it wishes the issuance of a release. The above-stated Dollar amounts for partial releases are based on an appraisal dated April 14, 2010—the results of which are attached hereto as Schedule C. Partial payments of Principal made for the purpose of obtaining a Partial Release shall be construed and treated as "Prepayments" under Section 4 of the Note attached hereto as Schedule B.

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Latest mailing address of the Grantee:
100 Central Avenue
New Britain, CT 06051

EXCERPT FROM PUBLIC ACT 75-309

As used in this act, (1) "his heirs, executors and administrators" shall be construed, in the case of a corporation or partnership, to mean "its successors" and "his heirs and assigns" shall be construed, in the case of a corporation or partnership, to mean "its successors and assigns"; (2) "grantor," "grantee," "releaser," "releasee," "mortgagor" and "mortgagee" shall include the plural and the masculine or feminine as the context shall require and shall mean a natural person, a corporation or a partnership; (3) "as joint tenants" shall mean joint tenants with the right of survivorship as provided in section 47-14a of the general statutes; (4) "attorney" shall mean a person acting pursuant to a power of attorney executed and acknowledged in the manner provided for conveyances.

NOTE AGREEMENT

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October . . . 2011

New Britain, CT

1. BORROWER'S PROMISE TO PAY

In return for a loan that we, the undersigned Community Mental Health Affiliates, Inc., a Connecticut Corporation, (herein "We") have received, We promise to pay \$2,118,745.00 (this amount is called "Principal"), plus interest, to the order of Central Connecticut Health Alliance, Inc., a Connecticut Corporation, of New Britain, Connecticut (herein the "Lender").

This Note Agreement is intended to memorialize the Debt Repayment Plan approved by the Central Connecticut Health Alliance, Inc. on February 18, 2010 (attached hereto as Exhibit A). As of the date of this Note Agreement, We, Community Mental Health Affiliates, Inc., have paid down the Principal owed to the Lender on account of the said Debt Repayment Plan in the amount of \$281,255.00.

The Principal shall be divided into two (2) categories:

- (1) **Loan I: \$618,745.00**—(Quarterly Payments shall commence on December 31, 2011)
- (2) **Loan II: \$1,500,000.00**—(Quarterly Payments shall commence on September 30, 2014)

We will make all payments under this Note in the form of cash, check or money order.

We understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

(i) **Loan I:** Interest will be charged on Loan I and Interest Payments shall be made on a Quarterly basis. The Rate of Interest owed on Loan I shall be the "Wall Street Journal Prime Rate" less .5%, as published by the Wall Street Journal on the last business day of each Quarter (herein the "Applicable Interest"). The "Wall Street Journal Prime Rate" is a variable rate published daily in the Wall Street Journal. It is the consensus Prime Rate at the 30 largest banks in the United States. When 23 of the said 30 largest banks in agree to change to a new prime rate, the Wall Street Journal modifies its prime rate to match the new consensus rate, which is effective on the day the new rate is published in the Wall Street Journal. If, for any reason, the Wall Street Journal should cease to publish the Prime Rate, the Note Holder will select and use a comparable substitute interest rate for adjustment purposes. Quarterly Interest payments for Loan I shall be made in conjunction with the Quarterly Principal Payments. The Quarterly Interest Rate assessed against Loan I shall be 25% or ¼ of the "Applicable Interest" (herein the "Applicable Quarterly Interest Rate").

(ii) **Loan II:** No interest shall be assessed against Loan II.

The interest rate required by this Section 2 is the rate that We will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) **Time and Place of Payments**

We will make payments on a Quarterly basis.

We will make our Quarterly interest and principal payments on the last day of each month preceding the Quarter for which the said payment is due. The first Quarterly Interest and Principal payment shall be due on December 31, 2011. Each Quarterly Interest and Principal payment will be applied as of its scheduled due date and will be applied to Interest before Principal.

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We will make our Quarterly Interest and Principal payments to Central Connecticut Health Alliance, Inc. at 100 Grand Street, New Britain, Connecticut 06050 or at a different place if required by the Note Holder.

(B) Amount of Quarterly Payments

(i) Loan I--Principal and Interest:

a. **Principal:** We will make eleven (11) Quarterly Principal payments of \$56,250 (herein the "Quarterly Principal Payments") towards the \$618,745.00 of the Principal. Said Quarterly payments will commence on December 31, 2011 and the last payment shall be due on June 30, 2014. Each payment shall be applied to the Quarter commencing on the day-after the said due dates.

b. **Interest:** We will make eleven (11) Quarterly Interest payments (herein the "Quarterly Interest Payment"). The amount of each Quarterly Interest Payment shall be calculated in the following manner: the entire amount of Principal owed to the Lender on the last day of each Quarter, before the Quarterly Principal Payment to the Lender, shall be subject to and assessed the Applicable Quarterly Interest Rate (as defined in Section 2(i)).

(ii) Loan II--Principal Only:

We will make Twenty-Four (24) Quarterly Payments of \$62,500.00 towards the \$1,500,000.00 of Principal--said payments shall not, pursuant to the terms of this Note Agreement, include any interest. The first of the said Twenty Four (24) Quarterly Payments shall be on September 30, 2014 and the last of the said Twenty Four (24) Quarterly Payments shall be on June 30, 2020.

If not sooner paid, the entire outstanding Principal balance and all accrued Interest and fees shall be due and payable on June 30, 2020, without prior notice or demand.

4. BORROWER'S RIGHT TO PREPAY

We have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "Prepayment." When We make a prepayment, We will tell the Note Holder in writing that We are doing so. We may not designate a payment as a prepayment if We have not made all the Quarterly payments due under the Note.

We may make a full Prepayment or partial Prepayments without paying a prepayment charge. The Note Holder will use our Prepayments to reduce the amount of Principal that We owe under this Note. However, the Note Holder may apply our Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying our Prepayment to reduce the Principal amount of the Note. If We make a partial prepayment, there will be no changes in the due date or in the amount of our Quarterly payment unless the Note Holder agrees in writing to those changes. Prepayments of principal shall be applied initially to the first \$618,745.00 of the Principal. When the said first \$618,745.00 of Principal is paid in full, then the Prepayments (if any) shall be applied to the second \$1,500,000.00 of Principal.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from us which exceeded permitted limits will be refunded to us. The Note Holder may choose to make this refund by reducing the principal WE owe under this Note or by making a direct payment to us. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any Quarterly payment by the end of fifteen (15) calendar days after the date it is due, We will pay a late charge to the Note Holder. The amount of the charge will be 5.00% of our overdue payment of principal and interest. We will pay this late charge promptly but only once on each late payment.

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(B) Default

If We do not pay the full amount of each Quarterly payment on the date it is due, We will be in default.

(C) Notice of Default

If We are in default, the Note Holder may send us a written notice telling us that if We do not pay the overdue amount by a certain date, the Note Holder may require us to pay immediately the full amount of principal which has not been paid and all the interest that We owe on that amount. That date must be at least 30-days after the date on which the notice is mailed to Us or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when We are in default, the Note Holder does not require us to pay immediately in full as described above, the Note Holder will still have the right to do so if We are in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required us to pay immediately in full as described above, the Note Holder will have the right to be paid back by us for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees, incurred in an action to collect this Note, to foreclose the mortgage securing the same, or in realizing on or disposing of collateral given under any mortgage or other security agreement securing this Note or in protecting or sustaining the lien of the mortgage.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to us under this Note will be given by delivering it or by mailing it by first class mail to us at the Property Address above or at a different address if We give the Note Holder a notice of our different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if We are given a notice of that different address.

8. WAIVERS

We and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

9. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage (the "Security Instrument") dated the same date as this Note, protects the Note Holder from possible losses which might result if We do not keep the promises which We make in this Note. That Security Instrument describes how and under what conditions We may be required to make immediate payment in full of all amounts that We owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by applicable law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30-days from the date the notice is given within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the

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ENVIRONMENTAL INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT is being provided in connection with a mortgage loan in the maximum principal amount of \$2,118,745.00 ("Loan") received by **Community Mental Health Affiliates, Inc.**, a Connecticut Corporation located at 270 John Downey Drive, New Britain, CT (herein the "Borrower"), from **Central Connecticut Health Alliance, Inc.**, having an office at 100 Central Avenue, New Britain, CT 06050 (herein the "Lender"); which Loan is secured by a mortgage (herein the "Mortgage") on properties known as 125 Whiting Street f/k/a 6-16 Whiting Street, New Britain, CT; 92 Vine Street, New Britain, CT; 26 Russell Street, New Britain, CT; and 18 Hemlock Road, Torrington, CT described in more detail on Schedule A (herein the "Premises").

As used herein, the term "Polluting Substance" shall mean any hazardous, ignitable, corrosive, caustic, reactive, toxic, or polluting waste or substance including (without limiting the generality of the foregoing) any of the following: "hazardous waste" (as defined in the regulations adopted under RCRA, defined below); oil or petroleum products; "chemical liquids or solid, liquid or gaseous products" (as those terms are used in the Superlien Statute, defined below); asbestos; polychlorinated biphenyls; formaldehyde compounds; explosives; and radioactive materials. The term "Environmental Law" shall mean any statutory, regulatory, or decisional law pertaining to protection of human health or the environment or to any Polluting Substance, including (without limiting the generality of the foregoing) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"); the Resource Conservation and Recovery Act of 1976 ("RCRA"); and Title 22a "Environmental Protection" of the Connecticut General Statutes, including particularly Sections 22a-448 through 22a-457 of the Connecticut General Statutes (the "Superlien Statute"); as any of them may be amended from time to time, with the regulations promulgated thereunder. The term "release" as used herein shall include both the meaning specified in CERCLA and a "spill" as defined in Section 22a-452c of the Connecticut General Statutes. In the event any Environmental Law is amended to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment.

In consideration of the issuing of the Loan, the undersigned agree to defend, indemnify and hold harmless Lender, its successors and assigns and any holder of a mortgage on the Premises given in substitution in whole or in part of the Mortgage ("Indemnified Party") from and against any and all liabilities, losses, damages, costs, expenses (including, without limitation, reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature suffered or incurred by Indemnified Party ("Claims"), including without limitation all Claims for property damage and personal injury, including death and bodily injury, (a) under or on account of the Environmental Laws or the assertion of any lien thereunder, including the presence or any release of any Polluting Substance at or affecting the Premises or any requirement for clean-up of any Polluting Substance; (b) with respect to any discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemicals (liquid or solid), liquid or gaseous products or hazardous waste ("Spill") affecting the Premises, whether or not the same originates or emanates from the Premises, including any loss of value of the Premises as a result of a Spill; and (c) with respect to any other matter affecting the Premises or any interest therein

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ENVIRONMENTAL INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT is being provided in connection with a mortgage loan in the maximum principal amount of \$2,118,745.00 ("Loan") received by **Community Mental Health Affiliates, Inc.**, a Connecticut Corporation located at 270 John Downey Drive, New Britain, CT (herein the "Borrower"), from **Central Connecticut Health Alliance, Inc.**, having an office at 100 Central Avenue, New Britain, CT 06050 (herein the "Lender"); which Loan is secured by a mortgage (herein the "Mortgage") on properties known as 125 Whiting Street f/k/a 6-16 Whiting Street, New Britain, CT; 92 Vine Street, New Britain, CT; 26 Russell Street, New Britain, CT; and 18 Hemlock Road, Torrington, CT described in more detail on Schedule A (herein the "Premises").

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In consideration of the issuing of the Loan, the undersigned agree to defend, indemnify and hold harmless Lender, its successors and assigns and any holder of a mortgage on the Premises given in substitution in whole or in part of the Mortgage ("Indemnified Party") from and against any and all liabilities, losses, damages, costs, expenses (including, without limitation, reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature suffered or incurred by Indemnified Party ("Claims"), including without limitation all Claims for property damage and personal injury, including death and bodily injury, (a) under or on account of the Environmental Laws or the assertion of any lien thereunder, including the presence or any release of any Polluting Substance at or affecting the Premises or any requirement for clean-up of any Polluting Substance; (b) with respect to any discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemicals (liquid or solid), liquid or gaseous products or hazardous waste ("Spill") affecting the Premises, whether or not the same originates or emanates from the Premises, including any loss of value of the Premises as a result of a Spill; and (c) with respect to any other matter affecting the Premises or any interest therein

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and governed by the provisions of the Environmental Laws, except to the extent that any such matter arises out of the gross negligence or willful misconduct of Lender or its agents.

The undersigned shall, from time to time, upon the request of any Indemnified Party, execute and deliver any further necessary or desirable documents, or modifications or amendments hereto, in confirmation of or with respect to the indemnification provided for hereunder and in favor of such Indemnified Party as may require the same.

The provisions of this Indemnity shall survive the foreclosure of the Mortgage, the acceptance of a deed in lieu thereof or assignment of Borrower's interest in the Premises, and the discharge of the indebtedness secured by the Mortgage for any reason, including payment at or before maturity, without limitation as to time.

The obligations of the undersigned shall be joint and several.

THE UNDERSIGNED ACKNOWLEDGE THAT THEY HAVE THE RIGHT UNDER SECTIONS 52-278A TO 52-278M, INCLUSIVE, OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED, SUBJECT TO CERTAIN LIMITATIONS, TO NOTICE OF AND HEARING ON THE RIGHT OF THE LENDER TO OBTAIN A PREJUDGMENT REMEDY, SUCH AS ATTACHMENT, GARNISHMENT AND/OR REPLEVIN, UPON COMMENCING ANY LITIGATION AGAINST THE UNDERSIGNED, OR ANY OF THEM, AND, NOTWITHSTANDING THIS, HEREBY WAIVE (A) ALL RIGHTS OF NOTICE, JUDICIAL HEARING OR PRIOR COURT ORDER IN CONNECTION WITH THE OBTAINING BY LENDER OF ANY PREJUDGMENT REMEDY OR IN CONNECTION WITH THE LOAN OR ANY RENEWALS OR EXTENSIONS OF THE SAME AND (B) ALL RIGHTS TO REQUEST THAT THE LENDER POST A BOND, WITH OR WITHOUT SURETY, TO PROTECT THE UNDERSIGNED AGAINST DAMAGES THAT MAY BE CAUSED BY ANY PREJUDGMENT REMEDY SOUGHT OR OBTAINED BY LENDER. THE UNDERSIGNED ALSO WAIVE ANY AND ALL OBJECTION WHICH THEY MIGHT OTHERWISE BE ABLE TO ASSERT, NOW OR IN THE FUTURE, TO THE EXERCISE OR USE BY LENDER OF ANY RIGHT OF SETOFF, REPOSSESSION OR SELF HELP AS MAY PRESENTLY EXIST UNDER STATUTE, INCLUDING THE UNIFORM COMMERCIAL CODE, AND COMMON LAW.

THE UNDERSIGNED EACH WAIVES TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH THIS INDEMNITY AGREEMENT OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS INDEMNITY AGREEMENT IS A PART AND/OR THE DEFENSE OR ENFORCEMENT OF ANY OF LENDER'S RIGHTS OR REMEDIES. THE UNDERSIGNED ACKNOWLEDGE THIS WAIVER IS MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH THEIR ATTORNEYS.

This Agreement shall be binding upon the undersigned, their respective heirs, successors and assigns, and inure to the benefit of any Indemnified Party and their respective legal representatives, successors and assigns.

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This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

SIGNED this _____ day of October, 2011.

Community Mental Health Affiliates, Inc.

By: _____
Raymond Gorman
Its President and CEO

STATE OF CONNECTICUT)
) ss. New Britain
COUNTY OF HARTFORD)

The foregoing instrument was acknowledged before me this _____ day of October, 2011, by Raymond Gorman, individually and as President and CEO of Community Mental Health Affiliates, Inc., a Connecticut Corporation and acknowledged that he was duly authorized to sign the same.

Notary Public

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SCHEDULE A

**92 Vine Street
New Britain, CT**

That certain piece or parcel of land with the buildings and improvements thereon and the appurtenances thereto, situated in the Town of New Britain, known as 92 Vine Street, and bounded as follows:

Northerly—by land now or formerly of Edward W. and Bertha N. Kieswetter, 135.62 feet;

Easterly—by land now or formerly of Marion P. Hemenway, 83.06 feet;

Southerly—by land now or formerly of Ella M. Traceski, 135.01 feet; and

Westerly—by Vine Street, 83.48 feet

**26 Russell Street
New Britain, CT**

A certain piece or parcel of land with all buildings and improvements thereon, situated in the Town of New Britain, County of Hartford and State of Connecticut, and being bounded and described as follows:

Beginning at a point in the westerly street line of Russell Street which point marks the northeasterly corner of land now or formerly of Salvatore A. Pistorio and Louise Pistorio; thence running in a westerly direction along land now or formerly of said Salvatore A. Pistorio and Louise Pistorio, a distance of one hundred forty-eight and five-tenths (148.5) feet, more or less, to the southeasterly corner of land now or formerly of Andrew S. Wesoly and Cecelia J. Wesoly; thence running northerly along the easterly line of land now or formerly of said Andrew S. Wesoly and Cecelia J. Wesoly, a distance of one hundred fifty and five tenths (150.5) feet, more or less, to the northwesterly corner of land herein described; thence running easterly along land now or formerly of Louis Petroka and Frank Sapko, a distance of one hundred forty-eight and five tenths (148.5) feet, more or less, to a point in the westerly street line of Russell Street, which point marks the northeasterly corner of land herein described; thence running southerly along the westerly street line of Russell Street, a distance of one hundred forty-two and thirty-one hundredths (142.31) feet; more or less, to a point or place of beginning. Said premises are bounded as follows:

NORTHERLY: by land now or formerly of Louis Petroka and Frank Sapko, 148.5 feet, more or less;

EASTERLY: by Russell Street, 142.31 feet, more or less;

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SOUTHERLY: by land now or formerly of Salvatore A. Pistorio and Louise Pistorio, 148.5 feet, more or less; and

WESTERLY: by land now or formerly of Andrew S. Wesoly and Ceclia J. Wesoly, 150.5 feet, more or less.

**125 Whiting Street f/k/a 6-16 Whiting Street
New Britain, CT**

Those two certain pieces or parcels of land with all buildings and improvements located thereon and appurtenances thereto situated in the City of New Britain, County of Hartford, and State of Connecticut, being more particularly bounded and described as follows:

Piece 1:

That certain piece or parcel of land containing 5,641 square feet and being known as Lot No. 20ac as shown on a map entitled "New Britain Redevelopment Commission, New Britain, Connecticut Disposition Map, Parcels 20ac and 22, South Central Urban Renewal Area, Conn. R-50", Scale 1" = 20', Dated October 23, 1970 and Revised December 30, 1977 by Cahn Engineers, Inc., said parcel being more particularly bounded and described as follows:

NORTHERLY: by relocated Whiting Street, 96.19 feet;

EASTERLY: by Parcel 22, as shown on said map, 70.0 feet;

SOUTHERLY: by Parcel 22, as shown on said map, 65.0 feet; and

WESTERLY: by land now or formerly of City of New Britain (Parcel 20a, as shown on said map), and by other land now or formerly of Dominic Colossale (Parcel 20ab, as shown on said map), partly by each, in all 76.64 feet.

Being the same premises conveyed to the Grantor by Warranty Deed from the City of New Britain acting by and through the New Britain Redevelopment Commission dated June 12, 1978 and recorded in Volume 736 at Page 605 of the New Britain Land Records.

Piece 2:

That certain piece or parcel of land containing 44,976 square feet (1.03 acres) as shown on a map entitled "NEW BRITAIN REDEVELOPMENT COMMISSION NEW BRITAIN, CONN. DISPOSITION MAP PARCELS 20ac & 22 SOUTH CENTRAL URBAN RENEWAL AREA CONN. R-50", Scale 1" = 20', Dated October 23, 1970 and Revised December 12, 1977 by Cahn Engineers, which map is on file in the Town Clerk's Office in said Town of New Britain, Map 17, Page 58. Said Premises are more particularly bounded and described as follows:

Commencing at a point in the southerly street line of relocated Whiting Street, said point being the northwesterly corner of the herein described premises and the northeasterly corner of Parcel 20ac, as shown on said map:

Thence running N 85° 48' 29" E along the southerly street line of relocated Whiting Street, 360.76 feet to a point of curvature;

Thence running on a curve to the right having the following data: Interior Angle = 152° 24' 21"; Radius = 8.00 feet; Tangent = 32.58 feet, along a length of 21.28 feet to a point;

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Thence running S 58° 12' 50" W along the northerly street line of Whiting Street, 415.44 feet to a point, being the southwesterly corner of the herein described Parcel and the southeasterly corner of Parcel 20a, as shown on said map;

Thence running N. 28° 12' 33" W along the easterly line of said Parcel 20a, 150.55 feet to a point, being the southwesterly corner of Parcel 20a, as shown on said map;

Thence running N 85° 49' 29" E along the southerly line of said Parcel 20ac, 65 feet to a point, being the southerly corner of said Parcel 20ac;

Thence running N 04° 11' 31" W along the easterly line of said Parcel 20ac; 70.00 feet to a point of beginning.

Together with a right to drain a culvert as reserved in a Warranty Deed from Dominic Colossale to Jung C. Lew, et al. dated October 22, 1985 and recorded in Volume 822 at Page 1074 of the New Britain Land Records.

Together with and subject to all reciprocal and unrestricted rights to use a driveway, for ingress and egress on the premises and at the southwesterly corner of the property conveyed to Jung C. Lew, et al. dated October 22, 1985 and recorded in Volume 822 at Page 1074 of the New Britain Land Records.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PREMISES

That certain piece or parcel of land, together with all buildings and improvements thereon, situated on the southerly side of relocated Whiting Street, so called, in the Town of New Britain, County of Hartford and State of Connecticut, known as 30 Whiting Street and shown as "AREA = 19,954 SQUARE FEET .458 ACRES PLUS OR MINUS" on a map or plan entitled "Property of DOMENIC COLOSSALE WHITING STREET NEW BRITAIN, CT Date 10/9/85 Scale 1" = 20' DRN. MIN. TRD. - File No. 85 - 159 Sheet 1 of Conklin & Soroka, Inc. Consulting Engineers Land Surveyors Land Planners 235-1135 Victoria Towers, Suite 108 410 East Main Street Meriden, Connecticut", which map or plan is on file or to be filed in the Town Clerk's Office in the said Town of New Britain. Said premises are more particularly described and bounded as follows:

Beginning at a point in the southerly street line of relocated Whiting Street, so called, said point being the northwesterly corner of the herein described Parcel and the northeasterly corner of land now or formerly of Dominic Colossale;

Thence running N 85° 40' 29" E. along the southerly line of relocated Whiting Street, so called 307.71 to a point;

Thence turning and running along the arc of a curve to the right having an interior angle of 152° 24' 21", a radius of 8.00 and a tangent of 32.58 feet, 21.28 feet to a point in the northerly street line of Old Whiting Street, so called;

Thence running S. 58° 12' 50" W along the northerly street line of Old Whiting Street, so called 235 feet to a point in the line of other land now or formerly of Dominic Colossale;

Thence turning and running N. 31° 47' 10" W along other land now or formerly of Dominic Colossale, a distance of 107.00 feet to a point;

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Thence turning and running S. 58° 12' 50" W, continuing along said other land now or formerly of Dominic Colossale, a distance of 34.00 feet to a point;

Thence turning and running N. 31° 47' 10" W, continuing along other land now or formerly of Dominic Colossale, a distance of 50.62 feet to the point and place of the beginning.

Containing 19,954 square feet or .458 acres of land, more or less.

**18 Hemlock Road
Torrington, CT**

A certain piece or parcel of land with all buildings and improvements thereon, situated in the City of Torrington, County of Litchfield, and State of Connecticut, and being bounded and described as follows:

Being shown as Lot No. 132 on a map entitled "City of Torrington, Pinewood Village Map Showing Layout Section IV, Scale 1"=40', Dec. 1954, John W. Smith Reg. 955, Dec. 30, 1954", on file in the office of the Town Clerk of said Torrington as Map #304, to which reference may be had for a more particular description of said premises. Bounded:

NORTHERLY: by land now or formerly of John Lawton and Arthur Hinchcliffe, 99.50 feet;
EASTERLY: in part by land now or formerly of Ronald Marciano, et ux, 115.33 feet and in part by land now or formerly of said Lawton and Hinchcliffe, 15.13 feet;
SOUTHERLY: by public highway known as Hemlock Road, 100.00 feet;
WESTERLY: by land now or formerly of Leno S. Trivelia, et ux, 126.77 feet.

The four (4) above-described premises are subject to the following:

1. Limitations imposed by governmental authority;
2. Such state of facts as an accurate survey of personal inspection of the premises might disclose; and
3. Municipal assessments and taxes, if any, becoming due and payable after the date hereof.

Community Mental Health Affiliates, Inc.
Debt Repayment Plan
Debt Obligations-CCHA

Community Mental Health Affiliates, Inc., (CMHA) has three debt agreements with Central Connecticut Health Alliance, Inc., (CCHA).

7/3/2007: Non interest bearing note in the amount of \$350,000 due as balloon payment 7/2/2012. During FY 2009 CCHA has agreed to amortize the forgiveness of the loan over a ten year period ending 9/30/2016. The amount is for construction costs incurred during the renovation of the 33 Highlands Avenue building owned by CCHA for the Alliance Treatment Program moved from Avon to New Britain in 2007.

3/25/08: \$1,500,000 line of credit payable from time to time during a three year period 3/25/08-3/24/2011. CMHA drew \$900,000 on 3/25/08 and \$600,000 on 6/2/08. No repayments have been made to date.

4/8/2008: \$900,000 loan payable with interest at prime - .50%. Balloon payment due 3/31/2011 with interest paid monthly. Interest paid to date amounts to \$60,037.50

Proposal for Debt Repayment:

A total amount of \$2,400,000 is due CCHA in March 2011. CMHA proposes to repay the amount due CCHA over a ten year period beginning July 1, 2010 and ending June 30, 2020 as to restructure balloon payments due.

Years July 1, 2010-June 30, 2014: \$225,000 annually during the period 7/1-6/30 of each year. The payments will be made in equal installments on a quarterly basis for periods ending 9/30, 12/31/, 3/31 and 6/30 of each fiscal year. These payments are to be applied first to the interest bearing loan due CCHA totaling \$900,000.

July 1, 2010-June 30, 2011: \$225,000

July 1, 2011-June 30, 2012: \$225,000

July 1, 2012-June 30, 2013: \$225,000

July 1, 2013-June 30, 2014: \$225,000

Years July 1, 2014-June 30, 2020: \$250,000 annually during the period 7/1-6/30 of each year totaling \$1,500,000. The payments will be made in equal installments on a quarterly basis for periods ending 9/30, 12/31/, 3/31 and 6/30 of each fiscal year.

July 1, 2014-June 30, 2015: \$250,000
July 1, 2015-June 30, 2016: \$250,000
July 1, 2016-June 30, 2017: \$250,000
July 1, 2017-June 30, 2018: \$250,000
July 1, 2018-June 30, 2019: \$250,000
July 1, 2019-June 30, 2020: \$250,000

In the event CMHA finds itself with significant financial resources from the sale of property or other financial sources, both parties agree to negotiate on an acceleration in the payment schedule as noted above. There will be no penalty assessed CMHA for prepayment of obligations due CCHA.

CMHA will sell certain real estate assets and reorganize its existing space needs in order to meet its current and future debt obligations as outlined above. CMHA continues to review the operations of its cost centers. It is CMHA's financial goal to maximize its grant funding. Continued strong management of its third party billing will generate annual surpluses which CMHA will need to rebuild its Net Assets and maintain a level of liquidity. In FY 2008, the \$1.5 million Net Assets of the agency were depleted due to decisions made by previous management.

In April 2009, CMHA drafted its debt reduction plan. This plan first addresses the debt owed to Bank of America. There are certain balloon payments with Bank of America, with a first payment due January 2010. The Bank of America debt owed by CMHA is guaranteed by CCHA. With this guaranty, CMHA is provided an opportunity to seek a restructuring of this debt either with Bank of America or another financial institution with more favorable repayment terms. This will allow for the elimination of current and future balloon payments. In addition, the restructuring of the Bank of America debt will allow for CCHA to be repaid in a similar manner as that of the financial institution.

With an aggressive management of third party billing, the sale of real estate in an improving market and a debt restructuring plan for existing Bank of America debt, CMHA is confident it will meet the debt obligation payments due CCHA as outlined above.

However, if for any reason CMHA or CCHA finds it necessary to revise the terms and conditions of this agreement; both parties agree to negotiate in good faith subject to the approval of the respective Board of Directors of each entity.

Approved.
LSD
2/11/10



Central Connecticut
Health Alliance, Inc.

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SCHEDULE B

FEB 22 2010

100 Grand Street
New Britain, CT 06050
860-224-5011
www.thocc.org
Laurence A. Tanner, President

February 18, 2010


Mr. Raymond J. Gorman, President
Community Mental Health Affiliates
29 Russell St
New Britain, CT 06052

Dear Ray:

I am enclosing the revised CMHA debt repayment plan, which has been accepted by CCHA. I was given authority by the CCHA board to negotiate the repayment plan. In view of CMHA's approval by board resolution at its meeting on February 4, 2010, we now consider the plan to be in effect.

Let's hope for your continued success on operations so that early repayment can occur.

Sincerely,


Laurence A. Tanner
President

LAT:bwa

Enclosure

cc: Brian A. Rogoz

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SCHEDULE C

CMHA, Inc.

Schedule of Appraised Values of Properties	as of 4/14/2010
125 Whiting Street f/k/a 6-16 Whiting Street	\$ 605,000
92 Vine Street, New Britain	\$ 192,000
26 Russell Street, New Britain	\$ 420,000
18 Hemlock Road, Torrington	<u>\$ 185,000</u>
	<u>\$ 1,402,000</u>

000106

Attachment J

RAYMOND J. GORMAN
214 Woodruff Street
Southington, CT 06489
(860) 621-0361
raymondgorman@att.net

EXPERIENCE

October 2006 - Present

PRESIDENT/CHIEF EXECUTIVE OFFICER

Community Mental Health Affiliates, Inc., New Britain, CT

Community Mental Health Affiliates is a statewide community-based behavioral health care provider. Dedicated to improving the quality of life for Connecticut's children, adolescents and adults, the agency operates an extensive mental health and addiction services delivery system throughout Connecticut. With a staff of more than 400 and an operating budget in excess of 25 million dollars, it is among the largest behavioral health providers in the state. Key accomplishments include:

- Restored the organization to financial stability by eliminating multi-million dollar operating deficits.
- Improving the organizations professional reputation by creating an organizational culture based upon respect and transparency.
- Developing strong and vibrant relationships with funders, donors and payors.
- Established successful Development and Marketing initiatives including individual donor appeals, foundation requests and viral marketing.
- Recruited and directed an exceptional Senior Management Team.
- Instituted cutting edge Technology and Human Resource systems that have transformed the agency's work process and output.
- Providing support and guidance to the Board of Directors in all areas of governance, policymaking, regulatory and ethical compliance.
- Representing the agency's interests at all levels of Government and Public Policy deliberations.

April 2004 – September 2006

EXECUTIVE VICE PRESIDENT, CHIEF OPERATING OFFICER

The Village for Families & Children, Inc., Hartford, CT

The Village, founded in 1809, is one of the nation's longest operating children services agencies. The Village provides residential, clinical, child placement and community outreach services throughout Greater Hartford. With more than 300 staff and an operating budget of more than \$20 million dollars, it is one of the largest not for profit organizations in the Capitol Area. Key accomplishments included:

- Implemented significant infrastructure upgrades in areas of Human Resources, Finance and Information Services.
- Substantially increased agency revenues, reduced dependence on Endowment support.
- Instituted a performance based culture among program staff.
- Developed new relationships and opportunities for the organization within the human services and health care communities.

December 2002 – March 2004

DIRECTOR

Community Health Center, Inc.
New London, CT; New Britain, CT

The Community Health Center is the state's largest Federally Qualified Health Center (FQHC) network, consisting of seven sites providing primary medical, dental, and mental health care to Medicaid and Medicare patients. Served as Director of the New London/Groton and New Britain centers.

Responsibilities included:

- Developed new working relationships with hospitals and other providers, enhancing access to care for the poor and under insured.
- Secured grant-funding from local and national foundations as well as state and federal agencies.
- Represented the centers' interests with federal and state legislators and agencies.

February 1997 – July 2002

COMMISSIONER

Office of Health Care Access, Hartford, CT

The Office of Health Care Access (OHCA) is mandated by state law to regulate an almost \$17 billion dollar segment of Connecticut's health care industry. As agency Commissioner, appointed by the Governor and confirmed by the General Assembly, had wide-ranging statutory authority over hospitals, surgical centers, and outpatient clinics. Accomplishments included:

- Advised the Governor on matters related to health care costs, access and disparities in health care.
- Rendered over 400 legally binding decisions and rulings concerning expansion, contraction, and relocation of health and mental health services.
- Regulated the establishment of the first for-profit hospital in state history.
- Developed a reputation for honesty, integrity, and candor with the General Assembly, the healthcare industry, and the media.
- Authored numerous statewide statutorily mandated reports and analysis, including action plans that changed Connecticut laws regarding insurance practices and hospital length of stays.

