

## APPENDIX O

**23. Financial Records. Attach as Appendix O all of the following for the last three (3) fiscal years for both the Public Benefit Hospital and the Acquirer, unless otherwise indicated:**

Mountain States Health Alliance's relevant financial records are attached. Because Newco is a newly-formed corporation with no past activities, liabilities or assets, it has no relevant financial records.

**a. Audited and unaudited financial statements. Audits are sometimes presented in abbreviated form or in fuller form, with detailed supplements. Provide the most detailed form of your audit that is available;**

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#### *Mountain States Health Alliance Audited Financial Statements:*

1. Mountain States Health Alliance Audited Consolidated Financial Statements, Years Ended June 30, 2014 and 2013
2. Mountain States Health Alliance Audited Consolidated Financial Statements, Years Ended June 30, 2015 and 2014
3. Mountain States Health Alliance Audited Consolidated Financial Statements, Years Ended June 30, 2016 and 2015

#### *Mountain States Health Alliance Financial Reports (unaudited):*

4. Financial Statements for first fiscal quarter ended September 30, 2016

**b. Consolidating statements (balance sheets and income statements for each fiscal year);**

Consolidating statements are included as part of the audited financial reports provided in response to (a) above.

**c. If separate audited financial statements are prepared for any Affiliates, please provide those audits, together with comparative year-to-date financial statements for each such Affiliated;**

Consolidated statements are included as part of the audited financial reports provided in response to (a) above. Separate audited financial statements for any Affiliate will be provided upon request if such statements exist.

**d. Each balance sheet, income statement, profit and loss statement, statement of change in financial position of the above-named parties, any entity or company they control, operate, manage, or are affiliated with;**

Such statements are included as part of the audited financial reports provided in response to (a) above.

**e. A detailed schedule of operating expenses, unless already provided with the audits;**

Please see the schedule and discussion of operating expenses that are included as part of the audited financial reports provided in response to (a) above.

- f. **An analysis (aging) of accounts receivable by major category of receivables as of the most recent month-end available, indicating the amounts ultimately considered collectable by the parties;**

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**\*\*\*Following Attachment is Confidential\*\*\***

[This section left intentionally blank.]

**\*\*\*End of Confidential Attachment\*\*\***

- g. **Debts, liens, security interests, mortgages, or other interests of any kind in the assets of the Public Benefit Hospital, including amounts outstanding, the Person to whom the underlying obligation is owed, and whether such Person has participated in decision-making in any way with respect to the Transaction;**

A schedule of Mountain States Health Alliance's debt outstanding as of June 30, 2016, is set forth as Note F to the Mountain States Health Alliance Audited Consolidated Financial Statements, Years Ended June 30, 2016 and 2015, beginning on page 20. Presently, mortgage liens are outstanding on Johnson City Medical Center and Sycamore Shoals hospital facilities. To date no Mountain States Health Alliance debt holder or debt holder representative has participated in decision-making in any way with respect to the Transaction. Representatives of Mountain States Health Alliance, Wellmont and Newco have convened certain meetings in advance of closing to evaluate the implications of the Transaction on outstanding debt of each Mountain States Health Alliance and Wellmont and will evaluate potential refinancing opportunities. Such discussions have involved and will at times involve debt holder representatives and underwriters.

- h. **Management compensation (salary, bonus, other benefits) for the five (5) officers of the Public Benefit Hospital receiving the greatest amount of compensation;**

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**\*\*\*Following Attachment is Confidential\*\*\***

[This section left intentionally blank.]

**\*\*\*End of Confidential Attachment\*\*\***

- i. **Identify any material off-balance sheet assets or liabilities (i.e., any assets or liabilities not reflected on the most recent audited financial statements) and provide documentation concerning such assets or liabilities. Examples of such items would include a significant under- or over-funding in the pension plan or a current litigation judgment not reflected in the most recent audit;**

Not applicable.

- j. Identify all accounting firms, including the name, address, and telephone number of the accountant(s) primarily responsible for accounting and auditing of the above-named parties; and**

Pershing Yoakley & Associates, P.C.  
One Cherokee Mills, 2220 Sutherland Avenue  
Knoxville, TN 37919  
(865) 673-0844

- k. Form 990s or other tax returns.**

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1. Mountain States Health Alliance; Form 990 Return of Organization Exempt from Income Tax;  
Tax Year ending June 30, 2013
2. Mountain States Health Alliance; Form 990 Return of Organization Exempt from Income Tax;  
Tax Year ending June 30, 2014
3. Mountain States Health Alliance; Form 990 Return of Organization Exempt from Income Tax;  
Tax Year ending June 30, 2015

# **MOUNTAIN STATES HEALTH ALLIANCE**

## **Audited Consolidated Financial Statements (and Supplemental Schedules)**

**Years Ended June 30, 2014 and 2013**







# **MOUNTAIN STATES HEALTH ALLIANCE**

## ***Audited Consolidated Financial Statements (and Supplemental Schedules)*** ***(Dollars in Thousands)***

***Years Ended June 30, 2014 and 2013***

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### ***Audited Consolidated Financial Statements***

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### ***Supplemental Schedules***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mountain States Health Alliance:

We have audited the accompanying consolidated financial statements of Mountain States Health Alliance and its subsidiaries (the Alliance), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Health Alliance and its subsidiaries as of June 30, 2014 and 2013, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Perdew J. Grubbs: Associate PC*

Knoxville, Tennessee  
October 29, 2014

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Balance Sheets* *(Dollars in Thousands)*

	<i>June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 59,185	\$ 74,902
Current portion of investments	25,029	20,386
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$47,853 in 2014 and \$49,449 in 2013	161,318	164,187
Other receivables, net	45,502	33,468
Inventories and prepaid expenses	30,838	31,073
<b>TOTAL CURRENT ASSETS</b>	<b>321,872</b>	<b>324,016</b>
INVESTMENTS, less amounts required to meet current obligations	648,475	601,352
PROPERTY, PLANT AND EQUIPMENT, net	881,429	884,293
<b>OTHER ASSETS</b>		
Goodwill	156,613	154,391
Net deferred financing, acquisition costs and other charges	25,841	28,480
Other assets	48,350	46,544
<b>TOTAL OTHER ASSETS</b>	<b>230,804</b>	<b>229,415</b>
	<b>\$ 2,082,580</b>	<b>\$ 2,039,076</b>

# MOUNTAIN STATES HEALTH ALLIANCE

## Consolidated Balance Sheets - Continued (Dollars in Thousands)

	June 30,	
	2014	2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	\$ 18,648	\$ 19,706
Current portion of long-term debt and capital lease obligations	30,618	34,417
Accounts payable and accrued expenses	87,126	94,302
Accrued salaries, compensated absences and amounts withheld	72,181	63,665
Estimated amounts due to third-party payers, net	10,463	26,775
<b>TOTAL CURRENT LIABILITIES</b>	<b>219,036</b>	<b>238,865</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	1,075,069	1,090,348
Estimated fair value of derivatives	10,603	8,185
Estimated professional liability self-insurance	8,957	8,758
Other long-term liabilities	35,974	19,937
<b>TOTAL LIABILITIES</b>	<b>1,349,639</b>	<b>1,366,093</b>
<b>COMMITMENTS AND CONTINGENCIES -</b>		
Notes D, F, G, and N		
<b>NET ASSETS</b>		
Unrestricted net assets		
Mountain States Health Alliance	541,979	490,414
Noncontrolling interests in subsidiaries	178,547	169,614
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>720,526</b>	<b>660,028</b>
Temporarily restricted net assets		
Mountain States Health Alliance	12,204	12,776
Noncontrolling interests in subsidiaries	84	52
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>12,288</b>	<b>12,828</b>
Permanently restricted net assets	127	127
<b>TOTAL NET ASSETS</b>	<b>732,941</b>	<b>672,983</b>
	<b>\$ 2,082,580</b>	<b>\$ 2,039,076</b>

See notes to consolidated financial statements.



# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Operations* *(Dollars in Thousands)*

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
Revenue, gains and support:		
Patient service revenue, net of contractual allowances and discounts	\$ 1,050,426	\$ 1,045,245
Provision for bad debts	(122,642)	(112,497)
Net patient service revenue	927,784	932,748
Premium revenue	10,683	1,003
Net investment gain	50,703	40,980
Net derivative gain	3,219	7,118
Other revenue, gains and support	62,457	77,455
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>1,054,846</b>	<b>1,059,304</b>
Expenses and losses:		
Salaries and wages	340,589	355,590
Physician salaries and wages	77,636	74,258
Contract labor	4,282	3,942
Employee benefits	69,173	74,590
Fees	115,606	105,891
Supplies	163,699	162,955
Utilities	17,052	16,857
Medical costs	10,292	1,039
Other	79,980	80,211
Loss on early extinguishment of debt - Note F	4,622	-
Depreciation	69,437	78,941
Amortization	1,742	2,260
Interest and taxes	44,392	43,203
<b>TOTAL EXPENSES AND LOSSES</b>	<b>998,502</b>	<b>999,737</b>
<b>EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES</b>	<b>\$ 56,344</b>	<b>\$ 59,567</b>

*See notes to consolidated financial statements.*

# **MOUNTAIN STATES HEALTH ALLIANCE**

## ***Consolidated Statements of Changes in Net Assets (Dollars in Thousands)***

***Year Ended June 30, 2014***

	<b><i>Mountain States Health Alliance</i></b>	<b><i>Noncontrolling Interests</i></b>	<b><i>Total</i></b>
<b>UNRESTRICTED NET ASSETS:</b>			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 48,058	\$ 8,286	\$ 56,344
Pension and other defined benefit plan adjustments	194	194	388
Net assets released from restrictions used for the purchase of property, plant and equipment	3,313	-	3,313
Noncontrolling interest in acquired subsidiary	-	914	914
Distributions to noncontrolling interests	-	(461)	(461)
INCREASE IN UNRESTRICTED NET ASSETS	51,565	8,933	60,498
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>			
Restricted grants and contributions	4,693	88	4,781
Net assets released from restrictions	(5,265)	(56)	(5,321)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(572)	32	(540)
INCREASE IN TOTAL NET ASSETS	50,993	8,965	59,958
NET ASSETS, BEGINNING OF YEAR	503,317	169,666	672,983
NET ASSETS, END OF YEAR	\$ 554,310	\$ 178,631	\$ 732,941

*See notes to consolidated financial statements.*

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# **MOUNTAIN STATES HEALTH ALLIANCE**

## ***Consolidated Statements of Changes in Net Assets - Continued*** ***(Dollars in Thousands)***

***Year Ended June 30, 2013***

	<b><i>Mountain States Health Alliance</i></b>	<b><i>Noncontrolling Interests</i></b>	<b><i>Total</i></b>
<b>UNRESTRICTED NET ASSETS:</b>			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 52,692	\$ 6,875	\$ 59,567
Pension and other defined benefit plan adjustments	(172)	(171)	(343)
Net assets released from restrictions used for the purchase of property, plant and equipment	1,506	-	1,506
Distributions to noncontrolling interests	-	(49)	(49)
INCREASE IN UNRESTRICTED NET ASSETS	54,026	6,655	60,681
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>			
Restricted grants and contributions	4,969	21	4,990
Net assets released from restrictions	(3,416)	(19)	(3,435)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	1,553	2	1,555
INCREASE IN TOTAL NET ASSETS	55,579	6,657	62,236
NET ASSETS, BEGINNING OF YEAR	447,738	163,009	610,747
NET ASSETS, END OF YEAR	\$ 503,317	\$ 169,666	\$ 672,983

# MOUNTAIN STATES HEALTH ALLIANCE

## Consolidated Statements of Cash Flows (Dollars in Thousands)

	Year Ended June 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 59,958	\$ 62,236
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	71,789	81,786
Provision for bad debts	122,642	112,497
Loss on early extinguishment of debt	4,622	-
Change in estimated fair value of derivatives	2,761	(457)
Equity in net income of joint ventures, net	(369)	(636)
Loss (gain) on disposal of assets	(3,489)	(1)
Amounts received on interest rate swap settlements	(5,980)	(6,661)
Gain on escrow restructuring	-	(13,847)
Gain on swap settlement	-	(3,020)
Capital Appreciation Bond accretion and other	2,629	3,910
Restricted contributions	(4,781)	(4,990)
Pension and other defined benefit plan adjustments	(388)	343
Increase (decrease) in cash due to change in:		
Patient accounts receivable	(115,380)	(129,218)
Other receivables, net	(11,880)	(3,192)
Inventories and prepaid expenses	959	(2,263)
Trading securities	(46,451)	(17,845)
Other assets	(2,492)	(1,073)
Accrued interest payable	(1,058)	1,181
Accounts payable and accrued expenses	(6,666)	(20,263)
Accrued salaries, compensated absences and amounts withheld	8,006	8,076
Estimated amounts due to third-party payers, net	(16,312)	4,757
Estimated professional liability self-insurance	199	(586)
Other long-term liabilities	16,425	556
Total adjustments	14,786	9,054
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>74,744</b>	<b>71,290</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(63,851)	(105,751)
Purchases of land held for expansion	(573)	(5,769)
Acquisitions, net of cash acquired	(4,256)	-
Purchases of held-to-maturity securities	(5,978)	(8,722)
Net distribution from joint ventures and unconsolidated affiliates	661	732
Proceeds from sale of property, plant and equipment	2,858	335
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(71,139)</b>	<b>(119,175)</b>

See notes to consolidated financial statements.

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Cash Flows - Continued* *(Dollars in Thousands)*

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on long-term debt and capital lease obligations, including deposits to escrow	(38,768)	(75,066)
Payment of acquisition and financing costs	(3,826)	(2,314)
Proceeds from issuance of long-term debt and other financing arrangements	11,916	117,085
Payment on termination of derivative agreements	-	(7,375)
Gain on escrow restructuring	-	13,847
Net amounts received on interest rate swap settlements	5,980	6,661
Restricted contributions received	5,376	4,842
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(19,322)</b>	<b>57,680</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,717)</b>	<b>9,795</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>74,902</b>	<b>65,107</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 59,185</b>	<b>\$ 74,902</b>
<b>SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS:</b>		
Cash paid for interest	\$ 40,546	\$ 37,023
Cash paid for federal and state income taxes	\$ 854	\$ 616
Construction related payables in accounts payable and accrued expenses	\$ 8,604	\$ 11,598
<b>Supplemental cash flow information regarding acquisitions - Note A:</b>		
Assets acquired, net of cash	\$ 12,715	\$ -
Liabilities assumed	(8,459)	-
Acquisitions, net of cash acquired	\$ 4,256	\$ -

During the year ended June 30, 2014, the Alliance refinanced previously issued debt of \$318,385.

## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements (Dollars in Thousands)***

***Years Ended June 30, 2014 and 2013***

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#### **NOTE A--ORGANIZATION AND OPERATIONS**

Mountain States Health Alliance (the Alliance) is a tax-exempt entity with operations primarily located in Washington, Sullivan, Unicoi, and Carter counties of Tennessee and Smyth, Wise, Dickenson, Russell and Washington counties of Virginia. The initial funds for the establishment of the Alliance in 1945 were provided by individuals and various institutions.

The primary operations of the Alliance consist of eleven acute and specialty care hospitals, as follows:

- Johnson City Medical Center (JCMC) - licensed for 658 beds
- Indian Path Medical Center (IPMC) - licensed for 261 beds
- Smyth County Community Hospital (SCCH) - licensed for 153 beds
- Norton Community Hospital (NCH) - licensed for 129 beds
- Sycamore Shoals Hospital (SSH) - licensed for 121 beds
- Johnston Memorial Hospital (JMH) - licensed for 116 beds
- Franklin Woods Community Hospital (FWCH) - licensed for 80 beds
- Russell County Medical Center (RCMC) - licensed for 78 beds
- Unicoi County Memorial Hospital (UCMH) - licensed for 48 beds
- Dickenson Community Hospital (DCH) - licensed for 25 beds
- Johnson County Community Hospital (JCCH) - licensed for 2 beds

The Alliance has a 50.1% interest in JMH. JMH is also the sole member of Abingdon Physician Partners (APP), a non-taxable corporation that owns and manages physician practices.

The Alliance has a 50.1% interest in NCH. NCH is also the sole member or shareholder of DCH and Norton Community Physician Services, LLC (NCPS), a taxable corporation that consists of physician practices and a pharmacy and Community Home Care (CHC), a taxable corporation that provides home medical equipment.

The Alliance has an 80% interest in SCCH. SCCH is the sole shareholder of Southwest Community Health Services, Inc. (SWCH), a taxable entity that operates a pharmacy and provides other health services.

The activities and accounts of JMH, NCH and SCCH are included in the accompanying consolidated financial statements.

Effective November 1, 2013, the Alliance acquired substantially all the assets, and certain liabilities, of Unicoi County Memorial Hospital from Unicoi County, Tennessee. To effectuate the acquisition, the Alliance paid approximately \$2,500 and committed to construct a new facility within five years.

## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued*** ***(Dollars in Thousands)***

#### ***Years Ended June 30, 2014 and 2013***

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The accounts and activities of UCMH since acquisition are included in the accompanying consolidated financial statements.

The Alliance is the sole shareholder of Blue Ridge Medical Management Corporation (BRMM), a for-profit entity that owns and manages physician practices and provides other healthcare services to patients in Tennessee and Virginia. BRMM is either the sole shareholder, a significant shareholder, or member of the following consolidated organizations:

*Mountain States Physician Group, Inc. (MSPG):* A company that contracts with physicians to provide services to BRMM physician practices.

*Mountain States Properties, Inc. (MSPI):* A company that owns and manages real estate (primarily medical office buildings) and provides rehabilitation and fitness services.

*Mediserve Medical Equipment of Kingsport, Inc. (Mediserve):* A company that provides durable medical equipment services.

*Kingsport Ambulatory Surgery Center (KASC) (d.b.a. Kingsport Day Surgery):* A joint venture operating as an outpatient surgery center which performs procedures primarily in otolaryngology, orthopedics, ophthalmology, and general surgery. BRMM has a 43% ownership of KASC and maintains control over KASC through a management agreement. The accounts and activities of KASC are included in the accompanying consolidated financial statements.

*Emmaus Community Healthcare LLC (d.b.a. Piney Flats Urgent Care (PFUC)):* A for-profit entity that provides urgent care patient services. BRMM has a 75% ownership of PFUC. The accounts and activities of PFUC are included in the accompanying consolidated financial statements.

*Mountain States Pharmacy (MSP):* A for-profit company that owns and operates retail pharmacies.

*East Tennessee Ambulatory Surgery Center (ETASC):* Effective January 1, 2014, BRMM acquired a controlling 66.1% ownership in ETASC and recognized approximately \$2,244 of goodwill as a result of the transaction. The accounts and activities of ETASC since acquisition are included in the accompanying consolidated financial statements.

The Alliance is the primary beneficiary of the activities of Mountain States Foundation, Inc. (MSF), a not-for-profit foundation formed to coordinate fundraising and development activities of the Alliance. The Alliance is also the beneficiary of the Mountain States Health Alliance Auxiliary (Auxiliary), a not-for-profit organization formed to coordinate volunteer activities of the Alliance.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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The activities and accounts of MSF and the Auxiliary are included in the accompanying consolidated financial statements.

The Alliance is a 99.8% shareholder of Integrated Solutions Health Network, LLC (ISHN). The primary function of ISHN is to establish, operate and administer a provider-sponsored health care delivery network. ISHN is the sole shareholder of the following subsidiaries:

*CrestPoint Health Insurance Company (CHIC):* A for-profit insurance company licensed in the State of Tennessee which provides network access and administration and third-party administrator services. CHIC has a risk-based contract with the Center for Medicare & Medicaid Services (CMS) to provide or arrange for the provision of healthcare services to senior citizens who have Medicare Part A, Medicare Part B and Medicare Part D entitlements.

*AnewCare Collaborative (AnewCare):* A for-profit accountable care organization which participates in CMS's Medicare Shared Savings Program.

#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES

*Principles of Consolidation:* The accompanying consolidated financial statements include the accounts of the Alliance and its consolidated subsidiaries after elimination of all significant intercompany accounts and transactions.

*Noncontrolling Interests in Subsidiaries:* The Alliance's accompanying consolidated financial statements include all assets, liabilities, revenues, expenses, and changes in net assets, including amounts attributable to the noncontrolling interests. Noncontrolling interests represent the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to the Alliance. For the years ending June 30, 2014 and 2013, the Alliance attributed an Excess of Revenue, Gains and Support over Expenses and Losses of \$8,286 and \$6,875, respectively, to the noncontrolling interests in JMH, NCH, SCCH, KASC, PFUC, ETASC and ISHN based on the noncontrolling interests' respective ownership percentage.

*Use of Estimates:* The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

*Cash and Cash Equivalents:* Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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limited as to use or uninvested amounts included in investment portfolios are not included as cash and cash equivalents.

*Investments:* Investments include trading securities and held-to-maturity securities. Within the trading securities portfolio, all debt securities and marketable equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments without readily determinable fair values are reported at estimated fair market value pursuant to The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, *Financial Instruments*. Realized gains and losses are computed using the specific identification method for cost determination. Interest and dividend income is reported net of related investment fees.

Investments which the Alliance has the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortized cost. On June 30, 2013, the Alliance determined that it no longer intended to hold certain of its held-to-maturity investment portfolios to maturity and reclassified investments with an amortized cost of \$161,929 into the trading designation. As a result, the Alliance recognized net unrealized gains of approximately \$8,255 in the accompanying 2013 Consolidated Statement of Operations. The investments that remain designated as held-to-maturity are limited as to use under a safekeeping agreement or are otherwise unavailable for disposition.

Management annually evaluates investments designated as held-to-maturity and recognizes any "other-than-temporary" losses as deductions from the Performance Indicator (as defined below). Management's evaluation considers the amount of decline in fair value, as well as the time period of any such decline. Management does not believe any investment classified as held-to-maturity is other-than-temporarily impaired at June 30, 2014.

Investments in joint ventures are generally reported under the equity method of accounting, which approximates the Alliance's equity in the underlying net book value, unless the ownership structure requires consolidation. Other assets include investments in joint ventures of \$1,364 and \$2,057 at June 30, 2014 and 2013, respectively.

*Inventories:* Inventories, consisting primarily of medical supplies, are stated at the lower of cost or market with cost determined by first-in, first-out method.

*Property, Plant and Equipment:* Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Generally, depreciation is computed by the straight-line method over the estimated useful life of the asset. During 2014, the Alliance changed its estimates of depreciable lives for certain classes of property and equipment. Management evaluated the useful lives of certain classes of equipment and determined that, based on information available to them, the previously assigned lives were not consistent with actual usage of such assets. As a result,

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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management extended the depreciable lives of certain classes of property and equipment to better reflect the actual usage pattern. The impact of this change in estimated useful lives was to decrease depreciation expense in the Consolidated Statement of Operations for the year ended June 30, 2014 by approximately \$7,500.

Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of buildings and equipment held under capital leases is shown as a part of depreciation expense and accumulated depreciation in the accompanying consolidated financial statements. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets.

The Alliance reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, the Alliance estimates future cash flows from operations and the eventual disposition of such assets. If the sum of these undiscounted future cash flows is less than the carrying amount of the asset, a write-down to estimated fair value is recorded. The Alliance did not recognize any impairment losses during 2014 and 2013.

Other assets include property held for resale and property held for expansion of \$20,793 and \$20,220, respectively, at June 30, 2014 and 2013. Property held for resale and property held for expansion primarily represent land contributed to, or purchased by, the Alliance plus costs incurred to develop the infrastructure of such land. Management annually evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified in 2014 and 2013.

**Goodwill:** Goodwill represents the difference between the acquisition cost of assets and the estimated fair value of net tangible and any separately identified intangible assets. Goodwill is evaluated for impairment at least annually. The reporting unit for evaluation of the majority of the Alliance's goodwill is the aggregate acute-care operations. Management performed an evaluation of goodwill for impairment considering qualitative and quantitative factors and does not believe the goodwill associated with any of its reporting units is impaired as of June 30, 2014. Management's estimates utilized in the evaluation contain significant estimates and it is reasonably possible that such estimates could change in the near term.

**Deferred Financing, Acquisition Costs and Other Charges:** Other assets include deferred financing, acquisition costs and other charges of \$25,841 and \$28,480 at June 30, 2014 and 2013, respectively.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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Deferred financing costs are amortized over the life of the respective bond issue principally using the average bonds outstanding method.

Prior to 2009, the Alliance routinely financed interest rate swap and other derivative transaction issuance costs through modification of future settlement terms. As such, the unamortized issuance costs of these derivatives are included as deferred financing costs in the accompanying Consolidated Balance Sheets and are being amortized over the term of the respective derivative instrument. The unpaid issuance costs are included as a part of the estimated fair value of derivatives in the accompanying Consolidated Balance Sheets. Beginning in 2009, interest rate swap and derivative transaction issuance costs were expensed as incurred.

*Derivative Financial Instruments:* The Alliance is a party to various interest rate swaps. These financial instruments are not designated as hedges and have been presented at estimated fair market value in the accompanying Consolidated Balance Sheets as either current or long-term liabilities, based upon the remaining term of the instrument. Changes in the estimated fair value of these derivatives are included in the Consolidated Statements of Operations as part of net derivative gain.

*Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities:* Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims and are recorded at the estimated net present value of such claims. Other long-term liabilities include contributions payable and obligations under deferred compensation arrangements, a defined benefit pension plan, a post-retirement employee benefit plan as well as other liabilities which management estimates are not payable within one year.

*Net Patient Service Revenue/Receivables:* Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Alliance's revenue recognition policies related to self-pay and other types of payers emphasize revenue recognition only when collections are reasonably assured.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid, TennCare and other third-party payment programs. Current operations include a provision for bad debts in the Consolidated Statements of Operations estimated based upon the age of the patient accounts receivable, historical writeoffs and recoveries and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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action it expects to take. The primary uncertainty lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

For uninsured patients that do not qualify for charity care, the Alliance recognizes revenue on the basis of discounted rates under the Alliance's self-pay patient policy. Under the policy, a patient who has no insurance and is ineligible for any government assistance program has his or her bill reduced to the amount which generally would be billed to a commercially insured patient. The Alliance's policy does not require collateral or other security for patient accounts receivable. The Alliance routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

*Charity Care:* The Alliance accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Alliance and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges forgone, based on established rates, totaled approximately \$109,550 and \$103,084 during 2014 and 2013, respectively. The estimated direct and indirect cost of providing these services totaled approximately \$23,733 and \$24,709 in 2014 and 2013, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated.

In addition to the charity care services, the Alliance provides a number of other services to benefit the poor for which little or no payment is received. Medicare, Medicaid, TennCare and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The Alliance also provides services to the community at large for which it receives little or no payment.

*Excess of Revenue, Gains and Support Over Expenses and Losses:* The Consolidated Statements of Operations and the Consolidated Statements of Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator, consistent with industry practice, include contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, certain pension and related adjustments, and transactions with noncontrolling interests.

*Income Taxes:* The Alliance is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Alliance and its tax-exempt subsidiaries. The Alliance's taxable subsidiaries are discussed in Note L. The Alliance has no

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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significant uncertain tax positions at June 30, 2014 and 2013. At June 30, 2014, tax returns for 2010 through 2013 are subject to examination by the Internal Revenue Service.

*Temporarily and Permanently Restricted Net Assets:* Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions. The Alliance's policy is to net contribution and grant revenues against related expenses and present such amounts as a part of other revenue, gains and support in the Consolidated Statements of Operations. Permanently restricted net assets have been restricted by donors to be maintained by the Alliance in perpetuity.

*Premium Revenue:* Premiums earned include premiums from individuals and Medicare. Medicare revenue includes premiums based on predetermined prepaid rates under Medicare risk contracts. Premiums are recognized in the month in which the members are entitled to health care services. Premiums collected in advance are deferred and recorded as unearned premium revenue. Premium deficiency losses are recognized when it is probable that expected future claim expenses will exceed future premiums on existing contracts. CHIC evaluated the need for a premium deficiency reserve and recorded an estimated reserve of \$2,000 at June 30, 2014.

*Medicare Shared Savings Program (MSSP):* AnewCare, an Accountable Care Organization (ACO), participates in CMS's Medicare Shared Savings Program which is designed to facilitate coordination and cooperation among providers to improve the quality of care for Medicare beneficiaries and reduce unnecessary costs. ACOs participating in the program are assigned beneficiaries by CMS and are entitled to share in the savings if they are able to lower growth in Medicare Parts A and B fee-for-service costs while meeting performance standards on quality of care. The program is based on performance periods, the first of which specific to AnewCare was the period of July 2012 to December 2013. Utilizing statistical data and the methodology employed by CMS, AnewCare estimated and recognized \$2,644 of net shared savings through June 30, 2013. Upon completion of the initial performance period, total net shared savings of \$4,745 were recognized. For the second performance period, AnewCare has estimated \$1,625 of net shared savings as of June 30, 2014. Variability is inherent in the estimation methodology and due to uncertainties in the estimation; it is probable that management's estimates of shared savings, if any, will change by the end of the second performance period, and such change could be significant.

*Electronic Health Record (EHR) Incentives:* The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified EHR technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

and are recorded upon the Alliance's attainment of program and attestation criteria. The incentive payments are subject to regulatory audit. During the years ending June 30, 2014 and 2013, the Alliance recognized EHR incentive revenues of \$18,269 and \$22,474, respectively. EHR incentive revenues are included in other revenue, gains and support in the accompanying Consolidated Statements of Operations. The Alliance incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not directly correlate with the timing of the Alliance's receipt or recognition of the EHR incentive payments.

*Medical Costs:* The cost of health care services is recognized in the period in which services are provided. Medical costs include an estimate of the cost of services provided to CHIC members by third-party providers, which have been incurred but not reported to CHIC. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims and industry data. Due to uncertainties in the estimation, it is at least reasonably possible that management's estimates of incurred but not reported claims will change in 2015, although the amount of the change cannot be estimated.

*Subsequent Events:* The Alliance evaluated all events or transactions that occurred after June 30, 2014, through October 29, 2014, the date the consolidated financial statements were available to be issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2014 consolidated financial statements, other than as discussed in Note Q.

*Reclassifications:* Certain 2013 amounts have been reclassified to conform with the 2014 presentation in the accompanying consolidated financial statements.

#### NOTE C--INVESTMENTS

Assets limited as to use are summarized by designation or restriction as follows at June 30:

	<u>2014</u>	<u>2013</u>
Designated or restricted:		
Under safekeeping agreements	\$ 8,220	\$ 8,254
By Board to satisfy regulatory requirements	6,759	2,096
Under bond indenture agreements:		
For debt service and interest payments	55,123	60,823
For capital acquisitions	16,127	36,989
	<u>86,229</u>	<u>108,162</u>
Less: amount required to meet current obligations	(25,029)	(20,386)
	<u>\$ 61,200</u>	<u>\$ 87,776</u>



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

Assets limited as to use consist of the following at June 30:

	<i>2014</i>	<i>2013</i>
Cash, cash equivalents and money market funds	\$ 54,437	\$ 57,190
U.S. Government securities	8,683	11,164
U.S. Agency securities	19,835	30,407
Corporate and foreign bonds	2,354	7,530
Municipal obligations	920	1,871
	<u>\$ 86,229</u>	<u>\$ 108,162</u>

Trading securities consist of the following at June 30:

	<i>2014</i>	<i>2013</i>
Cash, cash equivalents and money market funds	\$ 47,126	\$ 9,488
U.S. Government securities	30,721	18,481
U.S. Agency securities	39,084	19,620
Corporate and foreign bonds	96,749	172,350
Municipal obligations	21,409	17,749
Preferred and asset backed securities	3,497	3,491
U.S. equity securities	1,868	10,944
Mutual funds	253,301	186,028
Alternative investments	54,761	37,353
	<u>\$ 548,516</u>	<u>\$ 475,504</u>

Held-to-maturity securities (other than assets limited as to use) are carried at amortized cost and consist of the following at June 30:

	<i>2014</i>	<i>2013</i>
Cash, cash equivalents and money market funds	\$ 220	\$ 75
Corporate and foreign bonds	35,131	33,060
Municipal obligations	3,408	4,937
	<u>\$ 38,759</u>	<u>\$ 38,072</u>

Held-to-maturity securities had gross unrealized gains and losses of \$206 and \$456, respectively, at June 30, 2014 and \$15 and \$1,421, respectively, at June 30, 2013. At June 30, 2014, the Alliance held securities within the held-to-maturity portfolio with a fair value and unrealized loss of \$13,513 and \$456, respectively, which had been at an unrealized loss position for over one year. At June 30,

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

2013, the Alliance held no securities within the held-to-maturity portfolio which had been in an unrealized loss position for over one year. At June 30, 2014, the contractual maturities of held-to-maturity securities were \$17,625 due in one year or less, \$5,411 due from one to five years and \$15,723 due after five years.

The net investment gain is comprised of the following for the years ending June 30:

	<i>2014</i>	<i>2013</i>
Interest and dividend income, net of fees	\$ 12,074	\$ 13,881
Net realized gains on the sale of securities	15,311	3,074
Change in net unrealized gains on securities	23,318	24,025
	<u>\$ 50,703</u>	<u>\$ 40,980</u>

The Alliance is a member of Premier Inc.'s (Premier) group purchasing organization and in connection with this membership, the Alliance held a non-controlling interest in Premier that was accounted for using the cost method of accounting. In October 2013, Premier completed an initial public offering (IPO) and a restructuring of the company. In connection with the restructuring, the Alliance received 860,499 Class B Units and concurrently sold approximately 16% of the units back to Premier. The Alliance recognized a gain of approximately \$3,500 on the sale, which is included within other revenue, gains and support in the 2014 Consolidated Statement of Operations.

The Alliance has the ability to convert its remaining Class B units into cash or Premier's Class A common stock over a seven year vesting period. The Alliance recorded an investment in Premier relative to the estimated fair value of the remaining Class B units of approximately \$14,713. In addition, as the vesting period is tangential to the Alliance's continued participation in the group purchasing contract, the Alliance recorded a liability equivalent to the estimated fair value of the Class B units, which is included within other long-term liabilities in the 2014 Consolidated Balance Sheet. The liability is being amortized as a vendor incentive over the seven year vesting period. During 2014, the Alliance recognized approximately \$2,995 related to the first vesting period (Tranche 1), which is included within other revenue, gains and support in the 2014 Consolidated Statement of Operations.

#### NOTE D--DERIVATIVE TRANSACTIONS

The Alliance is a party to a number of derivative transactions. These derivatives have not been designated as hedges and are valued at estimated fair value in the accompanying Consolidated Balance Sheets. Management's primary objective in holding such derivatives is to introduce a variable rate component into its fixed rate debt structure. Under the terms of these agreements, changes in the interest rate environment could have a significant effect on the Alliance. Net deferred

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* (Dollars in Thousands)

#### *Years Ended June 30, 2014 and 2013*

financing, acquisition costs and other charges include \$5,447 and \$5,791 at June 30, 2014 and 2013, respectively, related to these swaps.

The Alliance is subject to an enforceable master netting arrangement in the form of an ISDA agreement with Bank of America, Merrill Lynch. Under the terms of this agreement, offsetting of derivative contracts is permitted in the event of default of either party to the agreement. The ISDA agreement requires that the Alliance post additional collateral for the derivatives' fair market value deficits above specified levels. As of June 30, 2014 and 2013, the Alliance was not required to post additional collateral.

The following is a summary of the interest rate swap agreements at June 30, 2014 and 2013:

<i>Notional Amount</i>	<i>Term</i>	<i>Counterparty</i>	<i>Payments:</i>		<i>Estimated Fair Value</i>	
			<i>Receive</i>	<i>Pay</i>	<i>2014</i>	<i>2013</i>
\$170,000	4/2006-4/2026	Bank of America, Merrill Lynch	1.07% 4/2013-4/2014 1.14% 5/2014-4/2016	0.00%	\$ 3,089	\$ 3,895
\$95,000	4/2006-4/2026	Bank of America, Merrill Lynch	1.08% 4/2013-4/2014 1.14% 5/2014-4/2016	0.00%	1,748	2,205
\$173,030	4/2006-4/2034	Bank of America, Merrill Lynch	1.12% 4/2013-4/2014 1.16% 5/2014-4/2016	0.00%	(1,884)	(710)
\$82,055	12/2007-7/2033	Bank of America, Merrill Lynch	67% USD-LIBOR-BBA	0.312% + USD-SIFMA	(9,365)	(9,322)
\$50,000	2/2008-7/2038	Bank of America, Merrill Lynch	67% (USD-LIBOR-BBA + 0.15%)	USD-SIFMA	(4,210)	(4,218)
\$20,400	7/2007-7/2015	Bank of America, Merrill Lynch	1.05% + USD-SIFMA	4.50%	63	35
					(10,559)	(8,115)
\$4,680	7/2010-7/2015	First Tennessee Bank	0.00%	USD-LIBOR-BBA	(44)	(70)
					<u>\$ (10,603)</u>	<u>\$ (8,185)</u>

The net investment derivative gain is comprised of the following for the years ending June 30:

	<i>2014</i>	<i>2013</i>
Settlement income and other	\$ 5,980	\$ 6,661
Change in estimated fair value	(2,761)	457
	<u>\$ 3,219</u>	<u>\$ 7,118</u>

These fair values are based on the estimated amount the Alliance would receive, or be required to pay, to enter into equivalent agreements at the valuation date and include an estimated credit value

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

adjustment. Due to the nature of these financial instruments, such estimates of fair value are subject to significant change in the near term.

The Alliance was a party to a total return swap which terminated in 2009. In 2013, the Alliance and counterparty reached a settlement agreement. A gain of approximately \$3,020 was recognized on the settlement, which is included within other revenue, gains and support in the accompanying 2013 Consolidated Statement of Operations.

#### NOTE E--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30:

	2014	2013
Land	\$ 60,722	\$ 60,180
Buildings and leasehold improvements	760,853	718,489
Property and improvements held for leasing	80,824	77,767
Equipment and information technology infrastructure	700,748	664,469
Buildings and equipment held under capital lease	340	671
	<u>1,603,487</u>	<u>1,521,576</u>
Less: Allowances for depreciation and amortization	<u>(757,641)</u>	<u>(704,002)</u>
	845,846	817,574
Construction in progress (Note N)	35,583	66,719
	<u>\$ 881,429</u>	<u>\$ 884,293</u>

Accumulated depreciation and amortization on property and improvements held for leasing purposes is \$27,500 and \$25,146 at June 30, 2014 and 2013, respectively. Net interest capitalized was \$1,533 and \$4,419 for the years ended June 30, 2014 and 2013, respectively.

The Alliance entered into an Amendment and Mutual Release Agreement with a vendor whereby the Alliance waived its right to take any action with respect to prior contracts in exchange for professional services, primarily related to accelerated deployment of information systems. The Alliance recognized approximately \$282 and \$3,386 in 2014 and 2013, respectively, as additions to property, plant and equipment with an offsetting gain related to the agreed-upon value of such professional services. The Alliance anticipates recognition of additional amounts in future periods.



# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

Years Ended June 30, 2014 and 2013

### NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Long-term debt and capital lease obligations consist of the following at June 30:

Description	Rate as of June 30, 2014	Outstanding Balance	
		2014	2013
2013 Hospital Revenue and Refunding Revenue Bonds:			
\$61,180 variable rate tax-exempt term bond, due August 2031	1.13%	\$ 328,665	\$ -
\$48,600 variable rate tax-exempt term bond, due August 2032	0.91%		
\$13,350 variable rate tax-exempt term bond, due August 2038	1.13%		
\$89,620, variable rate tax-exempt term bonds, due August 2042	1.10% - 1.21%		
\$16,235, variable rate tax-exempt term bond, due August 2043	0.05%		
\$99,680 variable rate taxable term bond due August 2043	0.12%		
2012 Hospital Revenue Bonds:			
(net of unamortized premium of \$1,756 and \$1,817 at June 30, 2014 and 2013, respectively)			
\$55,000 fixed rate tax-exempt term bond, due August 2042	5.00%	56,756	94,697
2011 Hospital Revenue and Refunding and Improvement Bonds:			
\$6,445 variable rate taxable term bond, due July 2026	0.12%	104,710	229,919
\$76,930 variable rate tax-exempt term bonds, due July 2033	0.07%		
\$21,335 variable rate tax-exempt term bond, due July 2033 (JMH)	1.10%		
2010 Hospital Revenue Refunding Bonds:			
(net of unamortized premium of \$1,523 and \$1,604 at June 30, 2014 and 2013, respectively)			
\$41,600 fixed rate tax-exempt serial bonds, through 2020	4.00% to 5.00%	180,993	188,549
\$4,355 fixed rate tax-exempt term bond, due July 2023	5.00%		
\$14,985 fixed rate tax-exempt term bond, due July 2025	5.38%		
\$4,250 fixed rate tax-exempt term bond, due July 2028	5.50%		
\$19,230 fixed rate tax-exempt term bond, due July 2030	5.63%		
\$95,050 fixed rate tax-exempt term bonds, due July 2038	6.00% - 6.50%		
2009 Hospital Revenue Bonds:			
(net of unamortized discount of \$2,267 and \$2,359 at June 30, 2014 and 2013, respectively)			
\$16,990 fixed rate tax-exempt term bonds, due July 2019	7.25%	119,813	122,256
\$21,730 fixed rate tax-exempt term bonds, due July 2029	7.50%		
\$83,360 fixed rate tax-exempt term bonds, due July 2038	7.75% - 8.00%		
2008 Hospital Revenue Bond:			
Refunded in 2014		-	65,210
2007B Taxable Hospital Revenue Bonds:			
\$19,515 variable rate taxable term bond due July 2019	0.13%	19,515	123,335
2006 Hospital First Mortgage Revenue Bonds:			
(net of unamortized premium of \$129 and \$135 at June 30, 2014 and 2013, respectively)			
\$4,680 fixed rate tax-exempt serial bonds, through 2019	5.00%	167,864	168,485
\$7,375 fixed rate tax-exempt term bond, due July 2026	5.25%		
\$20,505 fixed rate tax-exempt term bond, due July 2031	5.50%		
\$135,175 fixed rate tax-exempt term bond, due July 2036	5.50%		
2001 Hospital First Mortgage Revenue Bond:			
\$20,400 fixed rate tax-exempt term bond, due July 2026	4.50%	20,400	21,400

# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

### Years Ended June 30, 2014 and 2013

Description	Rate as of June 30, 2014	Outstanding Balance	
		2014	2013
2000 Hospital First Mortgage Revenue and Refunding Bonds:			
\$43,995 fixed rate tax-exempt term bonds, due July 2026	8.50%	81,006	80,485
\$37,011 fixed rate tax-exempt Capital Appreciation Bonds, interest and principal due July 2026 through 2030	6.63%		
Capitalized lease obligations secured by equipment			
Various monthly principal and interest payments through December 2016	Various	806	1,240
Master installment payment agreements			
Various payments through May 2014	Unspecified	-	3,823
Notes payable secured by real estate			
Various principal and interest payments through 2017	Various	5,542	5,878
Promissory notes secured by assets of PFUC			
Various monthly principal and interest payments through 2019	3.00% - 3.75%	918	985
Term note			
Monthly principal payments of \$60 plus variable rate interest beginning November 2012 through September 2015; remaining principal due October 2015	1.14%	16,883	17,607
Notes payable secured by equipment			
Various monthly principal and interest payments through 2016	Various	790	896
Promissory note secured by assets of KASC			
Monthly principal payments of \$7 beginning April 2014 through February 2019; remaining principal due March 2019	3.25%	431	-
Promissory note secured by assets of ETASC			
Monthly principal payments of \$8 plus variable rate interest beginning January 2011 through August 2015; remaining principal due September 2015	3.25%	595	-
		1,105,687	1,124,765
Less current portion		(30,618)	(34,417)
		<u>\$ 1,075,069</u>	<u>\$ 1,090,348</u>

**Series 2013 Bonds:** In July 2013, the Alliance issued \$16,235 (Series 2013A) Hospital Revenue Bonds, \$99,680 (Series 2013B) Hospital Refunding Revenue Bonds, \$13,350 (Series 2013C) Hospital Refunding Revenue Bonds and \$28,310 (Series 2013G) Hospital Revenue Bonds through The Health and Educational Facilities Board of the City of Johnson City, Tennessee and \$61,180 (Series 2013D) Hospital Refunding Revenue Bonds, \$9,880 (Series 2013E) Hospital Refunding Revenue Bonds, \$51,430 (Series 2013F) Hospital Refunding Revenue Bonds and \$48,600 (Series 2013H) Hospital Refunding Revenue Bonds through the Industrial Development Authority of Smyth County, Virginia (collectively, the Series 2013 Bonds).