March 1995 – February 1997

DEPUTY COMMISSIONER

Connecticut Department of Mental Health & Addiction Services, Hartford, CT

The Department of Mental Health & Addiction Services (DMHAS) is the state agency that is responsible for the provision of publicly funded mental health and addiction services for adults. As the Governor's appointee to the position of Deputy Commissioner, my responsibilities included:

- Supervised the closure of two antiquated state hospitals, and the expansion of one centrally located inpatient facility.
- Approved and managed the operation of almost 200 million dollars per year in community and inpatient services expenditures.

- Negotiated through the political, human resource and financial issues related to a required reduction in workforce related to the state hospitals closure.

EDUCATION

- 1988 – 1989 **Antioch New England Graduate School**
Keene, NH
Masters Degree in Human Services Administration, December 1989
- 1982 – 1983 **University of Connecticut**
West Hartford, CT
Undergraduate courses in Counseling Theory, Computer Programming, Accounting, and Organization Management and Behavior
- 1980 **Naugatuck Valley Community College**
Waterbury, CT
Associates of Arts Degree conferred in 1980

OTHER PROFESSIONAL ACCOMPLISHMENTS AND ACTIVITIES

- Appointed to the Board of Directors of the CT Community Providers Association (2011)
- Appointed as an expert in health care financing by the Governor to the "Commission on Nonprofit Health and Human Services" (2010).
- Appointed by the Senate Minority Leader to the "Commission on Accountability, Creativity, and Efficiency in State Government" (2009).
- Member – Board of Governors – Mid State Medical Center, Meriden, CT (2002 – 2005).
- Chairman – Advisory Council – Devereux Glenholme School, Washington, CT (1999 – 2005).
- Authored action-oriented strategic plans and reports, including "The Village Competitive Analysis" (2005), "The Health of Connecticut's Hospitals" (2002), and "Asthma: A Growing Health Concern" (1998).
- Appointed by the Lieutenant Governor to the "Connecticut Mental Health Cabinet" (2004).
- Member – Board of Directors – Hispanic Alliance of New London, CT (2003).
- Served as Chair of the Legislative "Task Force to Study Issues Relating to Involuntary Outpatient Commitment." (2000).
- Provided consulting services to law firms, health and human services providers, and state governments in areas of planning, service delivery, Certificate of Need activity, as well as expert testimony in civil cases.
- Served as the final adjudicator in Connecticut's most complex health delivery issues, including mergers and closures of acute care hospitals, access to care for the poor and uninsured.
- Demonstrated statesmanship and diplomacy in creating new partnerships within the public and private sectors, thereby enhancing affordability and accessibility of care.
- Adroitly navigated through the programmatic and political issues related to the closure of two State-operated psychiatric hospitals, and the consolidation of behavioral health services at the renovated Connecticut Valley Hospital.

Mary R. Casey, CPA
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EXPERIENCE

January 2010-Present

**Executive Vice President &
Chief Financial Officer
Community Mental Health Affiliates, Inc.**
New Britain, CT

Community Mental Health Affiliates, Inc. (CMHA) is private non-profit provider of mental health and substance abuse treatment services. CMHA offers a continuum of programs for adults, adolescents, children and families, ranging from residential treatment to outpatient counseling and prevention programs. CMHA has over thirty years experience as one of the largest behavioral health care providers in Connecticut.

In addition to duties below: The additional responsibilities upon promotion in January 2010 include:

- Management of Human Resource Department
- Management of Facilities Department
- Management of the Information Technology and Information Services Departments

September 2008 – January 2010

**Chief Financial Officer
Community Mental Health Affiliates, Inc.**
New Britain, CT

- Reporting directly to the President & Chief Executive Officer.
- Managing the fiscal operations of CMHA including third party and fiscal intermediary billing, grant management, payroll and payables.
- Preparation of the annual operating budget of CMHA approximating \$23 million.
- Preparation of the monthly financial reporting for presentation to the Finance and Audit Committee, Executive Committee and full membership of the Board of Directors as well as the Senior Management team.
- Fiscal liaison between CMHA, the Central Connecticut Health Alliance, Inc. and its independent auditors.
- Supervise billing and finance staff of twelve individuals.

August 2006 – August 2008

Chief Financial Officer
Capital Workforce Partners, Inc.
 Hartford, CT

Capital Workforce Partners, Inc. (CWP) is a regional Workforce Investment Board led by a consortium of the region's chief elected officials and representatives from business, education and labor. CWP is an essential partner in the economic development for the region.

Responsibilities included:

- Reporting directly to the President & Chief Executive Officer.
- Managing the fiscal operations of CWP including grant management, payroll and payables.
- Preparation of the annual operating budget of CWP approximating \$19.6 million.
- Preparation of the monthly financial reporting for presentation to the Finance and Audit Committee, Executive Committee and full membership of the Board of Directors as well as the Senior Management team.
- Fiscal liaison between CWP and its independent auditors.

March 2000 – August 2006

Vice President of Finance & Administration
The Village for Families & Children, Inc.
 Hartford, CT

The Village, founded in 1809, is one of the nation's longest operating children services agencies. The Village provides residential, clinical, child placement and community outreach services throughout Greater Hartford. Responsibilities include:

- Reporting directly to the Chief Operating Officer.
- Managing the fiscal operations of the Village including billing, payroll, payables and grant reporting.
- Oversight of property management for four locations owned or leased by the Village.
- Preparation of the annual operating budget of the Village, approximating \$20 million.
- Preparation of the monthly financial reporting for presentation to the Finance Committee, Executive Committee and full membership of the Board of Directors as well as the Senior Management team.
- Fiscal liaison between the Village and its independent auditors.
- Financial management and reporting of two fiduciary agencies.

July 1997 – March 2000

Audit Manager
Simione, Scilla, Larrow & Dowling, LLC
 New Haven, CT

Simione, Scilla, Larrow & Dowling, LLC, a large regional certified public accounting firm, provided all accounting and attest functions for its clients, specializing in the not-for-profit and construction industries. Responsibilities included:

- Planned audit engagements and outlined fieldwork to be performed by junior staff.
- Reviewed and prepared financial statements in accordance with GAAP (Generally Accepted Accounting Principles).
- Maintained engagements within budgeted staffing hours and supervising junior staff.
- Preparation of operational analyses and management letters.
- Conducted exit conferences with agency directors.
- Industry networking and client development.

July 1995 – June 1997

Senior Auditor
Simione, Scillia, Larrow & Dowling, LLC
 New Haven, CT

- Conducted fieldwork for annual audit clients.
- Documented and reviewed client internal control structures.
- Reviewed work papers and returns prepared by junior staff.

July 1993 – June 1995

Staff Auditor
Simione & Simione, Certified Public Accountants
 New Haven, CT:

- Assisted senior auditor in proper documentation of client internal control structure.
- Audited payroll and accounts payable cycles.
- Preparation of annual returns.

September 1991 – June 1993

Staff Accountant
Simione & Simione Certified Public Accountants
 New Haven, CT

- Participation in Medicare receivable billing project which required examination of patient charts for proper documentation for Medicare billing.
- Compilation of information for annual Medicare cost reports.

EDUCATION & MEMBERSHIPS

1987 – 1991	The University of Connecticut Storrs, Connecticut Bachelor of Science Degree in Business Administration – major Accounting
1996 – Present	American Institute of Certified Public Accounts Member in good standing
1996 – Present	Connecticut Society of Certified Public Accountants Member in good standing

OTHER ACCOMPLISHMENTS AND ACTIVITIES

- Volunteer treasurer for Hartford Guides, Inc., Board of Directors
- Volunteer for Connecticut Special Olympics, Inc.
- Volunteer member on a task force created by the Connecticut Council of Providers Association (CCPA) to define administrative costs used in state grant funding applications.
- Volunteer treasurer for Centerfriends, Inc., a fundraising auxiliary of Easter Seals, Goodwill Industries, Rehabilitation Centers, Inc.
- Member of the Student Union Board Governors (SUBOG) at the University of Connecticut.

REFERENCES

Available upon request.

Victor T. Incerti, MaCP, MAC, LPC
24 Lexington Ave.
Middletown, CT 06457
(860)346-3311 (H) (860)508-9312 (C)
vincerti@yahoo.com

EXPERIENCE

2010-Present

Community Mental Health Affiliates, Inc.
Chief Program Officer

As a member of the Senior Executive Team provides evidence-based clinical and assertive administrative leadership to agency clinical and community support services. Supervises and manages professional and medical staff in conjunction with the Chief Clinical Officer. Ensures compliance with Joint Commission standards of care, DPH/DCF/DMHAS licensing regulations and grant fidelity. Accountable for performance based outcomes while balancing twenty five million dollar grant and third party revenue budget. Chairs multiple committees including ethics and corporate compliance to promote professional practice and mitigate agency vulnerability to malpractice liability.

2008-2010

Community Mental Health Affiliates, Inc.
Vice President of Residential Treatment Programs

As a member of the Senior Management Team provided clinical and administrative leadership to Substance Abuse Rehabilitation Program as well as DMHAS funded Residential Programs. Supervised and managed professional staff, compliance with DPH, DMHAS and JCAHO standards and grants while overseeing program/staff development. Participated in a variety of committees including Health Information Management and Operations. Oversaw the environment of care to ensure the safety of clients and staff. Responsible for fiscal management and resource allocation across residential services.

2006-2007

Challenges Relapse Prevention Programs
Clinical Director

Provided clinical and administrative oversight/supervision to a multi-disciplinary professional staff of 25 in the provision of substance abuse/dependency and co-occurring disorders treatment in a for profit PHP/Residential and IOP setting. Researched and implemented evidence based protocols. Monitored compliance with state licensing and JCAHO standards. Efficiently managed budget and other fiscal responsibilities. Provided/coordinated training in Cognitive-Behavioral treatments including Gorski Relapse Prevention Counseling and Therapy. Assisted in marketing and utilization review activities.

2003-2006

Continuum Care Services, Inc.
Clinical Program Director

The Family & Pathways to Recovery

Coordinated and supervised substance abuse and psychiatric treatment for detoxification and rehabilitation of adult and adolescent in-patients for a 100 bed licensed and accredited private hospital. Provided oversight of clinical practices and medical records for compliance with DCF and JCAHO regulations. Clinically approved all admissions to the facility. Provided clinical and administrative oversight to the women's treatment center including detoxification, residential and IOP levels of care.

2002-2003

Community Mental Health Affiliates, Inc.

Intensive Residential Service System Manager

Assisted in the management and supervision of six residential programs for co-occurring disordered clients. Provided clinical supervision of a multi-disciplinary staff of over 50. Supervised in the development and implementation of treatment plans. Maintained quality assurance of clinical records in compliance with JCAHO, DPH and regulatory agencies. Monitored a multi-million dollar budget.

1979-2002

New Britain General Hospital, Dept of Behavioral Health

Program Coordinator, Psychiatric Clinician, Outreach Clinician

Held a variety of positions providing both direct clinical care and managerial oversight for out-patient and residential programs for severe and prolonged mentally ill clients and substance abusing/dependent patients. Conducted assessments, developed treatment plans and provided out-patient, in-patient and residential care. Advanced into managerial position to oversee multi-disciplinary staff and program development in the provision of care to similar patient population.

EDUCATION

1987 Master of Arts in Community Psychology

University of New Haven: New Haven, CT
Cumulative Grade Point Average: 4.0

1977 Bachelor of Arts in Psychology and Sociology

University of Connecticut, Storrs, CT
Cumulative Grade Point Average: 3.5

1998-Present Licensed Professional Counselor

State of Connecticut, Dept of Public Health #000023

1998-Present Master Addiction Counselor Certification

National Board of Addiction Examiners

1995-Present National Board for Certified Counselors

National Certified Counselor Certification # 39987

PROFESSIONAL AFFILIATIONS

1994- Present North American Association of Masters in Psychology
National Association of Certified Counselors
National Association of Alcohol and Drug Abuse Counselors
American Mental Health Counselors Association

REFERENCES AVAILABLE ON FILE

11/1994-9/1996 Medical Director, Connecticut Department of Mental Health and
Addiction Services

8/1991-11/1994 Deputy Commissioner for Clinical Services, Connecticut Department of
Mental Health

- 1989-1991 Chief of Professional Services (Clinical Director), Greater Bridgeport Community Mental Health Center
- 1987-1989 Senior Consulting Psychiatrist (part-time), Greater Bridgeport Community Mental Health Center
- 1985-1987 Chief of Professional Services (Medical Director) Greater Bridgeport Community Mental Health Center
- 1985 (June - September) Director, Outpatient Department Greater Bridgeport Community Mental Health Center
- 1984-1985 Chief, Adolescent Services, Silver Hills Hospital
- 1982-1984 Chief, Young Adult Treatment Unit, Yale Psychiatric Institute
- 1982-1983 Chief Resident, Yale Psychiatric Institute
- 1980-1983 Fellow, Institute for Social and Policy Studies, Yale University
- 1977-1981 Resident in Psychiatry, Yale University School of Medicine

ACADEMIC APPOINTMENTS:

- 1985-present Lecturer in Psychiatry, Yale University
- 1997-2002 Assistant Clinical Professor of Psychiatry, University of Connecticut Health Center
- 1985-1991 Docent, Department of Psychology, Yale University, Graduate School of Arts and Sciences
- 1982-1984 Assistant Professor of Psychiatry, Yale University

LICENSURE: Connecticut Physician's License #021420

TEACHING ACTIVITIES:

- 2011- present Supervisor; Long Term Psychotherapy Program; Dept. of Psychiatry; Yale University School of Medicine

- 2010- present Teaches elective seminar "Dealing with Complexity in Clinical Work and Clinical Administration" to residents, fellows, and junior faculty in the Department of Psychiatry, Yale University School of Medicine
- 1987-1992 Taught year-long Advanced Psychotherapy Seminar to PGY4 and PGY5 residents in the Department of Psychiatry, Yale University School of Medicine

EDITORIAL ACTIVITIES:

- 1979-1984 Referee, Archives of General Psychiatry

HONORS/AWARDS:

- 11/2011 Founder's Award
Guardian Ad Litem Services
- 2011 Annual Healthcare Excellence Award Bestowed in Honor of Kenneth Marcus, M.D. – Guardian Ad Litem Services and NAMI Waterbury
- 2001 Distinguished Fellow, American Psychiatric Association
- 2001 Coleman Award for Service to Patients - Connecticut Psychiatric Society
- 2000 State of Connecticut, Governor's Service Award for Outstanding Service to Connecticut Customers and Taxpayers
- 1999 Listed in Connecticut Magazine's Top Docs
- 1999 Fellow, American Psychiatric Association
- 1977 S. Bernard Wortis Award for Excellence in Psychiatry, Neurology and Medicine, New York University School of Medicine

PROFESSIONAL ORGANIZATIONS:

- Connecticut Psychiatric Society
- American Psychiatric Association
- National Association of State Mental Health Program Directors

PSYCHOANALYTIC TRAINING:

- 1983-1999 Clinical Associate, Western New England Institute of Psychoanalysis

SPECIALTY CERTIFICATIONS:

- 1998 Certified in Addiction Psychiatry, American Board of Psychiatry and Neurology (1384)
- 1984 Certified in Psychiatry, American Board of Psychiatry and Neurology (26426)

RECENT PRESENTATIONS:

- 11/4/2011 Presenter: "Dealing With Complexity in Clinical Work and Clinical Administration."

 Clinical Practice Seminar Series

 Dept. of Psychiatry, Yale University School of Medicine
- 2007 Presenter: "Evidence-Based Medicine ... Embedding the Concept in Policy Correctly." NASMHPD Medical Directors 2007 Best Practices Symposium, 12/9-11/2007
- 2007 Presenter: "Role of Psychiatrist in Mental Health Transformation." NASMHPD Medical Directors 2007 Best Practices Symposium, 12/9-11/2007
- 2007 Presenter: "Continuity of Care ... Current Research and Best Practices." NASMHPD Medical Directors 2007 Best Practices Symposium, 12/9-11/2007
- 2006 Presenter: "Current Best Practices for Treatment with Anti-Psychotic Medications." NASMHPD Medical Directors 2006 Best Practices Symposium, 7/9-11/2006
- 2000 Discussant: "Recovery and Adaptation: A Psychoanalyst's View." Presented by Dr. Albert J. Solnit. Western New England Institute for Psychoanalysis, 10/21/2000
- 1999 "The Short Stay: Effects on Outcomes of Psychiatric Hospitalization." Panel Discussant. Medical Outlook for Psychiatry, Volume 4, No. 3
- 1999 "The Effectiveness of Coercive Treatment: A Review of the Research." Panel Discussant. Symposium jointly sponsored by the DMHAS and Yale University Department of Psychiatry, 12/10/1999

- 1999 "Issues and Controversies Involving the Use of Restraint and Seclusion." Presented at Mental Health Conference sponsored by Advocacy Unlimited, Inc., 9/17/1999
- 1996 "Keeping the Vision Alive: Caring for People in the '90's." Presented at the Third Annual Conference of the Center for Mental Health Policy, Services and Clinical Research of the Connecticut Mental Health Center and the Department of Psychiatry, Yale University School of Medicine, 5/30/1996
- 1995 "The Past, Present and Future of the Department of Mental Health." Presented at the 1995 Scientific Meeting of the American Association of Psychiatric Administrators New York Regional Chapter (NY, CT, NJ), New York City, 4/7/1995
- 1994 "Workplace 2000: Building Partnerships for Change." Sponsored by the Department of Mental Health, CT, 10/28/1994
- 1994 "The Future Role of the State Mental Health Authority in the Context of Health Care Reform and Developments in Managed Care." Presented at the Semi-annual NASMHPD Meeting, San Diego, CA, 7/13/1994
- 1994 "Connecticut, the Insanity Defense and the Psychiatric Society Review Board." Participant, panel discussion on Radio WPOP with Drs. Albert J. Solnit and Howard Zonana, 6/23/1994
- 1994 "The Role of Mental Health in Health Care Reform in Connecticut." Participant, panel discussion on Connecticut Public Radio with Albert J. Solnit, M.D., Melodie J. Peet, M.P.H., Sheila Amdur and Phyllis Joffe, 6/6/1994
- 1994 "Extending Successful Clinical Outcomes: Deinstitutionalizing the Long-Term Inpatient." Participant, panel discussion on CME Video Symposium sponsored by psychLINK of Reston, VA, 2/2/1994
- 1993 "New Directions in Community Mental Health." Conference, Harkness Auditorium, Yale University School of Medicine, 10/29/1993

- 1993 "The Role of Clozapine in the Treatment of Serious Mental Illness."
Presented at DMHAS/Yale University Conference: Recent Advances in
the Use of Clozapine, etc., 6/10/1993
- 1993 "The Role of the Local Mental Health Authority in a Reconfigured
Managed Mental Health System." Presented at the Connecticut Hospital
Association, Wallingford, CT 1/21/1993

BIBLIOGRAPHY:

William H. Sledge, M.D. and Kenneth M. Marcus, M.D., "The Role of a
Psychoanalytic Perspective in a Public Sector System."

PSYCHODYNAMIC CONCEPTS IN GENERAL PSYCHIATRY,
Community Clinic, Chapter 7, H. Schwartz, E. Bleiberg, S. Weissman,
Editors, Applied Psychoanalysis, Washington, D.C., American Psychiatric
Press, Inc., 1995, pages 89-111.

Wayne Dailey, Ph.D., Matthew J. Chinman, Ph.D., Larry Davidson, Ph.D.,
Lynne Garner, Ph.D., Eva Vavrousek-Jakuba, Sc.D., Susan Essock, Ph.D.,
Kenneth Marcus, M.D., Jacob Kraemer Tebes, Ph.D., "How Are We
Doing?" A Statewide Survey of Community Adjustment Among People
with Serious Mental Illness Receiving Intensive Outpatient Services",
Community Mental Health Journal, Vol. 36, No. 4, August 2000.

Message from the Office of the Commissioner (2001): "Further Towards
Recovery", March 22, 2001.

Messages from the Office of the Commissioner (2002): "DMHAS Young
Adult Services", March 21, 2002; "Peer Review: In Support of Quality
Care", May 30, 2002; "Focusing on Quality ... the DMHAS Preferred
Practices Initiative", July 25, 2002.

Message from the Office of the Commissioner (2004): "Budget
Decisions: It's That Time Again", March 4, 2002.

"Integrating Behavioral Health and Primary Care Services: Opportunities
and Challenges for State Mental Health Authorities", November 26, 2004,
National Association of State Mental Health Program Directors
(NASMHPD) Medical Directors Council, co-author.

"Messages from the Office of the Commissioner (2005): "The "R" Word:
Part I - Defining the Problem", November 15, 2005; "The "R" Word: Part

II - the Oregon Experiment", November 16, 2005; "The "R" Word: Part III - Back to the Drawing Board", November 18, 2005.

"The Crisis in Acute Psychiatric Care, Report of a Focus Group Meeting", June 19-20, 2006, Washington, D.C., September 2006, National Association of State Mental Health Directors, co-author.

Kenneth Marcus, M. D. "Smoking Bans in State Hospitals: Patients' Rights and Patients' Health: Reply", Psychiatric Services, May 2008, 59:576-577. A reply to Dugald D. Chisholm: "Smoking Bans in State Hospitals: Patients' Rights and Patients' Health", Psychiatric Services, May 2008, 59:576.

Marie C. Mormile-Mehler

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SKILLS

- Strong analytical and organizational management skills
- Superior budgeting and budget management skills
- Demonstrated ability to effectively work with staff from all levels of the organization
- Demonstrated effectiveness in leading agency cross-functional teams for organizational change and outcome management initiatives
- Strong supervisory skills and ability to maintain an effective, productive, accountable staff
- Successful project planner and grant writer
- Superior written and verbal skills
- Ability to meet imminent deadlines and work effectively under pressure

EXPERIENCE

Community Mental Health Affiliates, Inc., New Britain, CT

8/2009- present

Vice President, Strategic and Organizational Planning

- Lead agency strategic planning processes by working with agency leadership to translate strategic plans into new programs, program redesigns or special projects/initiatives.
- Research new evidence based programs (EBPs) in order to appropriately select EBPs, secure funding and other finance strategies for implementation.
- Provide oversight and leadership to performance improvement efforts including agency clinical record reviews, outcome management, compliance, accreditation and outcome measurement.
- Provide oversight to medical records system including the development and maintenance of an electronic medical record and the maintenance, storage and destruction of medical records.
- Develop new and innovative program initiatives and work with agency leaders on program changes and restructuring, facilitating implementation of the agency strategic plan. Accomplishes such by working with agency managers on pursuing federal, state, corporate or foundation grants or fee-for-service arrangements related to new programs or program redesign initiatives.
- Complete special projects involving research, analysis of programming/funding and other administrative areas to promote agency strategic directions.
- Maintain collaborative relationships with key stakeholders, non-profit and public service/government agencies to promote new and existing initiatives and programs.
- Participate in Quality Improvement initiatives and ensure regulatory compliance with state, federal and local licensing bodies and accreditors; ensure agency credibility maintenance with relevant constituencies.
- Represent agency on local, state and trade association groups to inform agency program development and to assess competitors' strengths and weaknesses.

The Village for Families & Children, Inc., Hartford, CT

(9/91 to 7/2009)

Vice President, Planning, Performance & Accountability (10/04 to 07/09):

- Responsible for all new program development, grant writing, outcome evaluation and performance measurement for a large children's agency with a \$20 million annual operating budget.
- Oversaw the development of new programs and the procurement of grants, per diem/rate funding, fee-for-service and other revenues to support new initiatives. Conducted the follow-up planning needed for program start up.
- Evaluated new and existing programs along quality, outcomes and cost parameters and made recommendations for program expansion or discontinuation.
- Worked with agency managers to ensure that program outcome, quality and cost information fully support agency strategic positioning, agency image and competitive advantage in the community.
- Supervised a department of five (5) staff responsible for program development, grant writing, program evaluation and outcome measurement.
- Led the agency accreditation process – National Council on Accreditation for Children and Families (COA).
- Led the agency's Revenue Driven Organization (RDO) Initiative, a cross-functional team in charge of making process and organizational changes necessary to thrive in a fee-for-service environment.
- Led the agency's Results-Based Accountability (RBA) initiative, a performance management system which engages all departments and staff in setting and achieving program performance targets.
- Served as a core team member of the agency Technology Committee, a committee charged with assessing agency technology needs, selecting a new client information software package with an Electronic Medical Record, and phasing-in the new software system within agency operations. Secured approximately \$485,000 in grant dollars to support the agency technology plan.
- Represented the agency on behavioral health related committees and planning bodies such as the Hartford/West Hartford System of Care/Community Collaborative (Co-Chair), the Hartford/West Hartford Youth and Family Service System Operational Leadership Team and the ASO/DCF Transition Committee (CCPA).
- During fiscal year 2005-06, managed the procurement of nearly \$1.5 million competitive grant dollars and nearly \$10 million in ongoing contracts representing 90 grant applications/contracts. In fiscal year 2006-07, secured nearly \$1.4 million in competitive funds to support agency programs. Grants represented over 60 federal, state, city and private foundation grantmakers. New grants included a U. S. Department of Population Options Office of Adolescent Pregnancy Prevention-Adolescent Family Life Demonstration Grant (\$350,000 per year for five years), which was one of eleven (11) new grants nationwide; and a U. S. Department of Health and Human Services, Office of Family Assistance Programs, Fatherhood Initiative (\$250,000 per year for five years), one of two grants awarded in Connecticut.

Director of Program Planning & Development (7/02-9/04):

- Worked with agency top managers and project directors on conceptualizing new programs, locating funding and completing grant applications to fund new initiatives. Completed project reports and budget modifications.
- Managed the procurement of \$1.5 million in competitive grants for the agency in fiscal 2003. Grants represented several state agencies including Connecticut Department of Children and Families, Department of Mental Health and Addiction Services, Department of Public Health, Court Support Services and Office of Policy and Management as well as private foundations and the federal government (\$350,000 per year for five years – for Permanency - Adoption Opportunities Act Discretionary Grant).
- Supervised a staff of two (2) grant writers and one (1) community organizer. Supervised MSW interns in Community Organizing and Policy and Planning/Research.

- Led a community engagement process at the Village South Center for Community Life consisting of a resident-conducted needs assessment and the formation of a resident advisory council.
- Co-chaired the Community-Centered Practice Core Competency Team for the 2003 Agency Strategic Plan. Drafted the Agency Strategic Plan on Community-Centered Practice.
- Served in leadership positions on several community task forces and groups including the State Department of Children and Families Foster Care Collaborative, the Hartford/West Hartford System of Care, and the Hartford School and Community Partnership.

Grants Officer (9/91 to 7/02):

- Developed programs and secured federal, state and private grant funding in many program areas including child welfare, children's behavioral health and early childhood/family support.
- Developed and obtained funding for three (3) new children's residential programs with operating budgets in excess of \$1 million per program (Safe Home, Children's Sub-acute Unit and Permanency Center).
- Wrote multiple funded grant proposals in the following areas: Adoption, foster care, intensive family preservation, children's mental health, children's residential programming, school based family resource centers, afterschool programs/21st Century Community Learning Centers, adolescent parenting programs, youth employment and training programs, juvenile justice programs (outpatient, assessment and residential), crisis intervention, counseling for children with family members with HIV/AIDS, positive youth development, child abuse prevention and youth mentoring.

New Opportunities for Waterbury, Inc. Waterbury, CT

(4/87 to 9/91)

Program Planner:

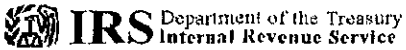
- Planned, organized and researched funding sources for the development of over fifty (50) human services and health programs at a large Community Action Agency with a \$5 million budget.
- Researched federal, state, local and private funding sources for program funding.
- Developed grant proposals in a variety of areas including child welfare, family services, child care/education, parent education, Head Start, substance abuse prevention, AIDS prevention/education, adolescent pregnancy prevention, job training and basic skills programs.
- Secured grants in excess of \$700,000 in new funds for a variety of programs including: Intensive family preservation, family reunification, therapeutic foster care, AIDS prevention/education, Head Start-family support services and nurse aide training. Funders included the Connecticut Department of Children and Families, Connecticut Department of Labor, the Hartford Foundation for Public Giving, U.S. Centers for Disease Control and U.S. Department of Health and Human Services – Administration for Children, Youth and Families.
- Developed program budgets, budget performance forecasts and budget revisions.
- Developed job descriptions, operational protocol, policies, reporting systems and evaluation protocol for new programs.
- Supervised two full time staff providing AIDS and substance abuse prevention/education activities.

EDUCATION**University of Connecticut, Storrs CT*****Bachelor of Arts, Psychology*****University of Connecticut, School of Social Work, West Hartford, CT*****Master of Social Work, Policy and Planning/Research*****HONORS/PROFESSIONAL MEMBERSHIPS/TRAINING**

- Village Employee-of-the-Year, 1994
- Village Quarterly Performance Award, May 1996
- Village Middle Management Training Program, 1998-99
- Leadership Greater Hartford, Class of 2000
- Village Quarterly Team Award, March 2002 and March 2003
- National Association of Social Workers
- CT Chapter of National Association of Social Workers – Chair, Board Nominating Committee – 2006-2009
- Connecticut Council of Family Services Association – Senior Management Training - 2010

000128

Attachment K



OGDEN UT 84201-0038

In reply refer to: 0441859736
Nov. 24, 2010 LTR 4168C E0
06-0934544 000000 00
00028840
BODC: TE

COMMUNITY MENTAL HEALTH AFFIL INC
270 JOHN DOWNEY DR
NEW BRITAIN CT 06051



027444

Employer Identification Number: 06-0934544
Person to Contact: Exempt Organization
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Nov. 15, 2010, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(03) of the Internal Revenue Code in a determination letter issued in March 1977.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

000130

Attachment L

STATE OF CONNECTICUT
Department of Public Health

LICENSE
License No. 0043

Mental Health Residential Living Center

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:
Community Mental Health Associates, Inc. of New Britain, CT, d/b/a Highlands is hereby licensed to
maintain and operate a Mental Health Residential Living Center.

Highlands is located at 33 Highland Street, New Britain, CT 06052 with:

Raymond J. Gorman as Executive Director
Kathleen A. McCarthy LCSW as Director

The maximum number of beds shall not exceed at any time:

34 Licensed Beds

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2011. RENEWAL



J. Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. C-0281

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health Affiliates, Inc. is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

Community Mental Health Affiliates, Inc. is located at 55 Winthrop Street, New Britain, CT 06052 with:

Teresa C. Works LCSW as Director
Raymond J. Gorman as Executive Director

The service classification(s) and if applicable, the residential capacities are as follows:

Multi Service

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2009. RENEWAL.



J Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. C-0212

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health Affiliates, Inc. is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

Community Mental Health Affiliates, Inc. is located at 5 Hart Street, New Britain, CT 06052 with:

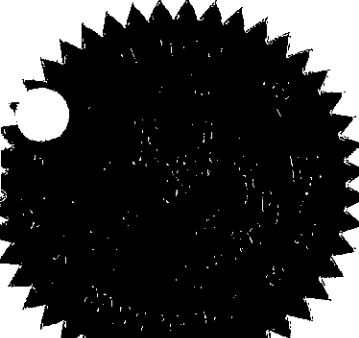
Linda L. Filipetti RN as Director
Raymond J. Gorman as Executive Director

The service classification(s) and if applicable, the residential capacities are as follows:

Multi Service

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2009. RENEWAL.



J. Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

STATE OF CONNECTICUT
Department of Public Health

LICENSE
License No. 0368

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:
Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health
Affiliates, Inc. is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

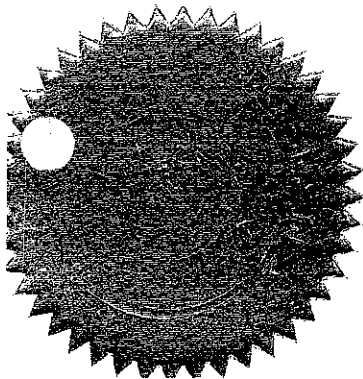
Community Mental Health Affiliates, Inc. is located at 81 North Main Street, Bristol, CT 06010 with:

Raymond J. Gorman as Executive Director
Teresa C. Works, LCSW as Director

The service classification(s) and if applicable, the residential capacities are as follows:

This license expires **March 31, 2012** and may be revoked for cause at any time.
Dated at Hartford, Connecticut, April 1, 2008.

License revised to reflect:
CHANGE OF DIRECTOR EFF: 2/24/11



Jewel Mullen

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0456

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:
Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health
Affiliates, Inc. is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

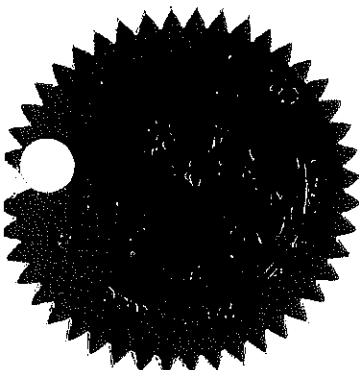
Community Mental Health Affiliates, Inc. is located at 26 Russell Street, New Britain, CT 06052
with:

Raymond J. Gorman as Executive Director
Regina M. Moller as Director

This license expires **March 31, 2013** and may be revoked for cause at any time.
Dated at Hartford, Connecticut, April 17, 2009.