The proceeds from the Series 2013A Bonds were used to finance or refinance capital improvements and equipment acquisitions and to pay issuance costs associated with these Bonds. The proceeds from the remaining Series 2013 Bonds were used to refinance outstanding indebtedness, specifically related to the Series 2007B-2, 2008A, 2008B, 2011C, 2011D, 2012B and 2012C Bonds, and to pay issuance costs associated with these Bonds.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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**Capital Appreciation Bonds:** The Series 2000 Bonds include \$14,680 of insured Capital Appreciation Bonds. Such bonds bear a 0% coupon rate and have a yield of 6.625% annually. The Alliance recognizes interest expense and increases the amount of outstanding debt each year based upon this yield. Total principal and interest due at maturity (2026 through 2030) is \$93,675.

**Other:** Outstanding tax-exempt bond obligations that were insured under municipal bond insurance policies were \$81,006 and \$80,485 at June 30, 2014 and 2013, respectively. Under terms of these policies, the insurer guarantees the Alliance's payment of principal and interest. At June 30, 2014 and 2013, the Alliance held \$212,360 and \$417,290, respectively, in variable rate demand bonds with letter of credit support and \$240,530 and \$39,055, respectively, in variable rate bonds held under direct purchase agreements.

**Early Redemption:** Essentially all of the Alliance's bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary redemption, at various dates and prices as described in the respective Bond indentures and other documents.

**Derecognized Bonds:** In previous years, the advance refunded previously issued debt by placing required funds in irrevocable trusts in order to satisfy remaining scheduled principal and interest payments of the outstanding debt. Management, upon advice of legal counsel, believes the amounts deposited in such irrevocable trust accounts have contractually relieved the Alliance of any future obligations with respect to this debt, and the debt is not a considered liability of the Alliance. Therefore, such debt has been derecognized. Debt outstanding and not recognized in the Consolidated Balance Sheet at June 30, 2014 due to previous advance refundings totaled approximately \$196,290.

The assets placed in the irrevocable trust accounts are also not recognized as assets of the Alliance. These assets consist primarily of various investments, as permitted by bond indentures and other documents, including United States Treasury obligations, an investment contract with MBIA Insurance Corporation (MBIA) in the original amount of \$54,300, as well as the Series 2000C and 2000D Bonds which were purchased with the proceeds of the 2000A and 2000B Bonds specifically for the purpose of utilizing the Series 2000C and 2000D Bonds in the irrevocable trust. Therefore, certain of the assets held in the irrevocable trust accounts have future income streams contingent upon payments by the Alliance.

The Alliance instructed the trustee of the advance refunded 1998C Bonds to liquidate certain investments held in the related irrevocable trust account and to redeem a portion of the 1998C Bonds with the proceeds from the liquidation. The fair value of the liquidated assets exceeded the payment necessary to redeem the 1998C Bonds and the excess was paid to the Alliance. As a result of this transaction, the Alliance recognized a net gain of \$13,847 which is included in other revenue, gains and support in the accompanying 2013 Consolidated Statements of Operations.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

**Financing Arrangements:** The Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds indebtedness. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The JMH Series 2011 Hospital Refunding and Improvement Revenue Bonds are secured by pledged revenues of JMH, as defined in the Credit Agreement.

Certain members of the Alliance and JMH are each members of separate Obligated Groups. The bond indentures, master trust indentures, letter of credit agreements and loan agreements related to the various bond issues and notes payable contain covenants with which the respective Obligated Groups must comply. These requirements include maintenance of certain financial and liquidity ratios, deposits to trustee funds, permitted indebtedness, use of facilities and disposals of property. These covenants also require that failure to meet certain debt service coverage tests will require the deposit of all daily cash receipts of the Alliance into a trust fund. Management has represented the Alliance and JMH are in compliance with all such covenants at June 30, 2014.

During 2014, the Alliance recognized a \$4,622 loss on early extinguishment of debt representing the write off of previously deferred and unamortized financing costs generally related to the refunded portion of the Series 2012 Bonds, Series 2008 Bonds, Series 2011 Bonds and Series 2007B Bonds.

The scheduled maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discount and premium, at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 30,618
2016	42,329
2017	27,647
2018	24,793
2019	25,924
Thereafter	<u>953,235</u>
	1,104,546
Net premium	<u>1,141</u>
	<u><u>\$ 1,105,687</u></u>

#### NOTE G—SELF-INSURANCE PROGRAMS

The Alliance is substantially self-insured for professional and general liability claims and related expenses. The Alliance maintains a \$25,000 umbrella liability policy that attaches over the self-



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

insurance limits of \$10,000 per claim and a \$15,000 annual aggregate retention. The Alliance's insurance program also provides professional liability coverage for certain affiliates and joint ventures.

The Alliance is also substantially self-insured for workers' compensation claims in the State of Tennessee and has established estimated liabilities for both reported and unreported claims. The Alliance maintains a stop-loss policy that attaches over the self-insurance limits of \$1,000 per occurrence and \$1,000 annual aggregate retention. In the State of Virginia, the Alliance is not self-insured and maintains workers' compensation insurance through commercial carriers.

At June 30, 2014, the Alliance is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2014 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Alliance management has estimated and accrued for the cost of these unreported claims based on historical data and actuarial projections. The estimated net present value of malpractice and workers' compensation claims, both reported and unreported, as of June 30, 2014 and 2013 was \$13,220 and \$12,348, respectively. The discount rate utilized was 5% at June 30, 2014 and 2013.

Additionally, the Alliance is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid, including a catastrophic claims reserve based on historical claims in excess of \$75. Such amount is included in accounts payable and accrued expenses in the Consolidated Balance Sheets.

#### NOTE H--NET PATIENT SERVICE REVENUE

Patient service revenue, net of contractual allowances and discounts is composed of the following for the years ended June 30:

	<i>2014</i>	<i>2013</i>
Third-party payers	\$ 937,150	\$ 946,979
Patients	113,276	98,266
Patient service revenue	<u>\$ 1,050,426</u>	<u>\$ 1,045,245</u>

Patient deductibles and copayments under third-party payment programs are included within the patient amounts above.

The Alliance also provides services to uninsured and underinsured patients that do not qualify for financial assistance. Based on historical experience, a significant portion of uninsured and

## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued*** ***(Dollars in Thousands)***

#### ***Years Ended June 30, 2014 and 2013***

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underinsured patients are unable or unwilling to pay the portion of their bill for which they are financially responsible and a significant provision for bad debts is recorded in the period the services are provided.

The Alliance's allowance for doubtful accounts totaled \$47,853 and \$49,449 at June 30, 2014 and 2013, respectively. The allowance for doubtful accounts remained consistent at 23% of patient accounts receivable, net of contractual allowances, at June 30, 2014 and 2013. Management's estimate of the allowance for doubtful accounts is a significant estimate subject to change in the near term. The provision for bad debts associated with the Alliance's ancillary service lines are not significant.

#### **NOTE I--THIRD-PARTY REIMBURSEMENT**

The Alliance renders services to patients under contractual arrangements with Medicare, Medicaid, TennCare and various other commercial payers. The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Alliance also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, subject to various prescribed limitations and reductions.

Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations (MCOs) and is based on diagnosis related group assignments, a negotiated per diem or fee schedule basis. The Alliance also receives additional supplemental payments from the State of Tennessee through the essential access program. These payments recognized totaled \$6,225 and \$8,455 for the years ended June 30, 2014 and 2013, respectively. Additionally, during the year ending June 30, 2014, the Alliance recorded approximately \$4,097 related to additional supplemental funding through the State of Tennessee as management believes such funding is applicable to 2014. Such payments are not guaranteed in future periods.

The Virginia Medicaid program reimbursement for inpatient hospital services is based on a prospective payment system using both a per case and per diem methodology. Additional payments are made for the allowable costs of capital. Payments for outpatient services were based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report through December 31, 2013. Beginning January 1, 2014, payments for outpatient services are transitioning from cost-based reimbursement principles to a prospective payment system. Full implementation of this transition is expected to take place over multiple years.

## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued*** ***(Dollars in Thousands)***

#### ***Years Ended June 30, 2014 and 2013***

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Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The impact of final settlements of cost reports or changes in estimates increased net patient service revenue by \$6,201 and \$1,328 in 2014 and 2013, respectively.

Activity with respect to audits and reviews of the governmental programs in the healthcare industry has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts, if any. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2015, although the amount of any change cannot be estimated.

During 2014, the Alliance recognized \$5,600 of estimated receivables from amounts previously recouped as a result of audits and reviews of governmental programs. Such amounts are based on the Alliance's historical experience with appeals of such recoupments. However, such amounts are subject to significant changes in the near term.

Participation in the Medicare program subjects the Alliance to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may result from final settlements or violations of other rules or regulations. Management has represented that the Alliance is in substantial compliance with these rules and regulations as of June 30, 2014.

The Alliance has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

#### **NOTE J--EMPLOYEE BENEFIT PLANS**

The Alliance sponsors a retirement plan (the Plan) which covers substantially all employees. The Plan is a defined contribution plan which consists principally of employer-funded contributions. During 2014 and 2013, the Alliance made contributions to the Plan under a stratified system, whereby the Alliance's contribution percentage is based on each employee's years of service. Employees of certain other subsidiaries are covered by other plans, although such plans are not significant. The total expense related to defined contribution plans for the years ended June 30, 2014 and 2013 was \$13,850 and \$16,121, respectively.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

NCH maintains a defined benefit pension plan and a post-retirement employee benefit plan. The accrued unfunded pension liability was \$2,086 and \$3,028, and the accrued unfunded post-retirement liability was \$5,857 and \$4,943 at June 30, 2014 and 2013, respectively.

The Alliance sponsors a secured executive benefit program (SEBP) for certain key executives. Contributions to the plan by the Alliance are based on an annual amount of funding necessary to produce a target benefit for the participants at their retirement date, although the Alliance does not guarantee any level of benefit will be achieved. The Alliance contributed \$511 and \$1,020 to the plan during 2014 and 2013, respectively. Other assets at June 30, 2014 and 2013 include \$11,302 and \$10,721, respectively, related to the Alliance's portion of the benefits which are recoverable upon the death of the participant. In addition, the Alliance sponsors a Section 457(f) plan for certain key executives. The Alliance contributed \$231 and \$294 to the Section 457(f) plan during 2014 and 2013, respectively.

#### NOTE K--CONCENTRATION OF RISK

The Alliance has locations primarily in upper East Tennessee and Southwest Virginia which is considered a geographic concentration. The Alliance grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Net patient service revenue from Washington County, Tennessee operations were approximately 52% and 51% of total net patient service revenue in 2014 and 2013, respectively.

The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of June 30. The patient responsibility related to charges for which the third-party has not yet paid is included within the third-party payer categories.

	<i>2014</i>	<i>2013</i>
Medicare	39%	38%
TennCare/Medicaid	18%	16%
Commercial	28%	28%
Other third-party payers	8%	9%
Patients	7%	9%
	<u>100%</u>	<u>100%</u>

Approximately 88% of the consolidated total revenue, gains and support were related to the provision of healthcare services during 2014 and 2013. Admitting physicians are primarily practitioners in the regional area.



## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued*** ***(Dollars in Thousands)***

#### ***Years Ended June 30, 2014 and 2013***

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Employees at two of the Alliance's Virginia hospitals are covered under a collective bargaining agreement which extends through February 2017.

The Hospital maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Alliance may maintain bank account balances in excess of the FDIC insured limit. Management believes the credit risk associated with these deposits is not significant.

The Alliance routinely invests in investment vehicles as listed in Note C. The Alliance's investment portfolio is managed by outside investment management companies. Investments in corporate and foreign bonds, municipal obligations, money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government.

#### **NOTE L--INCOME TAXES**

BRMM and its subsidiaries file a consolidated federal tax return and separate state tax returns. As of June 30, 2014 and 2013, BRMM and its subsidiaries had net operating loss carryforwards for consolidated federal purposes of \$27,085 and \$33,620, respectively, related to operating loss carryforwards, which expire through 2031. At June 30, 2014 and 2013, BRMM had state net operating loss carryforwards of \$74,191 and \$71,637, respectively, which expire through 2028. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated.

At June 30, 2014 and 2013, SWCH had federal and state net operating loss carryforwards of \$5,884 and \$5,906, respectively, which expire through 2033. The net operating loss carryforwards may be off-set against future taxable income to the extent permitted by the Internal Revenue Code and tax codes of the Commonwealth of Virginia.

Net deferred tax assets related to these carryforwards and other deferred tax assets have been substantially offset through valuation allowances equal to these amounts. Income taxes paid relate primarily to state taxes for certain subsidiaries and federal alternative minimum tax.

#### **NOTE M--RELATED PARTY TRANSACTIONS**

The Alliance enters into transactions with entities affiliated with certain members of the Board of Directors including transactions to construct Alliance facilities and provide professional services to the Alliance. Board members refrain from discussion and abstain from voting on transactions with entities with which they are related.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

*Years Ended June 30, 2014 and 2013*

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#### NOTE N—OTHER COMMITMENTS AND CONTINGENCIES

*Construction in Progress:* Construction in progress at June 30, 2014 represents costs incurred related to various hospital and medical office building facility renovations and additions and information technology infrastructure. The Alliance has outstanding contracts and other commitments related to the completion of these projects, and the cost to complete these projects is estimated to be approximately \$48,844 at June 30, 2014. The Alliance does not expect any significant costs to be incurred for infrastructure improvements to assets held for resale.

*Physician Contracts:* BRMM employs physicians to provide services to BRMM's physician practices through employment agreements which provide annual compensation, plus incentives based upon specified productivity and performance (quality measures). These contracts have various terms.

In addition, the Alliance has entered into contractual relationships with non-employed physicians to provide services in Upper East Tennessee and Southwest Virginia. These contracts guarantee certain base payments and allowable expenses and have terms of varying lengths. Amounts drawn and outstanding under each agreement are treated as a loan bearing interest at various rates and are subject to repayment over a specified period. The physician notes may also be amortized by virtue of the physician's continued practice in the specified community during the repayment period. A net receivable of \$853 and \$884 related to these agreements is included in the accompanying Consolidated Balance Sheets at June 30, 2014 and 2013, respectively.

*Employee Scholarships:* The Alliance offers scholarships to certain individuals which require that the recipients return to the Alliance to work for a specified period of time after they complete their degree. Amounts due are then forgiven over a specific period of time as provided in the individual contracts. If the recipient does not return and work the required period of time, the funds disbursed on their behalf become due immediately and interest is charged until the funds are repaid. Other receivables at June 30, 2014 and 2013 include \$8,685 and \$9,021, respectively, related to students in school, graduates working at the Alliance and amounts due from others who are no longer in the scholarship program, net of an estimated allowance.

*Operating Leases and Maintenance Contracts:* Total lease expense for the years ended June 30, 2014 and 2013 was \$7,901 and \$8,739, respectively. Future minimum lease payments for each of the next five years and in the aggregate for the Alliance's noncancellable operating leases with remaining lease terms in excess of one year are as follows:

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

<u>Year Ending June 30,</u>	
2015	\$ 6,996
2016	6,389
2017	4,084
2018	3,292
2019	3,025
Thereafter	12,500
	<u>\$ 36,286</u>

*Other:* The Alliance is a party to various transactions and agreements in the normal course of business, which include purchase and re-purchase agreements, put arrangements and other commitments, which may bind the Alliance to undertake additional transactions or activities in the future.

*Healthcare Industry:* Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

#### NOTE O—FAIR VALUE MEASUREMENT

The fair value of financial instruments has been estimated by the Alliance using available market information as of June 30, 2014 and 2013, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Alliance could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

*Held-to-Maturity Securities:* The estimated fair value of the Alliance's held-to-maturity securities at June 30, 2014 and 2013, is approximately \$38,508 and \$36,666, respectively, and would be classified in level 2 of the fair value hierarchy (described below). The fair value is based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations.

*Investment in Joint Ventures:* It is not practical to estimate the fair market value of the investments in joint ventures.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2014 and 2013*

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*Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities:* Estimates of reported and unreported professional liability claims, pension and post-retirement liabilities are discounted to approximate their estimated fair value. It is not practical to estimate the fair market value of other long-term liabilities.

*Long-Term Debt:* The estimated fair value of the Alliance's long-term debt at June 30, 2014 and 2013, is approximately \$1,172,357 and \$1,168,846, respectively, and would be classified in level 2 in the fair value hierarchy. The fair value of long-term debt is estimated based upon quotes obtained from brokers for bonds and discounted future cash flows using current market rates for other debt. For long-term debt with variable interest rates, the carrying value approximates fair value.

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The Alliance's Level 2 investments are valued primarily using the market valuation approach.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Alliance's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Alliance's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial instruments measured at fair value as of June 30, 2014 and 2013:

# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

### Years Ended June 30, 2014 and 2013

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>June 30, 2014</b>				
Cash, cash equivalents and money market funds	\$ 95,459	\$ 95,459	\$ -	\$ -
U.S. Government securities	35,569	35,569	-	-
U.S. Agency securities	54,905	54,905	-	-
Corporate and foreign bonds	99,103	-	99,103	-
Municipal obligations	21,409	-	21,409	-
Preferred and asset backed securities	3,497	-	3,497	-
U.S. equity securities	1,868	1,868	-	-
Mutual funds	253,301	177,067	76,234	-
Alternative investments	69,474	-	54,761	14,713
Total assets	\$ 634,585	\$ 364,868	\$ 255,004	\$ 14,713
Derivative agreements	\$ (10,603)	\$ -	\$ -	\$ (10,603)
<b>June 30, 2013</b>				
Cash, cash equivalents and money market funds	\$ 66,075	\$ 66,075	\$ -	\$ -
U.S. Government securities	25,905	25,905	-	-
U.S. Agency securities	45,997	45,997	-	-
Corporate and foreign bonds	179,880	-	179,880	-
Municipal obligations	17,749	-	17,749	-
Preferred and asset backed securities	3,491	-	3,491	-
U.S. equity securities	10,944	10,944	-	-
Mutual funds	186,028	125,479	60,548	-
Alternative investments	37,353	-	37,353	-
Total assets	\$ 573,422	\$ 274,400	\$ 299,021	\$ -
Derivative agreements	\$ (8,185)	\$ -	\$ -	\$ (8,185)

Fair values for the Alliance's fixed maturity securities are based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations. Fair values of equity securities have been determined by the Alliance from market quotations.

*Alternative Investments:* The Alliance generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its alternative investment in a real estate fund, consistent with the provisions of FASB ASC 820, *Fair Value Measurement*. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate fund invests primarily in U.S. commercial real estate. The Alliance may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* (Dollars in Thousands)

#### *Years Ended June 30, 2014 and 2013*

The Alliance's investment in Premier's Class B units do not have a readily determinable fair value and have been reported at estimated fair market value. The significant unobservable inputs primarily relate to management's estimate of the discount for lack of marketability of 12%. Accordingly, such value may differ from values that would have been used had an active market for the investment existed and as such it has been classified in Level 3 of the fair value hierarchy.

*Derivative Agreements:* The valuation of the Alliance's derivative agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses certain observable market-based inputs. The fair values of interest rate agreements are determined by netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates and the underlying notional amount. The Alliance also incorporates credit valuation adjustments (CVAs) to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. The CVA on the Alliance's interest rate swap agreements at June 30, 2014 and 2013 resulted in a decrease in the fair value of the related liability of \$4,584 and \$3,080, respectively.

A certain portion of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Alliance's credit risk used in the CVAs, are unobservable inputs available to a market participant. As a result, the Alliance has determined that the interest rate swap valuations are classified in Level 3 of the fair value hierarchy.

The following tables provide a summary of changes in the fair value of the Alliance's Level 3 financial assets and liabilities during the fiscal years ended June 30, 2014 and 2013:

	<i>Alternative Investment</i>	<i>Derivatives, Net</i>
<b>July 1, 2012</b>	\$ -	\$ (19,381)
Total unrealized/realized gains in the Performance Indicator, net	-	457
Net investment income	-	399
Settlements	-	10,340
<b>June 30, 2013</b>	-	(8,185)
Total unrealized/realized gains in the Performance Indicator, net	-	(2,761)
Net investment income	-	343
Additions	14,713	-
<b>June 30, 2014</b>	<b>\$ 14,713</b>	<b>\$ (10,603)</b>



## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued*** ***(Dollars in Thousands)***

***Years Ended June 30, 2014 and 2013***

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#### **NOTE P--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION**

The Alliance does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Alliance receives substantially all of its resources from providing healthcare services in a manner similar to business enterprises, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

#### **NOTE Q--SUBSEQUENT EVENTS**

The Alliance signed an agreement to form a joint venture with HealthSouth Corporation to own and operate James H. & Cecile C. Quillen Rehabilitation Hospital (Quillen). At closing, HealthSouth will obtain a 50.1% ownership of the free-standing 60-bed inpatient rehabilitation hospital. Quillen will be managed by HealthSouth Corporation under a long-term management contract. The formation of the joint venture is subject to customary closing conditions including regulatory approvals. Management anticipates closing the joint venture transaction by the end of the calendar year 2014.

## **Supplemental Schedules**

**MOUNTAIN STATES HEALTH ALLIANCE*****Consolidated Balance Sheets  
(Smyth County Community Hospital and Subsidiary and  
Norton Community Hospital and Subsidiaries)  
(Dollars in Thousands)******June 30, 2014***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,465	\$ 5,581
Patient accounts receivable, less estimated allowances for uncollectible accounts	7,099	10,583
Other receivables, net	1,235	1,706
Inventories and prepaid expenses	1,035	1,882
Estimated amounts due from third-party payers, net	-	113
Receivables from affiliates, net	560	319
<b>TOTAL CURRENT ASSETS</b>	<b>12,394</b>	<b>20,184</b>
INVESTMENTS, less amounts required to meet current obligations	21,335	30,089
PROPERTY, PLANT AND EQUIPMENT, net	71,083	45,438
<b>OTHER ASSETS</b>		
Net deferred financing, acquisition costs and other charges	148	218
Other assets	741	-
<b>TOTAL OTHER ASSETS</b>	<b>889</b>	<b>218</b>
	<b>\$ 105,701</b>	<b>\$ 95,929</b>

**MOUNTAIN STATES HEALTH ALLIANCE*****Consolidated Balance Sheets - Continued  
(Smyth County Community Hospital and Subsidiary and  
Norton Community Hospital and Subsidiaries)  
(Dollars in Thousands)******June 30, 2014***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	\$ 16	\$ 15
Current portion of long-term debt and capital lease obligations	1,102	147
Accounts payable and accrued expenses	2,125	4,007
Accrued salaries, compensated absences and amounts withheld	2,171	4,503
Estimated amounts due to third-party payers, net	35	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,449</b>	<b>8,672</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	15,966	21,096
Estimated professional liability self-insurance	395	567
Other long-term liabilities	943	7,646
<b>TOTAL LIABILITIES</b>	<b>22,753</b>	<b>37,981</b>
<b>NET ASSETS</b>		
Unrestricted net assets	82,938	57,786
Temporarily restricted net assets	10	162
<b>TOTAL NET ASSETS</b>	<b>82,948</b>	<b>57,948</b>
	<b>\$ 105,701</b>	<b>\$ 95,929</b>

# **MOUNTAIN STATES HEALTH ALLIANCE**

## ***Consolidated Statements of Operations and Changes in Net Assets (Smyth County Community Hospital and Subsidiary and Norton Community Hospital and Subsidiaries) (Dollars in Thousands)***

***Year Ended June 30, 2014***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
<b>UNRESTRICTED NET ASSETS:</b>		
<b>Revenue, gains and support:</b>		
Patient service revenue, net of contractual allowances and discounts	\$ 45,406	\$ 77,273
Provision for bad debts	(4,138)	(9,611)
Net patient service revenue	41,268	67,662
Net investment gain	2,148	1,904
Other revenue, gains and support	2,975	5,629
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>46,391</b>	<b>75,195</b>
<b>Expenses and losses:</b>		
Salaries and wages	17,620	23,622
Physician salaries and wages	261	5,906
Contract labor	112	533
Employee benefits	3,611	8,554
Fees	9,284	9,059
Supplies	5,300	8,319
Utilities	976	1,301
Other	4,740	9,256
Loss on early extinguishment of debt	177	321
Depreciation	4,276	4,420
Amortization	27	8
Interest and taxes	162	349
<b>TOTAL EXPENSES AND LOSSES</b>	<b>46,546</b>	<b>71,648</b>
<b>EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES</b>	<b>(155)</b>	<b>3,547</b>
Pension and postretirement liability adjustments	-	388
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(155)</b>	<b>3,935</b>



**MOUNTAIN STATES HEALTH ALLIANCE**

***Consolidated Statements of Operations and Changes in Net Assets - Continued***  
***(Smyth County Community Hospital and Subsidiary and Norton***  
***Community Hospital and Subsidiaries)***  
***(Dollars in Thousands)***

***Year Ended June 30, 2014***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted grants and contributions	17	97
Net assets released from restrictions	(43)	(26)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(26)	71
INCREASE (DECREASE) IN TOTAL NET ASSETS	(181)	4,006
NET ASSETS, BEGINNING OF YEAR	83,129	53,942
NET ASSETS, END OF YEAR	<u>\$ 82,948</u>	<u>\$ 57,948</u>

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Balance Sheet (Obligated Group and Other Entities) (Dollars in Thousands)*

**June 30, 2014**

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 27,419	\$ 31,766	\$ -	\$ 59,185
Current portion of investments	25,029	-	-	25,029
Patient accounts receivable, less estimated allowance for uncollectible accounts	134,586	26,732	-	161,318
Other receivables, net	29,894	15,608	-	45,502
Inventories and prepaid expenses	22,856	7,982	-	30,838
<b>TOTAL CURRENT ASSETS</b>	<b>239,784</b>	<b>82,088</b>	<b>-</b>	<b>321,872</b>
INVESTMENTS, less amounts required to meet current obligations	449,295	199,180	-	648,475
EQUITY IN AFFILIATES	336,532	-	(336,532)	-
PROPERTY, PLANT AND EQUIPMENT, net	639,370	242,059	-	881,429
<b>OTHER ASSETS</b>				
Goodwill	152,283	4,330	-	156,613
Net deferred financing, acquisition costs and other charges	24,506	1,335	-	25,841
Other assets	39,995	8,355	-	48,350
<b>TOTAL OTHER ASSETS</b>	<b>216,784</b>	<b>14,020</b>	<b>-</b>	<b>230,804</b>
	<b>\$ 1,881,765</b>	<b>\$ 537,347</b>	<b>\$ (336,532)</b>	<b>\$ 2,082,580</b>

# MOUNTAIN STATES HEALTH ALLIANCE

## Consolidating Balance Sheet – Continued (Obligated Group and Other Entities) (Dollars in Thousands)

June 30, 2014

	Obligated Group	Other Entities	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accrued interest payable	\$ 18,613	\$ 35	\$ -	\$ 18,648
Current portion of long-term debt and capital lease obligations	27,311	3,307	-	30,618
Accounts payable and accrued expenses	71,739	15,387	-	87,126
Accrued salaries, compensated absences and amounts withheld	54,710	17,471	-	72,181
Payables to (receivables from) affiliates, net	13,760	(13,760)	-	-
Estimated amounts due to third-party payers, net	10,068	395	-	10,463
<b>TOTAL CURRENT LIABILITIES</b>	<b>196,201</b>	<b>22,835</b>	<b>-</b>	<b>219,036</b>
<b>OTHER LIABILITIES</b>				
Long-term debt and capital lease obligations, less current portion	1,037,407	37,662	-	1,075,069
Estimated fair value of derivatives, net	10,666	(63)	-	10,603
Estimated professional liability self-insurance	7,747	1,210	-	8,957
Other long-term liabilities	33,495	2,479	-	35,974
<b>TOTAL LIABILITIES</b>	<b>1,285,516</b>	<b>64,123</b>	<b>-</b>	<b>1,349,639</b>
<b>NET ASSETS</b>				
<b>Unrestricted net assets</b>				
Mountain States Health Alliance	541,979	329,803	(329,803)	541,979
Noncontrolling interests in subsidiaries	41,855	131,402	5,290	178,547
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>583,834</b>	<b>461,205</b>	<b>(324,513)</b>	<b>720,526</b>
<b>Temporarily restricted net assets</b>				
Mountain States Health Alliance	12,204	11,887	(11,887)	12,204
Noncontrolling interests in subsidiaries	84	5	(5)	84
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>12,288</b>	<b>11,892</b>	<b>(11,892)</b>	<b>12,288</b>
<b>Permanently restricted net assets</b>				
	127	127	(127)	127
<b>TOTAL NET ASSETS</b>	<b>596,249</b>	<b>473,224</b>	<b>(336,532)</b>	<b>732,941</b>
	<b>\$ 1,881,765</b>	<b>\$ 537,347</b>	<b>\$ (336,532)</b>	<b>\$ 2,082,580</b>

See note to supplemental schedules.