License revised to reflect:

CHANGE OF DIRECTOR EFF: 8/3/11



Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0500

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:
Community Mental Health Associates, Inc. of New Britain, CT, d/b/a Northwest Center for Family
Service and Mental Health is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic
for Adults.

Northwest Center for Family Service and Mental Health is located at 350 Main St, Lakeville, CT
06039 with:

Raymond J. Gorman as Executive Director

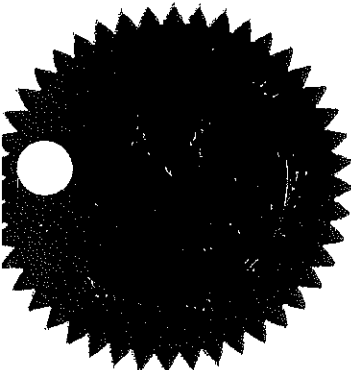
Regina M. Moller as Director

This license expires **June 30, 2015** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, July 12, 2011.

License revised to reflect:

CHANGE OF DIRECTOR EFF: 8/3/11



Jewel Mullen, MD

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0427

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493: Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Northwest Center for Family Service and Mental Health is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

Northwest Center for Family Service and Mental Health is located at 100 Commercial Blvd, Torrington, CT 06790 with:

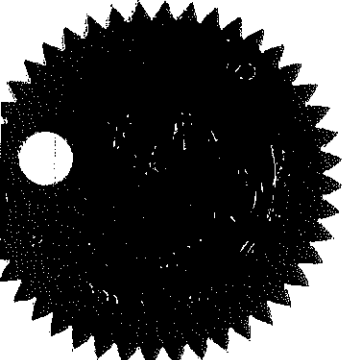
Raymond J. Gorman as Executive Director

Regina M. Moller as Director

This license expires **June 30, 2015** and may be revoked for cause at any time.
Dated at Hartford, Connecticut, July 1, 2011.

License revised to reflect:

CHANGE OF DIRECTOR EFF: 8/3/11



Jewel Mullen MD

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT
Department of Public Health

LICENSE

License No. 0455

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:
Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Northwest Center for Family
Service and Mental Health is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic
for Adults.

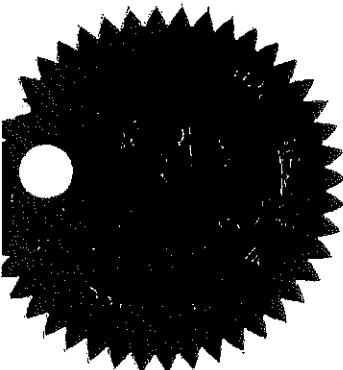
Northwest Center for Family Service and Mental Health, Inc. is located at 120 Park Lane Road, New
Milford, CT 06776 with:

Raymond J. Gorman as Executive Director
Regina M. Moller as Director

This license expires **December 31, 2012** and may be revoked for cause at any time.
Dated at Hartford, Connecticut, February 2, 2009.

License revised to reflect:

CHANGE OF DIRECTOR EFF: 8/3/11



Jewel Mullen

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT
Department of Public Health

License No. 0360

**Facility for the Care or Treatment of Substance
Abusive or Dependent Persons**

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Alliance Treatment Center, Inc. is hereby licensed to maintain and operate a Facility for the Care or Treatment of Substance Abusive or Dependent Persons.

Alliance Treatment Center, Inc. is located at 33 Highland Street, New Britain, CT 06052 with:

Raymond J. Gorman as Executive Director

The maximum number of beds shall not exceed at any time:

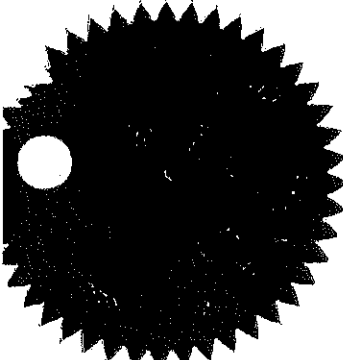
18 Intensive Treatment Beds

The service classification(s) and if applicable, the residential capacities are as follows:

Intensive Treatment

This license expires **June 30, 2013** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, July 1, 2011. RENEWAL.



Jewel Mullen MD

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0232

**Facility for the Care or Treatment of Substance
Abusive or Dependent Persons**

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health Affiliates, Inc. is hereby licensed to maintain and operate a Facility for the Care or Treatment of Substance Abusive or Dependent Persons.

Community Mental Health Affiliates, Inc. is located at 26 Russell Street, New Britain, CT 06052 with:

Raymond J. Gorman as Executive Director

The maximum number of beds shall not exceed at any time:

0

The service classification(s) and if applicable, the residential capacities are as follows:

Outpatient Treatment

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2011. RENEWAL.



J Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0301

**Facility for the Care or Treatment of Substance
Abusive or Dependent Persons**

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health Affiliates, Inc. is hereby licensed to maintain and operate a Facility for the Care or Treatment of Substance Abusive or Dependent Persons.

Community Mental Health Affiliates, Inc. is located at 81 North Main Street, Bristol, CT 06010 with:

Raymond J. Gorman as Executive Director

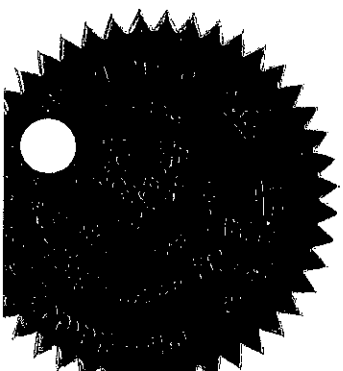
Raymond J. Gorman

The service classification(s) and if applicable, the residential capacities are as follows:

Outpatient Treatment

This license expires **March 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, April 1, 2010. RENEWAL.



J. Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0275

**Facility for the Care or Treatment of Substance
Abusive or Dependent Persons**

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health Affiliates, Inc. is hereby licensed to maintain and operate a Facility for the Care or Treatment of Substance Abusive or Dependent Persons.

Community Mental Health Affiliates, Inc. is located at 5 Hart Street, New Britain, CT 06052 with:

Raymond J. Gorman as Executive Director

The service classification(s) and if applicable, the residential capacities are as follows:

Outpatient Treatment

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2011. RENEWAL.



J. Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

STATE OF CONNECTICUT
Department of Public Health
LICENSE

License No. 0276

**Facility for the Care or Treatment of Substance
Abusive or Dependent Persons**

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Community Mental Health Affiliates, Inc. of New Britain, CT, d/b/a Community Mental Health Affiliates, Inc. is hereby licensed to maintain and operate a Facility for the Care or Treatment of Substance Abusive or Dependent Persons.

Community Mental Health Affiliates, Inc. is located at 55 Winthrop Street, New Britain, CT 06052 with:

Raymond J. Gorman as Executive Director

The service classification(s) and if applicable, the residential capacities are as follows:

Outpatient Treatment

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2011. RENEWAL.



J. Robert Galvin MD, MPH, MBA

J. Robert Galvin, MD, MPH, MBA,
Commissioner

Attachment M

ATTACHMENT M

List of CMHA licenses by the Department of Children and Families (DCF):

36 Sheffield St, Waterbury - EDT (WORTH)
36 Sheffield St, Waterbury - Family Connections, II
36 Sheffield St, Waterbury - OPCC
26 Russell St, NB - OPCC (CGC)
26 Russell St, NB - Family Connections
26 Russell St, NB - EDT (CAP)
37 Main Street, Southington
18 Hemlock St, Torrington - Pando Group Home
100 Commercial Blvd, Torrington - OPCC
315 Main St., Lakeville - OPCC
120 Park Lane, New Milford - OPCC

'000146

Attachment N

Community Mental Health Affiliates, Inc.

Independent Auditors' Report, Financial Statements
and Additional Information

As of and for the Years Ended
June 30, 2011 and 2010

Community Mental Health Affiliates, Inc.
Independent Auditors' Report, Financial Statements and Additional Information
As of and for the Years Ended June 30, 2011 and 2010

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Independent Auditors' Report

To the Board of Directors of
Community Mental Health Affiliates, Inc.:

We have audited the accompanying statements of financial position of Community Mental Health Affiliates, Inc. (CMHA) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of CMHA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Mental Health Affiliates, Inc., as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of CMHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements of Community Mental Health Affiliates, Inc. taken as a whole. The accompanying schedules of expenditures of State and Federal awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Connecticut State Single Audit Act, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Saslow Lufkin & Buggy, LLP

October 28, 2011
Avon, CT

Community Mental Health Affiliates, Inc.
Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,682,742	\$ 3,015,772
Investments	36,287	27,920
Accounts receivable, net of allowance for doubtful accounts of \$436,000 and \$548,000 in 2011 and 2010, respectively	486,599	674,830
Grant receivables	232,829	375,915
Prepaid expenses and other assets	274,190	160,328
Security deposits	110,196	94,229
Total current assets	2,822,843	4,348,994
Property, plant and equipment, net	3,548,447	3,427,126
Assets limited as to use:		
Segregated purpose funds	109,836	231,648
Investments - permanently restricted	85,618	83,931
Total assets	\$ 6,566,744	\$ 8,091,699
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,635,434	\$ 2,276,221
Due to affiliates	26,777	23,703
Segregated purpose funds	109,836	231,648
Due to the State of Connecticut	231,185	539,709
Deferred revenue and unexpended grant funds	143,390	102,519
Deferred capital support, current portion	177,903	179,672
Current portion of long term debt and capital leases	426,009	362,777
Total current liabilities	2,750,534	3,716,249
Notes payable, less current portion	236,770	493,986
Loans from CCHA, less current portion	2,133,745	2,393,750
Capital leases, less current portion	148,810	195,776
Deferred capital support, less current portion	499,404	672,981
Total liabilities	5,769,263	7,472,742
Net assets:		
Unrestricted net assets	711,863	535,026
Permanently restricted net assets	85,618	83,931
Total net assets	797,481	618,957
Total liabilities and net assets	\$ 6,566,744	\$ 8,091,699

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

Community Mental Health Affiliates, Inc.
Statements of Activities
For the Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted net assets:		
Public support and revenues:		
Federal and state grants and contracts	\$ 17,600,442	\$ 16,345,947
Professional and service revenues	5,291,871	5,313,245
Other grants and contributions	486,668	926,152
State bond capital support	175,347	178,567
Interest income	17,654	15,749
Total revenues	23,571,982	22,779,660
Expenses:		
Adult program services	13,847,595	12,313,362
Youth program services	4,784,827	4,809,632
Family program services	1,113,673	1,348,421
Other program services	275,669	305,974
Administrative and general	3,716,257	3,578,905
Total expenses	23,738,021	22,356,294
(Loss) income from operations	(166,039)	423,366
Debt forgiveness from CCHA	35,000	35,000
Unrealized gains on investments	15,545	18,236
Gain on sale of property, plant and equipment	292,331	53,892
Change in unrestricted net assets	176,837	530,494
Unrestricted net assets, beginning of year	535,026	4,532
Unrestricted net assets, end of year	\$ 711,863	\$ 535,026
Permanently restricted net assets:		
Unrealized gains on beneficial trusts	\$ 1,687	\$ 794
Permanently restricted net assets, beginning of year	83,931	83,137
Permanently restricted net assets, end of year	\$ 85,618	\$ 83,931

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

Community Mental Health Affiliates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2011

	Direct Program Services				Supporting Services		Total
	Adult	Youth	Family Services	Other	Administrative and General		
Salaries	\$ 7,691,999	\$ 3,102,258	\$ 679,655	\$ 146,047	\$ 1,770,651	\$	\$ 13,390,610
Fringe benefits	1,852,416	741,461	157,986	35,084	423,747		3,210,694
Consultant fees	1,662,745	166,967	123,024	51,411	456,191		2,460,338
Rent	607,066	184,996	55,164	5,991	218,105		1,071,322
Materials and supplies	259,987	102,199	10,153	4,435	165,789		542,563
Travel and transportation	260,118	82,204	3,289	6,726	53,257		405,594
Utilities	157,577	75,755	20,512	2,732	81,042		337,618
Client support payments	293,734	20,958	-	-	6,364		321,056
Maintenance and repairs	157,516	48,133	15,195	1,852	60,871		283,567
Telephone	155,498	42,770	8,147	2,883	40,189		249,487
Insurance	125,361	49,064	8,111	2,210	26,539		211,285
Food service	165,415	25,568	59	1,033	7,286		199,361
Bad debt expense	-	-	-	-	111,805		111,805
Legal and accounting	45,453	15,206	2,553	772	30,599		94,583
Interest expense	9,357	19,031	420	-	54,785		83,593
Postage and printing	11,071	9,979	5,923	347	35,914		63,234
Management fees	-	-	-	-	60,459		60,459
Conferences and training	14,602	23,148	396	5,393	4,579		48,118
Dues and subscriptions	17,219	6,656	1,311	1,964	20,662		47,812
Public relations	-	-	-	5,591	13,844		19,435
Equipment rental	1,917	1,752	1,567	78	11,537		16,851
Recruitment	-	-	-	-	11,014		11,014
Property taxes	-	785	1,524	-	6,425		8,734
Total expenses before depreciation	13,489,051	4,718,890	1,094,989	274,549	3,671,654		23,249,133
Depreciation	358,544	65,937	18,684	1,120	44,603		488,888
Total expenses	\$ 13,847,595	\$ 4,784,827	\$ 1,113,673	\$ 275,669	\$ 3,716,257		\$ 23,738,021

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

Community Mental Health Affiliates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2010

	Direct Program Services				Supporting Services		Total
	Adult	Youth	Family Services	Other	Administrative and General		
Salaries	\$ 6,658,795	\$ 3,050,525	\$ 802,551	\$ 166,604	\$ 1,797,105	\$	\$ 12,475,580
Fringe benefits	1,538,521	701,861	186,768	35,590	417,234		2,879,974
Consultant fees	1,550,543	301,881	188,639	74,332	397,159		2,512,554
Materials and supplies	518,906	93,767	7,161	4,041	128,868		752,743
Rent	343,308	141,250	71,816	-	138,237		694,611
Travel and transportation	179,021	78,566	7,372	6,082	36,414		307,455
Client support payments	272,570	27,276	27	-	514		300,387
Utilities	159,296	63,573	14,440	1,945	46,771		286,025
Maintenance and repairs	169,252	56,790	14,636	2,862	23,609		267,149
Telephone	168,728	44,339	11,507	1,464	24,192		250,230
Insurance	134,245	50,223	13,697	1,681	29,030		228,876
Food service	154,976	22,762	49	238	17,476		195,501
Bad debt expense	-	-	-	-	192,095		192,095
Interest expense	46,979	32,440	235	-	43,750		123,404
Legal and accounting	18,172	6,600	3,806	195	85,963		114,736
Management fees	-	-	-	-	84,150		84,150
Conferences and training	9,954	42,226	768	436	11,584		64,968
Recruitment	4,883	43,250	17	-	6,754		54,904
Postage and printing	11,156	11,118	5,653	374	19,226		47,527
Dues and subscriptions	6,379	2,253	1,517	2,962	27,443		40,554
Public relations	-	539	-	4,673	16,883		22,095
Equipment rental	5,486	3,723	3,648	265	4,599		17,721
Property taxes	791	763	1,298	-	-		2,852
Total expenses before depreciation	11,951,961	4,775,725	1,335,605	303,744	3,549,056		21,916,091
Depreciation	361,401	33,907	12,816	2,230	29,849		440,203
Total expenses	\$ 12,313,362	\$ 4,809,632	\$ 1,348,421	\$ 305,974	\$ 3,578,905	\$	\$ 22,356,294

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

Community Mental Health Affiliates, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 178,524	\$ 531,288
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	488,888	440,203
Unrealized gains on investments	(17,232)	(19,030)
Debt forgiveness from CCHA	(35,000)	(35,000)
Gain on sale of property, plant and equipment	(292,331)	(53,892)
Changes in assets and liabilities:		
Accounts receivable	188,231	278,495
Grant receivables	143,086	(94,625)
Prepaid expenses and other assets	(113,862)	(56,151)
Security deposits	(15,967)	(62,901)
Accounts payable and accrued expenses	(640,787)	124,651
Due to affiliates	3,074	(89,890)
Due to the State of Connecticut	(308,524)	(53,051)
Deferred revenue and unexpended grant funds	40,871	2,047
Deferred capital support	(175,346)	(181,346)
Net cash (used in) provided by operating activities	<u>(556,375)</u>	730,798
Cash flows from investing activities:		
Purchases of property, plant and equipment	(680,918)	(96,589)
Proceeds from sale of property, plant and equipment	490,000	1,300,000
Proceeds from investments	7,178	11,700
Net cash (used in) provided by investing activities	<u>(183,740)</u>	1,215,111
Cash flows from financing activities:		
Payments on capital lease obligations	(123,974)	(124,813)
Proceeds from long term debt	-	950,000
Repayments of long term debt	(468,941)	(1,417,555)
Net cash used in financing activities	<u>(592,915)</u>	(592,368)
Net change in cash and cash equivalents	<u>(1,333,030)</u>	1,353,541
Cash and cash equivalents, beginning of year	<u>3,015,772</u>	<u>1,662,231</u>
Cash and cash equivalents, end of year	<u>\$ 1,682,742</u>	<u>\$ 3,015,772</u>
Supplemental cash flow disclosure:		
Cash paid for interest	<u>\$ 83,593</u>	<u>\$ 123,404</u>
Equipment acquired through capital lease obligations	<u>\$ 126,960</u>	<u>\$ 324,854</u>

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

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 1 - General

Community Mental Health Affiliates, Inc. (CMHA) is a not-for-profit, non-stock corporation, founded in 1975, and is exempt from federal and state income taxes under the Internal Revenue Code section 501(c)(3). CMHA has been designated by the State Department of Mental Health and Addiction Services (DMHAS) as the Local Mental Health Authority for Catchment Area 19. The primary purposes of CMHA include clinical, fiscal and administrative management of the local DMHAS funded service system.

CMHA has also been designated by the State Department of Children and Families (DCF) as the Child Guidance Clinic for the New Britain and Torrington areas.

Relative to fiscal management, CMHA is responsible for resource allocation, adherence to laws and regulations of state and federal governments, generally accepted accounting principles, grant management and compliance with DMHAS and DCF's audit guidelines.

Effective July 1, 1996, CMHA entered into an alliance with Central Connecticut Health Alliance, Inc. (CCHA). Through this alliance, CMHA is responsible for representing behavioral health as a specialty within CCHA. While CMHA retains its own assets and liabilities and retains responsibility for its own financial management, CCHA has approval authority over capital expenditures or new programs exceeding 5% of CMHA's gross annual budget. CCHA, as the sole Class B member of CMHA, has other rights and authorities as specified in CMHA's by-laws. Effective January 31, 2011, CCHA entered into a full corporate affiliation with Hartford Health Care Corporation.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates - The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments with maturities of three months or less when purchased. In general, the Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 per depositor, per bank. The FDIC also provides separate unlimited coverage for deposit accounts that meet the definition of non-interest bearing accounts. Unlimited coverage on non-interest bearing accounts extends until December 31, 2012. It is CMHA's policy to monitor the financial strength of the banks that hold its deposits on an ongoing basis. During the normal course of business, CMHA maintains cash balances in excess of the FDIC insurance limit.

Allowance for Doubtful Accounts Receivable - Revenue recognized is reduced by the amount deemed appropriate by management to maintain the allowance for doubtful accounts at an adequate level to absorb estimated losses. Management's judgment is based on regular evaluation of third-party payer experience. While management uses available information to determine its allowance, future changes to the allowance may be necessary based on conditions with third-party payers. Aggregate allowances at June 30, 2011 and 2010, were \$436,000 and \$548,000, respectively.

Investments - CMHA reports its investments at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets, unless the income or loss is restricted by donor or state law.

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements - CMHA classifies its investments in accordance with FASB ASC 820, "*Fair Value Measurements and Disclosures*", which defines fair value, establishes a framework for measuring fair value under GAAP and requires certain disclosures about fair value measurements. The definition of fair value under FASB ASC 820 focuses on the price that would be received to sell the asset, which is referred to as the exit price.

FASB ASC 820 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - Observable inputs that reflect quoted prices for identical assets in active markets that CMHA has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs reflecting CMHA's estimates for assumptions that market participants would use in pricing the asset (including assumptions about risk).

CMHA has classified its investments as Level 1 holdings in accordance with FASB ASC 820, as they are actively traded in the open market.

Property, Plant and Equipment - Property, plant and equipment is stated at cost. Depreciation is computed by the straight-line method based on the shorter of the estimated useful life of the asset or the lease term, which ranges from three to thirty years. Gains or losses on the sale or disposition of assets is reflected in income in the year of disposition.

Net Assets - CMHA follows the provisions of FASB ASC 958, "*Not-for-Profit Entities*." FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics are combined into the following categories:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted - Net assets whose use by CMHA is subject to donor-imposed stipulations that can be fulfilled by actions of CMHA pursuant to those stipulations or that expire by the passage of time. CMHA does not have any net assets that are temporarily restricted as of June 30, 2011 and 2010.

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by CMHA. Generally, the donors of these assets permit CMHA to use all or part of the investment return on these assets. CMHA has \$85,618 and \$83,931 of net assets that are permanently restricted as of June 30, 2011 and 2010, respectively.

Revenue Recognition - Revenues received from the granting agencies or other outside parties for particular operating purposes or programs are classified as unrestricted net assets and are reported as revenue in the period designated by the grantor and earned in proportion as CMHA incurs the expenditures. Grant funds applicable to a future period, received but not earned, are classified as deferred revenue. In instances where revenue exceeds expenses for granting agency programs, due to third-party reimbursement or patient fees, (1) the revenue in excess of expenses is reversed and recorded as a payable to the granting agency based on the relation of the total granting agency grant revenue to total revenue, pending the granting agency response to a request for carryover of the federal and state portion, or (2) to apply the excess of revenues over expenses to other granting agency programs per the granting agency's approval. In cases where expenses exceed revenues for specific programs, the deficit is funded by CMHA's general operations.

Various funding agencies periodically review CMHA's records. If surplus balances are determined to exist, such agencies may require CMHA to return any such balances.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain direct costs have been allocated based on time or asset usage.

Revenue Concentration - CMHA had one major grant-funding source (Department of Mental Health and Addiction Services) representing 53% and 52% of total revenue for the years ended June 30, 2011 and 2010, respectively.

Income Taxes - CMHA has been recognized by the Internal Revenue Service as not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

CMHA accounts for uncertain tax positions in accordance with certain provisions of FASB ASC 740, "Income Taxes", which provides a framework for how companies should recognize, measure, present and disclose uncertain tax positions in their financial statements. Under FASB ASC 740, CMHA may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. CMHA does not have any uncertain tax positions as of June 30, 2011 and 2010. As of June 30, 2011 and 2010, CMHA did not record any penalties or interest associated with uncertain tax positions. CMHA's prior three tax years are open and subject to examination by the Internal Revenue Service.

New Accounting Pronouncements - In January 2010, the FASB issued FASB Accounting Standards Update (ASU) 2010-06, which clarifies certain existing fair value measurement disclosure requirements of FASB ASC 820-10 and also requires additional fair value measurement disclosures. The new disclosures relate to transfers in and out of Level 1 and 2 investments, and disclosures about inputs and valuation techniques. The disclosures regarding transfers in and out of Level 1 and 2 investments, and clarifications to existing disclosures are effective for interim and annual periods beginning after December 15, 2009.

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

The disclosures of Level 3 investment rollforward of activity on a gross basis are effective for fiscal years beginning after December 15, 2010. The adoption of this accounting principle had no impact on CMHA's June 30, 2011 financial statements. Management does not believe it will have any impact in future years.

In August 2010, the FASB issued ASU 2010-23, which is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care, and requires disclosure of the method used to identify or determine such costs. This ASU is effective for CMHA on July 1, 2011. Management is currently evaluating the impact of this standard on its financial statements.

In August 2010, the FASB issued ASU 2010-24, which clarifies that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. This ASU is effective for CMHA on July 1, 2011. Management is currently evaluating the impact of this standard on its financial statements.

Subsequent Events - Subsequent events have been evaluated through October 28, 2011, the date through which procedures were performed to prepare the financial statements for issuance. Management believes there are no subsequent events having a material impact on the financial statements.

Note 3 - Regulatory and Legislative Matters

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that CMHA is in compliance with the fraud and abuse regulations as well as other applicable government laws and regulations. While no known regulatory inquiries are pending, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Note 4 - Deferred Capital Support

CMHA has received grants for down payment assistance, acquisition and renovation projects. These grants are being forgiven by the funding sources at a rate of ten percent per year as the projects are used by CMHA. As a result of those funding sources, there are liens placed on certain properties for up to ten years. The deferred capital support liability represents the remainder of the grants to be forgiven and are as follows:

	<u>2011</u>	<u>2010</u>
Total deferred capital support	\$ 677,307	\$ 852,653
Less: current portion	<u>(177,903)</u>	<u>(179,672)</u>
Total deferred capital support, net of current portion	<u>\$ 499,404</u>	<u>\$ 672,981</u>

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 5 - Operating Leases

CMHA leases several apartments for its Transitional Youth Program under lease agreements for a term of one year, ending on various dates. Clients reimburse CMHA for the rent as they use the apartments. CMHA leases program space from a related party under three leases expiring in June 2012 with monthly rent of \$6,979, with an annual 3.0% escalation clause. As of June 30, 2011, CMHA leases office space in New Britain, Bristol, New Milford, Lakeville, Torrington and Waterbury with monthly rental agreements and leases expiring at various dates through 2019. In addition, CMHA entered into several vehicle leases with Enterprise Fleet Management Company during 2010, for vehicle use across its numerous clinical and community support programs as well as for administrative usage.

Future minimum lease payments as of June 30, 2011, are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
2012	\$ 885,857	\$ 88,550	\$ 974,407
2013	484,393	44,818	529,211
2014	429,377	-	429,377
2015	370,815	-	370,815
2016	211,522	-	211,522
Thereafter	264,668	-	264,668
Total minimum payments	<u>\$ 2,646,632</u>	<u>\$ 133,368</u>	<u>\$ 2,780,000</u>

Rent expense under all operating leases was \$1,071,322 and \$694,611 in 2011 and 2010, respectively.

Note 6 - Long-Term Debt, Capital Leases and Line of Credit

On May 11, 2010, CMHA entered into a Revolving Credit and Term Loan Agreement (the Agreement) with Farmington Bank. Currently under the Agreement, CMHA has a \$250,000 line of credit available, which bears interest at the prime rate (3.25% at June 30, 2011). There were no amounts outstanding on the line of credit as of June 30, 2011 and 2010.

The Agreement also included a term loan in the amount of \$950,000, which was used to refinance the various real estate notes payable. The Agreement was secured by mortgages on the underlying properties and a guarantee from CCHA. The term of the loan is ten years and matures on June 1, 2020 with balances accruing interest at a fixed rate of 5.375% for the first five years. After the first five years, the interest rate becomes a variable rate based on the prime rate plus 2.25%.

The Agreement contains certain financial covenants such as a minimum debt service coverage ratio requirement of at least 1.20 to 1.00, which is measured annually based on the audited financial statements. CMHA was not in compliance with this covenant for the year ended June 30, 2011; however, has obtained a waiver from the Bank for this violation. CMHA was in compliance with this covenant for 2010.

In 2010, CMHA entered into a sale-leaseback transaction whereby three of the mortgaged properties were sold and will be leased by CMHA for a period of seven years with renewal options. Net proceeds from the sale of these properties was \$1,300,000, which was used in part to pay off the loan balances and release the mortgages related to the three properties in the amount of \$418,431. The net gain on all property dispositions was \$53,892 and was recognized as income in 2010 as the amount was immaterial for deferral.

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 6 - Long-Term Debt, Capital Leases and Line of Credit (continued)

During 2011, CMHA sold an additional property previously mortgaged under the Agreement. Net proceeds from the sale of this property was \$490,000, which was used in part to pay off the loan balance and release the mortgage liability in the amount \$200,000. The net gain on the property sale was \$292,331 and was recognized as income in 2011.

During 2011, CMHA entered into two capital lease agreements to assist in the financing of additional information technology upgrades. Both leases contain a bargain purchase option and are for a term of three years expiring in September of 2013 and March of 2014.

In 2010, CMHA entered into three capital lease agreements to assist in the financing of an information technology upgrade. The leases all contain a bargain purchase option and are for a term of three years expiring at various dates in 2013.

In 2008, CCHA entered into three promissory notes with CMHA, see Note 11 for further discussion of the notes.

Long-term debt consists of the following at June 30, 2011 and 2010:

	2011	2010
<u>Real estate notes payable:</u>		
Term note payable due June 2020, payable in monthly installments of \$5,757 including interest at 5.375%, secured by mortgage on real estate	\$ 291,412	\$ 531,569
<u>Other:</u>		
Note payable, due in monthly installments of \$365, including interest at 10.69%, secured by a vehicle	3,869	7,648
Capital lease obligations due at various dates in 2013 and 2014, for information systems equipment, payable in monthly installments ranging from \$1,123 to \$4,047	291,308	288,322
CCHA loans (see Note 11)	2,358,745	2,618,750
Total debt	2,945,334	3,446,289
Less: current portion	(426,009)	(362,777)
Total long term debt	\$ 2,519,325	\$ 3,083,512

The following is the scheduled repayments on the debt instruments for each of the next five years and thereafter:

	Real Estate Note Payable	Vehicle Note Payable	CCHA Loans	Capital Lease Obligations	Total
2012	\$ 54,642	\$ 3,869	\$ 225,000	\$ 142,498	\$ 426,009
2013	57,698	-	225,000	131,799	414,497
2014	60,925	-	225,000	17,011	302,936
2015	64,333	-	250,000	-	314,333
2016	53,814	-	250,000	-	303,814
Thereafter	-	-	1,183,745	-	1,183,745
Total	\$ 291,412	\$ 3,869	\$ 2,358,745	\$ 291,308	\$ 2,945,334

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 7 - Retirement Plan

All employees of CMHA with 1,000 hours of service are eligible to participate after one year of employment in CMHA's retirement plan (the Plan). The Plan consists of a tax-deferred annuity issued through Prudential Retirement. CMHA will match 50% of all employee deferrals up to a maximum of 6% of the employees compensation. In addition, CMHA at its discretion, may contribute additional contributions. During 2011 and 2010, CMHA made discretionary contributions of 2% of all eligible employee's compensation. The employer contribution is reviewed and approved annually by the Board of Directors. Employees may contribute the lesser of \$49,000 or 100% of includable compensation up to maximum allowed by Internal Revenue Code Sections 403(b), 402(g) and 415. The Plan is fully funded and employees' benefits are vested at a rate of twenty percent per year and are fully vested at five years. The cost of such contributions totaled approximately \$257,000 in 2011 and \$288,000 in 2010, and is included in fringe benefits in the accompanying financial statements.

Note 8 - Other Grants and Contributions

Other grants and contributions consist of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Contributions	\$ 214,850	\$ 484,498
United Way	163,597	215,058
Other Grants	108,221	167,871
ABH-OBRA reviews	-	58,725
	<u> </u>	<u> </u>
Total	<u>\$ 486,668</u>	<u>\$ 926,152</u>

Note 9 - Property, Plant and Equipment

Property, plant and equipment consists of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 77,759	\$ 77,759
Buildings	1,343,160	1,343,160
Leasehold improvements	3,197,832	3,356,014
Furniture, equipment and improvements	1,531,005	1,044,032
Less: accumulated depreciation	<u>(2,601,309)</u>	<u>(2,393,839)</u>
Total property, plant and equipment	<u>\$ 3,548,447</u>	<u>\$ 3,427,126</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$488,888 and \$440,203 respectively.

Note 10 - Segregated Purpose Funds

Segregated purpose funds consist of client funds and housing subsidies. The balance as of June 30, 2011 and 2010 was \$109,836 and \$231,648 respectively.

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 11 - Related Party Transactions

CMHA is an affiliate of the Central Connecticut Health Alliance (CCHA). CCHA charged CMHA a management fee of \$60,459 and \$84,150 for the years ended June 30, 2011 and 2010, respectively. This annual fee is determined by CCHA during its annual budget process.

CMHA leases space for its residential programs from CCHA. Total rent expensed for the years ended June 30, 2011 and 2010 amounted to \$243,930 and \$210,511, respectively.

CMHA subcontracts with the Hospital of Central Connecticut (HCC), another alliance member, for two behavioral health programs. In 2010, one subcontract was terminated and all shared employee positions terminated as of June 30, 2010. Total expenses for these services were \$58,977 and \$152,044 for the years ended June 30, 2011 and 2010, respectively.

In addition, during the fiscal year's ended June 30, 2011 and 2010, CMHA subcontracted with HCC for physician coverage for its substance abuse residential program. The total amount expensed was \$46,800 and \$34,650, respectively.

As of June 30, 2011 and 2010, CMHA owes HCC \$26,777 and \$23,703, respectively. These amounts are included within due to affiliates as of June 30, 2011 and 2010.

The following table summarizes related party expenses billed to/from CMHA and its related entities for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Expenses billed to HCC by CMHA	\$ -	\$ 7,500
Expenses billed to CMHA by HCC	\$ 151,829	\$ 231,821
Expenses billed to CMHA by CCHA	\$ 312,281	\$ 300,340

During the fiscal year ending June 30, 2008, CMHA entered into three loan agreements with CCHA. The loan agreements contain various reporting covenants, which CMHA was in compliance with during fiscal years 2011 and 2010.

The first loan agreement was entered into on July 3, 2007 in the amount of \$350,000. The loan is a non-interest bearing loan requiring a balloon payment of the entire outstanding principal balance at the end of five years. During each of the years ended June 30, 2011 and 2010, CCHA forgave \$35,000 of this amount. The remaining \$183,745 is expected to be forgiven by CCHA.

The second loan agreement was entered into on March 25, 2008 in the amount of \$1,500,000. The loan is non-interest bearing.

The third loan agreement was entered into on April 1, 2008 in the amount of \$900,000. The loan bears interest at the prime rate less 0.5% adjusted monthly.

In 2010, CMHA entered into a debt repayment plan with CCHA for the second and third loan agreements. The debt repayment plan calls for payments of \$225,000 per year starting in fiscal 2011 through 2015 and payments of \$250,000 per year from fiscal 2016 through 2020.

Community Mental Health Affiliates, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2011 and 2010

Note 12 - Commitments and Contingencies

CMHA has received grants for specific purposes that are subject to review, audit and adjustment by the grantor agencies. Such audits could lead to requests for reimbursement to such agencies for any expenditures or claims disallowed under the terms of the agreements. Management believes no disallowances will be made for the fiscal year 2011 and 2010 grants.

Note 13 - Endowment

CMHA's endowment consists of two permanently restricted funds that represent assets to be held in perpetuity with the income from those assets to be restricted for general operating purposes. CMHA has interpreted the relevant laws as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of June 30, 2011 and 2010, CMHA did not have any temporary restricted net assets.



**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors of
Community Mental Health Affiliates, Inc.:

We have audited the financial statements of Community Mental Health Affiliates, Inc. (CMHA) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CMHA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CMHA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CMHA's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CMHA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within CMHA, and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Saslow Lufkin & Buggy, LLP

October 28, 2011
Avon, CT

**Report on Compliance with Requirements that could have a Direct and
 Material Effect on Each Major Program, and on Internal Control Over
 Compliance in Accordance with the State Single Audit Act**

To the Board of Directors of
 Community Mental Health Affiliates, Inc.:

Compliance

We have audited the compliance of Community Mental Health Affiliates, Inc. (CMHA) with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of CMHA's major state programs for the year ended June 30, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying state schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of CMHA's management. Our responsibility is to express an opinion on CMHA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about CMHA's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CMHA's compliance with those requirements.

In our opinion, CMHA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of CMHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered CMHA's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CMHA's internal control over compliance.

SIB | Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within CMHA, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Saslow Lufkin & Buggy, LLP

October 28, 2011
Avon, CT

Community Mental Health Affiliates, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

<u>State Grantor/Pass-Through Grantor/Program/(if applicable)</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
Department of Mental Health and Addiction Services:		
Psychiatric and Mental Health Services	11000-MHA53000-16053	\$ 5,187,413
Special Population	11000-MHA53000-12250	2,329,323
Managed Service System	11000-MHA53000-12157	2,094,458
Employment Opportunities	11000-MHA53000-16070	537,636
Jail Diversion	11000-MHA53000-12278	522,272
Housing Supports and Services	11000-MHA53000-12035	449,459
Discharge and Diversion Services	11000-MHA53000-12330	343,004
Persistent Violent Felony Offenders	11000-MHA53000-12465	296,000
Grants for Substance Abuse Services	11000-MHA53000-16003	173,786
Supportive Programs for Shared Populations	11000-MHA53000-90231	150,000
Home and Community Based Services	11000-MHA53000-12444	91,000
Pre-Trial Drug and Alcohol Education Program	11000-MHA53000-35166	74,859
Prison Overcrowding	11000-MHA53000-12292	40,955
Compulsive Gamblers Program	11000-MHA53000-35198	5,000
<i>Total Department of Mental Health and Addiction Services</i>		12,295,165
Department of Children and Families:		
Board and Care - Residential	11000-DCF91110-16138	949,415
Child Guidance Clinic	11000-DCF91110-16024	607,526
Extended Day Treatment	11000-DCF91110-16033	509,539
Foster and Adoptive Support Team	11000-DCF91110-16135	348,565
Supportive Housing for Recovering Families	11000-DCF91110-16102	321,000
Prevention and Treatment of Child Abuse	11000-DCF91110-16064	138,195
Intensive Family Preservation	11000-DCF91110-16111	87,270
Child Welfare Support Services	11000-DCF91110-16120	73,346
Foster Care Clinic	11000-DCF91110-16008	68,289
Connecticut Community KidCare	11000-DCF91110-16141	56,615
Reconnecting Families	11000-DCF91110-16140	36,673
<i>Total Department of Children and Families</i>		3,196,433

See notes to the schedule.

Community Mental Health Affiliates, Inc.
Schedule of Expenditures of State Financial Assistance (continued)
For the Year Ended June 30, 2011

<u>State Grantor/Pass-Through Grantor/Program/(if applicable)</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
Department of Social Services:		
Vocational Rehabilitation	11000-DSS60000-16004	<u>10,117</u>
<i>Total Department of Social Services</i>		<u>10,117</u>
Advanced Behavioral Health:		
Early Childhood Consultation Partnership Program		<u>83,877</u>
<i>Total Advanced Behavioral Health</i>		<u>83,877</u>
<i>Total State Financial Assistance Expenditures</i>		<u><u>\$ 15,585,592</u></u>

See notes to the schedule.

Community Mental Health Affiliates, Inc.
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

Various departments and agencies of the State of Connecticut have provided financial assistance to Community Mental Health Affiliates, Inc. (CMHA) through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs as listed on the Schedule of Expenditures of State Financial Assistance.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of CMHA conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in CMHA's annual audit are prepared on the accrual basis of accounting. The following is a summary of such basis:

- Revenues are recognized in the period designated by the grantor and in which CMHA incurs the expenditures.
- Expenses are recorded in the period when incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Community Mental Health Affiliates, Inc.
State Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	No

The following schedule reflects major programs included in the audit:

State Grantor/Pass-Through Grantor/Program/(if applicable)	State Grant Program Identification Number	Expenditures
Department of Mental Health and Addiction Services:		
Psychiatric and Mental Health Services	11000-MHA53000-16053	\$ 5,187,413
Special Population	11000-MHA53000-12250	\$ 2,329,323
Managed Service System	11000-MHA53000-12157	\$ 2,094,458

Dollar threshold used to distinguish between type A and B programs: \$ 311,000

Community Mental Health Affiliates, Inc.
State Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011 (continued)

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Section I - Summary of Auditor's Results (continued)

Section II - Financial Statement Findings

- We issued reports, dated October 28, 2011, on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

Section III - Findings and Questioned Costs for State Financial Assistance

There are no current year findings.

Section IV - Prior Year Findings

There were no prior year findings.



**Report on Compliance with Requirements that could have a Direct and
Material Effect on Each Major Program, and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

To the Board of Directors of
Community Mental Health Affiliates, Inc.:

Compliance

We have audited the compliance of Community Mental Health Affiliates, Inc. (CMHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2011. CMHA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of CMHA's management. Our responsibility is to express an opinion on CMHA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about CMHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CMHA's compliance with those requirements.

In our opinion, CMHA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of CMHA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered CMHA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CMHA's internal control over compliance.

SIB | Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within CMHA, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Saslow Lufkin & Buggy, LLP

October 28, 2011
Avon, CT

Community Mental Health Affiliates, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

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<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Health & Human Services:		
Passed through Department of Mental Health and Addiction Services:		
Block Grant for Community Health Services Subcontract	93.958	\$ 344,619
Substance Abuse Prevention and Treatment (SAPT) Block Grant	93.959	84,720
Partnership for Success Contract	93.243	25,096
Passed through State Department of Social Services:		
Social Services Block Grant	93.667	123,014
Passed through Connecticut Community Providers Association:		
Case Management Services	93.667	9,458
Passed through the Substance Abuse and Mental Health Services Administration:		
Modified Assertive Community Treatment Team	93.243	391,192
Allied Primary and Behavioral Health Integration Systems	93.243	129,200
Drug Free Community Support Program	93.276	123,382
<i>Total Department of Health & Human Services</i>		1,230,681
Department of Children and Family Services:		
Reconnecting Families	93.556	324,594
Multidisciplinary Investigation Team	93.669	20,000
<i>Total Department of Children and Family Services</i>		344,594
Department of Housing and Urban Development:		
Supportive Housing Program	14.235	202,416
Shelter Plus Care Administration	14.238	30,543
<i>Total Department of Housing & Urban Development</i>		232,959
<i>Total Federal Award Expenditures</i>		\$ 1,808,234

See notes to the schedule.

Community Mental Health Affiliates, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Various departments and agencies of the federal government have provided financial assistance to Community Mental Health Affiliates, Inc. (CMHA) through grants and other authorizations in accordance with federal laws and regulations. These financial assistance programs fund several programs as listed on the Schedule of Expenditures of Federal Awards.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of CMHA conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in CMHA's annual audit are prepared on the accrual basis of accounting. The following is a summary of such basis:

- Revenues are recognized in the period designated by the grantor and in which CMHA incurs the expenditures.
- Expenses are recorded in the period when incurred.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of CMHA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of, the financial statements.

Community Mental Health Affiliates, Inc.
Federal Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
93.958	Block Grant for Community Health Services Subcontract	\$ 344,619
93.556	Reconnecting Families	\$ 324,594
93.243	Partnership for Success, MACTT & PBHIS Grants	\$ 545,488

Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
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Auditee qualified as low-risk auditee?	No
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Community Mental Health Affiliates, Inc.
Federal Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011 (continued)

Section II - Financial Statement Findings

- We issued reports, dated October 28, 2011, on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

Section III - Federal Award Findings and Questioned Costs

There were no current year findings.

Section IV - Prior Year Findings

There were no prior year findings.

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Financial Attachment 1

Community Mental Health Affiliates, Inc.
 Certificate of Need Application
 Financial Attachment I
 Jan-12

Without the CON	FY 2011 Actual	FY 2012 Budget	FY 2013	FY 2014
Revenues				
Federal & State Grants & Contracts	\$ 17,600,442	18,022,470	18,422,470	18,422,470
Professional and Service Revenues	5,291,871	5,263,480	5,364,236	5,533,808
Other Grants & Contributions	486,668	515,973	540,973	550,973
State Bond Capital Support	175,347	169,065	164,309	118,935
Interest Income & Gains on Beneficial Trusts	19,341	22,000	22,000	22,000
Gains on Investments	15,545	16,100	16,100	16,100
Gain on Sale of Property	292,331	-	-	-
Debt Forgiveness-CCHA	35,000	35,000	35,000	35,000
Total Revenues	\$ 23,916,545	\$ 24,044,088	\$ 24,565,088	\$ 24,699,286
Expenses				
Salaries	\$ 13,390,610	\$ 13,362,733	\$ 13,632,733	\$ 13,632,733
Fringe Benefits	3,210,694	3,518,000	3,589,083	3,589,083
Consultant Fees	2,460,338	2,391,632	2,439,465	2,488,254
Rent	1,071,322	1,066,046	1,090,046	1,111,847
Materials & Supplies	542,563	567,669	579,022	590,603
Travel & Transportation	405,594	395,554	403,465	411,534
Utilities	337,618	340,965	347,784	354,740
Client Support Payments	321,056	376,157	383,680	391,354
Maintenance & Repairs	283,567	234,637	239,330	244,116
Telephone	249,487	267,175	272,519	277,969
Insurance	211,285	213,784	218,060	222,421
Food Service	199,361	187,430	191,179	195,002
Bad Debt Expense	111,805	49,645	50,638	51,651
Legal & Accounting	94,583	83,788	85,464	87,173
Interest Expense	83,593	34,400	35,088	35,790
Postage & Printing	63,234	70,940	72,359	73,806
Management fees	60,459	65,000	65,000	65,000
Conferences & Training	48,118	62,946	64,205	65,489
Dues & Subscriptions	47,812	49,465	50,454	51,463
Public Relations	19,435	21,355	21,782	22,218
Equipment Rental	16,851	16,495	16,825	17,161
Recruitment	11,014	7,500	7,650	7,803
Property Taxes	8,734	7,240	7,385	7,532
Depreciation	488,888	550,653	550,653	550,653
Total Expenses	\$ 23,738,021	\$ 23,941,209	\$ 24,413,867	\$ 24,545,395
Change in Net Assets	\$ 178,524	\$ 102,879	\$ 151,221	\$ 153,891

Assumptions:

FY 2011: Amounts reconcile to audited financial statements for fiscal year end 6/30/2011

FY 2012: Amounts reconcile to budget for FY 2012 as approved by the Board of Directors in June 2011

FY 2013: Grant Revenue increase: CMHA is awarded grant for new program

Professional Revenue increase: increased fee service revenue with implementation of electronic medical record/billing system

Other Grants & Contributions: increase for efforts in fundraising and development

State Bond Capital Support: decrease in accordance with amortization of previously awarded State bonding agreements

Salary and Benefits increase for anticipated new grant award

Other operating costs: Projected 2% increase from FY 2012

FY 2104 Professional Revenue increase: increased fee service revenue with implementation of electronic medical record/billing system

Other Grants & Contributions: increase for efforts in fundraising and development

State Bond Capital Support: decrease in accordance with amortization of previously awarded State bonding agreements

Other operating costs: Projected 2% increase from FY 2013

Community Mental Health Affiliates, Inc.
 Certificate of Need Application
 Financial Attachment I
 Jan-12

Incremental to CON	FY 2011	FY 2012	FY 2013	FY 2014
Revenues				
Federal & State Grants & Contracts				
Professional and Service Revenues				
Other Grants & Contributions				
State Bond Capital Support				
Interest Income & Gains on Beneficial Trusts				
Gains on Investments				
Gain on Sale of Property				
Debt Forgiveness-CCHA				
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses				
Salaries				
Fringe Benefits				
Consultant Fees				
Rent				
Materials & Supplies				
Travel & Transportation				
Utilities				
Client Support Payments				
Maintenance & Repairs				
Telephone				
Insurance		11,600	11,600	11,600
Food Service				
Bad Debt Expense				
Legal & Accounting		(13,860)	(13,860)	(13,860)
Interest Expense				
Postage & Printing				
Management fees		(65,000)	(65,000)	(65,000)
Conferences & Training				
Dues & Subscriptions				
Public Relations				
Equipment Rental				
Recruitment				
Property Taxes				
Depreciation				
Total Expenses	<u>-</u>	<u>(67,260)</u>	<u>(67,260)</u>	<u>(67,260)</u>
Change in Net Assets	<u>-</u>	<u>67,260</u>	<u>67,260</u>	<u>67,260</u>

Assumptions:

FY 2012, For all projected Fiscal years, there will be savings from the elimination of management fees and a reduction of audit, legal and
 FY 2013 insurance costs.
 FY 2014

Community Mental Health Affiliates, Inc.
Certificate of Need Application
Financial Attachment I
Jan-12

With CON	FY 2011	FY 2012	FY 2013	FY 2014
Revenues				
Federal & State Grants & Contracts	\$ 17,600,442	\$ 18,022,470	\$ 18,422,470	\$ 18,422,470
Professional and Service Revenues	5,291,871	5,263,480	5,364,236	5,533,808
Other Grants & Contributions	486,668	515,973	540,973	550,973
State Bond Capital Support	175,347	169,065	164,309	118,935
Interest Income & Gains on Beneficial Trusts	19,341	22,000	22,000	22,000
Gains on Investments	15,545	16,100	16,100	16,100
Gain on Sale of Property	292,331	-	-	-
Debt Forgiveness-CCHA	35,000	35,000	35,000	35,000
Total Revenues	\$ 23,916,545	\$ 24,044,088	\$ 24,565,088	\$ 24,699,286
Expenses				
Salaries	\$ 13,390,610	\$ 13,362,733	\$ 13,632,733	\$ 13,632,733
Fringe Benefits	3,210,694	3,518,000	3,589,083	3,589,083
Consultant Fees	2,460,338	2,391,632	2,439,465	2,488,254
Rent	1,071,322	1,066,046	1,090,046	1,111,847
Materials & Supplies	542,563	567,669	579,022	590,603
Travel & Transportation	405,594	395,554	403,465	411,534
Utilities	337,618	340,965	347,784	354,740
Client Support Payments	321,056	376,157	383,680	391,354
Maintenance & Repairs	283,567	234,637	239,330	244,116
Telephone	249,487	267,175	272,519	277,969
Insurance	211,285	225,384	229,660	234,021
Food Service	199,361	187,430	191,179	195,002
Bad Debt Expense	111,805	49,645	50,638	51,651
Legal & Accounting	94,583	69,928	71,604	73,313
Interest Expense	83,593	34,400	35,088	35,790
Postage & Printing	63,234	70,940	72,359	73,806
Management fees	60,459	-	-	-
Conferences & Training	48,118	62,946	64,205	65,489
Dues & Subscriptions	47,812	49,465	50,454	51,463
Public Relations	19,435	21,355	21,782	22,218
Equipment Rental	16,851	16,495	16,825	17,161
Recruitment	11,014	7,500	7,650	7,803
Property Taxes	8,734	7,240	7,385	7,532
Depreciation	488,888	550,653	550,653	550,653
Total Expenses	\$ 23,738,021	\$ 23,873,949	\$ 24,346,607	\$ 24,478,135
Change in Net Assets	\$ 178,524	\$ 170,139	\$ 218,481	\$ 221,151

assumptions:

FY 2011: Amounts reconcile to audited financial statements for fiscal year end 6/30/2011

FY 2012: Amounts reconcile to budget for FY 2012 as approved by the Board of Directors in June 2011

Elimination of management fees and a reduction of audit, legal and insurance costs associated with Alliance membership

FY 2013: Grant Revenue increase: CMHA is awarded grant for new program
Professional Revenue increase: increased fee service revenue with implementation of electronic medical record/billing system
Other Grants & Contributions: increase for efforts in fundraising and development
State Bond Capital Support: decrease in accordance with amortization of previously awarded State bonding agreements

Salary and Benefits increase for anticipated new grant award
Other operating costs: Projected 2% increase from FY 2012

Elimination of management fees and a reduction of audit, legal and insurance costs associated with Alliance membership

FY 2104 Professional Revenue increase: increased fee service revenue with implementation of electronic medical record/billing system
Other Grants & Contributions: increase for efforts in fundraising and development
State Bond Capital Support: decrease in accordance with amortization of previously awarded State bonding agreements

Other operating costs: Projected 2% increase from FY 2013

Elimination of management fees and a reduction of audit, legal and insurance costs associated with Alliance membership

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Attachment O

CHRISTOPHER S. MURPHY
5TH DISTRICT, CONNECTICUT

COMMITTEE ON
ENERGY AND COMMERCE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM

Congress of the United States
House of Representatives
Washington, DC 20515-0705

000185

412 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-4476

DISTRICT OFFICE:
114 WEST MAIN STREET, SUITE 206
NEW BRITAIN, CT 06051
860-223-8412

January 17, 2012

Kimberly Martone
Director of Operations
Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

Dear Ms. Martone:

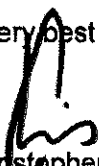
I write today in support of the Certificate of Need (CON) application submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for change in ownership and control of CMHA.

Though CMHA plans to continue to partner with the CCHA in the delivery of integrated mental health services in the region, CMHA seeks this change to ensure that its services are designed and delivered in a manner consistent with the organization's overall mission and with the needs of its clients. CMHA believes that it can better care for its clients if it is constituted as a free-standing, independent agency with a local representative board. Additionally, with a change in ownership and control, CMHA is confident that it will be able to undertake additional relationships with other providers consistent with its community-based, recovery-focused model of care and to better pursue new opportunities for expansion of the services it offers.

As a result, I support CMHA's application and respectfully request that it be given full and fair consideration. I would greatly appreciate it if you would keep my office informed of any developments related to this matter. Please do not hesitate to contact my District Director Robert Michalik at (860) 223-8412 with any questions or concerns.

Thank you for your time and consideration.

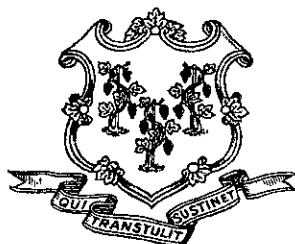
Every best wish,



Christopher S. Murphy

SENATOR TERRY GERRATANA
Sixth District

Legislative Office Building, Room 3000
Hartford, CT 06106-1591
Tel. 860-240-0584
Toll-free 1-800-842-1420
www.SenatorGerratana.cga.ct.gov



State of Connecticut

SENATE

Chair
Select Committee on Children
Public Health Committee
Member
Judiciary Committee
Regulations Review Committee

December 27, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Associates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Gerratana".

Terry Gerratana
State Senator



000187

State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE ROBERTA B. WILLIS
64TH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 1802
HARTFORD, CT 06106-1591
HOME: (860) 435-0621
CAPITOL: (860) 240-0271
TOLL FREE: 1 (800) 842-8267
FAX: (860) 240-8833
E-MAIL: Roberta.Willis@cga.ct.gov

CHAIRMAN
HIGHER EDUCATION AND EMPLOYMENT
ADVANCEMENT COMMITTEE

MEMBER
APPROPRIATIONS COMMITTEE
ENVIRONMENT COMMITTEE

January 9, 2012

Jewel Mullen, MD, MPH, MPA
Commissioner, Department of Public Health
410 Capitol Avenue
Hartford, CT 06134

Re: Community Mental Health Affiliates, Certificate of Need


Dear Commissioner Mullen:

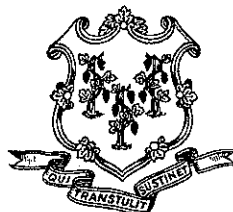
I am writing in support of Community Mental Health Affiliates' and the Central Connecticut Health Care Alliance's application for a Certificate of Need concerning the change in ownership and control of Community Mental Health Affiliates.

It is my understanding that this new entity will improve the delivery of services. In fact, there could be opportunities for expanded services and collaboration with other providers.

Thank you for considering the Certificate of Need application being submitted by Community Mental Health Affiliates and the Central Connecticut Health Care. If you have any questions, please feel free to contact me.

Sincerely,


Roberta Willis
State Representative



000188

State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR JOE MARKLEY
SIXTEENTH DISTRICT

LEGISLATIVE OFFICE BUILDING
SUITE 2000
HARTFORD, CT 06106-1591
CAPITOL: (860) 240-0381
TOLL FREE: 1-800-842-1421
E-MAIL: Joe.Markley@cga.ct.gov
WEBSITE: www.SenatorMarkley.cga.ct.gov

RANKING MEMBER
SELECT COMMITTEE ON CHILDREN
HUMAN SERVICES COMMITTEE

MEMBER
APPROPRIATIONS COMMITTEE
PROGRAM REVIEW &
INVESTIGATIONS COMMITTEE
REGULATION REVIEW COMMITTEE

January 20, 2012

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

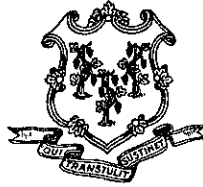
I am writing in support of the Certificate of Need application being submitted by Community Mental Health Affiliates and the Central Connecticut Health Alliance for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative board oversight. It is my hope that this local governance control will ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

I understand that CMHA will continue to partner with the CCHA in the delivery of integrated mental health services, and that CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

I have been assured that CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

My conversations with the leadership at CMHA has given me confidence in their dedication and ability. I support their initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,



000189

State of Connecticut
SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR ANDREW RORABACK
DEPUTY MINORITY LEADER PRO TEMPORE
THIRTIETH DISTRICT

P.O. BOX 357, 455 MILTON ROAD
GOSHEN, CONNECTICUT 06756
HOME: (860) 491-8617
CAPITOL: (860) 240-8800
TOLL FREE: 1-800-842-1421
FAX: (860) 240-8306
E-MAIL: Andrew.Roraback@cga.ct.gov

CHAIRMAN
REGULATION REVIEW COMMITTEE

RANKING MEMBER
ENVIRONMENT COMMITTEE
FINANCE, REVENUE AND BONDING COMMITTEE

MEMBER
EXECUTIVE AND LEGISLATIVE
NOMINATIONS COMMITTEE
JUDICIARY COMMITTEE

December 15, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To Whom It May Concern:

I write in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent, freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community-based, recovery-focused model of care. This status change for CMHA will not have any negative impact on the delivery of behavioral health care services in the region. In fact it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I encourage you to look favorably on CMHA's application. Please look to me for any additional information you might need in connection with this application.

Sincerely,

Andrew Roraback
State Senator, 30th District



City of New Britain
New Britain, Connecticut 06051

000190

*"New Britain:
A City for
All People"*

January 4, 2012

Office of Health Care Access

410 Capitol Avenue

Hartford, Ct 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by the Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

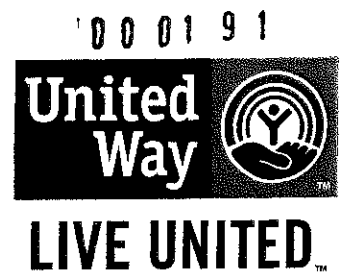
I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,

William P. Carroll, Business Dev. Director

**United Way
of West Central Connecticut**

200 Main Street, Bristol, CT 06010
Tel (860) 582-9559 • Fax (860) 582-6561
www.uwestcentralct.org



January 19, 2012

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

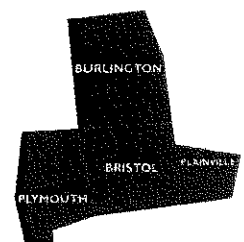
I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,



Donna Osuch
President and CPO

GIVE. ADVOCATE. VOLUNTEER.



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& Sons BankUnion Savings
Bank

December 30, 2011

CMHA
 ATTN: Maria Cappella
 270 John Downey Drive
 New Britain, CT 06051

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sherie Power".

Sherie Power
 President of the Board
 United Way of Northwest Connecticut

Mission: Helping people in Northwest Connecticut care for one another.



United Way of Northwest CT
PO Box 1001
Torrington, CT 06790
Phone: 860-489-4131
Fax: 860-626-8223
Email: UnitedWayNWCT@snet.net
www.northwestunitedway.org

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Northwest
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- Torrington Savings Bank
- Union Savings Bank
- Webster Bank

December 12, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the office of Health Care Access:

I am writing in support of the certificate of need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,

Stephanie R. Barksdale
Executive Director

Proudly supporting the communities of:

Bantam, Barkhamsted, Colebrook, Cornwall, Cornwall Bridge, East Canaan, Falls Village, Goshen, Harwinton, Lakeville, Litchfield, Morris, New Hartford,

CARTER REALTY LLC

000194

January 5 2012

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

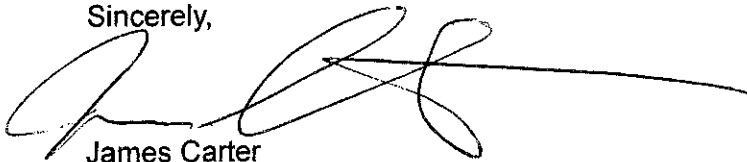
I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. I have had numerous direct dealings with the senior management team at CMHA and I have the utmost respect for their expertise and qualifications. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control, along with the quality of the management team, will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

It is my understanding that CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. However, this change in ownership will also enable CMHA the opportunity to pursue additional relationships with other providers consistent with a community based, recovery focused model of care.

I strongly believe that establishing CMHA as a freestanding, independent agency will only have a positive impact on the community and will not jeopardize the delivery of quality behavioral health care services in the region which they are currently providing. In fact, it is more likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I strongly support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

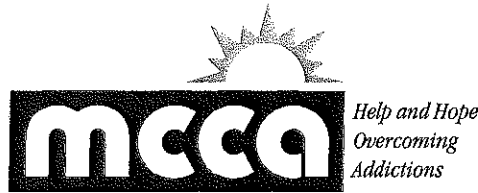
Sincerely,



James Carter
Managing Member
Carter Realty LLC

15 Lewis Street, Suite 402
Hartford, Ct. 06103
860-241-0112

Jim_Carter@CarterRealtyllc.com



000195
MCCA, Inc.
38 Old Ridgebury Road
Danbury, CT 06810
203-792-4515
www.mccaonline.com

December 22, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, Connecticut 06134

To the Office of Health Care Access:

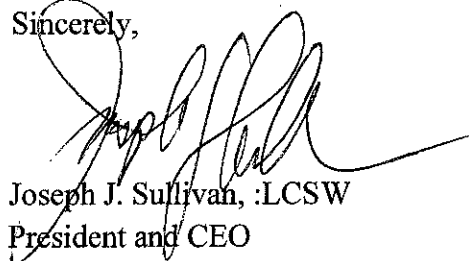
I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent, freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of its service communities and is consistent with its mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community-based, recovery-focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities it serves.

I support CMHA's initiative to become an independent organization and encourage you to look favorably upon its application.

Sincerely,



Joseph J. Sullivan, :LCSW
President and CEO

JJS:hot

BEACON PRESCRIPTIONS
543 WEST MAIN STREET
NEW BRITAIN, CT 06053
TEL: 860-225-6487

December 8, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,



J. R. Loveland, RPH
President



000197

Strengthening Connecticut's Families

December 8, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. I am pleased that CMHA and CCHA have agreed to jointly pursue this change in ownership and control opportunity.

I have known and worked with CMHA for a number of years and have a very positive opinion of the quality of their service and impact on their community.

I feel that approval of this change in ownership and control application will further advance the services that they already provide.

I wholeheartedly support CMHA's initiative to become an individual organization and ask for your full consideration of their application.

Sincerely,

A handwritten signature in cursive script that reads "Daniel J. O'Connell".

Daniel J. O'Connell, Ed.D.
President and CEO

DO:eac



Prudence Crandall Center, Inc.

December 15, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. It is my understanding that, as an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

Further, CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. This will apparently allow CMHA to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

We don't anticipate that CMHA's being a freestanding, independent agency will have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

We appreciate the collaboration and partnership between Prudence Crandall Center and CMHA to meet the needs of our permanent supportive housing residents. I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,



Barbara Damon
Executive Director



RENO PROPERTIES GROUP, LLC

000199

BROKERAGE
INVESTMENTS
PROPERTY MANAGEMENT

170 Pane Road, Newington, CT 06111
phone 860-666-7400
fax 860-666-7405
web www.reno-properties.com

December 19, 2011

Office of Health Care Access
410 Capital Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure the CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission

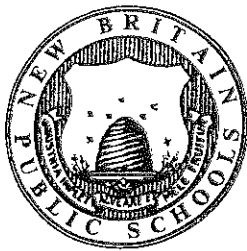
CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I support CMHA's initiative to become an independent organization, and encourage you to look favorable upon their application.

Sincerely,

David Occhialini
Managing Member



000200

The New Britain Educational Administration Center
Office of the Superintendent
272 Main Street, P.O. Box 1960
New Britain, Connecticut 06050-1960
(860) 827-2204 Fax: (860) 612-1533

December 13, 2011

Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

To the Office of Health Care Access:

I am writing in support of the Certificate of Need (CON) application being submitted by Community Mental Health Affiliates (CMHA) and the Central Connecticut Health Alliance (CCHA) for the change in ownership and control of CMHA. As an independent freestanding agency, CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that reflects the needs of their service communities and is consistent with their mission.

CMHA will continue to partner with the CCHA in the delivery of integrated mental health services. CMHA will also be able to pursue additional relationships and opportunities with other providers consistent with a community based, recovery focused model of care.

CMHA's being a freestanding, independent agency will not have any negative impact on the delivery of behavioral health care services in the region. In fact, it is likely that new opportunities will surface for CMHA to expand services to the communities they serve.

I support CMHA's initiative to become an independent organization, and encourage you to look favorably upon their application.

Sincerely,


Ronald Jakubowski
Acting Superintendent of Schools

000201

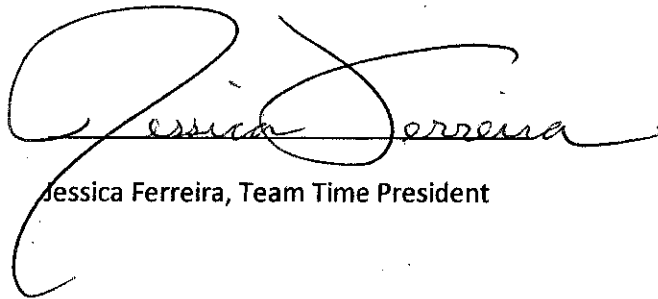
Attachment P

RESOLUTION

I hereby certify that at a meeting of the Board of Governors of the Team Time Social Club, a member operated program of Community Mental Health Affiliates, held on January 17th 2012 in New Britain, Connecticut, the following resolution was duly adopted in conformity with the rules and bylaws of Team Time and is in full force and effect:

"RESOLVED: That the membership of the Team Time Social Club, a consumer focused and member operated program serving the Central Connecticut Region, supports the efforts of Community Health Affiliates, Inc., to secure its independence from the Central Connecticut Health Alliance (CCHA). As an independent, freestanding agency CMHA will have local representative Board oversight. This local governance control will help ensure that CMHA services are designed and delivered in a manner that represents the needs of the consumers and the communities in which they live. Community Mental Health Affiliates, Inc., will continue to partner with CCHA and its affiliates, but will also be able to pursue additional relationships that will enhance access to services throughout Connecticut.

AND I DO FURTHER CERTIFY that the above resolution has not in any way been altered, amended or repealed, and is now in full force and effect.