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# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Statement of Operations (Obligated Group and Other Entities) (Dollars in Thousands)*

*Year Ended June 30, 2014*

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
Revenue, gains and support:				
Patient service revenue, net of contractual allowances and discounts	\$ 873,422	\$ 178,164	\$ (1,160)	\$ 1,050,426
Provision for bad debts	(103,913)	(18,729)	-	(122,642)
Net patient service revenue	769,509	159,435	(1,160)	927,784
Premium revenue	-	10,683	-	10,683
Net investment gain	34,846	15,889	(32)	50,703
Net derivative gain	2,497	722	-	3,219
Other revenue, gains and support	71,579	98,296	(107,418)	62,457
Equity in net gain of affiliates	1,510	11,182	(12,692)	-
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>879,941</b>	<b>296,207</b>	<b>(121,302)</b>	<b>1,054,846</b>
Expenses:				
Salaries and wages	283,993	62,198	(5,602)	340,589
Physician salaries and wages	57,829	74,738	(54,931)	77,636
Contract labor	2,833	1,692	(243)	4,282
Employee benefits	59,268	15,483	(5,578)	69,173
Fees	116,527	33,896	(34,817)	115,606
Supplies	138,127	25,731	(159)	163,699
Utilities	13,087	3,969	(4)	17,052
Medical Costs	-	10,292	-	10,292
Other	56,890	29,828	(6,738)	79,980
Loss on early extinguishment of debt	4,622	-	-	4,622
Depreciation	52,544	16,893	-	69,437
Amortization	1,691	51	-	1,742
Interest and taxes	42,734	1,680	(22)	44,392
<b>TOTAL EXPENSES</b>	<b>830,145</b>	<b>276,451</b>	<b>(108,094)</b>	<b>998,502</b>
<b>EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES</b>	<b>\$ 49,796</b>	<b>\$ 19,756</b>	<b>\$ (13,208)</b>	<b>\$ 56,344</b>

*See note to supplemental schedules.*

# MOUNTAIN STATES HEALTH ALLIANCE

## Consolidating Statement of Changes in Net Assets (Obligated Group and Other Entities) (Dollars in Thousands)

Year Ended June 30, 2014

	Obligated Group		Total	Other Entities		Total		
	Mountain States Health Alliance	Noncontrolling Interests	Obligated Group	Mountain States Health Alliance	Noncontrolling Interests	Other Entities	Eliminations	Total
UNRESTRICTED NET ASSETS:								
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 48,057	\$ 1,739	\$ 49,796	\$ 14,412	\$ 5,344	\$ 19,756	\$ (13,208)	\$ 56,344
Pension and other defined benefit plan adjustments	194	194	388	(10)	(9)	(19)	19	388
Net assets released from restrictions used for the purchase of property, plant and equipment	3,313	-	3,313	3,313	-	3,313	(3,313)	3,313
Noncontrolling interest in acquired subsidiary	-	-	-	-	914	914	-	914
Distributions to noncontrolling interests	-	-	-	-	(461)	(461)	-	(461)
Net asset transfers	-	-	-	882	1,669	2,551	(2,551)	-
INCREASE IN UNRESTRICTED NET ASSETS	51,564	1,933	53,497	18,597	7,457	26,054	(19,053)	60,498
TEMPORARILY RESTRICTED NET ASSETS:								
Restricted grants and contributions	4,693	52	4,745	4,047	42	4,089	(4,053)	4,781
Net assets released from restrictions	(5,264)	(22)	(5,286)	(4,691)	(38)	(4,729)	4,694	(5,321)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(571)	30	(541)	(644)	4	(640)	641	(540)
INCREASE IN TOTAL NET ASSETS	50,993	1,963	52,956	17,953	7,461	25,414	(18,412)	59,958
NET ASSETS, BEGINNING OF YEAR	503,317	39,976	543,293	323,864	123,946	447,810	(318,120)	672,983
NET ASSETS, END OF YEAR	\$ 554,310	\$ 41,939	\$ 596,249	\$ 341,817	\$ 131,407	\$ 473,224	\$ (336,532)	\$ 732,941

See note to supplemental schedules.



## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Note to Supplemental Schedules***

***Year Ended June 30, 2014***

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#### **NOTE A--OBLIGATED GROUP MEMBERS**

As described in Note F to the consolidated financial statements, the Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The members pledged pursuant to the Amended and Restated Master Trust Indenture between Mountain States Health Alliance and the Bank of New York Mellon Trust Company, NA as Master Trustee include Johnson City Medical Center Hospital, Indian Path Medical Center, Franklin Woods Community Hospital, Sycamore Shoals Hospital, Johnson County Community Hospital, Russell County Medical Center, Unicoi County Memorial Hospital, Norton Community Hospital (hospital only), Smyth County Community Hospital (hospital only) and Blue Ridge Medical Management Corporation (parent company only), collectively defined as the Obligated Group (Obligated Group).

The supplemental consolidating schedules include the accounts of the members of the Obligated Group after elimination of all significant intergroup accounts and transactions. Certain other subsidiaries of the Alliance are not pledged to secure the payment of the outstanding bonds as they are not part of the Obligated Group. These affiliates have been accounted for within the Obligated Group based upon the Alliance's original and subsequent investments, as adjusted for the Alliance's pro rata share of income or losses and any distributions, and are included as a part of equity in affiliates in the supplemental consolidating balance sheet.

# **MOUNTAIN STATES HEALTH ALLIANCE**

## **Audited Consolidated Financial Statements (and Supplemental Information)**

**Years Ended June 30, 2015 and 2014**





## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Audited Consolidated Financial Statements (and Supplemental Information)*** ***(Dollars in Thousands)***

***Years Ended June 30, 2015 and 2014***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mountain States Health Alliance:

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Mountain States Health Alliance and its subsidiaries (the Alliance), which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Health Alliance and its subsidiaries as of June 30, 2015 and 2014, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Permitting Yerubly: Assaats PC*

Knoxville, Tennessee  
October 28, 2015

**MOUNTAIN STATES HEALTH ALLIANCE*****Consolidated Balance Sheets***  
***(Dollars in Thousands)***

	<i>June 30,</i>	
	<i>2015</i>	<i>2014</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 79,714	\$ 59,185
Current portion of investments	19,598	25,029
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$73,805 in 2015 and \$47,853 in 2014	162,256	161,318
Other receivables, net	33,286	45,502
Inventories and prepaid expenses	33,969	30,838
TOTAL CURRENT ASSETS	328,823	321,872
INVESTMENTS, less amounts required to meet current obligations	694,542	648,475
PROPERTY, PLANT AND EQUIPMENT, net	847,089	881,429
<b>OTHER ASSETS</b>		
Goodwill	156,596	156,613
Net deferred financing, acquisition costs and other charges	24,755	25,841
Other assets	53,040	48,350
TOTAL OTHER ASSETS	234,391	230,804
	\$ 2,104,845	\$ 2,082,580

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Balance Sheets - Continued* *(Dollars in Thousands)*

	<i>June 30,</i>	
	<i>2015</i>	<i>2014</i>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	\$ 18,159	\$ 18,648
Current portion of long-term debt and capital lease obligations	40,286	30,618
Accounts payable and accrued expenses	100,301	87,126
Accrued salaries, compensated absences and amounts withheld	72,066	72,181
Estimated amounts due to third-party payers, net	4,781	10,463
<b>TOTAL CURRENT LIABILITIES</b>	<b>235,593</b>	<b>219,036</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	1,031,661	1,075,069
Estimated fair value of derivatives	2,541	10,603
Estimated professional liability self-insurance	8,461	8,957
Other long-term liabilities	38,683	35,974
<b>TOTAL LIABILITIES</b>	<b>1,316,939</b>	<b>1,349,639</b>
<b>COMMITMENTS AND CONTINGENCIES - Notes D, F, G, and M</b>		
<b>NET ASSETS</b>		
Unrestricted net assets		
Mountain States Health Alliance	583,287	541,979
Noncontrolling interests in subsidiaries	191,118	178,547
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>774,405</b>	<b>720,526</b>
Temporarily restricted net assets		
Mountain States Health Alliance	13,303	12,204
Noncontrolling interests in subsidiaries	71	84
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>13,374</b>	<b>12,288</b>
Permanently restricted net assets	127	127
<b>TOTAL NET ASSETS</b>	<b>787,906</b>	<b>732,941</b>
	<b>\$ 2,104,845</b>	<b>\$ 2,082,580</b>

*See notes to consolidated financial statements.*

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Operations* (Dollars in Thousands)

	<i>Year Ended June 30,</i>	
	<i>2015</i>	<i>2014</i>
Revenue, gains and support:		
Patient service revenue, net of contractual allowances and discounts	\$ 1,116,954	\$ 1,046,767
Provision for bad debts	(127,519)	(122,642)
Net patient service revenue	989,435	924,125
Premium revenue	32,184	10,683
Net investment gain	17,016	50,703
Net derivative gain	13,890	3,219
Other revenue, gains and support	36,571	62,457
TOTAL REVENUE, GAINS AND SUPPORT	1,089,096	1,051,187
Expenses and losses:		
Salaries and wages	345,155	340,589
Physician salaries and wages	80,279	77,636
Contract labor	5,416	4,282
Employee benefits	77,306	69,173
Fees	120,691	115,606
Supplies	176,050	163,699
Utilities	16,775	17,052
Medical costs	18,383	6,633
Other	81,477	79,980
Loss on early extinguishment of debt	-	4,622
Depreciation	67,210	69,437
Amortization	1,557	1,742
Interest and taxes	43,697	44,392
TOTAL EXPENSES AND LOSSES	1,033,996	994,843
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 55,100	\$ 56,344

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Changes in Net Assets* (Dollars in Thousands)

*Year Ended June 30, 2015*

	<i>Mountain States Health Alliance</i>	<i>Noncontrolling Interests</i>	<i>Total</i>
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 41,008	\$ 14,092	\$ 55,100
Pension and other defined benefit plan adjustments	(178)	(152)	(330)
Net assets released from restrictions used for the purchase of property, plant and equipment	478	-	478
Repurchases of noncontrolling interests, net	-	(1,014)	(1,014)
Distributions to noncontrolling interests	-	(355)	(355)
INCREASE IN UNRESTRICTED NET ASSETS	41,308	12,571	53,879
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	3,663	69	3,732
Net assets released from restrictions	(2,564)	(82)	(2,646)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	1,099	(13)	1,086
INCREASE IN TOTAL NET ASSETS	42,407	12,558	54,965
NET ASSETS, BEGINNING OF YEAR	554,310	178,631	732,941
NET ASSETS, END OF YEAR	\$ 596,717	\$ 191,189	\$ 787,906

*See notes to consolidated financial statements.*

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# **MOUNTAIN STATES HEALTH ALLIANCE**

## ***Consolidated Statements of Changes in Net Assets - Continued*** ***(Dollars in Thousands)***

***Year Ended June 30, 2014***

	<b><i>Mountain States Health Alliance</i></b>	<b><i>Noncontrolling Interests</i></b>	<b><i>Total</i></b>
<b>UNRESTRICTED NET ASSETS:</b>			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 48,058	\$ 8,286	\$ 56,344
Pension and other defined benefit plan adjustments	194	194	388
Net assets released from restrictions used for the purchase of property, plant and equipment	3,313	-	3,313
Noncontrolling interest in acquired subsidiary	-	914	914
Distributions to noncontrolling interests	-	(461)	(461)
INCREASE IN UNRESTRICTED NET ASSETS	51,565	8,933	60,498
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>			
Restricted grants and contributions	4,693	88	4,781
Net assets released from restrictions	(5,265)	(56)	(5,321)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(572)	32	(540)
INCREASE IN TOTAL NET ASSETS	50,993	8,965	59,958
NET ASSETS, BEGINNING OF YEAR	503,317	169,666	672,983
NET ASSETS, END OF YEAR	\$ 554,310	\$ 178,631	\$ 732,941

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Cash Flows* (Dollars in Thousands)

	<i>Year Ended June 30,</i>	
	<i>2015</i>	<i>2014</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 54,965	\$ 59,958
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	69,242	71,789
Provision for bad debts	127,519	122,642
Loss on early extinguishment of debt	-	4,622
Change in estimated fair value of derivatives	(7,718)	2,761
Equity in net income of joint ventures, net	(79)	(369)
Loss (gain) on disposal of assets	(2,192)	(3,489)
Amounts received on interest rate swap settlements	(6,172)	(5,980)
Capital Appreciation Bond accretion and other	2,780	2,629
Restricted contributions	(3,732)	(4,781)
Pension and other defined benefit plan adjustments	330	(388)
Increase (decrease) in cash due to change in:		
Patient accounts receivable	(128,457)	(115,380)
Other receivables, net	12,303	(11,880)
Inventories and prepaid expenses	(3,131)	959
Trading securities	(39,873)	(46,451)
Other assets	(3,128)	(2,492)
Accrued interest payable	(489)	(1,058)
Accounts payable and accrued expenses	16,745	(6,666)
Accrued salaries, compensated absences and amounts withheld	(115)	8,006
Estimated amounts due to third-party payers, net	(5,682)	(16,312)
Estimated professional liability self-insurance	(496)	199
Other long-term liabilities	2,379	16,425
Total adjustments	30,034	14,786
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>84,999</b>	<b>74,744</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment and property held for expansion	(44,569)	(64,424)
Acquisitions, net of cash acquired	-	(4,256)
Purchases of held-to-maturity securities	(1,417)	(5,978)
Net distribution from joint ventures and unconsolidated affiliates	4,859	661
Proceeds from sale of property, plant and equipment and property held for resale	2,654	2,858
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(38,473)</b>	<b>(71,139)</b>

See notes to consolidated financial statements.