Jessica Ferreira, Team Time President



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

March 9, 2012

VIA FAX ONLY

Mr. Raymond J. Gorman
President and CEO
Community Mental Health Affiliates, Inc.
270 John Downey Drive
New Britain, CT 06051

RE: Certificate of Need Application; Docket Number: 12-31750-CON
Community Mental Health Affiliates, Inc.
Proposal to Transfer Ownership/Change in Ownership Control of Community Mental Health Affiliates, Inc. from Central Connecticut Health Alliance to Community Mental Health Affiliates, Inc.

Dear Mr. Gorman:

On February 17, 2012, the Office of Health Care Access ("OHCA") received your initial Certificate of Need ("CON") application filing proposing to transfer ownership/change in ownership control of Community Mental Health Affiliates, Inc. ("CMHA" or "Applicant") from Central Connecticut Health Alliance ("CCHA") to CMHA, with no associated total capital expenditure.

OHCA has reviewed the CON application and requests the following additional information pursuant to General Statutes §19a-639a(c):

Project Description – pages 6 and 7

1. With respect to the proposed request, CMHA indicates that "The Affiliation Agreement, agreed to by the respective Boards of Directors of each party on June 18, 1996, articulated the following roles and benefits of the Affiliation:
 - CMHA will serve as the behavioral health arm of CCHA;
 - CMHA will represent behavioral health as a specialty within CCHA through its Board of Directors;
 - CMHA's Executive Director will concurrently serve as the Director of Behavioral Health for CCHA;
 - CMHA and CCHA will jointly appoint a Chief of Psychiatry;
 - CCHA agrees to involve CMHA in all aspects of negotiating and/or contracting for behavioral health care;

An Equal Opportunity Employer
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Toll-Free: 1-800-797-9688
Fax: (860) 418-7053

- CCHA will ensure a joint credentialing process and conflict resolution protocol;
- CCHA would centralize managed care contracting at the Alliance level;
- CMHA to have one seat on both the Bradley Memorial Hospital and the New Britain General Hospital Boards of Directors;
- Any future discussions towards contracting for joint ventures, merger or Affiliation with any entity that involves behavioral health services will include the Executive Director/Director of Behavioral Health or his designee(s) and the Chief of Psychiatry;
- Any such future Agreements will ensure that a single administrative structure exists for behavioral health, that behavioral health services are fully integrated and that any such affiliation, merger, joint venture Agreement regarding behavioral health in part or whole be developed in a manner that is consistent with this Agreement.”

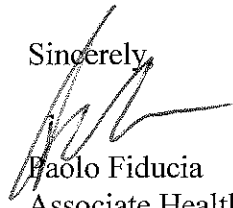
The Applicant indicates that of all the activities and objectives noted in the Affiliation Agreement none were met.

- a. Provide evidence that all of the activities and objectives noted in the Affiliation Agreement were never met.
 - b. If CMHA made numerous attempts to meet the objectives of the Affiliation Agreement, describe all the step taken to meet the goals of the Affiliation Agreement.
2. Provide an explanation as to why the “clearly needed” provisions set forth in the CON Final Decision granted by OHCA on August 19, 1998 under Docket Number 98-539 are no longer valid, specifically #3 and #4.
 3. The Applicant on page 9 of the CON application indicates that “CMHA contends that achieving independent status will allow it to freely partner with other care providers (Federally Qualified Health Centers, Physicians Practices, Accountable Care Organizations, Hospitals and other Human Service providers) throughout Central, Northwest and Western areas of Connecticut.
 - a. Describe in detail what has prevented CMHA to achieve further affiliations/mergers with other care providers.
 - b. Based on this proposal describe specifically how CMHA will achieve further affiliations/mergers with other care providers
 4. Page 37 of the CON application states that “The Boards would like to have more definite language regarding a subcontract for outpatient services”
 - a. Provide the document that reflects the above statement.
 5. Explain why CCHA is not a co-applicant on this application.

In responding to the questions contained in this letter, please repeat each question before providing your response. **Paginate and date** your response (i.e., each page in its entirety). Information filed after the initial CON application submission (i.e. completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant's document preceding it. Please reference "Docket Number: 12-31750-CON." Submit one (1) original and five (5) hard copies of your response. In addition, please submit a scanned copy of your response including all attachments on CD in an Adobe format (.pdf) and in an MS Word format.

If you have any questions concerning this letter, please feel free to contact me at (860) 418-7001.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paolo Fiducia', is written over the word 'Sincerely,'.

Paolo Fiducia
Associate Health Care Analyst

*** TX REPORT ***

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: RAYMOND J. GORMAN
FAX: 860 229 6575
AGENCY: COMMUNITY MENTAL HEALTH AFFILIATES, INC.
FROM: PAOLO FIDUCIA
DATE: 3/9/12 TIME: 3 PM
NUMBER OF PAGES: 4
(including transmittal sheet)

Comments:

12-31750-CON COMPLETENESS LETTER

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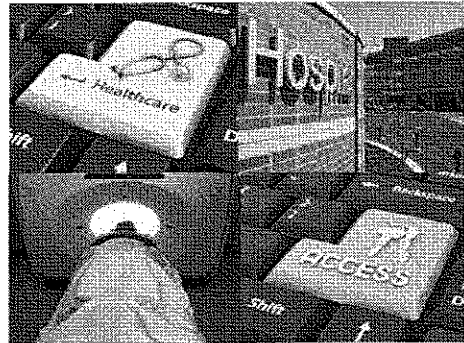
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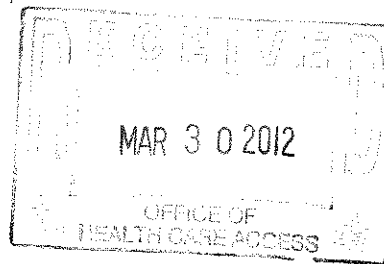
- **NEW !!!** On February 17, 2012 OHCA received the CON Application of Community Mental Health Affiliates, Inc. (CMHA) for the transfer of ownership of CMHA from Central Connecticut Health Alliance to CMHA. Filed under Docket No.: [12-31750-CON](#).
- **NEW !!!** On February 24, 2012, OHCA Deemed Complete the CON application of WBC Connecticut East, LLC to establish a Partial Hospital and Intensive outpatient program for the treatment of adults and adolescents with Eating Disorders in South Windsor, filed under Docket No.: [11-31731-CON](#).
- **NEW !!!** On February 23, 2012, OHCA deemed Complete the CON Application of MCI Healthcare LLC d/b/a Mountainside Treatment Center for the increase of licensed bed capacity by 16, filed under Docket No.: [11-31734-CON](#).
- **NEW !!!** On February 9, 2012 OHCA received the CON Application of Yale-New Haven Hospital and Saint Raphael Healthcare System d/b/a Hospital of Saint Raphael, Inc. for Yale-New Haven Hospital to acquire ownership of Saint Raphael Healthcare System, Inc. and certain associated assets. Filed under Docket No.: [12-31747-CON](#).
- On January 30, 2012, OHCA deemed Complete the CON Application of Eastern Connecticut Health Network for the acquisition of four MRI Scanners located in the towns of Enfield, Glastonbury, Middletown and South Windsor, as filed under Docket Number [11-31737-CON](#).
- On January 27, 2012 OHCA received the CON Application for Yale-New Haven Hospital's proposal to increase its licensed general hospital bed count by 70, from 896 to 966 licensed beds, at a total capital expenditure of \$1,438,919, Docket Number [12-31745-CON](#).
- On January 17, 2012, OHCA deemed Complete the CON Application of Lawrence & Memorial Hospital for the acquisition of a PET-CT scanner to be located at its L&M Diagnostic Imaging at Crossroads in Waterford, as filed under Docket Number [11-31730-CON](#).
- On January 6, 2012, OHCA deemed Complete the CON Application of Eastern Connecticut Health Network and Manchester Memorial Hospital for the transfer of ownership of Evergreen Imaging Center to an affiliate of ECHN, as filed under Docket Number [11-31736-CON](#).
- On December 09, 2011 OHCA received the CON Application of Eastern Connecticut Health Network, Inc. and Mandell & Blau, M.D.s, P.C. for the Acquisition by Eastern Connecticut Health Network, Inc. of the Open MRI scanners currently operated by Mandell & Blau, M.D.'s P.C. under Docket No.: [11-31737-CON](#).



270 John Downey Drive | New Britain, CT 06051 | P 860.826.1358 | F 860.229.6575

March 30, 2012

Mr. Paolo Fiducia
Associate Health Care Analyst
Office of Health Care Access
410 Capitol Ave, MS #13HCA
P.O. Box 340308
Hartford, CT 06134



Re: Certificate of Need Application; Docket Number: 12-31750-CON
Community Mental Health Affiliates, Inc.
Proposal to Transfer Ownership/Change in Ownership Control of Community Mental Health Affiliates, Inc. from Central Connecticut Health Alliance to Community Mental Health Affiliates, Inc.

Dear Mr. Fiducia:

Attached you will find the response to your letter of March 9, 2012 regarding the Certificate of Need Application; Docket Number: 12-31750-CON - Community Mental Health Affiliates Proposal to Transfer Ownership/Change in Ownership Control. We believe that we have fully followed OHCA's requests regarding format, pagination and process.

Please be aware that, where required to provide evidence or documentation to support our prior statements, CMHA exercised its best efforts to provide your office with clear, representative documentation. In some cases, especially prior to 2005, documentation is less than clear regarding the documents origin or ownership, yet it is still worthy of review.

Please contact me at (860) 826.1358 or at rgorman@cmhacc.org if you require any further information.

Thank you for your review of this request.

Sincerely,

Raymond J. Gorman
President and CEO

cc: Clarence Silvia, President/CEO, CCHA
John Dillaway, Board Chair, CCHA
Claudio Capone, Director of Planning, CCHA
Nicholas Pettinico, Board Chair, CMHA
Mary R. Casey, Executive VP and CFO, CMHA
Marie Mormile-Mehler, VP of Planning & Performance Improvement

1. With respect to the proposed request, CMHA indicates that "The Affiliation Agreement, agreed to by the respective Board of Directors of each party on June 18, 1996, articulated the following roles and benefits of the Affiliation:
- CMHA will serve as the behavioral health arm of CCHA;
 - CMHA will represent behavioral health as a specialty within CCHA through its Board of Directors;
 - CMHA's Executive Director will concurrently serve as the Director of Behavioral Health for CCHA;
 - CMHA and CCHA will jointly appoint a Chief of Psychiatry;
 - CCHA agrees to involve CMHA in all aspects of negotiating and/or contracting for behavioral health care;
 - CCHA will ensure a joint credentialing process and conflict resolution protocol;
 - CCHA would centralize managed care contracting at the Alliance level;
 - CMHA to have one seat on both the Bradley Memorial Hospital and the New Britain General Hospital Boards of Directors;
 - Any future discussions towards contracting for joint ventures, merger or Affiliation with any entity that involves behavioral health services will include the Executive Director/Director of Behavioral Health or his designees(s) and the Chief of Psychiatry;
 - Any such future Agreements will ensure that a single administrative structure exists for behavioral health, that behavioral health services are fully integrated and that any such affiliation, merger, joint venture Agreement regarding behavioral health in part or whole be developed in a manner that is consistent with this Agreement."

The Applicant indicates that of all the activities and objectives noted in the Affiliation Agreement none were met.

- a. Provide evidence that all of the activities and objectives noted in the Affiliation Agreement were never met.

Responding to OHCA's directive to provide evidence that all of the activities and objectives noted in the Affiliation Agreement did not occur requires an analytical review of numerous documents and a comparison to recent and current practices.

As OHCA has noted, the Affiliation Agreement stated that:

- CMHA will serve as the Behavioral Health Arm of CCHA.
- CMHA will represent behavioral health as a specialty within CCHA through its Board of Directors.
- CMHA's Executive Director will concurrently serve as the Director of Behavioral Health for CCHA.

ATTACHMENT AA appended are the minutes of the CCHA Board meeting dated June 12, 1996. A review of these minutes in the section labeled "Community Mental Health Affiliates" describes CMHA's role and that of its Executive Director to be "... the director of outpatient behavioral health services for the Alliance... and will be responsible for NBGH's outpatient behavioral health activities."

The minutes also confirm that "CMHA will also have a board seat on both the BMH (Bradley Memorial Hospital) and NBGH (New Britain General Hospital) Boards of Directors".

It appears that from the outset, the CMHA role would not be as encompassing as the behavioral health arm of the Alliance, but instead be relegated to directing "... the outpatient behavioral health services for the Alliance and... be responsible for NBGH's outpatient behavioral health activities." As the "behavioral health arm" of the Alliance, it would be reasonable to expect that some level of oversight, planning or management control would extend to inpatient psychiatric services, behavioral health Emergency Department services, as well as behavioral health services provided by other Alliance member agencies.

There is no evidence or documentation found that shows CMHA having the extensive, Alliance-wide responsibilities articulated in the Affiliation Agreement. Rather, CMHA had a time limited role in providing management services to the NBGH outpatient services program, as described in **ATTACHMENT BB** (memo dated December 17, 1997 Frageau to Silvia).

By 2005, the only "behavioral health arm" activity between the entities was that of a shared staff position providing oversight to the THOCC Outpatient Counseling Center and the CMHA Adult Outpatient Clinic. In May 2008, that position was eliminated by THOCC/CCHA, not by CMHA.

CMHA's ability to represent behavioral health as a specialty within CCHA through its Board of Directors was curtailed when CCHA decided that CMHA would no longer have board representation on the NBGH and BH Boards of Directors. Apparently, shortly after receiving permission from OHCA to consolidate hospital operations under a single hospital license (OHCA Docket No. 04-30280) in March 2005, a decision was made by CCHA to no longer reserve a board seat for CMHA at the NBGH and BH Boards of Directors. However, it was not until late 2008 that CMHA was made aware that it had no representation to either the Hospitals or CCHA Boards of Directors (**see ATTACHMENT CC**).

CCHA Board membership is drawn from the membership of the hospitals' respective Boards.

As noted earlier, the Executive Director of CMHA initially had a limited role in managing certain NBGH outpatient services. By 2001, that role appears to have

diminished; by 2005 there is no evidence that suggests that the CMHA Executive Director had any responsibilities as Director of Behavioral Health for CCHA.

It is not clear if Dr. Mahlon Hale, or any other psychiatrist was ever jointly appointed by CMHA and CCHA as Chief of Psychiatry. (**See ATTACHMENT DD**).

ATTACHMENT EE is an undated "briefing paper" purportedly from 2000 that speaks to the issues of the CCHA affiliation with CMHA on a variety of fronts, including the role of the Chief of Psychiatry. Currently, there is no jointly appointed Chief of Psychiatry for CCHA, and it is unclear if there ever has been one.

As it relates to CMHA's being involved in all aspects of negotiating and/or contracting for Behavioral Health Care, that apparently occurred sporadically, such as during the acquisition of Reid Treatment Center (later, Alliance Treatment Center). With the exception of collaborating in 2005 involving the relocation of Alliance Treatment Center, there is no evidence of joint contracting for Behavioral Health Care by the parties.

As it relates to any joint credentialing process and conflict resolution protocol, none exists and there is no documentation supporting the prior existence of any joint policies or protocols.

ATTACHMENT FF: CMHA Credentialing Policy OHR-707 defines CMHA's credentialing process. This procedure, with technical updates and revisions made over time, has been in place since CMHA first received JCAHO accreditation in 1999-2000. CMHA assumes that the "conflict resolution protocol" was intended to be a mechanism for disputes between Alliance entities to be resolved. There is no evidence of any dispute resolution protocol on file or in practice.

On the issue of managed care contracting being centralized at the Alliance level, CCHA may have done that for certain members of the Alliance, but did not for CMHA. CMHA negotiates its own contracts with numerous commercial insurers, as well as Medicaid and Medicare (**see ATTACHMENT GG, 1-4**). It appears that at one point in time, CMHA staff were involved in some contract negotiations for THOCC programs; (**see ATTACHMENT DD**) but managed care contracting was not, and, in the case of CMHA, currently is not centralized at the Alliance level.

As mentioned previously, it appears that on or about March 2005, CMHA's participation on the Hospitals' Boards of Directors was eliminated. From 2007 – 2009 there was a member of the Hospital of Central Connecticut Board of Directors who was also a member of the CMHA Board of Directors. Without CMHA's notification of this decision, CMHA mistakenly believed that this individual was CMHA's designee to the Hospital Board. In 2008, it was clarified that CMHA no longer had any seat(s) on either the Hospitals' Boards or CCHA's Board of Directors.

In regards to "contracting for joint ventures, merger or Affiliation with any entity that involves behavioral health services...", the record of the parties is very mixed.

In 1998, the (then) NBGH transferred its Transitional Living program to CMHA. In 2002, CCHA transferred the Alliance Treatment Center (a substance abuse detox and rehab facility) to CMHA. CMHA assumed all of the annual operating losses for these programs as well as responsibility for the services, without retaining the property asset.

In what was undoubtedly the most important "merger or Affiliation with any entity that involves behavioral health services", the Affiliation of Central Connecticut Health Alliance Inc. and Hartford Health Care Corporation, Inc. – CMHA had absolutely no role in the discussions, negotiations or agreement. CMHA was required to provide substantial fiscal, programmatic and human resources data to CCHA for its review and CON submission. However, numerous requests, both verbal and written, to participate in the process were rejected by CCHA (**see ATTACHMENT HH, 1, 2**).

Finally, the concept of a single administrative structure for behavioral health does not appear in the CCHA/HHC Affiliation Agreement or the Certificate of Need under Docket Number 09-31441-CON.

b. If CMHA made numerous attempts to meet the objectives of the Affiliation Agreement, describe all the steps taken to meet the goals of the Affiliation Agreement.

CMHA's efforts to serve as the "Behavioral Health Arm of CMHA" met with little success. Though CMHA did assume management authority and eventual ownership of two programs from THOCC/CCHA, it also incurred the losses for operating those programs without acquiring any assets related to the services.

Also, as noted earlier, by 2005 CMHA no longer had any oversight role for THOCC/CCHA outpatient behavioral health services. Certain shared positions within the CMHA and THOCC outpatient programs were eliminated by THOCC and CCHA in May 2008, despite concerns raised by CMHA over the impact that eliminating these positions would have on care coordination.

As stated previously, CMHA never was granted any oversight, control or shared responsibility for behavioral health inpatient or emergency room behavioral health services and programs. When CMHA attempted to assert its role as the "Behavioral Health Arm of CCHA", its efforts were either resisted or ignored. CMHA's decision in 2009 to reallocate DMHAS grant dollars, over which CMHA has authority and control from THOCC Outpatient Counseling Center to support other CMHA clinical programs has been met with demands by CCHA and

THOCC for those dollars to be returned or replaced with other revenue sources. (see ATTACHMENT II 1-3).

Despite CMHA's not concurring with the THOCC decision to eliminate the shared management position in the entities' respective Outpatient programs, THOCC proceeded with the elimination in 2008. Most recently, the decision by THOCC/CCHA to relocate its Outpatient Counseling Center in New Britain was done with no input from CMHA.

In 2008, CMHA requested assistance from CCHA in renegotiating certain commercial contracts CMHA had with commercial insurers. No assistance was granted. As described earlier, CMHA's requests to be involved in the Affiliation process between CCHA and HHCC were rejected. Minimal information concerning the process, goals and eventual outcome of the Affiliation was distributed by CCHA during the process, but no input was afforded CMHA during the deliberations.

It must be noted that the CCHA did provide critical financial support to CMHA in 2008. CMHA had incurred significant operating losses and debt as a result of several unsuccessful program initiatives, including the Alliance Treatment Center. At the request of CMHA, CCHA agreed to be the guarantor of CMHA's loan debt with Bank of America and subsequently Farmington Bank. CCHA also provided 2.4 million dollars in loans to CMHA to cover prior operating deficits and Lines of Credit. CMHA's financial situation has improved considerably since 2008. Recently, CCHA was released from guaranteeing CMHA loan debt by Farmington Bank. In February 2010, CMHA and CCHA agreed to a 10 year written loan repayment agreement (see ATTACHMENT JJ), and to date over \$400,000 has been repaid by CMHA.

2. Provide an explanation as to why the "clearly needed" provisions set forth in the CON Final Decision granted by OHCA on August 19, 1998 under Docket Number 98-539 are no longer valid, specifically #3 and #4.

CMHA does not take the position that the principles articulated in the "clearly needed" provisions in the Docket Number 98-539 are "no longer valid" – only that the parties have failed to meet those provisions, especially items 3 and 4.

CMHA's perspective is that organizational culture, structure and operational differences have contributed to the failure to meet these objectives.

Item #8 in the above referenced CON also states in part "... since the affiliation creates an integrated delivery system that provides a full range of services in a cost effective manner."

These concepts are clear and admirable, yet the structure to enact these provisions may have been deficient from the very start of the Affiliation relationship. As Clarence Silvia, CEO of CCHA indicates in his November 3, 2010 response to CMHA's questions concerning the CMHA/CCHA relationship, "The benefits to CMHA have been significant; however, they have also been limited by CCHA functioning as a representational affiliation as opposed to a system." (see ATTACHMENT KK).

3. **The Applicant on page 9 of the CON application indicates that "CMHA contends that achieving independent status will allow it to freely partner with other care providers (Federally Qualified Health Centers, Physicians Practices, Accountable Care Organizations, Hospitals and other Human Service providers) throughout Central, Northwest and Western areas of Connecticut.**
 - a. **Describe in detail what has prevented CMHA to achieve further affiliations/mergers with other care providers.**

CMHA believes that there are several factors that have inhibited its ability to partner with other care providers while it is part of CCHA. In discussion with possible partners, and in some cases funders, the issue of decision making, governance and authority have risen. These concerns over authority are especially prevalent outside of the CCHA/THOCC immediate service area.

Concerns have been raised about the impact/role of the corporate parent, CCHA, on local operations (see ATTACHMENT LL) even when the services that CMHA provides would pose no threat to established providers.

This perception among potential partners has been raised several times.

Additionally, now that CCHA is part of HHCC, HHCC has reserved powers at the system level on final decisions regarding joint ventures and affiliations, mergers and consolidations, divestitures and Certificate of Need Filings (see ATTACHMENT MM), August 2009 PowerPoint, pages 10 – 12). This puts CMHA, and any potential partner or collaborator, in the position of having multiple approval/reserved powers authority over operations from both CCHA and HHCC.

Finally, CMHA contends that its ability to pursue relationships and partnerships with other providers will be enhanced by being independent and subject only to CMHA Board approval and consistent with CMHA mission and philosophy.

- b. **Based on this proposal describe specifically how CMHA will achieve further affiliations/mergers with other care providers.**

It should be noted that on page 9 of the C.O.N., CMHA contended that independent status would "allow it to freely partner with other care providers..."

There is no discussion or plans about mergers or affiliations at this time. CMHA intends to maintain an operating relationship with THOCC and other hospitals and health care institutions within our service area. We believe that many providers that we have been in discussions with in the past will be more amenable to dealing with CMHA as an independent entity.

Finally, any decision concerning a merger, acquisition, divestiture or Certificate of Need would lie within the authority of the Board of Directors at CMHA.

4. Page 37 of the CON application states that "The Boards would like to have more definite language regarding a subcontract for outpatient services".

a. Provide the document that reflects the above statement.

This issue relates to the decision made by CMHA in 2009 to terminate a subcontract for the provision of certain outpatient services by THOCC. That decision came after several months of negotiation and the inability of the parties to reach an agreement. THOCC/CCHA is now insistent that CMHA execute a contract with THOCC/CCHA in an amount of between \$150,000 - \$180,000 per year. (see ATTACHMENT II 1-3). CMHA currently maintains several subcontracts with THOCC/CCHA for the purchase of services, goods and facilities. CMHA has purchased over \$600,000 worth of goods and services from THOCC/CCHA in FY2011. CMHA has expressed a willingness to make good faith efforts to negotiate contracts with THOCC, but is not willing to make an open-ended, permanent agreement to fund any program as a condition of separation from CCHA.

Attachment I (in the original filing) is the Draft Separation Agreement and Release offered to CCHA by CMHA. Item 6 contains language proposed by CMHA on this issue.

5. Explain why CCHA is not a co-applicant on this application.

It has been 16 months since the CMHA and CCHA board representatives agreed to an amicable separation. Since that time there have been extremely long delays in communication from CCHA. Most recently, 2 months went by without CMHA's legal counsel receiving a response from CCHA's attorneys (see ATTACHMENT NN).

It was originally CMHA's intent to conclude this process at the end of CMHA's FY2011 (June 30, 2011). Failing that, CMHA proposed to complete the separation process by the end of CCHA's FY2011 (September 30, 2011).

In order to move this process forward, and with the hope of receiving all approvals by the end of CMHA FY2012 (June 30, 2012), CMHA decided to submit the application to OHCA without further delay. CCHA has been copied on the original application and this supplemental filing.

We expect that CCHA and CMHA will jointly participate in any hearings or inquiries that OHCA will conduct regarding this application.

Attachment AA

CENTRAL CONNECTICUT HEALTH ALLIANCE, INC.

000113

Minutes of
MEETING OF BOARD OF DIRECTORS
June 12, 1996

A meeting of the board of directors of Central Connecticut Health Alliance, Inc. was called to order by Chairman Sokolowski on Wednesday, June 12, 1996, at 7:05 a.m. in the NBGH board room, a quorum being present.

Directors present: Lawrence T. Alberti, Drs. Letterio Ascuito, Russell A. Chiapetta, and Stephen J. Doctoroff, Mary Hickey, Ralph G. Mann, Carol H. Merritt, Clarence J. Silvia, Carl J. Sokolowski, Laurence A. Tanner, Angelo Tomasso, Jr., Arthur J. Van Vleet and William W. Weber. Also present were Eugene R. Curcio and Barbara W. Peterson from Administration.

Directors absent: Dr. John W. Andreoli, Jr., Phillip T. Davidson and Albert J. Dudzik, Jr.

Minutes of Last Meeting: It was VOTED to APPROVE the minutes of the meeting held on May 3, 1996, as distributed.

Resignation: Mrs. Hickey resigned from the board of directors and as secretary. She reported that she has accepted the position of vice president of patient operations at Charlotte Hungerford Hospital, an institution which has markets that overlap with Alliance activities. Mrs. Hickey was thanked for her many contributions, and congratulations were extended to her.

Affiliate Issues: Mr. Tanner stated this would be an ongoing agenda item to address any concerns that develop. He and Mr. Silvia reported that the appointment of Richard Corcoran as vice president of administration at Bradley Memorial Hospital has been well accepted. Mr. Tanner added that Sally Malech will take over his public relations responsibilities at New Britain General Hospital.

Community Mental Health Affiliates: Mr. Silvia briefly outlined affiliation discussions between CMHA and the Alliance to date, noting that the CMHA board has approved the necessary bylaw changes and amendments to its certificate of incorporation to accomplish the affiliation. There will be a special meeting of the members of CMHA next week to approve these as well. The anticipated effective date of the affiliation is July 1, 1996. CMHA will become an affiliated corporation of the Alliance and the Alliance the sole member of CMHA. One CMHA representative will be invited to attend Alliance board meetings without a vote. Working collaboratively with Dr. Hale, NBGH's chief of behavioral health services and psychiatrist-in-chief, Mark Muradian, the executive director of CMHA, will also become the director of outpatient behavioral health services for the Alliance and will be responsible for NBGH's outpatient behavioral health activities. CMHA will also have a board seat on both the BMH and NBGH boards of directors. Both boards currently have vacancies. Mr. Silvia reported that the due diligence process has been completed, and there are no material problems and no reason not to go forward.

CCHA Board of Directors

June 12, 1996

Upon motion duly made and seconded, it was **VOTED** (Mr. Weber abstaining) to **APPROVE** the 5/21/96 draft of the affiliation agreement, a copy of which is attached to these minutes. Upon motion duly made and seconded, the following resolution was duly **VOTED** (Mr. Weber abstaining):

WHEREAS, on March 26, 1996, a Memorandum of Understanding ("MOU") was signed, pursuant to which CCHA agreed to explore affiliation options with Community Mental Health Affiliates, Inc. ("CMHA"); and

WHEREAS the Joint Steering Committee created by the MOU and composed of members of the two entities has completed its exploration of affiliation options and has recommended that CMHA become an affiliated subsidiary corporation of CCHA with CCHA becoming CMHA's sole Class B Member; and

WHEREAS the CCHA Board of Directors endorsed the recommendations of the Joint Steering Committee and directed that documents implementing the proposed transaction be drafted for final approval and vote, with the understanding that implementation of the transaction be subject to the execution of a definitive agreement between CCHA and CMHA approved by the Board of Directors of CCHA and the securing of necessary regulatory and other approvals; and

WHEREAS the Joint Steering Committee has developed documents implementing the affiliation including a proposed Amended and Restated Certificate of Incorporation and proposed Amended and Restated Bylaws of CMHA as a subsidiary of CCHA.

NOW THEREFORE BE IT VOTED THAT: CMHA become an affiliated subsidiary corporation of CCHA with CCHA as its sole Class B member corporation, subject to the execution of a definitive agreement between CCHA and CMHA and the securing of necessary regulatory and other approvals (with an anticipated effective date of July 1, 1996).

AND FURTHER VOTED THAT: the President and Chairman of the Board, acting singly, are hereby authorized to execute, acknowledge, delivery and/or file all such other documents and instruments and to take all such other action as either may deem necessary or desirable to effectuate the transaction contemplated by the foregoing resolution.

Medical Staff Coordinating Committee Report: Dr. Doctoroff reported that the Committee has agreed to (1) develop a single application for use by both hospitals, (2) change the reappointment process at NBGH to a two-year process consistent with that at BMH, (3) adopt the same CME criteria at both hospitals with reciprocity, and (4) have one joint required quarterly staff meeting.

Dr. Doctoroff added that there was significant discussion regarding attendance at departmental staff meetings because to maintain active staff status each hospital requires attendance at a sufficient number of departmental meetings. And to be in the New Britain IPA, a physician must

Attachment BB

MEMO

TO: Clarence Silvia
FROM: Ray Frageau
 (through Mark Muradian)
RE: Budgetary Modifications
DATE: December 17, 1997

1. Cross Utilization of Staff

With over a year having passed since the Alliance between CMHA and CCHA was completed, we have reviewed the impact of staffing within the primary behavior providers of the Alliance.

As was anticipated, the responsibilities of some managers of CMHA and NBGH have changed consistent with the coordination of services implemented within the Alliance.

The following staff listing depicts the best estimate of time allocated to the two major Behavioral Health components:

	<u>CMHA</u> <u>OPERATION</u>	<u>NBGH</u> <u>OPERATION</u>	<u>SOURCE OF SALARY</u>
Mark Muradian	65%	35%	CMHA - 81% NBGH - 19%
Mahlon Hale	15%	85%	NBGH - 100%
Ray Frageau	85%	15%	CMHA - 100%
Joanne Tremblay	95%	5%	CMHA - 100%
Duffy Cichowski	25%	75%	CMHA - 100%

While other staff of both agencies may cross over organizational work, the percentage of time is not viewed as significant, and therefore they are not included.

-2-

The total of CMHA salaries applicable to time spent on NBGH activities less the total of NBGH salaries applicable to time spent on CMHA activities (includes NBGH portion of Mark's salary) is approximately \$50,000 per year.

2. Impact of Program Modification in Day Treatment I and Psychotherapy

As detailed in Attachment A, Duffy Cichowski has taken a number of steps over the past fiscal year in improving the financial viability of Day Treatment I and Psychotherapy. Day Treatment I had a surplus of revenue over expenses of \$31,229 or \$9,146 more than planned.

The Psychotherapy impact was greater with net fees exceeding budget by \$36,255 and with direct expenses savings of \$60,272. While this program remains in deficit, the total financial improvement vs. budget for the program had a positive impact of \$96,527. Also, this program provides a considerable amount of in-house support for NBGH in-house EAP referral services, and Blue Care Family Plan capitation services. Both of these services receive revenue significantly below marketplace and competitive rates which NBGH would have to absorb somewhere if the program was not operational.

For FY 98 (10/1/97 through 9/30/98), Duffy Cichowski projects new net revenue for the unit of \$35,648 as a result of Evening Program and Depression and Anxiety Group enhancements.

3. Request for NBGH Budgetary Modifications

Based upon the salary shift explained in #1 above and the savings generated in FY 97 as well as those planned for FY 98 as detailed in #2 above, a request is made for a budgetary addition of 50% of Duffy Cichowski's salary and fringe to the Acute Adult Services component. This allocation would amount to \$35,720 for the current Fiscal Year.

Additionally, it should be noted that Duffy Cichowski has assumed management responsibility for EAP services. With this shift, Gerry Locascio will have a primary management role in Reid Treatment Center. This will allow a portion of his salary to be covered within the Reid budget under CMHA's management agreement with CCHA, which in turn will result in a reduction of administrative expenses of about \$10,000 for the balance of the Fiscal Year. Therefore, from an overall behavioral health budgetary perspective, this will result in a net cost of about \$25,000 this Fiscal Year.

-3-

If you'd like to discuss this further with Mark and I, please let me know and we'll set up a time.

RJF/jw
Enc.

jeanne'ray

Attachment CC



COMMUNITY
MENTAL HEALTH
AFFILIATES, INC.

July 18, 2008

John Patrick
57 Kelsay Lane
Glastonbury, CT 06033

Dear John,

I called your office recently to see if we could discuss your role on the CMHA Board of Directors and your designation as CMHA's representative to the CCHA Board.

Since we haven't connected by phone, I wanted to get this letter to you in advance of what I hope will be a telephone conversation sometime soon.

As CMHA moves forward in re-designing our services and addressing historical fiscal deficits, we are working closer than ever with our Board and Alliance leadership personnel. However, I am growing increasingly concerned that representation of CMHA at the Alliance board level is not what it should be. In these difficult but dynamic times, our representative for the Alliance board must be knowledgeable of CMHA activities and very committed to its success.

When you, John Matulis and I met in April, you assured me that your new position would not prevent you from participation in CMHA governance or Alliance representation. Unfortunately, it appears that in spite of your best efforts, that is not the case.

Certain members of the Board have inquired as to your continued involvement. Our Bylaws address attendance and participation as critical to governance activity.

Instead of any Board action or inquiry, I offered to discuss your intention to participate directly with you. Please call me at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Gorman".

Raymond J. Gorman
President & CEO



Attachment DD



COMMUNITY MENTAL HEALTH AFFILIATES, INC.

DEPARTMENT OF ADMINISTRATIVE SERVICES

MEMO

TO: Clarence Silvia
THROUGH: Mark Muradian
FROM: Ray Frageau
RE: CMHA Reimbursement for Expenses from NBGH
DATE: July 16, 1998

Handwritten signature of Ray Frageau.

In response to your memo of July 10, 1998 to Mark, the following is provided.

CMHA is currently billing NBGH on a monthly basis for the reimbursement of salary and fringe benefits as follows:

Table with 5 columns: Name, TOTAL ANNUAL SALARY, SALARY + F.B., NBGH BILLING, NBGH % OF TOTAL. Rows include Mark Muradian, Jerry Locascio, Duffy Cichowski, and John Felder.

Billing for a portion of Mark's salary was a previous agreement between Larry and the CMHA Board. While the billing is for 14.6%, Mark's responsibilities with regard to NBGH programs actually account for 25% - 30% of his time.

Jerry Locascio replaced Dave Francis as Director of Substance Abuse for NBGH programs. Only 75% of his salary is billed to NBGH with 25% being borne by CMHA within its Reid management obligations.

Duffy Cichowski is currently managing NBGH Acute Adult Services (previously Day Treatment I and Psychotherapy), EAP, Bradley Behavioral Health, and assists in managed care contracting for all Alliance Behavioral Health programs. As detailed in my previous

-2-

correspondence of December 19, 1997, Duffy has made a substantial financial impact on the Acute Adult Services budgets, saving well more than his salary. Duffy is currently spending approximately 95% of his time working on NBGH related activities and 5% for CMHA; however, CMHA continues to pay 50% of Duffy's salary.

John Felder is a newly hired CMHA van driver. We coupled the needs of a number of programs to develop enhanced transportation for the clients/patients of the Alliance. John is scheduled to provide 5.6 hours of transportation to clients in NBGH aftercare and structured outpatient groups. It is anticipated that the increase in census due to the provision of transport will far outweigh the costs of transport. CMHA is only requesting reimbursement for the driver, not for the CMHA van or its operation.

With regards to the Alliance fee you cited, it is my understanding that the relationship between CMHA and CCHA may be somewhat different than the other Alliance partners. CMHA is to be the Behavioral Health arm of CCHA and CMHA does not charge CCHA for this responsibility.

In addition to the excess staff time (from the listed positions) picked up by CMHA over NBGH reimbursement rates, CMHA also provides additional staff support to NBGH behavioral health programs through time spent by Joanne Tremblay as well as my time with program managers. CMHA in turn receives 5% to 10% of Dr. Mahlon Hale's time as an administrative Medical Director providing no direct or billable services. In that this is all "family", I see no reason to cross bill for these additional activities.

I have forwarded a copy of this correspondence along with the invoices for Duffy and Jerry to Jim Jones for processing.

If you would like any additional information or would like to discuss this matter further, please let me know.

RJF/jw

cc: Jim Jones

000224

Attachment EE

**CENTRAL CONNECTICUT
HEALTH ALLIANCE, INC.**



COMMUNITY
MENTAL HEALTH
AFFILIATES, INC.

CCHA AFFILIATION WITH CMHA

Principles

The principles upon which the affiliation with CMHA was made were similar to those of the other entities. The affiliation would result in a behavioral health entity that was the dominant provider in central Connecticut. This would enhance our ability to contract with managed care companies and enable us to grow and respond to the market and the needs of our communities more easily. The coordination of the services we provide would enable us to avoid duplication, save dollars and provide a more coordinated array of services for our clients. These principles were the basis for moving forward with the affiliation and still hold true today. What we need to do at this juncture is evaluate the affiliation and develop a plan going forward.

Positive Aspects of the Affiliation

One of the key objectives was to develop a strong, comprehensive behavioral health program that we could market and effectively contract with other entities. In the years since the affiliation, that has developed and CCHA is recognized as the major provider in the central Connecticut region. We are a player that payers must deal with and our relationship with Hartford has also improved. They now look to us as the provider of behavioral health services in this region.

The program development and oversight of services within the Alliance have had varying degrees of success. There was one program moved to CMHA and CMHA has taken over TLC. Both of these transitions have worked well. The management and oversight of the other NBGH behavioral health programs has been more difficult and is still in a state of evolution. The affiliation has come together in the acquisition of the Reid Treatment Center, which is important in developing the continuum of substance abuse services.

Issues with the Affiliation

The area of most concern with the affiliation is the management and oversight by CMHA of the NBGH outpatient behavioral health programs. This is not unlike the issues that have occurred between the hospitals over the years. There have been several management consolidation initiatives that have worked well and we have maintained, several that we have changed over the years and others that we have abandoned completely. The important aspect of the issues that have occurred is senior leadership having open communication and a commitment to doing what is in the best interest of the Alliance as a whole.

CCHA AFFILIATION WITH CMHA

In the outpatient behavioral health area we have two very different cultures that we have forced together to make one. CMHA and NBGH are two very different organizations that run and operate very differently. NBGH is more of a physician directed model and is a part of a much larger system. As we have found in other situations, one cannot always bring these vastly different cultures together effectively.

There has also been confusion as to the direction of the service as a whole. We did not develop a clear vision as to where we were going with the programs and this was a disadvantage in effectively managing them and created significant disharmony. Although CMHA had initiated a Behavioral Health Planning Task Force, which was to include NBGH staff, that function was either stalled or has gone forward unilaterally. We should review the status and function of a planning group to ensure that a "vision" is created and adopted system-wide. CMHA led us through the expense reduction efforts and then through the question of the status of the programs' future as either NBGH or CMHA. This led to mistrust and uncertainty on the part of all employees and management.

The underlying issue moving forward is the commitment of the Boards and senior leadership to the principles of the affiliation. At a recent Bradley Board meeting, an issue was being discussed and the response from a long-term Bradley Board member was: "The best interests of Bradley are served by having a strong NBGH. That is the most important thing for Bradley in the future." This evolution on the part of the Directors has taken time and it only occurs by the commitment of senior leadership to the affiliation.

Affiliation Maintained – Issues to be Addressed

Directors/Senior Leadership – There needs to be a commitment on the part of both the Directors and senior leadership to the affiliation. This will be enhanced at the annual meeting of CCHA with the appointment of a CMHA representative to the Alliance Board. An effective communication process with senior leadership needs to be put in place. At the present time different individuals are involved in different projects and there is no coordination of the efforts. In order for senior leadership to achieve the principles outlined, a structure to make this coordination happen needs to be implemented. This would involve, at minimum, monthly meetings that would include: Mr. Tanner, Mr. Newton, Mr. Silvia, Dr. Muradian and his senior staff.

Trust – There are trust issues that have evolved over time. These have occurred as a result of various circumstances and all involved need to make a renewed commitment to the overall principles. This involves supporting all of the entities and moving forward in the future with what is in CCHA's best interest.

Medical Director/Chief of Psychiatry – The environment for psychiatrists has changed considerably in the last five years. The inpatient unit itself and how it is managed is completely different than it was then the affiliation with CMHA began. Dr. Hale and the requirements on his time have also changed. Less and less of his time is available for CMHA. In addition, CMHA needs a Medical Director/Chief of Psychiatry that will provide them with the oversight and time that they need. Dr. Hale is an excellent resource and we need to maintain a liaison role as we move forward. However, CHMA's needs may very well be better served by someone that is more intricately involved in their programs. NBGH has committed to add a full-time inpatient based psychiatrist who will act as Dr. Hale's #2. Should this individual have dual roles?

CCHA AFFILIATION WITH CMHA

Management Fee – All entities within the Alliance pay a management fee. There are various Alliance-wide responsibilities that are developed by the Alliance for all the entities. The Y2K initiative and the corporate compliance program, risk management and insurance are all looked upon as Alliance programs. The CCHA Board and senior management have a responsibility for all of the entities. There is a fee associated with this and this needs to be reviewed with the Executive Directors of the various entities.

Alliance Executive Management Committee for Behavioral Health – The establishment of an Alliance Executive Committee for Behavioral Health is a good idea. We need to have standard meetings with an agenda and minutes. The proposed membership will initially be: Mr. Tanner, Mr. Newton, Mr. Silvia and Dr. Muradian. However, this is open for discussion.

Status of TLC Building – The status of the TLC building is not known at this time. This is because the location of the Radiation Therapy building has not been decided upon. Initially it was thought that it needed to be located where the current TLC building stands. The hospital has pursued some alternatives, however, there are obstacles that have not been resolved and will not be for several months.

Attachment FF

**COMMUNITY MENTAL HEALTH AFFILIATES
POLICIES AND PROCEDURES**

Department of Administrative Services Policy

SUBJECT: Credentialing, Privileging & Competency Program
ADOPTED: JANUARY 2011
Page 1 of 5

POLICY NO.OHR-707

Policy

It is the policy of CMHA to have a Credentialing and Privileging program and process for physicians, psychologists, APRNs, and LCSWs, as well as a Competency Program for all employees.

Purpose

To ensure that:

- physicians, psychologists, APRNs, and LCSWs are properly credentialed and given specific privileges to provide services; and
- the competency of all staff is assessed and maintained so that only qualified staff provide clinical care services.

References

Joint Commission Behavioral Health Standards
Joint Commission Standards Interpretation and Development Office

Procedure

1. Competency assessment activities are provided for all staff. While the Competency Program includes all staff, the privileging process is limited to licensed, independent practitioners, which includes physicians, psychologists, and APRN's. The privileging process is the primary methodology for determining clinical competence.
2. The competency of non-privileged staff is assessed and maintained through the Competency Program.
3. The granting of privileges outlines the levels of clinical judgment an individual may exercise in the course of performing his or her job in accordance with applicable licensure laws and within the parameters defined by CMHA.
4. Privileges are based on job description functions and clinical responsibilities, based on clinical care needs of clients served.
5. The professional criteria used to determine the clinical judgment that may be exercised by a licensed independent practitioner are specified in Adult Mental Health, Addiction and Children's Services rules, regulations, and policies and procedures.
 - A. Four (4) core criteria listed below are essential to the CMHA privileging process and are used to ensure the competence of physicians, psychologists, APRNs, and LCSWs. Definitions of each criteria category are attached.

- 1) Licensure, certification, or registration;
 - 2) Relevant training or experience and resume;
 - 3) Current competence; and
 - 4) The ability to perform clinical responsibilities.
- B. Each credentials file will demonstrate that these criteria are uniformly applied to each physician, psychologist, APRN, and LCSW.
- C. To renew or revise clinical responsibilities (every two (2) years), these criteria will include the care provided and the services performed as well as their outcomes, based on results of performance-improvement activities (e.g., clinical record reviews, length of service (LOS) etc.) as appropriate. Additional criteria will be based on:
- 1) utilization management information;
 - 2) meeting and committee attendance; and
 - 3) risk management data.
- D. CMHA may elect to add other reasonable criteria, such as current evidence of adequate professional liability insurance and the applicant's geographic location. Credentials files document uniform application of all such new criteria.
6. CMHA will verify information about licensure, training, experience, and competence from primary sources. Primary source verification is conducted for each of the 4 categories of credentials. The Human Resource Management office will be primarily responsible for the verification process.
- A. An external agency (for example, a local accredited health care organization where the individual is privileged) may provide primary source verification information such as a recent letter documenting re-privileging.
- B. CMHA will evaluate the individual's credentials by comparing the information in the application with information provided by the primary source. Additional information may be required to fully evaluate each applicant.
- C. CMHA may utilize the services of a professional background checking and credentialing service to confirm an individual's background as presented and to ensure against any criminal actions or professional breaches of conduct.
- D. When getting information from a primary source is unduly delayed, full clinical privileges may be withheld until the information is received.
- 1) Under these circumstances, the applicant may be given temporary privileges by the President/CEO for a maximum of 120 days as long as there is verification of current licensure, relevant training or experience, current competence, and the ability to perform the privileges requested.
 - 2) Designated equivalent sources or other reliable secondary sources may be used for primary source documentation, if a documented attempt to contact the primary source has been made.
- E. In the event it is not feasible to get information from the primary source, designated equivalent sources may be used. The list for physician information is listed below. The President/CEO may approve other equivalent sources. In

- 1) The American Medical Association (AMA) Physician Master file for verification of:
 - (a) Medical school graduation.
 - (b) Residency completion.
 - 2) The American Board of Medical Specialties (ABMS) for verification of a physician's Board Certification.
 - 3) The Education Commission for Foreign Medical Graduates (ECFMG) for verification of a physician's foreign medical school graduation.
7. The credentialing and privileging process is described below:
- A. Applicant receives a credentialing and privileging packet with instructions as to what credentialing information is required.
 - B. Credentialing information is to be mailed from primary sources, directly to CMHA Department of Human Resources. Documentation provided by the applicant does not meet the definition of "primary source" documentation; e.g., college transcript, etc.
 - C. The credentialing packet with the credentialing information is then reviewed by at least 3 of the 4 members of the Credentialing/Privileging Committee. The Committee includes:
 - 1) The President/CEO – as Board Member Representative
 - 2) The Medical Director
 - 3) Executive Vice President
 - 4) Another Physician
 - D. Temporary privileges may be granted by the Credentialing and Privileging Committee at any time if it is deemed in the best interests of the agency (e.g., locum tenens physicians). For permanent staff this will be only until such time as Human Resources has reported that the verification and documentation process has been completed. At that time the professional staff member will be considered for full privileging.
8. The privileging process is repeated every two years.
- A. Clinical responsibilities are reviewed by the Credentialing and Privileging Committee every two years.
 - B. All revisions to the credentialing and privileging forms and material will be reviewed and approved by the President/CEO – as Board Member Representative.
9. The fair hearing and appeal process for addressing adverse decisions about granting, renewing, or revising clinical privileges/responsibilities includes:

- A. The physician, psychologist, APRN, or LCSW will request an appeal by notifying Human Resources, who will schedule a review by the Credentialing and Privileging Committee.
 - B. The Credentialing and Privileging Committee will review the request and re-review the applicant's credentials, utilization management information, performance improvement information, etc.
 - C. If the decision is still adverse, the physician, psychologist, APRN, or LCSW may have a final meeting with the Medical Director to review the decision and request approval of privileges.
10. The CMHA Competency Program is required of all employees who provide care under supervision, but who are not credentialed and privileged.
- A. The competence of individuals providing clinical care under supervision is assessed upon hire and reassessed on an annual basis.
 - B. The care provided by these individuals is performed in accordance with documented performance expectations and evaluated through a periodic competency and performance appraisal.
11. Initial assessment and periodic reassessment ensure the competence of providers who are not independent practitioners.
- A. The CMHA competency process includes the initial and ongoing competence of individuals who provide care but are not independent practitioners and must be clinically supervised by a licensed independent practitioner.
 - B. Determinations of competence are based on education, training, and experience and, when applicable, certification, licensure, or registration category.
 - C. Core competencies are found on the job description and annual evaluation/competency form.
12. Providers who are not independent practitioners are supervised on an ongoing basis and receive case supervision at the appropriate level of clinical supervision for the treatment modalities or services they provide.
- A. A well-defined supervisory process operates with the clinical staff. All appropriate staff (for example, professional social workers, psychologists) have input in determining the supervisor process, which is consistent with the CMHA's human resource management practices, policies, and procedures.
 - B. The need for supervision, as well as the scope and depth of that supervision, may be related to age and disability factors.
13. Privileging Criteria for Licensed Independent Practitioners

CMHA credentials and privileges individuals based on appropriate documentation for each of the four core criteria as outlined below:

Current Licensure

Current licensure is verified by a letter or computer printout from the appropriate state licensing board, or from any state licensing board if the applicant is applying to a federal service. Verification with the licensing board by telephone is also acceptable if this verification is documented. Verification and documentation of current licensure is conducted for all licensed independent practitioners. When clinical privileges are renewed or revised, current licensure is confirmed with the primary source or by viewing the applicant's current license or registration.

Relevant training or experience

During the initial granting of clinical responsibilities, CMHA will verify relevant training or experience from the primary source(s) or through the professional services of a credentialing verification agency, whenever feasible. Verification includes letters from professional schools, internships, residency, or postdoctoral programs. Information from secondary sources is considered supplementary and insufficient by itself to meet this condition. For applicants who have just completed training in an approved residency or postdoctoral program, a letter from the program director is considered satisfactory.

Current competence

During the initial granting of clinical responsibilities, current competence cannot be determined by licensure, certification, registration, relevant training, or experience alone. Rather, it is verified in writing by individuals who are personally acquainted with the applicant's professional and clinical performance in other settings. Letters from authoritative sources containing informed opinions on each applicant's scope and level of performance come directly from the primary source(s).

Letters that generally describe the applicant's actual clinical responsibilities and performance, the satisfactory discharge of professional obligations, and ethical performance are acceptable. Ideally, letters also should address the following aspects of current competence:

- populations served by the applicant;
- outcomes attained by the applicant;
- assessment of the applicant's clinical judgment and technical skills.

When privileges are renewed, current competence is determined by the results of performance improvement activities and peer recommendations.

Ability to perform clinical responsibilities:

The applicant's ability to perform clinical responsibilities must be evaluated by a licensed independent practitioner. This evaluation is documented in the individual's credentials file. Documentation may include the applicant's statement that no health problems exist that could affect his or her practice. Applications for initial clinical privileges need this statement confirmed by the division director, staff at another organization at which the applicant holds privileges, or by CMHA's Vice President of Human Resources. Applicants for renewal/revision of clinical privileges will have the statement confirmed at least by the countersignature of an authorized individual on the applicant statement.

Attachment GG-1

UNITED BEHAVIORAL HEALTH GROUP PARTICIPATING PROVIDER AGREEMENT

THIS AGREEMENT, is between United Behavioral Health ("UBH") and the undersigned group provider Community Mental Health Affiliates Inc. (hereinafter referred to as the "Provider"). This Agreement will become effective upon the date set forth in UBH's executed Acceptance Letter (the "Effective Date"). This Agreement sets forth the terms and conditions under which Provider shall participate in one or more networks developed by UBH and to Provider by UBH as a Participating Provider of Covered Services to Members.

ARTICLE 1 Definitions

Any capitalized term herein shall have the meaning as set forth in this Agreement. Any undefined term herein shall have the meaning as defined in the Provider Manual, the Protocols, or as may be defined by applicable state or federal laws or regulations, as applicable.

Affiliate: Each and every entity or business concern with which UBH, directly or indirectly, in whole or in part, either: (i) owns or controls; (ii) is owned or controlled by; or (iii) is under common ownership or control.

Benefit Plan: The specific plan of benefits for health care coverage, including MHSA Services, for a particular Member that is provided, sponsored or administered by UBH directly or through its Affiliate, or through a network rental arrangement UBH may have with a third-party, and contains the terms and conditions of a Member's coverage for MHSA Services, including applicable Member Expenses, exclusions and limitations, and all other provisions applicable to the coverage of such MHSA Services such as services rendered outside specified networks.

CMHC: A Community Mental Health Center.

CMHC Provider: An employee of a CMHC who provides mental health and/or substance abuse services, but is not a CMHC Supervising Provider.

CMHC Supervising Provider: A psychiatrist, psychologist, social worker, family or other therapist duly licensed and qualified in the state in which MHSA Services are provided to Members who practices as an employee of CMHC and has been approved as a CMHC Supervising Provider in writing by UBH.

Covered Services: MHSA Services that meet the terms and conditions for coverage pursuant to the Member's Benefit Plan, including such conditions as Medically Necessary and proper authorization, and in accordance with the Provider Manual, Protocols, and applicable laws and regulations.

and Articles 6 and 7, shall survive and remain of full force and effect between the parties.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.

NAME OF PROVIDER

Community Mental Health Affiliates
Inc

Tax ID# 060934544

Attn: Julie Saminger

✓ Signature [Handwritten Signature]

Print Name Raymond J. Gorman

Title President & CEO

Date 5/25/2011

Federal Tax ID Number: 060934544

Medicare Number: C01762

Medicaid Number: multiple

Attachment GG-2



Aetna Credentialing
Questionnaire Processing
PO Box 981120
El Paso, TX 79998-1120

02/21/2012

Attn: Julie Iseminger

Community Mental Health Affiliates
33 Highland Street
New Britain, CT 06052

PIN: 81704403433472

Please complete this facility (re)credentialing questionnaire

We're committed to the quality of health care services delivered to our members, so we have a well-defined and structured facility credentialing process in place. Below, you'll find the information we need to complete our credentialing process, as required by your Aetna agreement.

Please submit the information (including this letter) via fax to 860-754-9844, mail to the address above or e-mail it to us at HDOCredentialing2@Aetna.com within ten (10) days of the date of this letter.

- Signed and Dated Attestation (bottom of questionnaire)
- A copy of the facility's current W-9. Tax ID Number (TIN): 060934544
- Medicare Certification Number: C01762
 Medicare Part A OR Medicare Part B OR Medicare Part C (Ambulatory Surgery only)
- Copy of current Facility State License, Business Registration, or Certificate of Occupancy (if applicable)
- Copy of accreditation or certification certificates or letter (if applicable). Refer to page 2.
- If facility is not accredited, provide most recent CMS or State Survey/Inspection Report including Corrective Action Plan and compliance letters.
- Copy of Clinical Lab Improvement Amendment (CLIA) – (for laboratories only)

PROFESSIONAL LIABILITY INSURANCE COVERAGE	
Do you have Professional Liability (Malpractice) Insurance coverage in force? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, provide a copy of current Professional Liability Insurance Certificate, including Carrier's Name, effective and expiration dates, policy number, and liability dollar limits or provide details below:	
Name of Insurance Carrier/Insurer:	
Policy effective date:	Policy expiration date:
See attached	
Policy Number:	
Amount of coverage per occurrence: \$	Amount of coverage per aggregate: \$
If you have additional information or additional insurance coverage, please provide below:	
<input type="checkbox"/> Additional Professional Liability (including Patient Comp Funds) <input type="checkbox"/> Self Insured Retention	
<input type="checkbox"/> Excess Coverage <input type="checkbox"/> Umbrella	
Name of Insurance Carrier/Insurer: _____	
Policy Number: _____	Policy expiration date: _____
Amount of Coverage per occurrence: \$ _____	Amount of coverage per aggregate: \$ _____

Do you have an Advance Directive policy? Yes No

Hospital, Nursing homes, Home health care agency and Skilled nursing facility: If you responded No, please include a copy of the specific section of your policy/process, which addresses that you do not maintain Advance directive policies. You do not have to include the complete policy.

Please check the applicable box(es) below that describe your facility type and circle applicable accreditation or certification. If applicable, please provide copy of certificate.

- | | |
|--|--|
| <input type="checkbox"/> Hospital | TJC or HFAP or DNV |
| <input type="checkbox"/> Children's Hospital | TJC or HFAP or DNV |
| <input type="checkbox"/> Long Term Acute Care Hospital | TJC or HFAP or DNV |
| <input type="checkbox"/> Nursing Home | TJC or CARF or CCAC |
| <input type="checkbox"/> Skilled Nursing Facility | TJC or CARF |
| <input type="checkbox"/> Home Care Agency | TJC or CHAP or ACHC |
| <input type="checkbox"/> Hospice Agency | TJC or CHAP or ACHC |
| <input type="checkbox"/> Free Standing Surgical Center | TJC or AAAHC or AAAASF or HFAP |
| <input type="checkbox"/> Voluntary Interruption of Pregnancy Center | TJC or AAAASF or AAAHC |
| <input type="checkbox"/> Urgent Care Facility | |
| <input type="checkbox"/> Mental Health Hospital | TJC or CARF or HFAP or COA or DNV |
| <input type="checkbox"/> Chemical Dependency/Substance Abuse Hospital | TJC or CARF or HFAP or COA or DNV |
| <input type="checkbox"/> Community Mental Health Center | TJC or CARF or HFAP or COA |
| <input checked="" type="checkbox"/> Residential Treatment Facility | TJC or CARF or HFAP or COA |
| <input type="checkbox"/> Partial Hospitalization Program | TJC or CARF or HFAP or COA or DNV |
| <input type="checkbox"/> Intensive Outpatient Programs and Clinics | TJC or CARF or HFAP or COA |
| <input type="checkbox"/> Crisis Stabilization Program | TJC or CARF |
| <input type="checkbox"/> Laboratory | CLIA |
| Facility is a Draw Site only? <input type="checkbox"/> Yes or <input type="checkbox"/> No | |
| <input type="checkbox"/> Comprehensive Outpatient Rehabilitation Facility | TJC or CARF |
| <input type="checkbox"/> Outpatient Physical Therapy Facility | AAAASF |
| <input type="checkbox"/> Outpatient Speech Pathology | AAAASF |
| <input type="checkbox"/> Outpatient Diabetics Self-Management Training Providers | ADA or IHS |
| <input type="checkbox"/> End-Stage Renal Dialysis Center | |
| <input type="checkbox"/> Portable X-Ray Suppliers | FDA |
| <input type="checkbox"/> Federally Qualified Health Care Centers | |
| <input type="checkbox"/> Rural Health Clinics | AAAASF |
| <input type="checkbox"/> Ambulance or Emergency Services | |
| <input type="checkbox"/> Audiology Centers | |
| <input type="checkbox"/> Diagnostic Radiology Center | ACR or AIUM or ICACTL or ICAML or ICANL or Protect Texas |
| Services: <input type="checkbox"/> MRI <input type="checkbox"/> Mammography <input type="checkbox"/> | |
| Other: _____ | |
| <input type="checkbox"/> Durable Medical Equipment Suppliers. Services/Products: _____ | |
| <input type="checkbox"/> Infusion Service Centers | |
| <input type="checkbox"/> Occupational Medical Clinics | AAAHC or CARF |
| <input type="checkbox"/> Oncology Treatment Centers | TJC, HFAP, AAAHC, ACR, ACS, COC |
| <input type="checkbox"/> Orthotics and Prosthetics | ABC or BOC |
| <input type="checkbox"/> Outpatient Occupational Therapy | |
| <input type="checkbox"/> Outpatient Speech Therapy | |
| <input type="checkbox"/> Pain Management Centers | AAPM |
| <input type="checkbox"/> Sleep Diagnostic | AASM or TJC |
| <input type="checkbox"/> Special Care Facility | |
| <input type="checkbox"/> Vision Centers | |
| <input type="checkbox"/> Other: _____ | |

How to share your NPI with us

Go to www.aetna.com/provider/medical/npi_med/sharing_med/sharing.html and complete the NPI Submission form. After completing the NPI Submission form you may submit it to Aetna by:

- Submit electronically by selecting the Submit option on the form
- Fax it to us at 859-455-8650, with subject line "NPI Submission."

Or you may share your NPI through our secure provider website. Select "Update Profiles" then "Add/Update NPI."

If you have additional questions after reviewing the information available on our secure provider website, please contact our Provider Service Center at 1-800-624-0756 for HMO plans and 1-888-MDAetna (1-888-632-3862) for Indemnity and PPO plans.

How to submit your Credentialing Questionnaire

- Submit via e-mail to HDOCredentialing2@Aetna.com
- Submit via fax to 860-754-9844
- Or mail to

Aetna Credentialing
Questionnaire Processing
PO Box 981120
El Paso, TX 79998-1120

If you have questions regarding this request please call 860-651-3101.

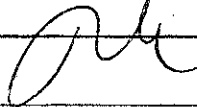
Sincerely,

Jermaine Kane,
Facility Credentialing

Attestation

It is understood that the burden of providing adequate information to Aetna to demonstrate compliance with Aetna's credentialing process falls upon the individual signing below. It is understood and agreed upon that any misstatement or material omission in this questionnaire will constitute grounds for rejection or termination from the Aetna network. If any material changes occur in the information that has been provided making the above information no longer correct and complete, it is understood and agreed upon that it is my obligation to notify Aetna within (15) days of said occurrence. Failure to comply with this obligation may constitute grounds for rejection or termination from the Aetna network.

I certify that the information contained in this survey and all attachments is accurate, complete and true.

Name: <u>Raymond J. Gorman</u>	Signature(s): 
Title: <u>President + CEO</u>	Date: <u>2/27/2012</u>

*For information obtained during verification from primary sources, as a practitioner, you have the right to correct discrepant or erroneous information by working directly with any reporting entities used during the credentialing process.

Attachment GG-3

CONNECTICUT DEPARTMENT OF SOCIAL SERVICES MEDICAL ASSISTANCE PROGRAM

PROVIDER ENROLLMENT AGREEMENT

COMMUNITY MENTAL HEALTH AFFILIATES, INC. (hereinafter Provider) wishes to participate in the Connecticut Medical Assistance Program and, therefore, represents and agrees as follows:

General Provider Requirements

1. To comply continually with all enrollment requirements established under rules adopted by the Connecticut Department of Social Services (hereinafter DSS) or any successor agency, as they may be amended from time to time.
2. To abide by and comply with all federal and state statutes, regulations, and policies pertaining to Provider's participation in the Connecticut Medical Assistance Program, as they may be amended from time to time.
3. To continually adhere to professional standards governing medical care and services and to continually meet state and federal licensure, accreditation, certification or other regulatory requirements, including all applicable provisions of the Connecticut General Statutes and any rule, regulation or DSS policy promulgated pursuant thereto and certification in the Medicare program, if applicable.
4. To furnish all information requested by DSS specified in this Agreement and the Application Form, and, further, to notify DSS or its designated agent, in writing, of all material and/or substantial changes in information contained on the Application Form.

To furnish material and/or substantial changes in information including changes in the status of Medicare or Medicaid eligibility, provider's license, certification, or permit to provide services in/for the State of Connecticut, and any change in the status of ownership of the Provider, if applicable.

5. To provide services and/or supplies covered by Connecticut's Medical Assistance Program to eligible clients pursuant to all applicable federal and state statutes, regulations, and policies.
6. To maintain a specific record for each client eligible for the Connecticut Medical Assistance Program benefits, including but not limited to name; address; birth date; Social Security Number; Connecticut Medical Assistance Program identification number; pertinent diagnostic information including x-rays; current treatment plan; treatment notes; documentation of dates of services and services provided; and all other information required by state and federal law.
7. To maintain all records for a minimum of five years or for the minimum amount of time required by federal or state law or regulation governing record retention, whichever period is greater. In the event of a dispute concerning goods and services provided to a client, or in the event of a dispute concerning reimbursement, documentation shall be maintained until the dispute is completely resolved or for five years, whichever is greater.

The Provider acknowledges that failure to maintain all required documentation may result in the disallowance and recovery by DSS of any amounts paid to the Provider for which the required documentation is not maintained and provided to DSS upon request.

8. To maintain, in accordance with the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d through 1320d-8, inclusive, and regulations promulgated thereto, the confidentiality of client's record, including, but not limited to:
 - ◆ client's name, address, and Social Security number;
 - ◆ medical services provided;
 - ◆ medical data including diagnosis and past medical history;
 - ◆ any information received for verifying income eligibility;
 - ◆ any information received in connection with the identification of legally liable third party resources.

Disclosure of clients' personal, financial, and medical information may be made under the following circumstances:

- ◆ to other providers in connection with their treatment of the client;
- ◆ to DSS or its authorized agent in connection with the determination of initial or continuing eligibility, or for the verification or audit of submitted claims;
- ◆ in connection with an investigation, prosecution, or civil, criminal, or administrative proceeding related to the provision of or billing for services covered by the Connecticut Medical Assistance Program;
- ◆ as required to obtain reimbursement from other payer sources;
- ◆ as otherwise required by state or federal law; and
- ◆ with the client's written consent to other persons or entities designated by the client or legal guardian, or, in the event that the client is a minor, from the client's parents or legal guardian.

CONNECTICUT DEPARTMENT OF SOCIAL SERVICES MEDICAL ASSISTANCE PROGRAM

Upon request, disclosure of all records relating to services provided and payments claimed must be made to the Secretary of Health and Human Services; to DSS; and/or to the State Medicaid fraud control unit, in accordance with 42 C.F.R. § 431.300 et seq.

In the event that the Provider authorizes a third party to act on the Provider's behalf, the Provider shall submit written verification of such authorization to DSS.