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Cash Flows - Continued* (Dollars in Thousands)

	<i>Year Ended June 30,</i>	
	<i>2015</i>	<i>2014</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on long-term debt and capital lease obligations, including deposits to escrow	(36,210)	(38,768)
Payment of acquisition and financing costs	-	(3,826)
Proceeds from issuance of long-term debt and other financing arrangements	-	11,916
Net amounts received on interest rate swap settlements	6,172	5,980
Restricted contributions received	4,041	5,376
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(25,997)</b>	<b>(19,322)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>20,529</b>	<b>(15,717)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>59,185</b>	<b>74,902</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 79,714</b>	<b>\$ 59,185</b>
<b>SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS:</b>		
Cash paid for interest	\$ 38,982	\$ 40,546
Cash paid for federal and state income taxes	\$ 917	\$ 854
Construction related payables in accounts payable and accrued expenses	\$ 5,034	\$ 8,604
Assets contributed into joint venture	\$ 8,668	\$ -
<b>Supplemental cash flow information regarding acquisitions:</b>		
Assets acquired, net of cash	\$ -	\$ 12,715
Liabilities assumed	-	(8,459)
Acquisitions, net of cash acquired	\$ -	\$ 4,256

During the year ended June 30, 2014, the Alliance refinanced previously issued debt of \$318,385.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements (Dollars in Thousands)*

*Years Ended June 30, 2015 and 2014*

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#### NOTE A--ORGANIZATION AND OPERATIONS

Mountain States Health Alliance (the Alliance) is a tax-exempt entity with operations primarily located in Washington, Sullivan, Unicoi, and Carter counties of Tennessee and Smyth, Wise, Dickenson, Russell and Washington counties of Virginia. The primary operations of the Alliance consist of eleven acute and specialty care hospitals.

The Alliance's accompanying consolidated financial statements include all assets, liabilities, revenues, expenses, and changes in net assets attributable to the noncontrolling interests in the following subsidiaries:

- Smyth County Community Hospital and Subsidiary - the Alliance holds an 80% interest
- Norton Community Hospital and Subsidiaries - the Alliance holds a 50.1% interest
- Johnston Memorial Hospital, Inc. and Subsidiaries - the Alliance holds a 50.1% interest

The Alliance is the sole shareholder of Blue Ridge Medical Management Corporation (BRMM), a for-profit entity that owns and manages physician practices, real estate and ambulatory surgery centers and provides other healthcare services to individuals in Tennessee and Virginia.

The Alliance is a 99.9% shareholder of Integrated Solutions Health Network, LLC, a for-profit entity that owns a for-profit insurance company and an accountable care organization and administers a provider-sponsored health care delivery network,

The Alliance is the primary beneficiary of the activities of Mountain States Foundation, Inc., a not-for-profit foundation formed to coordinate fundraising and development activities of the Alliance.

#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES

*Principles of Consolidation:* The accompanying consolidated financial statements include the accounts of the Alliance and its consolidated subsidiaries after elimination of all significant intercompany accounts and transactions.

*Use of Estimates:* The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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*Cash and Cash Equivalents:* Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets limited as to use or uninvested amounts included in investment portfolios are not included as cash and cash equivalents.

*Investments:* Investments include trading securities and held-to-maturity securities. Within the trading securities portfolio, all debt securities and marketable equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments without readily determinable fair values are reported at estimated fair market value utilizing observable and unobservable inputs. Investments which the Alliance has the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortized cost. Realized gains and losses are computed using the specific identification method for cost determination. Interest and dividend income is reported net of related investment fees.

Management evaluates whether unrealized losses on held-to-maturity investments indicate other-than-temporary impairment. Such evaluation considers the amount of decline in fair value, as well as the time period of any such decline. Management does not believe any investment classified as held-to-maturity is other-than-temporarily impaired at June 30, 2015.

Investments in joint ventures are reported under the equity method of accounting, which approximates the Alliance's equity in the underlying net book value. Other assets include investments in joint ventures of \$5,180 and \$1,364 at June 30, 2015 and 2014, respectively. During 2015, the Alliance contributed assets into a joint venture which owns and operates a rehabilitation hospital.

*Inventories:* Inventories, consisting primarily of medical supplies, are stated at the lower of cost or market with cost determined by first-in, first-out method.

*Property, Plant and Equipment:* Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Generally, depreciation is computed by the straight-line method over the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of buildings and equipment held under capital leases is shown as a part of depreciation expense and accumulated depreciation in the accompanying consolidated financial statements. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets.

## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)***

#### ***Years Ended June 30, 2015 and 2014***

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The Alliance reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, the Alliance estimates future cash flows from operations and the eventual disposition of such assets. If the sum of these undiscounted future cash flows is less than the carrying amount of the asset, a write-down to estimated fair value is recorded. The Alliance did not recognize any impairment losses during 2015 and 2014.

Other assets include property held for resale and expansion of \$19,316 and \$20,793, respectively, at June 30, 2015 and 2014. Property held for resale and expansion primarily represents land contributed to, or purchased by, the Alliance plus costs incurred to develop the infrastructure of such land. Management annually evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified in 2015 and 2014.

*Goodwill:* Goodwill is evaluated for impairment at least annually. The Alliance comprises a single reporting unit for evaluation of goodwill. Management performed an evaluation of goodwill for impairment considering qualitative and quantitative factors and does not believe the goodwill to be impaired as of June 30, 2015 and 2014. Management's estimates utilized in the evaluation contain significant estimates and it is reasonably possible that such estimates could change in the near term.

*Deferred Financing, Acquisition Costs and Other Charges:* Other assets include deferred financing, acquisition costs and other charges of \$24,755 and \$25,841 at June 30, 2015 and 2014, respectively. Deferred financing costs are amortized over the life of the respective bond issue using the average bonds outstanding method.

*Derivative Financial Instruments:* The Alliance is a party to various interest rate swaps. These financial instruments are not designated as hedges and have been presented at estimated fair market value in the accompanying Consolidated Balance Sheets as either current or long-term liabilities, based upon the remaining term of the instrument.

*Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities:* Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims and are recorded at the estimated net present value of such claims. Other long-term liabilities include contributions payable and obligations under deferred compensation arrangements, a defined benefit pension plan, a post-retirement employee benefit plan as well as other liabilities which management estimates are not payable within one year.

*Net Patient Service Revenue/Receivables:* Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Alliance's revenue recognition policies related to self-pay and other types of payers emphasize revenue recognition only when collections are reasonably assured.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid, TennCare and other third-party payment programs. Current operations include a provision for bad debts in the Consolidated Statements of Operations estimated based upon the age of the patient accounts receivable, historical writeoffs and recoveries and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take. The primary uncertainty lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

For uninsured patients that do not qualify for charity care, the Alliance recognizes revenue on the basis of discounted rates under the Alliance's self-pay patient policy. Under the policy, a patient who has no insurance and is ineligible for any government assistance program has their bill reduced to the amount which generally would be billed to a commercially insured patient. The Alliance's policy does not require collateral or other security for patient accounts receivable. The Alliance routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

*Charity Care:* The Alliance accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Alliance and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges forgone, based on established rates, totaled \$85,988 and \$109,550 during 2015 and 2014, respectively. The estimated direct and indirect cost of providing these services totaled \$17,953 and \$24,011 in 2015 and 2014, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated.

In addition to the charity care services, the Alliance provides a number of other services to benefit the poor for which little or no payment is received. Medicare, Medicaid, TennCare and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The Alliance also provides services to the community at large for which it receives little or no payment.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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*Excess of Revenue, Gains and Support Over Expenses and Losses:* The Consolidated Statements of Operations and the Consolidated Statements of Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator, consistent with industry practice, include contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, certain pension and related adjustments, and transactions with noncontrolling interests.

*Income Taxes:* The Alliance is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Alliance and its tax-exempt subsidiaries. The Alliance's taxable subsidiaries are discussed in Note L. The Alliance has no significant uncertain tax positions at June 30, 2015 and 2014. At June 30, 2015, tax returns for 2011 through 2014 are subject to examination by the Internal Revenue Service.

*Temporarily and Permanently Restricted Net Assets:* Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions. The Alliance's policy is to net contribution and grant revenues against related expenses and present such amounts as a part of other revenue, gains and support in the Consolidated Statements of Operations. Permanently restricted net assets have been restricted by donors to be maintained by the Alliance in perpetuity.

*Premium Revenue:* Premium revenue include premiums from individuals and the Centers for Medicare & Medicaid Services (CMS). CMS premium revenue is based on predetermined prepaid rates under Medicare risk contracts. Premiums are recognized in the month in which the members are entitled to health care services. Premiums collected in advance are deferred and recorded as unearned premium revenue. Premium deficiency losses are recognized when it is probable that expected future claim expenses will exceed future premiums on existing contracts. Management evaluated the need for a premium deficiency reserve and recorded an estimated reserve of \$2,000 at June 30, 2015 and 2014.

*Medicare Shared Savings Program (MSSP):* The Alliance participates in CMS's Medicare Shared Savings Program which is designed to facilitate coordination and cooperation among providers to improve the quality of care for Medicare beneficiaries and reduce unnecessary costs. Accountable care organizations participating in the program are assigned beneficiaries by CMS and are entitled to share in the savings if they are able to lower growth in Medicare Parts A and B fee-for-service costs while meeting performance standards on quality of care. Utilizing statistical data and the

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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methodology employed by CMS, management estimated and recognized \$2,857 and \$5,425 of shared savings in 2015 and 2014, respectively.

*Electronic Health Record (EHR) Incentives:* The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified EHR technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data and are recorded upon the Alliance's attainment of program and attestation criteria. The incentive payments are subject to regulatory audit. During the years ending June 30, 2015 and 2014, the Alliance recognized EHR incentive revenues of \$1,883 and \$18,269, respectively. EHR incentive revenues are included in other revenue, gains and support in the accompanying Consolidated Statements of Operations. The Alliance incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not directly correlate with the timing of the Alliance's receipt or recognition of the EHR incentive payments.

*Medical Costs:* The cost of health care services is recognized in the period in which services are provided. Medical costs include an estimate of the cost of services provided to members by third-party providers, which have been incurred but not reported.

*Subsequent Events:* The Alliance evaluated all events or transactions that occurred after June 30, 2015, through October 28, 2015, the date the consolidated financial statements were available to be issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2015 consolidated financial statements, other than as disclosed in Note P.

*Reclassifications:* Certain 2014 amounts have been reclassified to conform with the 2015 presentation in the accompanying consolidated financial statements.

*New Accounting Pronouncements:* In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the accounting standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the impact of adopting the accounting standard.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

#### NOTE C--INVESTMENTS

Assets limited as to use are summarized by designation or restriction as follows at June 30:

	2015	2014
Designated or restricted:		
Under safekeeping agreements	\$ 8,221	\$ 8,220
By Board to satisfy regulatory requirements	1,529	6,759
Under bond indenture agreements:		
For debt service and interest payments	53,812	55,123
For capital acquisitions	8,507	16,127
	72,069	86,229
Less: amount required to meet current obligations	(19,598)	(25,029)
	<u>\$ 52,471</u>	<u>\$ 61,200</u>

Assets limited as to use consist of the following at June 30:

	2015	2014
Cash and cash equivalents	\$ 49,665	\$ 54,437
U.S. Government and agency securities	19,757	28,518
Corporate and foreign bonds	860	2,354
Municipal obligations	1,787	920
	<u>\$ 72,069</u>	<u>\$ 86,229</u>

Held-to-maturity securities (other than assets limited as to use) are carried at amortized cost and consist of the following at June 30:

	2015	2014
Cash and cash equivalents	\$ 2,781	\$ 220
Corporate and foreign bonds	30,967	35,131
Municipal obligations	5,765	3,408
	<u>\$ 39,513</u>	<u>\$ 38,759</u>

Held-to-maturity securities had gross unrealized gains and losses of \$98 and \$425, respectively, at June 30, 2015 and \$206 and \$456, respectively, at June 30, 2014. At June 30, 2015, the Alliance held securities within the held-to-maturity portfolio with a fair value and unrealized loss of \$12,710

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

and \$359, respectively, which had been at an unrealized loss position for over one year. At June 30, 2014, the Alliance held securities within the held-to-maturity portfolio with a fair value and unrealized loss of \$13,513 and \$456, respectively, which had been at an unrealized loss position for over one year. At June 30, 2015, the contractual maturities of held-to-maturity securities were \$10,020 due in one year or less, \$16,580 due from one to five years and \$12,913 due after five years.

Trading securities consist of the following at June 30:

	<i>2015</i>	<i>2014</i>
Cash and cash equivalents	\$ 20,789	\$ 50,623
U.S. Government and agency securities	76,167	69,805
Corporate and foreign bonds	95,726	96,749
Municipal obligations	23,330	21,409
U.S. equity securities	5,419	1,868
Mutual funds	293,983	253,301
Alternative investments	87,144	54,761
	<u>\$ 602,558</u>	<u>\$ 548,516</u>

The net investment gain is comprised of the following for the years ending June 30:

	<i>2015</i>	<i>2014</i>
Interest and dividend income, net of fees	\$ 13,894	\$ 12,074
Net realized gains on the sale of securities	9,260	15,311
Change in net unrealized gains on securities	(6,138)	23,318
	<u>\$ 17,016</u>	<u>\$ 50,703</u>

The Alliance is a member of Premier Inc.'s (Premier) group purchasing organization and holds Class B Units which are convertible into cash or Class A common stock over a seven year vesting period. The Alliance records an investment relative to the estimated fair value of its Class B units, \$14,724 and \$14,713 at June 30, 2015 and 2014, respectively. In addition, as the vesting period is tangential to the Alliance's continued participation in the group purchasing contract, the Alliance recorded a liability equivalent to the estimated fair value of the Class B units, which is included within other long-term liabilities in the Consolidated Balance Sheets. The liability is being amortized as a vendor incentive over the vesting period. During 2015 and 2014, the Alliance recognized \$4,045 and \$2,933, respectively, related to the vendor incentive which is included within other revenue, gains and support in the Consolidated Statements of Operations.

# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

Years Ended June 30, 2015 and 2014

### NOTE D--DERIVATIVE TRANSACTIONS

The Alliance is subject to an enforceable master netting arrangement in the form of an ISDA agreement with Bank of America, Merrill Lynch (BofAML). The ISDA agreement requires that the Alliance post additional collateral for the derivatives' fair market value deficits above specified levels. As of June 30, 2015 and 2014, the Alliance was not required to post additional collateral. Under the terms of this agreement, offsetting of derivative contracts is permitted in the event of default of either party to the agreement.