9. To maintain a written contract with all subcontractors which fulfills the requirements that are appropriate to the service or activity delegated under the subcontract, and, in accordance with 42 C.F.R. § 455.105 and § 431.115 et seq., to provide upon request of the Secretary of Health and Human Services and/or DSS, full and complete information about the ownership of any subcontractor or any significant business transaction.

No subcontract, however, terminates the legal responsibility of the Provider to DSS to assure that all activities under the contract are carried out. Provider shall furnish to DSS upon request copies of all subcontracts in which monies covered by this Agreement are to be used. Further, all such subcontracts shall include a provision that the subcontractor will comply with all pertinent requirements of this Agreement.

10. To abide by the DSS' Medical Assistance Program Provider Manual(s), as amended from time to time, as well as all bulletins, policy transmittals, notices, and amendments that shall be communicated to the Provider, which shall be binding upon receipt unless otherwise noted. Receipt of amendments, bulletins and notices by Provider shall be presumed when the amendments, bulletins, and notices are mailed to Provider's current address on file with DSS or its fiscal agent.
11. To make timely efforts to determine clients' eligibility, including verification of resources, and to pursue insurance, Medicare and any other third party payor prior to submitting claims to the Connecticut Medical Assistance Program for payment.

Provider further acknowledges the Connecticut Medical Assistance Program as payer of last resort. Provider agrees to exhaust clients' medical insurance resources prior to submitting claims for reimbursement and to assist in identifying other possible sources of third party liability, which may have a legal obligation to pay all or part of the medical cost of injury or disability.

12. To comply with the advance directives requirements set forth specified in 42 C.F.R. Part 489, Subpart I, and 42 C.F.R. § 417.436(d), if applicable.

Billing/Payment Rates

13. To submit timely billing in a form and manner approved by DSS, as outlined in the Provider manual, in an amount no greater than the rates and/or amounts in accordance with those established by the Connecticut Medical Assistance Program, after first ascertaining whether any other insurance resources may be liable for any or all of the cost of the services rendered and seeking reimbursement from such resource(s).
14. To comply with the prohibition against reassignment of provider claims set forth in 42 C.F.R. § 447.10.
15. To submit only claims for goods and services covered by the Connecticut Medical Assistance Program and that are documented by Provider as being:
 - ◆ for medically necessary medical assistance goods and services;
 - ◆ for medical assistance goods and services actually provided to the person in whose name the claim is being made;
 - ◆ for compensation that Provider is legally entitled to receive; and
 - ◆ in compliance with DSS requirements regarding timely filing.
16. To accept payment as determined by DSS or its fiscal agent in accordance with federal and state statutes and regulations and policies as payment in full for all services, goods, and products covered by Connecticut Medical Assistance Program and provided to program clients.

The Provider further agrees not to bill clients or any other party for any additional or make-up charge for services covered by the Connecticut Medical Assistance Program, excluding any co-payment permitted by law, even when the Program does not pay for those covered services for technical reasons, such as a claim not timely filed or a client being Medicaid managed-care eligible, or a billed amount exceeding the program allowed amount.

The Provider shall refund to the payor any payment made by or on behalf of a client determined to be eligible for Medicaid to the extent that eligibility under the program overlaps the period for which payment was made and to the extent that the goods and services are covered by Medicaid.

17. To timely submit all financial information required under federal and state law.
18. To refund promptly (within 30 days of receipt) to DSS or its fiscal agent any duplicate or erroneous payment received, including any duplication or erroneous payment received for prior years or pursuant to prior provider agreements.

CONNECTICUT DEPARTMENT OF SOCIAL SERVICES MEDICAL ASSISTANCE PROGRAM

19. To make repayments to DSS or its fiscal agent, or arrange to have future payments from the DSS program(s) withheld, within 30 days of receipt of notice from DSS or its fiscal agent that an investigation or audit has determined that an overpayment to Provider has been made. This obligation includes repayment of an overpayment received for prior years or pursuant to prior provider agreements. The Provider is liable for any costs incurred by DSS in recouping any overpayment.
20. To promptly make full reimbursement to DSS or its fiscal agent of any federal disallowance incurred by DSS when such disallowance relates to payments previously made to Provider under the Connecticut Medical Assistance Program, including payments made for prior years or pursuant to prior provider agreements.
21. To maintain fiscal, medical and programmatic records which fully disclose services and goods rendered and/or delivered to eligible clients. These records and information will be made available to authorized representatives upon request, in accordance with all state and federal statutes and regulations, including but not limited to 42 C.F.R. § 431.107 including but not limited to, information regarding payments claimed by the Provider for furnishing goods or services.
22. To cooperate fully and make available upon demand by federal and state officials and their agents all records and information that such officials have determined to be necessary to assure the appropriateness of DSS payments made to Provider, to ensure the proper administration of the Connecticut Medical Assistance Program and to assure Provider's compliance with all applicable statutes and regulations and policies. Such records and information are specified in federal and state statutes and regulations and the Provider Manual and shall include, without necessarily being limited to, the following:
 - ◆ medical records as specified by Section 1902(a)(31) of Title XIX of the Social Security Act, 42 U.S.C. § 1396a, (hereinafter the Act) and any amendments thereto;
 - ◆ original prescriptions for and records of all treatments, drugs and services for which vendor payments have been made, or are to be made under the Connecticut Medical Assistance Program, including the authority for and the date of administration of such treatment, drugs, or services;
 - ◆ any original documentation determined by DSS or its representative to be necessary to fully disclose and document the medical necessity of and extent of goods or services provided to clients receiving assistance under the provisions of the Connecticut Medical Assistance Program; any other original documentation in each client's record which will enable the DSS or its agent to verify that each charge is due and proper;
 - ◆ any other original documentation in each client's record which will enable the DSS or its agent to verify that each charge is due and proper;
 - ◆ financial records maintained in accordance with generally accepted accounting principles, unless another form is specified by DSS; and
 - ◆ all other records as may be found necessary by DSS or its agent in determining Provider's compliance with any federal or state law, rule, regulation, or policy.
23. That any payment, or part thereof, for Connecticut Medical Assistance Program goods or services which represents an excess over the appropriate payment or a violation due to abuse or fraud, shall be immediately paid to DSS. Any sum not so repaid may be recovered by DSS in accordance with the provisions below or in an action by DSS brought against the Provider.

CONNECTICUT DEPARTMENT OF SOCIAL SERVICES MEDICAL ASSISTANCE PROGRAM

Audits and Recoupment

24. That in addition to the above provisions regarding billing and payment, Provider agrees that:
- ◆ amounts paid to Provider by DSS shall be subject to review and adjustment upon audit or due to other acquired information or as may otherwise be required by law;
 - ◆ whenever the commissioner of social services renders a decision, whether based upon a field audit or otherwise, which decision results in the Provider being indebted to the DSS for past overpayments, DSS may recoup said overpayments as soon as possible from the DSS's current and future payments to the Provider. DSS's authority to recoup overpayments includes recoupment of overpayments made for prior years or pursuant to prior provider agreements. A recomputation based upon such adjustments shall be made retroactive to the applicable period;
 - ◆ in a recoupment situation, DSS determine a recoupment schedule of amounts to be recouped from Provider's payments after consideration of the following factors:
 - ◇ the amount of the indebtedness;
 - ◇ the objective of completion of total recoupment of past overpayments as soon as possible;
 - ◇ the cash flow of the Provider; and
 - ◇ any other factors brought to the attention of DSS by the Provider relative to Provider's ability to function during and after recoupment.
 - ◆ whenever Provider has received past overpayments, the DSS may recoup the amount of such overpayments from the current and future payments to Provider regardless of any intervening change in ownership;
 - ◆ if Provider owes money to DSS, including money owed for prior years or pursuant to prior provider agreements, DSS or its fiscal agent may offset against such indebtedness any liability to another provider which is owned or controlled by the same person or persons who owned or controlled the first provider at the time the indebtedness to DSS was incurred. In the case of the same person or persons owning or controlling two or more providers but separately incorporating them, whether the person or persons own or control such corporations shall be an issue of fact. Where common ownership or control is found, this subsection shall apply notwithstanding the form of business organizations utilized by such persons e.g. separate corporations, limited partnerships, etc.; and
 - ◆ DSS's decision to exercise, or decision not to exercise its right of recoupment shall be in addition to, and not in lieu of, any other means or right of recovery the DSS may have.

Fraud and Abuse: Penalties

25. To cease any conduct that DSS or its representative deems to be abusive of the Connecticut Medical Assistance Program; and to promptly correct any deficiencies in Provider's operations upon request by DSS or its fiscal agent.
26. To comply with Section 1909 of the Act which provides federal penalties for violations connected with the Medical Assistance Program

Provider acknowledges and understands that the prohibitions set forth in the Act include but are not limited to:

- ◆ false statements, misrepresentation, concealment, failure to disclose and conversion of benefits;
 - ◆ any giving or seeking of kickbacks, rebates, or similar remuneration;
 - ◆ charging or receiving reimbursement in excess of that provided by the State; and
 - ◆ false statements or misrepresentation in order to qualify as a provider.
27. That termination from participation in the Connecticut Medical Assistance Program will result if the Provider is convicted of a criminal offense as set forth in state or federal law, or by the Medicare Program or Connecticut Medical Assistance Program, and suspension may result if the Provider is so sanctioned by DSS pursuant to statute and regulation for having engaged in fraudulent or abusive program practices or conduct.

CONNECTICUT DEPARTMENT OF SOCIAL SERVICES MEDICAL ASSISTANCE PROGRAM

Nondiscrimination

28. To abstain from discrimination or permitting discrimination against any person or group of persons on the basis of race, color, religious creed, age, marital status, national origin, sex, sexual orientation, mental retardation or physical disability, including but not limited to blindness or payor source, in accordance with the laws of the United States or the State of Connecticut.

Provider further agrees to comply with:

- ◆ Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000d, and all requirements imposed by or pursuant to the regulations of the Department of Health and Human Services (45 C.F.R. Part 80), to the end that, in accordance with Title VI of that Act and the regulations, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant receives Federal Financial Assistance from the Department of Health and Human Services;
- ◆ Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq., (hereafter the Rehabilitation Act) as amended, and all requirements imposed by or pursuant to the regulations of the Department of Health and Human Services (45 C.F.R. Part 84), to the end that, in accordance with Section 504 of the Rehabilitation Act and the regulations, no otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity for which the Applicant receives Federal Financial Assistance from the Department of Health and Human Services;
- ◆ Title IX of the Educational Amendments of 1972, 20 U.S.C. § 1681, et seq., as amended, and all requirements imposed by or pursuant to the regulations of the Department of Health and Human Services (45 C.F.R. Part 86), to the end that, in accordance with Title IX and the regulations, no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any educational program or activity for which the Applicant receives Federal Financial Assistance from the Department of Health and Human Services; and
- ◆ the civil rights requirements set forth in 45 C.F.R. Parts 80, 84, and 90.

Termination

29. That this Agreement may be voluntarily terminated as follows
- ◆ by DSS or its fiscal agent upon 30 days written notice; or
 - ◆ by DSS or its fiscal agent upon notice for Provider's breach of any provision of this Agreement as determined by DSS; or
 - ◆ by Provider, upon 30 days written notice, subject to any requirements set forth in federal and state law. Compliance with any such requirements is a condition precedent to termination.

Disclosure Requirements

30. To comply with all requirements, set forth in 42 C.F.R. §§ 455.100 through 455.106, inclusive, as they may be amended from time to time. These requirements include, but are not limited to, the full disclosure of the following information upon request:
- ◆ the name and address of each person with an ownership or control interest in the disclosing entity or in any subcontractor in which the disclosing entity has direct or indirect ownership of 5 percent or more;
 - ◆ whether any such person is related to another as spouse parent, child, or sibling;
 - ◆ the name of any other disclosing entity in which such a person also has an ownership or control interest;
 - ◆ the ownership of any subcontractor with whom Provider has had business transactions totaling more than \$25,000.00 during the 12-month period ending on the date of the request;
 - ◆ any significant business transactions between Provider and any subcontractor during the 5-year period ending on the date of the request; and
 - ◆ any person having an ownership or control interest in Provider, or as an agent or managing employee of Provider, who has been convicted of a civil or criminal offense related to that person's involvement in any program under Medicare, Medicaid, or other Connecticut Medical Assistance Programs since the inception of these programs.
 - ◆ any other information requested in the Provider Enrollment application.

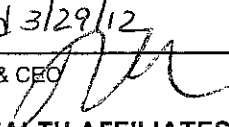
CONNECTICUT DEPARTMENT OF SOCIAL SERVICES MEDICAL ASSISTANCE PROGRAM

Provider further agrees to furnish, without a specific request by DSS, the information referenced above at the time of Provider's certification survey and also, without a specific request, disclose the identity of any person with ownership or control interest who has been convicted of a civil or criminal offense related to that person's involvement in any program under Medicare, Medicaid, or other Connecticut Medical Assistance Programs prior to entering into or renewing this contract in accordance with 42 C.F.R. Part 455.

31. That the following penalties set forth in 42 C.F.R. Part 455 are applicable to Providers failing to make that section's required disclosures:
- ◆ that DSS is required to either not approve a Provider Agreement or to terminate an existing Agreement if the Provider fails to make the disclosures required by that section; and
 - ◆ that federal financial participation is not available to Providers that fail to disclose the information required by that section; and
 - ◆ that DSS may refuse to enter into or renew an Agreement with a Provider if any person with ownership or management control, or an agent or a managing employee, has been convicted of a criminal offense related to that person's involvement in any program established under Medicare, Medicaid, or the Title XX Services Program; and
 - ◆ that DSS may refuse to enter into or may terminate a Provider Agreement if it determines that a Provider did not fully and accurately make the required disclosures concerning such convictions.

Miscellaneous

32. That this Agreement, upon execution, supersedes and replaces any Provider Agreement previously executed by the Provider. This Agreement does not impair Provider's obligation to repay to DSS any money owed to DSS pursuant to prior Provider agreements or the ability of DSS to recoup such amounts from payments made pursuant to this Agreement.
33. In the event that the Provider has been furnished with point of sale devices by DSS, such devices is to be returned to the DSS or its agent upon demand of DSS. If a provider refuses to return such devices the DSS may deduct the cost of the DSS-owned devices from any funds due the Provider, including future payments.
34. The Provider acknowledges that there is no right to renew this Agreement.
35. The Provider will examine publicly available data, including but not limited to the Health Care Financing Administration (hereafter HCFA), or any successor agency, Medicare/Medicaid Sanction Report and the HCFA Web site, to determine whether any potential or current employees have been suspended or excluded or terminated from the programs and shall comply with, and give effect to, any such suspension, exclusion, or termination in accordance with the requirements of state and federal law.

Social Security Number <div style="background-color: black; width: 100px; height: 15px; display: inline-block;"></div> Redacted 3/29/12	
Signature - CMHA PRESIDENT & CEO 	Date Signed - CMHA PRESIDENT & CEO
COMMUNITY MENTAL HEALTH AFFILIATES, INC.	11/22/2011
For Official Use Only - Application Tracking Number	
131638	

Attachment GG-4



CMHA
Billing office
made eff 10/29/10

MEDICARE ENROLLMENT APPLICATION

Clinics/Group Practices
and Certain Other Suppliers

CMS-855B

SEE PAGE 1 TO DETERMINE IF YOU ARE COMPLETING THE CORRECT APPLICATION.

SEE PAGE 2 FOR INFORMATION ON WHERE TO MAIL THIS APPLICATION.

SEE PAGE 34 TO FIND A LIST OF THE SUPPORTING DOCUMENTATION THAT MUST BE SUBMITTED WITH THIS APPLICATION.

SECTION 15: CERTIFICATION STATEMENT (Continued)**B. 1ST AUTHORIZED OFFICIAL SIGNATURE**

I have read the contents of this application. My signature legally and financially binds this supplier to the laws, regulations, and program instructions of the Medicare program. By my signature, I certify that the information contained herein is true, correct, and complete and I authorize the Medicare fee-for-service contractor to verify this information. If I become aware that any information in this application is not true, correct, or complete, I agree to notify the Medicare fee-for-service contractor of this fact immediately.

If you are changing, adding, or deleting information, check the applicable box, furnish the effective date, and complete the appropriate fields in this section.

CHECK ONE	<input type="checkbox"/> CHANGE	<input type="checkbox"/> ADD	<input type="checkbox"/> DELETE
DATE (mm/dd/yyyy)			

Authorized Official's Information and Signature

First Name Mary	Middle Initial R	Last Name Casey	Suffix (e.g., Jr., Sr.) CPA
Telephone Number (860) 826-1358		Title/Position Exec. VP & CFO	
Authorized Official Signature (First, Middle, Last Name, Jr., Sr., M.D., D.O., etc.) <i>Mary R. Casey</i> (blue ink preferred)		Date Signed (mm/dd/yyyy) 10/20/10	

C. 2ND AUTHORIZED OFFICIAL SIGNATURE

I have read the contents of this application. My signature legally and financially binds this supplier to the laws, regulations, and program instructions of the Medicare program. By my signature, I certify that the information contained herein is true, correct, and complete and I authorize the Medicare fee-for-service contractor to verify this information. If I become aware that any information in this application is not true, correct, or complete, I agree to notify the Medicare fee-for-service contractor of this fact immediately.

If you are changing, adding, or deleting information, check the applicable box, furnish the effective date, and complete the appropriate fields in this section.

CHECK ONE	<input type="checkbox"/> CHANGE	<input type="checkbox"/> ADD	<input type="checkbox"/> DELETE
DATE (mm/dd/yyyy)			

Authorized Official's Information and Signature

First Name	Middle Initial	Last Name	Suffix (e.g., Jr., Sr.)
Telephone Number		Title/Position	
Authorized Official Signature (First, Middle, Last Name, Jr., Sr., M.D., D.O., etc.)		Date Signed (mm/dd/yyyy)	

All signatures must be original and signed in ink (blue ink preferred). Applications with signatures deemed not original will not be processed. Stamped, faxed or copied signatures will not be accepted.

Attachment HH-1

Raymond Gorman

From: Tanner, Larry [LTanner@THOCC.ORG]
Sent: Wednesday, January 21, 2009 1:47 PM
To: Raymond Gorman
Subject: RE: Meeting

Ray, We are definitely on. LAT

From: Raymond Gorman [mailto:RGorman@cmhacc.org]
Sent: Wednesday, January 21, 2009 8:49 AM
To: Tanner, Larry
Subject: Meeting

Larry --we are scheduled to meet tomorrow at 3:30 pm at your office. Please have Barbara confirm that we are still on . I thought that it would be helpful to propose an agenda so we may prepare and spend our time wisely. Items that I wish to discuss include:

- 1) CMHAs participation in HHC planning initiative.
- 2) Communication between CCHA and CMHA
- 3) Subcontract between CMHA and THOCC counseling center
- 4) Availability of Cedar St site

If you have items to add, please let me know--thanks--Ray

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Community Mental Health Affiliates has scanned this email and its attachments for malicious content. However, the recipient should check this email and any attachments for the presence of viruses.

Community Mental Health Affiliates accepts no liability for any damage caused by any virus transmitted by this email.

Attachment HH-2



29 Russell Street | New Britain, CT 06052 | P 860.826.1358 | F 860.229.6575

August 13, 2010

Mr. John S. Manning
Chair, CCHA Board of Directors
118 Mooreland Road
Kensington, CT 06037

Dear Jack,

As the Chair of the Community Mental Health Affiliates Board of Directors, I am seeking your advice and assistance as the Chair of the CCHA Board of Directors in helping CMHA to understand and be informed of critical issues facing the organization.

For over 18 months now, we have had minimal information provided to us by CCHA representatives over the future of the Alliance and its proposed affiliation with the Hartford Health Care Corporation. The information that we have received has never given the Board any indication as to how CMHA would be impacted by this proposed affiliation. CMHA management has never been involved in any discussions or meetings related to the affiliation, its impact on services, roles, responsibilities or authority of the individual agencies.

Most recently, after a presentation by Clarence Silvia regarding the status of the proposed affiliation, CMHA Board members convened a special meeting to discuss the CCHA/HHCC affiliation. Steven Hanks, M.D., attended as the CCHA representative to our Board. The Board initiated a process to identify the key concerns and questions that we have of CCHA. These questions have been endorsed by the vast majority of Board members and are attached for your review.

We would welcome the opportunity for you and other members of the Alliance Board to meet with us and discuss these further; and hopefully provide us with answers to these questions. I await your reply and can be reached at 860-225-7667 x120. My mailing address is:
Januszewski, McQuillan and DeNigris, LLP
165 West Main Street
PO Box 150
New Britain, CT 06050-0150

Sincerely,

John C. Matulis, Jr.
Chair, CMHA Board of Directors

JCM/mc

Cc: Nicholas Pettinico, Vice Chair, CMHA Board of Directors
Raymond J. Gorman, President/CEO, CMHA
Mary Casey, Executive VP & CFO, CMHA
CMHA Board Members

- The organizational structure is unclear. Three documents (PowerPoint of MOU that Larry Tanner handed out at 3/19/09 Board meeting, Mr. Silvia's PowerPoint handout at 6/24/10 meeting, and the OHCA decision document) all characterize the relationships differently. How will the new affiliated organizations operate?
- The HHCC CEO has sole authority to remove the CCHA/THOCC CEO, significantly diminishing the authority of the CCHA Board. Will the HHCC CEO have the same authority over the CMHA CEO?
- The THOCC CFO will report to the HHCC CFO. Will the same reporting line be imposed on the CMHA CFO?
- According to Mr. Tanner's PowerPoint, HHCC will have final approval and removal of Board members. Does this mean the CCHA Board? Or does it extend to the CMHA Board as well?
- It has been stated several times that CMHA will need to change its By-laws to conform with HHCC directives. Exactly what changes to the CMHA By-laws will the CMHA Board be asked to approve?
- According to Mr. Silvia, the Task Force which developed the 7 conceptual principles to use as a governance framework for system integration was made up of Board members of the entities within the two affiliated organizations. Is there any reason why CMHA, as the "behavioral health arm of CCHA," was not represented on the Task Force?
- It is unclear how, if at all, CMHA would benefit from the affiliation of CCHA/HHCC. What is the benefit to CMHA to be a part of the CCHA system? Would CMHA and the clients we care for be better served if CMHA were to withdraw from CCHA and not become an entity within the proposed affiliated organizations?

Attachment II-1

COMMUNITY MENTAL HEALTH AFFILIATES, INC.
SERVICE CONTRACT
July 1, 2009- September 30, 2009
OUTPATIENT SERVICES

Effective: July 1, 2009

This Agreement made by and between the parties of the Community Mental Health Affiliates, Inc. (CMHA) hereinafter referred to as "the Contractor", and The Hospital of Central Connecticut, (HCC) herein referred to as "the Provider", acting through their authorized representatives; and

WITNESSETH:

WHEREAS, the Community Mental Health Affiliates, Inc. is the Local Mental Health Authority (LMHA) for mental health services in Catchment Area #19, funded through the Department of Mental Health and Addiction Services (DMHAS) of the State of Connecticut, and

WHEREAS, the Provider directly and/or through subcontracts is currently providing or expects to provide certain mental health services, as further described in this Agreement;

NOW THEREFORE, in consideration of the mutual promises and undertakings set forth below, the parties agree as follows:

1. **Services to be Provided:** HCC will provide behavioral health services to clients who have moderate, severe, or prolonged mental illness, and/or have co-occurring behavioral health disorders. Services will include comprehensive, biopsychosocial assessments, individual and group psychotherapy services, psychiatric evaluations and ongoing medication management. In addition, collaboration will include accepting referrals made by CMHA, participation in joint treatment planning, as appropriate, and coordination with CMHA services, including Case Management, Vocational and Psychosocial Rehabilitation services, and CMHA's outpatient and Assertive Community Treatment programs, as examples.
2. HCC will participate in the client treatment planning process with other components of the service delivery system, e.g., High Risk meetings, Aftercare planning sessions, Risk Assessment Reviews, Quality Assessment and Improvement Committee meetings as needed, Utilization Management and Review as needed, Cedar Ridge Hospital and Connecticut Valley Hospital discharge meetings, and case conferences, etc. as needed.
3. **Submission of Patient and Service Activity Information:** HCC will complete and submit all finance and service delivery information data and reports required of the Department of Mental Health and Addiction Services (DMHAS) and/or the Local Mental Health Authority in a timely manner. As the Local Mental Health Authority (LMHA), CMHA is designated by the Department of Mental Health and Addiction Services Commissioner as having the responsibility and authority to collect, enter into the agreed upon data base, and audit the data necessary to carry out its oversight function as the Commissioner's designee for the purposes of Section 52-146 f (3) of the Connecticut General Statutes.
4. HCC agrees that no contracted service shall be denied to an identified DMHAS client because of an inability to pay.
5. **Employment Status:** The Provider shall at all times be considered an independent contractor and its employees or agents shall in no event be considered to be Contractor employees.
6. Provider will provide services to all referred DMHAS clients in a timely manner. DMHAS clients being discharged from a hospital setting will be assessed within 14 days.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf by their duly authorized officers:

PROVIDER'S NAME: The Hospital of Central Connecticut

By: [Signature]
Authorized Signature

Date: 9/17/09
Barbara W Anderson
Witness to Signature

NAME: Laurence A. Tanner
TITLE: President

OFFICIAL SEAL

CONTRACTOR: Community Mental Health Affiliates, Inc.

By: [Signature]
Authorized Signature

Date: 9/21/09
Witness to Signature

NAME: Raymond J. Gorman
TITLE: President and CEO

May R Casey
OFFICIAL SEAL

ATTACHMENT A
BUDGET AND SERVICE PAYMENT METHODOLOGY

THE HOSPITAL OF CENTRAL CONNECTICUT CONTINUING CARE PROGRAM

CMHA will compensate HCC \$93,363 for services rendered by staff members of the Hospital of Central Connecticut for the three month period from July 1, 2009 through September 30, 2009.

Billing will be based on the provision of service on a monthly basis. Full payment will be provided by CMHA consistent with the attainment, by The Hospital of Central Connecticut, of targeted monthly goals.

The Hospital of Central Connecticut will report monthly on the provision of services under this contract. This report will detail the type of service provided, clients receiving the service, and the staff providing the service.

The monthly goals for services will be based upon the following:

<u>Category</u>	<u>Monthly</u>
Group Visits	332 sessions/persons
Individual	160 sessions/persons
Psychiatry - assessments	3 hours
med checks	90 hours
APRN	67 sessions

Funding associated with each goal is as follows:

<u>Category</u>	<u>Annual Funding</u>
Group Sessions	\$35,000
Individual Sessions	41,363
Psychiatric Hours -	1,250
Med Checks	8,500
APRN	7,250
	<u>\$93,363</u>

The target of 150 unduplicated individuals served must be met for full reimbursement to occur. The payment may be reduced proportionately if the target is not reached. **As this is intended to be the final service contract between the two parties, CMHA acknowledges that there may be a gradual reduction in service volume during the three month period. No reduction in reimbursement will occur for service reductions related to this contract.**

The funding level authorized under this contract is limited to a maximum of \$93,363. Any retroactive increase to State of Connecticut funding for FY 2010 will result in a one (1) percent increase to the contracted amount.

CMHA will reimburse The Hospital of Central Connecticut based on the client identification reflected on its service data report.

During the period 7/1/09-9/30/09 all clients admitted to this program will meet the standard DMHAS criteria. The Provider will not be deemed out of compliance if an insufficient number of referrals are received through the Contractor to meet the target.

Attachment II-2

Raymond Gorman

From: Raymond Gorman
Sent: Wednesday, August 17, 2011 10:37 AM
To: 'Silvia, Clarence'
Subject: Follow up

Morning Clarence---as follow up to yesterdays meeting, we will be in touch with Joyce to set up a time to meet with you after you return from vacation. At that time I hope that we can conclude our discussions regarding CMHA's separation from CCHA. At yesterdays meeting, I was quite surprised that you resurrected the issue of prior grant support. Since November of 2010 when both of our boards met to discuss separation the only issues identified as requiring resolution were the Farmington Bank guarantees and providing assurances on the loan between the 2 parties. I believe that we have accomplished that, and should move forward in good faith accordingly. I am willing to discuss current and future contracts, service purchases, and collaborations with THOCC. However, at this late stage in the process to raise this as a contingent condition of the separation strikes me as unfair and not reasonable. I look forward to speaking with you soon---Ray

Raymond J. Gorman
President and CEO
CMHA (Community Mental Health Affiliates, Inc.)
270 John Downey Drive
New Britain, CT 06051
P: 860.826.1358 x1223
F: 860.229.6575
rgorman@cmhacc.org
www.cmhacc.org

Attachment II-3

Raymond Gorman

From: Raymond Gorman
Sent: Wednesday, August 31, 2011 12:30 PM
To: 'Silvia, Clarence'
Cc: Hanks, Steven M.D.; Mary Casey
Subject: RE: Final Issues

Thank you Clarence—let me clarify for the record—these are the items that I agreed to take to my Board for their review and decision. We are looking to convene the Exec Committee within the next week. That will determine if in fact these terms are acceptable to us. I will keep you informed.

Raymond J. Gorman
President and CEO
CMHA (Community Mental Health Affiliates, Inc.)
270 John Downey Drive
New Britain, CT 06051
P: 860.826.1358 x1223
F: 860.229.6575
rgorman@cmhacc.org
www.cmhacc.org

From: Silvia, Clarence [<mailto:CSilvia@THOCC.ORG>]
Sent: Wednesday, August 31, 2011 11:42 AM
To: Raymond Gorman
Cc: Hanks, Steven M.D.
Subject: Final Issues

Ray – In the meeting of 8/30/11, we have mutually agreed to the following points in finalizing the separation of CMHA from CCHA:

- CMHA will provide language for HOCC to review that will provide collateral for our existing loan. Once the language is accepted the current loan agreement will be modified/amended.
- CMHA will provide HOCC with \$180,000 of grant dollars for the client services we are currently providing. These grant dollars will be for the fiscal year beginning 10/1/11. A contract will be prepared which will include mutually agreeable service metrics, and will continue to be renewed with HOCC for as long as the grant is funded by DMAS
- HOCC will provide a lease agreement for the programs housed in 33 Highlands Street for the remainder of the bond indenture period. CMHA agrees to continue to operate the current programs at this location for the entire lease period. The lease amount will be updated periodically to reflect fair market value.

These are the only remaining items that need to be addressed prior to the Board acting on the dissolution of CMHA from CCHA.

Clarence

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Attachment JJ



**Central Connecticut
Health Alliance, Inc.**

FEB 22 2010

100 Grand Street
New Britain, CT 06050

860-224-5011

www.thocc.org

Laurence A. Tanner, President

February 18, 2010

Mr. Raymond J. Gorman, President
Community Mental Health Affiliates
29 Russell St
New Britain, CT 06052

Dear Ray:

I am enclosing the revised CMHA debt repayment plan, which has been accepted by CCHA. I was given authority by the CCHA board to negotiate the repayment plan. In view of CMHA's approval by board resolution at its meeting on February 4, 2010, we now consider the plan to be in effect.

Let's hope for your continued success on operations so that early repayment can occur.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laurence A. Tanner', is written over a horizontal line.

Laurence A. Tanner
President

LAT:bwa

Enclosure

cc: Brian A. Rogoz

Community Mental Health Affiliates, Inc.
Debt Repayment Plan
Debt Obligations-CCHA

Community Mental Health Affiliates, Inc., (CMHA) has three debt agreements with Central Connecticut Health Alliance, Inc., (CCHA).

7/3/2007: Non interest bearing note in the amount of \$350,000 due as balloon payment 7/2/2012. During FY 2009 CCHA has agreed to amortize the forgiveness of the loan over a ten year period ending 9/30/2016. The amount is for construction costs incurred during the renovation of the 33 Highlands Avenue building owned by CCHA for the Alliance Treatment Program moved from Avon to New Britain in 2007.

3/25/08: \$1,500,000 line of credit payable from time to time during a three year period 3/25/08-3/24/2011. CMHA drew \$900,000 on 3/25/08 and \$600,000 on 6/2/08. No repayments have been made to date.

4/8/2008: \$900,000 loan payable with interest at prime - .50%. Balloon payment due 3/31/2011 with interest paid monthly. Interest paid to date amounts to \$60,037.50

Proposal for Debt Repayment:

A total amount of \$2,400,000 is due CCHA in March 2011. CMHA proposes to repay the amount due CCHA over a ten year period beginning July 1, 2010 and ending June 30, 2020 as to restructure balloon payments due.

Years July 1, 2010-June 30, 2014: \$225,000 annually during the period 7/1-6/30 of each year. The payments will be made in equal installments on a quarterly basis for periods ending 9/30, 12/31/, 3/31 and 6/30 of each fiscal year. These payments are to be applied first to the interest bearing loan due CCHA totaling \$900,000.

July 1, 2010-June 30, 2011: \$225,000

July 1, 2011-June 30, 2012: \$225,000

July 1, 2012-June 30, 2013: \$225,000

July 1, 2013-June 30, 2014: \$225,000

Years July 1, 2014-June 30, 2020: \$250,000 annually during the period 7/1-6/30 of each year totaling \$1,500,000. The payments will be made in equal installments on a quarterly basis for periods ending 9/30, 12/31/, 3/31 and 6/30 of each fiscal year.

July 1, 2014-June 30, 2015: \$250,000
July 1, 2015-June 30, 2016: \$250,000
July 1, 2016-June 30, 2017: \$250,000
July 1, 2017-June 30, 2018: \$250,000
July 1, 2018-June 30, 2019: \$250,000
July 1, 2019-June 30, 2020: \$250,000

In the event CMHA finds itself with significant financial resources from the sale of property or other financial sources, both parties agree to negotiate on an acceleration in the payment schedule as noted above. There will be no penalty assessed CMHA for prepayment of obligations due CCHA.

CMHA will sell certain real estate assets and reorganize its existing space needs in order to meet its current and future debt obligations as outlined above. CMHA continues to review the operations of its cost centers. It is CMHA's financial goal to maximize its grant funding. Continued strong management of its third party billing will generate annual surpluses which CMHA will need to rebuild its Net Assets and maintain a level of liquidity. In FY 2008, the \$1.5 million Net Assets of the agency were depleted due to decisions made by previous management.

In April 2009, CMHA drafted its debt reduction plan. This plan first addresses the debt owed to Bank of America. There are certain balloon payments with Bank of America, with a first payment due January 2010. The Bank of America debt owed by CMHA is guaranteed by CCHA. With this guaranty, CMHA is provided an opportunity to seek a restructuring of this debt either with Bank of America or another financial institution with more favorable repayment terms. This will allow for the elimination of current and future balloon payments. In addition, the restructuring of the Bank of America debt will allow for CCHA to be repaid in a similar manner as that of the financial institution.

With an aggressive management of third party billing, the sale of real estate in an improving market and a debt restructuring plan for existing Bank of America debt, CMHA is confident it will meet the debt obligation payments due CCHA as outlined above.

However, if for any reason CMHA or CCHA finds it necessary to revise the terms and conditions of this agreement; both parties agree to negotiate in good faith subject to the approval of the respective Board of Directors of each entity.

Approved
LSD
2/11/10

Attachment KK

CMHA RESPONSE

ATTACHMENT KK

- *The organizational structure is unclear. Three documents (PowerPoint of MOU that Larry Tanner handed out at 3/19/09 Board meeting, Mr. Silvia's PowerPoint handout at 6/24/10 meeting, and the OHCA decision document) all characterize the relationships differently. How will the new affiliated organizations operate?*

The organizational structure that was in the MOU was approved by OHCA. The structure that we will be operating under is HHCC would become the sole member of CCHA and CCHA would continue to be the sole member of the Hospital and the other affiliated entities under CCHA. The intent, as stated in the MOU, would be that the operating guidelines be consistent for all of the entities under CCHA (which now would be part of the HHCC system).

- *The HHCC CEO has sole authority to remove the CCHA/THOCC CEO, significantly diminishing the authority of the CCHA Board. Will the HHCC CEO have the same authority over the CMHA CEO?*

The CCHA Board was most concerned with the future of the system given the health care environment, and the uncertainty regarding the changing delivery and reimbursement system. The Board felt it was their duty to seek a solution which would provide not only the security that CCHA would continue to be able to provide the health care services the community needs, but to provide an opportunity for growth and improvement in financial and non-financial areas. The Board of CCHA believes that becoming part of the Hartford Healthcare System fulfills the desire to meet the needs of the community today and into the future. The Board is well aware, that in doing so, and supporting the system operating and functioning as a 'system', that autonomy and authority is diminished, however this is being done for the greater good and benefit of the community.

The vision is for all of the members, including the CCHA affiliated lines of business, to follow similar operating guidelines. This would result in a similar authority matrix for the CEO of CMHA

- *The THOCC CFO will report to the HHCC CFO. Will the same reporting line be imposed on the CMHA CFO?*

Yes, to be consistent with the authority matrix throughout the system the CFO of CMHA would have a reporting line to the CCHA CFO.

- *According to Mr. Tanner's PowerPoint, HCC will have final approval and removal of Board members. Does this mean the CCHA Board? Or does it extend to the CMHA Board as well?*

The governance and operating guidelines are to be consistent across the system. This would result in a common authority matrix for all the entities, which would include common reserved powers. The final approval and removal of Board members would be a reserved power of the sole member.

- *It has been stated several times that CMHA will need to change its By-laws to conform to HHCC directives. Exactly what changes to the CMHA By-laws will the CMHA Board be asked to approve?*

The task force that developed the governance structure details presented its recommendations to the HHCC Board in September. They have been approved by the HHCC Board and will be presented to the HCC Board and its affiliates in November. The next step will be the development of the Bylaw amendments to conform with the approved governance structure.

- *According to Mr. Silvia, the Task Force which developed the 7 conceptual principles to use as a governance framework for system integration was made up of Board members of the entities within the two affiliated organizations. Is there any reason why CMHA, as the "behavioral health arm of CCHA," was not represented on the Task Force?*

The entities which are directly under HHCC were represented on the task force. None of the entities under CCHA (Senior Care, VNA, CMHA), Hartford Hospital, Windham Hospital, or MidState hospital were on the Task Force.

- *It is unclear how, if at all, CMHA would benefit from the affiliation of CCHA/HHCC. What is the benefit to CMHA to be part of the CCHA system? Would CMHA and the clients we care for be better served if CMHA were to withdraw from CCHA and not become an entity within the proposed affiliated organizations?*

The CCHA Board believes that there have been significant benefits to CMHA by being affiliated with CCHA. Those benefits have been programmatic, development of new lines of business as well as financial. A list of some of those benefits are detailed below:

- The Hospital transferred the Transitional Living program to CMHA in 1998
- CCHA purchased the Reid Treatment Center on the recommendation of CMHA in 1998 for \$1,050,000. In 2002 CCHA transferred the Alliance Treatment Center to CMHA on the recommendation of CMHA
- CCHA wrote off \$490,000 in expenses due from the Alliance Treatment Center
- CCHA forgave monthly fees due in excess of \$150,000 in 2006-2008
- CCHA agreed to provide \$350,000 for the relocation of the Alliance Treatment Center to the Highlands Building which is being forgiven
- CCHA/HOCC provided support for CMHA as it transferred and utilized the Highlands Building for its programs (2 floors, no rent payments for the first year and reduced rent for the subsequent 2 years)
- In 2007 a non-interest bearing note of \$350,000 was provided by CCHA
- In 2008 CCHA provided two loans in the amount of \$2.4 million
- CCHA agreed to be the guarantor of the CMHA loan (\$931,000) with Bank of America and subsequently Farmington Bank

There have also been programmatic and operational benefits.

The hospital collaborated with CMHA on the SAMSHA Grant. We have worked collaboratively on employee benefits and have also provided the expertise for the establishment of a Corporate Compliance Program.

The benefits to CMHA have been significant, however, they have also been limited by CCHA functioning as a representational affiliation as opposed to a system. In functioning as a system there will be benefits in:

- Access to capital and debt
- System-wide recruitment plan for physicians
- Information technology and decision support capabilities
- Operating efficiencies in our processes and support functions
- Access to expertise and knowledge across the system
- Participation in the Development of Practice Standards to achieve improved metrics
- Collaboration on grants and projects to support all entities within the system
- Similar lines of business collaborating on program development across the system
- The infrastructure and resources to participate in the new healthcare delivery system

The CMHA Board approved that CCHA would be its sole member when it became part of the CCHA system in 1998.

The withdrawal from CCHA is not within the purview of the CMHA Board. The Board of CCHA believes that it is in the best interests of our patients and the community that we function as a system across all of our entities. The withdrawal of any of the entities under CCHA is not in the best interest of the community and is not up for consideration.

Attachment LL

May 24 2007 10:23AM CMHA WINTHROP
05/22/2007 14:24 FAX

2244751

P. 2

003/003



CERTIFIED MAIL: 7002 2030 0006 7029 4442

April 18, 2007

Christine A. Vogel, Commissioner
Office of Healthcare Access
Thomas Kirk, Commissioner
Department of Mental Health and Addiction Services
Brian Mattiello, Acting Commissioner
Department of Children and Families

Dear Commissioners:

Community Mental Health Associates, Inc. has submitted an Application for Exemption from CON Process (Form 2010) in the acquisition of Northwest Center for Family Services and Mental Health. The Charlotte Hungerford Hospital supports a plan to continue the delivery of outpatient behavioral health services jeopardized by the recent financial difficulties experienced by the Northwest Center for Family Services and Mental Health. However, we are concerned about the impact of this acquisition on an organization based outside of Northwest Connecticut, when the parent organization (Central Connecticut Health Alliance) duplicates several services (inpatient and partial hospital) provided by the Charlotte Hungerford Hospital.

2007 APR 25 AM 11:53
RECEIVED

Over the years Charlotte Hungerford Hospital has designed our continuum of behavioral health services in collaboration with DMHAS and DCF. We have committed hospital resources combined with DMHAS and DCF grant funding to develop services intended to prevent psychiatric hospitalizations or residential placements. This commitment to the residents of Northwest CT has allowed adults and children suffering from a wide range of behavioral health conditions to remain at home or receive service in their community of residence.

In addition, we have received consistent positive feedback from DMHAS and DCF on the quality of services provided and the community's access to these services.

The major concern being expressed at this time is the potential for the diversion of clients requiring inpatient or partial hospital services to Community Mental Health Associates parent corporation, Central Connecticut Health Alliance.

Data from the 10/1/05 - 9/30/06 fiscal year indicates that Charlotte Hungerford Hospital's intensive levels of care did not operate at capacity (Inpatient - 85%, Partial Hospital Adult - 47%, Partial Hospital Adolescent - 42%) in spite of inclusive admission policies.

540 Litchfield Street
P.O. Box 988
Torrington, CT 06790-0988
(860) 496-6666
www.charlotterweb.hungerford.org

May 24 2007 10:23AM CMHA WINTHROP
05/22/2007 14:24 FAX

2244751

P. 3

004/008

Page 2

Given Charlotte Hungerford's role as the largest provider of behavioral health services in Northwest CT, the utilization rate related to capacity clearly indicates that the present continuum of services has the capacity to provide for the inpatient and partial hospital behavioral health needs of Northwest CT's residents.

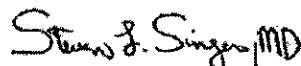
As the application for Exemption from CON Process did not describe the specific services that would be provided following the acquisition, Charlotte Hungerford Hospital is reasonably concerned. Given the financial struggles all hospitals are experiencing, there could be significant implications for the financial stability of Charlotte Hungerford Hospital's behavioral health services. Even the slightest redirection of inpatient or partial hospital referrals could place the Charlotte Hungerford Hospital continuum of behavioral health services in financial difficulty and have a negative impact on community based services for the residents of Northwest CT.


If the acquisition of Northwest Center for Family Services and Mental Health allows for its continued delivery of outpatient services without the diversion of inpatient and partial hospital services currently provided by Charlotte Hungerford Hospital our concerns will have been addressed.

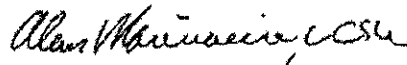
Thank you for this opportunity to express our concerns and our entire team would be receptive to your comments and suggestions.

Sincerely,

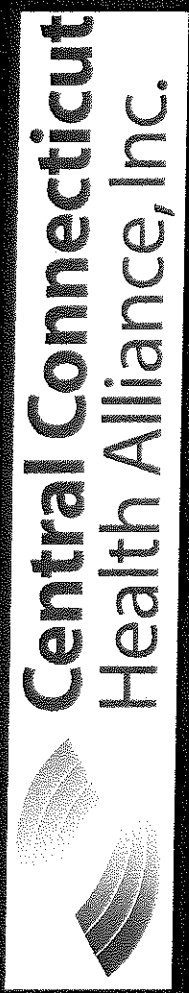

Daniel J. McIntyre
President and Executive Director


Steven L. Singer, M.D.
Chairman and Medical Director
Department of Psychiatry


Shirley Dazelle, CRN, MED
Director Inpatient Behavioral Health


Alan Marinaccio, LCSW
Administrative Director
Outpatient Behavioral Health

Attachment MM



MEETING OF THE AFFILIATE BOARDS

August 5, 2009

NEED TO JOIN A SYSTEM

- No Population Growth (0.2% Year)
- Increase in Medicaid
 - Inpatient Discharges 20%
 - ED Visits 40%
- Government Reimbursement Frozen/Declining
- Capital Needs - Endowments Gone
 - Unrestricted Endowments \$60 million
 - Pension \$45 million
 - IT \$16 million
 - (\$ 1 million)
- Increasing Competition

BENEFITS OF A SYSTEM

- Operational Efficiency
- Increase Market Share/Decrease Out migration (2006 - \$50 million)
- Maintain Teaching Mission
- Access to Capital - Increased Debt Capacity
- Maintain Services
- Coordinated Marketing
- Access to Technology
- Physician Recruitment
- Quality Standards

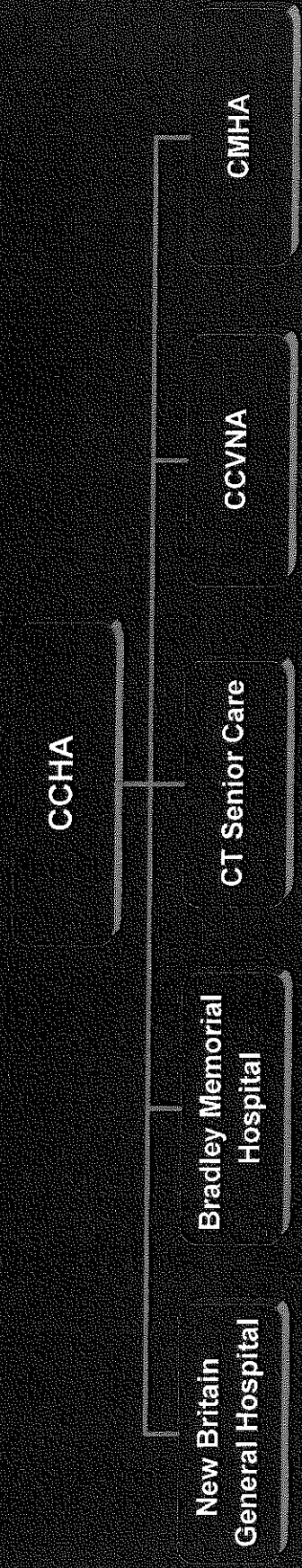
AFFILIATION

- Formal Agreement
- Become Closely Connected or Associated
- MOU - Defines the Association/Connection

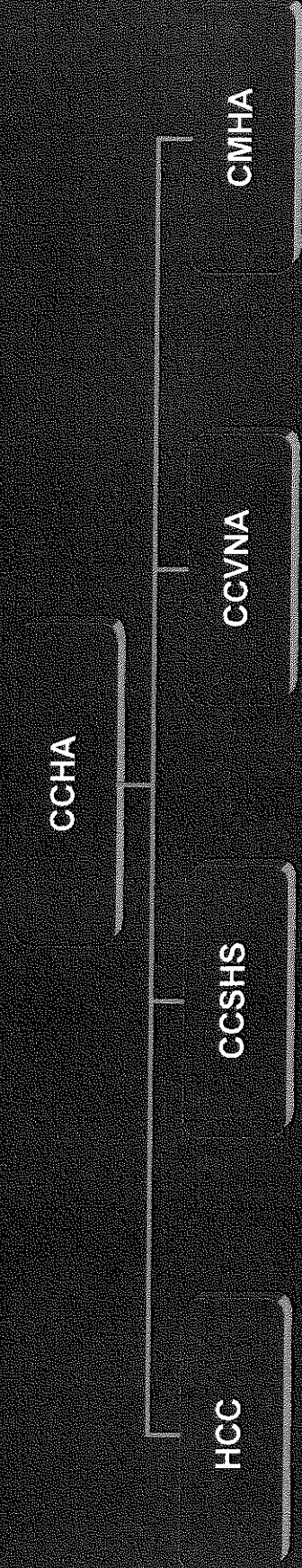
MERGER

- One Transfers all of Its Assets to the Other
- Single Ownership (License)

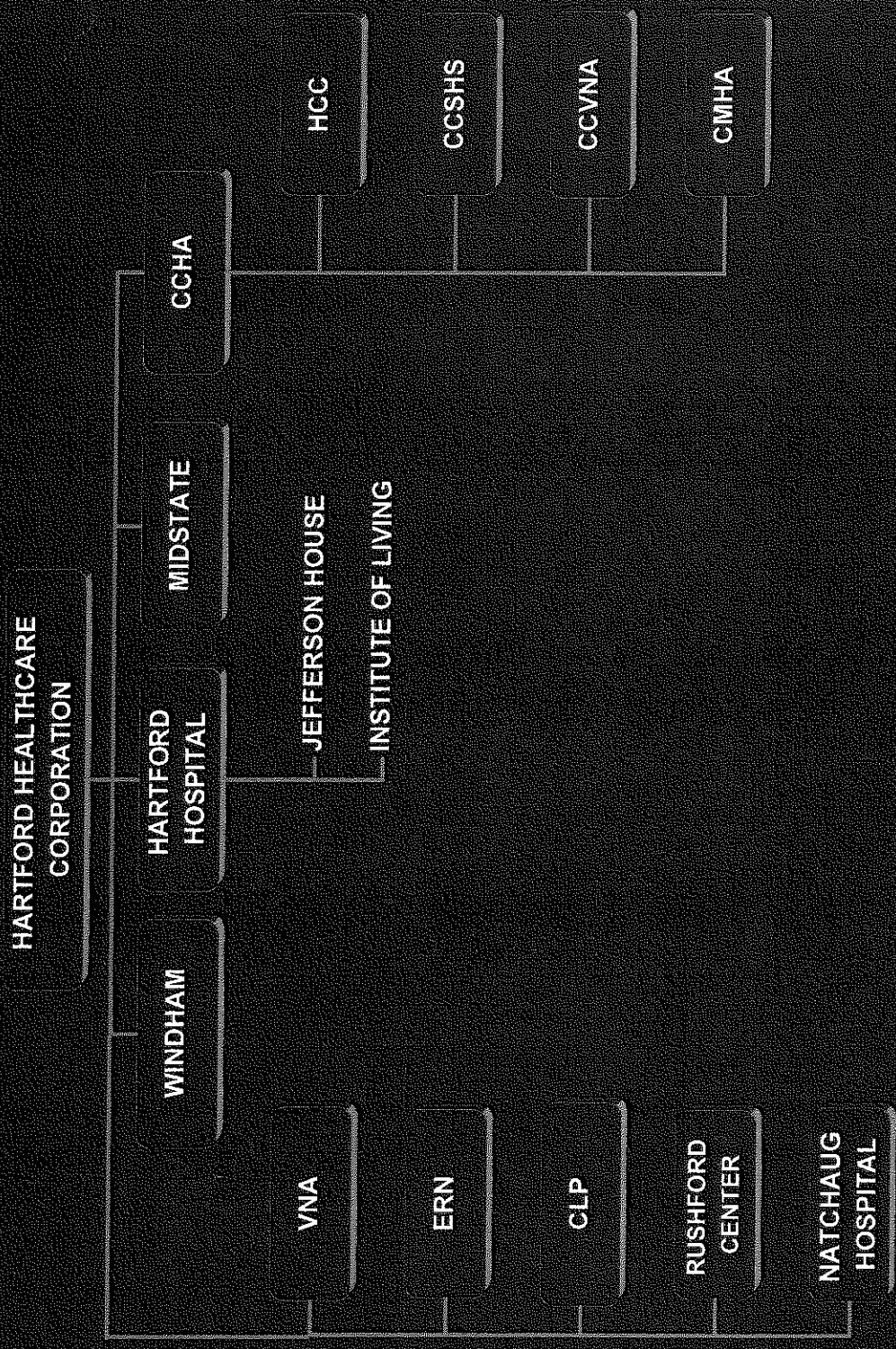
NOVEMBER 1995



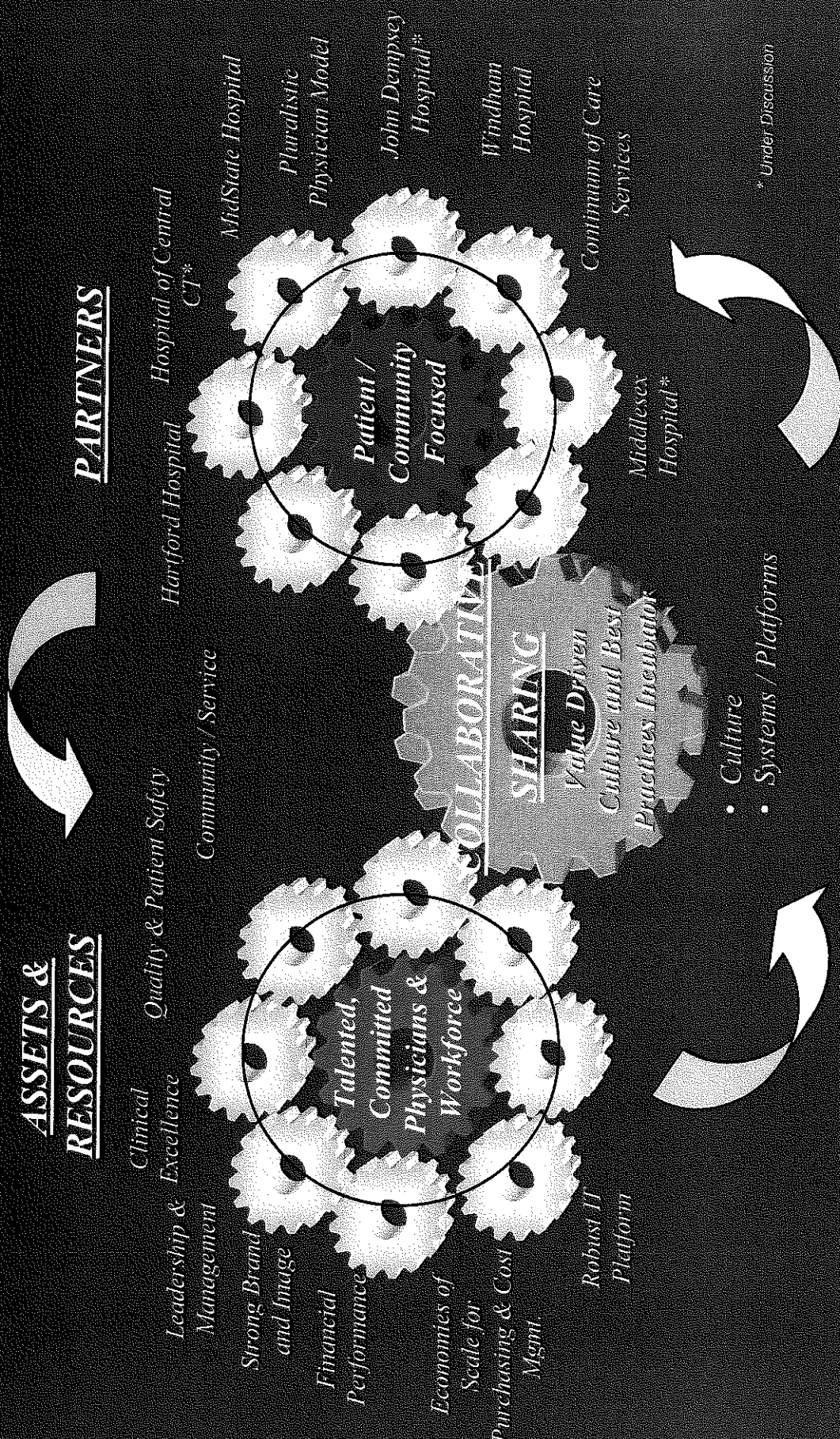
OCTOBER 2006



ORGANIZATIONAL STRUCTURE



HHC VALUE DRIVEN GEARED MODEL



HHC VALUE DRIVEN GEARED MODEL

WHAT IT IS

It is About the Patient: Coordinated/High Standard of Care/Services

It is About the Community: Access to Care Close to Home

It is About Best Practices and Quality: Clinical Practice Standards Across All Sites

It is About Affordability: Purchasing Power, IT, Process Improvement

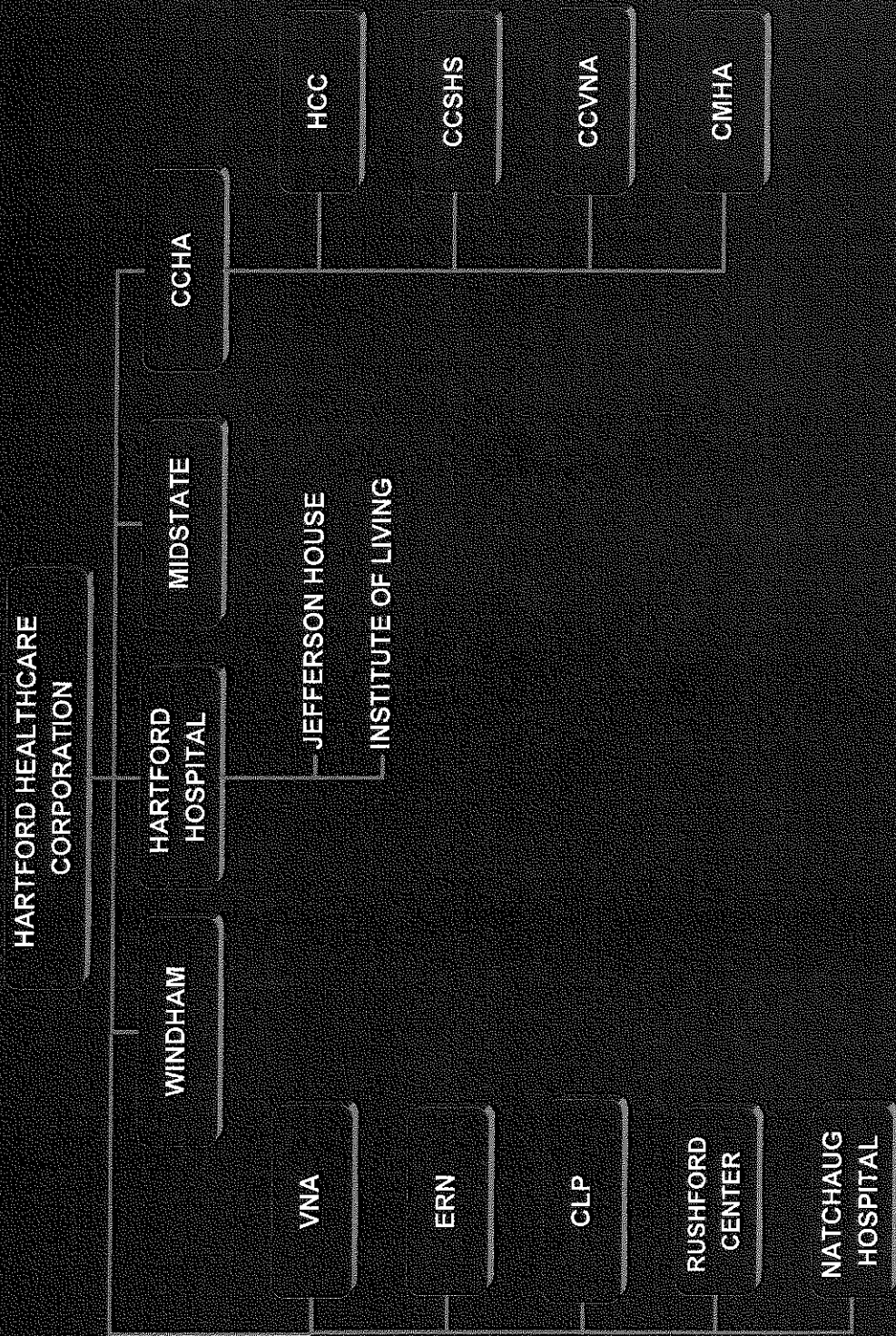
It is About Talent Development: Attract Superior Talent

It is About Physician Retention and Recruitment

GOVERNANCE

- HHCC – Sole Member of CCHA
 - Sole Member of Hartford Hospital
- HHCC – 2 Seats on CCHA Board (1 – President/CEO HHCC)
- CCHA Service Area – 2 Seats on HHCC Board
 - 1st Term (3 Years) Chair/Vice Chair
 - 2nd Term – Selected from CCHA BoardBoard Members of HHCC will not serve on CCHA Board
- CCHA Board Members will Serve on HHCC Committees
- CCHA Veto Power for First 3 Years
- HHCC Board Members will not Serve on Member Hospital Boards

ORGANIZATIONAL STRUCTURE



RESERVED POWERS

HCC, CCHA - Requires HHCC Approval

System Reserved Powers

CCHA has Reserved Powers for CCSHS, CCVNA, CMHA

Consistency Among System/Affiliates

RESERVED POWERS (HHCC SYSTEM LEVEL APPROVAL)

- Annual Operating and Capital Budgets
- Final Approval and Removal of Board Members
- Amendments to Articles or Bylaws of CCHA/HCC and Subsidiaries
- Joint Ventures and Affiliations
- Mergers, Consolidations, Divestitures, Acquisitions, Restructuring
- Sale, Pledge, Lease, Transfer or Other Disposition of Substantial Assets
- Dissolution or Liquidation of CCHA, HCC or Any of Their Subsidiaries
- Initiation of New Lines of Service or Termination of Existing Services

12

RESERVED POWERS - CONTD. (HHCC SYSTEM LEVEL APPROVAL)

- Auditor Selection
- Strategic Plans
- Certificate of Need Filings
- Filing of Voluntary Petition for Bankruptcy
- Any Other Matter that Requires Member Approval Under Connecticut Law
- Compensation Plans for Senior Executive Management
- Real Estate Leases in Excess of \$250,000 Per Year or in Excess of 3 Years
- Non-Budgeted Real Estate Purchases and Sales Construction Contracts
- Capital Expenditures not Included in Budget (Over \$100,000)

OTHER KEY POINTS

3 Years After Effective Date

- System Not in Place CCHA/HCC can Withdraw

For 3 Year Period CCHA has Veto Power

Financial Principles

- Unrestricted Dollars Stay with Entity
- Obligated Group - Centralization

Operations/Councils

- Coordination/Collaboration

Each Entity Maintains Its Own Board

- Maintains Its Own License
- Responsible for Day-to-Day Operations

TIMETABLE

- MOU Signing August 6, 2009
- LOI September/October 2009
- CON Filing January 2010
- CON Complete April 2010
- CON Approval July 2010

TIMETABLE - CONTD.

- Application FTC August 2009
- Federal Approval August 2010
- Attorney General August 2010
- 3rd Party Lenders August 2010
- State of Connecticut Approval of Certificate of Affiliation November/December 2010

Attachment NN

Raymond Gorman

From: Michael D Lynch <mdl@litchlaw.com>
Sent: Tuesday, February 21, 2012 9:52 AM
To: Raymond Gorman; Mary Casey
Subject: FW: CCHA--CMHA Separation Agreement

Dear Ray and Mary,

Please see the below e-mail from Atty. Giunta. We can discuss its contents after you have had a chance to read it.

Do I have your permission to send Atty. Giunta a copy of the CON?

Thank you.

Best Regards,

Michael

Michael D. Lynch*
Guion, Stevens & Rybak, LLP
93 West Street P.O. Box 338
Litchfield, CT 06759
(860) 567-0821 Fax: (860) 567-0825
Cell: (860) 459-4953
*Also Admitted in New York State

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From: Robert V. Giunta, Jr. [mailto:RGIUNTA@murthalaw.com]
Sent: Tuesday, February 21, 2012 9:23 AM

To: Michael D. Lynch
Subject: RE: CCHA--CMHA Separation Agreement

Michael, thanks for your reply of 12/22. Because of the press of other business we have been a little delayed in getting back to you. I know moving to an agreement at this time regarding the mental health grant is not something your client favors, but it remains a strong sticking point for CCHA. Prior history has underscored their concern. We appreciate the concern over funding, though there is in our opinion no real likelihood that the funding will not be available in July. The agreement can be conditioned on funding which should alleviate that concern. After consultation with the psychiatry department we believe an agreement can be framed around a grant of \$150,000 to handle 200 unduplicated client cases, with adjustments upward for more grant funds and more cases covered. We think that, with this dollar amount and case load parameter, your client can propose the clinical measures it thinks should be included. These can be reviewed by THOCC to make sure they are workable. Please discuss with your client and advise.

We understand a CON application has been filed. Please send us a copy. Bob

Robert V. Giunta, Jr.

Partner

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From: Michael D. Lynch [<mailto:mdl@litchlaw.com>]
Sent: Thursday, December 22, 2011 1:05 PM
To: Robert V. Giunta, Jr.
Subject: CCHA--CMHA Separation Agreement

Dear Bob,

I had a conference with my client today regarding your e-mail dated December 20, 2011.

My client disagrees, fundamentally, with CCHA's position that the incorporation of a contract with THOCC must be condition precedent to the consummation of the separation agreement. However, in the spirit of negotiation, and in order to expedite this transaction, it is willing to evaluate the terms and conditions that CCHA would like to have in such a contract. I do need to point out to you that one logistical issue surrounding such a contract is that CCHA would not be able enter into it until after July 1, 2012, which is the start of its fiscal year and is when it will have a clear picture of its funding from the State.

Once you provide me a complete breakdown of the terms and conditions that your client would like to have written into such a contract, I will be able to review the same with my client. I hope, very much, that we are able to work through the issue regarding the THOCC contract. I will be working next week, should you wish to contact me.

Thank you and I hope that you have a happy holiday.

Best Regards,

Michael

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