The following is a summary of the interest rate swap agreements at June 30, 2015 and 2014:

<i>Notional Amount</i>	<i>Termination</i>	<i>Counterparty</i>	<i>Current Payments:</i>		<i>Estimated Fair Value</i>	
			<i>Receive</i>	<i>Pay</i>	<i>2015</i>	<i>2014</i>
\$170,000	4/2026	BofAML	1.14%	0.00%	\$ 5,205	\$ 3,089
\$95,000	4/2026	BofAML	1.14%	0.00%	2,929	1,748
\$173,030	4/2034	BofAML	1.16%	0.00%	884	(1,884)
\$82,055	7/2033	BofAML	67% USD-LIBOR- BBA	0.312% + USD-SIFMA	(8,253)	(9,365)
\$50,000	7/2038	BofAML	67% (USD-LIBOR- BBA + 0.15%)	USD-SIFMA	(3,351)	(4,210)
\$19,400	7/2018	BofAML	4.50%	1.05% + USD-SIFMA	48	63
\$4,293	7/2015	First Tennessee Bank	0.00%	USD-LIBOR- BBA	(3)	(44)
					<u>\$ (2,541)</u>	<u>\$ (10,603)</u>

The Alliance recognized net settlement income on the interest rate swap agreements of \$6,172 and \$5,980 in 2015 and 2014, respectively.



# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

### Years Ended June 30, 2015 and 2014

#### NOTE E--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30:

	2015	2014
Land	\$ 60,337	\$ 60,722
Buildings and leasehold improvements	766,089	760,853
Property and improvements held for leasing	83,582	80,824
Equipment and information technology infrastructure	733,315	700,748
Buildings and equipment held under capital lease	249	340
	1,643,572	1,603,487
Less: Allowances for depreciation and amortization	(815,105)	(757,641)
	828,467	845,846
Construction in progress	18,622	35,583
	\$ 847,089	\$ 881,429

Accumulated depreciation and amortization on property and improvements held for leasing purposes is \$29,520 and \$27,500 at June 30, 2015 and 2014, respectively. Net interest capitalized was \$925 and \$1,533 for the years ended June 30, 2015 and 2014, respectively.

#### NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Long-term debt and capital lease obligations consist of the following at June 30:

Description	Rate as of June 30, 2015	Outstanding Balance 2015	2014
2013 Hospital Revenue and Refunding Revenue Bonds:			
\$61,180 variable rate tax-exempt term bond, due August 2031	1.15%	\$ 327,785	\$ 328,665
\$47,970 variable rate tax-exempt term bond, due August 2032	0.93%		
\$13,350 variable rate tax-exempt term bond, due August 2038	1.15%		
\$89,370 variable rate tax-exempt term bonds, due August 2042	1.12% - 1.23%		
\$16,235 variable rate tax-exempt term bond, due August 2043	0.07%		
\$99,680 variable rate taxable term bond due August 2043	0.12%		
2012 Hospital Revenue Bonds:			
(net of unamortized premium of \$1,696 and \$1,756 at June 30, 2015 and 2014, respectively)			
\$55,000 fixed rate tax-exempt term bond, due August 2042	5.00%	56,696	56,756
2011 Hospital Revenue and Refunding and Improvement Bonds:			
\$74,795 variable rate tax-exempt term bonds, due July 2033	0.08%	94,320	104,710
\$19,525 variable rate tax-exempt term bond, due July 2033	1.11%		

# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

### Years Ended June 30, 2015 and 2014

Description	Rate as of June 30, 2015	Outstanding Balance 2015	2014
2010 Hospital Revenue Refunding Bonds: (net of unamortized premium of \$1,441 and \$1,523 at June 30, 2015 and 2014, respectively)			
\$33,960 fixed rate tax-exempt serial bonds, through 2020	4.00% to 5.00%	173,271	180,993
\$4,355 fixed rate tax-exempt term bond, due July 2023	5.00%		
\$14,985 fixed rate tax-exempt term bond, due July 2025	5.38%		
\$4,250 fixed rate tax-exempt term bond, due July 2028	5.50%		
\$19,230 fixed rate tax-exempt term bond, due July 2030	5.63%		
\$95,050 fixed rate tax-exempt term bonds, due July 2038	6.00% - 6.50%		
2009 Hospital Revenue Bonds: (net of unamortized discount of \$2,176 and \$2,267 at June 30, 2015 and 2014, respectively)			
\$14,425 fixed rate tax-exempt term bonds, due July 2019	7.25%	117,264	119,813
\$21,730 fixed rate tax-exempt term bonds, due July 2029	7.50%		
\$83,285 fixed rate tax-exempt term bonds, due July 2038	7.75% - 8.00%		
2007B Taxable Hospital Revenue Bonds: \$15,920 variable rate taxable term bond due July 2019	0.12%	15,920	19,515
2006 Hospital First Mortgage Revenue Bonds: (net of unamortized premium of \$123 and \$129 at June 30, 2015 and 2014, respectively)			
\$3,965 fixed rate tax-exempt serial bonds, through 2019	5.00%	167,143	167,864
\$7,375 fixed rate tax-exempt term bond, due July 2026	5.25%		
\$20,505 fixed rate tax-exempt term bond, due July 2031	5.50%		
\$135,175 fixed rate tax-exempt term bond, due July 2036	5.50%		
2001 Hospital First Mortgage Revenue Bond: \$19,400 fixed rate tax-exempt term bond, due July 2026	4.50%	19,400	20,400
2000 Hospital First Mortgage Revenue and Refunding Bonds: \$42,000 fixed rate tax-exempt term bond, due July 2026 \$39,538 fixed rate tax-exempt Capital Appreciation Bond, interest and principal due July 2026 through 2030	8.50% 6.63%	81,538	81,006
Capitalized lease obligations secured by equipment Various monthly principal and interest payments through December 2016	Various	350	806
Notes payable secured by real estate Paid-off in 2015	Various	-	5,542
Promissory notes secured by assets of certain subsidiaries Various monthly principal and interest payments through 2019	Various	1,705	1,944
Term note Monthly principal payments of \$60 plus variable rate interest beginning November 2012 through September 2015; remaining principal due October 2015	1.17%	16,160	16,883
Notes payable secured by equipment Various monthly principal and interest payments through 2016	Various	395	790
		1,071,947	1,105,687
Less current portion		(40,286)	(30,618)
		<u>\$ 1,031,661</u>	<u>\$ 1,075,069</u>

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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*Capital Appreciation Bonds:* The Series 2000 Bonds include \$14,680 of insured Capital Appreciation Bonds. Such bonds bear a 0% coupon rate and have a yield of 6.625% annually. The Alliance recognizes interest expense and increases the amount of outstanding debt each year based upon this yield. Total principal and interest due at maturity (2026 through 2030) is \$93,675.

*Other:* Outstanding tax-exempt bond obligations that were insured under municipal bond insurance policies were \$81,538 and \$81,006 at June 30, 2015 and 2014, respectively. Under terms of these policies, the insurer guarantees the Alliance's payment of principal and interest. At June 30, 2015 and 2014, the Alliance held \$206,630 and \$212,360, respectively, in variable rate demand bonds with letter of credit support and \$231,395 and \$240,530, respectively, in variable rate bonds held under direct purchase agreements.

*Early Redemption:* Essentially all of the Alliance's bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary redemption, at various dates and prices as described in the respective Bond indentures and other documents.

*Derecognized Bonds:* In previous years, the Alliance advance refunded debt by placing required funds in irrevocable trusts in order to satisfy remaining scheduled principal and interest payments of the outstanding debt. Management, upon advice of legal counsel, believes the amounts deposited in such irrevocable trust accounts have contractually relieved the Alliance of any future obligations with respect to this debt. Debt outstanding and not recognized in the Consolidated Balance Sheet at June 30, 2015 due to previous advance refundings totaled \$185,470.

The assets placed in the irrevocable trust accounts are also not recognized as assets of the Alliance. These assets consist primarily of various investments, as permitted by bond indentures and other documents, including United States Treasury obligations, an investment contract with MBIA Insurance Corporation (MBIA) in the original amount of \$54,300, as well as the Series 2000C and 2000D Bonds which were purchased with the proceeds of the 2000A and 2000B Bonds specifically for the purpose of utilizing the Series 2000C and 2000D Bonds in the irrevocable trust. Therefore, certain of the assets held in the irrevocable trust accounts have future income streams contingent upon payments by the Alliance.

*Financing Arrangements:* The Alliance granted a deed of trust on Johnson City Medical Center and Sycamore Shoals Hospital to secure the payment of the outstanding bond indebtedness. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The Johnston Memorial Hospital, Inc. and Subsidiaries (JMH) Series 2011 Hospital Refunding and Improvement Revenue Bonds are secured by pledged revenues of JMH, as defined in the Credit Agreement.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

Certain members of the Alliance and JMH are each members of separate Obligated Groups. The bond indentures, master trust indentures, letter of credit agreements and loan agreements related to the various bond issues and notes payable contain covenants with which the respective Obligated Groups must comply. These requirements include maintenance of certain financial and liquidity ratios, deposits to trustee funds, permitted indebtedness, use of facilities and disposals of property. These covenants also require that failure to meet certain debt service coverage tests will require the deposit of all daily cash receipts of the Alliance into a trust fund. Management has represented the Alliance and JMH are in compliance with all such covenants at June 30, 2015.

The scheduled maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discount and premium, at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 40,286
2017	24,112
2018	24,793
2019	25,926
2020	27,048
Thereafter	<u>928,699</u>
	1,070,864
Net premium	<u>1,083</u>
	<u><u>\$ 1,071,947</u></u>

#### NOTE G--SELF-INSURANCE PROGRAMS

The Alliance is substantially self-insured for professional and general liability claims and related expenses. The Alliance maintains a \$25,000 umbrella liability policy that attaches over the self-insurance limits of \$10,000 per claim and a \$15,000 annual aggregate retention. The Alliance's insurance program also provides professional liability coverage for certain affiliates and joint ventures.

The Alliance is also substantially self-insured for workers' compensation claims in the State of Tennessee and has established estimated liabilities for both reported and unreported claims. The Alliance maintains a stop-loss policy that attaches over the self-insurance limits of \$1,000 per occurrence. In the State of Virginia, the Alliance is not self-insured and maintains workers' compensation insurance through commercial carriers.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

At June 30, 2015, the Alliance is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2015 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Management has estimated and accrued for the cost of these unreported claims based on historical data and actuarial projections. The estimated net present value of malpractice and workers' compensation claims, both reported and unreported, as of June 30, 2015 and 2014 was \$12,616 and \$13,220, respectively. The discount rate utilized was 5% at June 30, 2015 and 2014.

Additionally, the Alliance is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid. Such amount is included in accounts payable and accrued expenses in the Consolidated Balance Sheets.

#### NOTE H--NET PATIENT SERVICE REVENUE

Patient service revenue, net of contractual allowances and discounts, is composed of the following for the years ended June 30:

	<i>2015</i>	<i>2014</i>
Third-party payers	\$ 965,865	\$ 933,491
Patients	151,089	113,276
Patient service revenue	<u>\$ 1,116,954</u>	<u>\$ 1,046,767</u>

Patient deductibles and copayments under third-party payment programs are included within the patient amounts above.

The Alliance also provides services to uninsured and underinsured patients that do not qualify for financial assistance. Based on historical experience, a significant portion of uninsured and underinsured patients are unable or unwilling to pay the portion of their bill for which they are financially responsible, and a significant provision for bad debts is recorded in the period the services are provided.

The Alliance's allowance for doubtful accounts totaled \$73,805 and \$47,853 at June 30, 2015 and 2014, respectively. The allowance for doubtful accounts increased from 23% of patient accounts receivable, net of contractual allowances in 2014 to 31% of patient accounts receivable, net of contractual allowances in 2015. The increase is mainly related to the growing popularity of high-deductible insurance plans resulting in higher deductibles and out-of-pocket costs for patients. Management's estimate of the allowance for doubtful accounts is an estimate subject to change in the

## **MOUNTAIN STATES HEALTH ALLIANCE**

### ***Notes to Consolidated Financial Statements - Continued*** ***(Dollars in Thousands)***

#### ***Years Ended June 30, 2015 and 2014***

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near term. The provision for bad debts associated with the Alliance's ancillary service lines are not significant.

#### **NOTE I--THIRD-PARTY REIMBURSEMENT**

The Alliance renders services to patients under contractual arrangements with Medicare, Medicaid, TennCare and various other commercial payers. The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Alliance also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, subject to various prescribed limitations and reductions.

Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations (MCOs) and is based on diagnosis related group assignments, a negotiated per diem or fee schedule basis. The Alliance also receives additional supplemental payments from the State of Tennessee and Medicaid. These payments recognized totaled \$10,386 and \$10,860 for the years ended June 30, 2015 and 2014, respectively.

The Virginia Medicaid program reimbursement for inpatient hospital services is based on a prospective payment system using both a per case and per diem methodology. Additional payments are made for the allowable costs of capital. Payments for outpatient services are transitioning from cost-based reimbursement principles to a prospective payment system. Full implementation of this transition is expected to take place over multiple years.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The impact of final settlements of cost reports or changes in estimates increased net patient service revenue by \$3,076 and \$6,201 in 2015 and 2014, respectively.

Activity with respect to audits and reviews of the governmental programs in the healthcare industry has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts, if any. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2016, although the amount of any change cannot be estimated.

Participation in the Medicare program subjects the Alliance to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may result from final settlements or violations of other rules or regulations. Management has represented that the Alliance is in substantial compliance with these rules and regulations as of June 30, 2015.

The Alliance has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

#### NOTE J--EMPLOYEE BENEFIT PLANS

The Alliance sponsors a defined contribution retirement plan (the Plan) which covers substantially all employees. The Alliance makes contributions to the Plan under a stratified system, whereby the Alliance's contribution percentage is based on each employee's years of service. Employees of certain other subsidiaries are covered by other plans, although such plans are not significant. The total expense related to defined contribution plans for the years ended June 30, 2015 and 2014 was \$15,601 and \$13,850, respectively.

NCH maintains a frozen defined benefit pension plan and a frozen post-retirement employee benefit plan. The accrued unfunded pension liability was \$1,806 and \$2,086, and the accrued unfunded post-retirement liability was \$6,307 and \$5,857 at June 30, 2015 and 2014, respectively.

The Alliance sponsors a secured executive benefit program (SEBP) for certain key executives. Contributions to the plan by the Alliance are based on an annual amount of funding necessary to produce a target benefit for the participants at their retirement dates, although the Alliance does not guarantee any level of benefit will be achieved. The Alliance contributed \$1,727 and \$511 to the plan during 2015 and 2014, respectively. Other assets at June 30, 2015 and 2014 include \$13,030 and \$11,302, respectively, related to the Alliance's portion of the benefits which are recoverable upon the death of the participant. In addition, the Alliance sponsors a Section 457(f) plan for certain key executives. Contributions to the Section 457(f) plan during 2015 and 2014 were not significant.

#### NOTE K--CONCENTRATION OF RISK

The Alliance has locations primarily in upper East Tennessee and Southwest Virginia, a geographic concentration. The Alliance grants credit without collateral to its patients, most of whom are local

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

residents and are insured under third-party payer agreements. Net patient service revenue from Washington County, Tennessee acute-care operations was approximately 52% of total net patient service revenue in 2015 and 2014.

The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of June 30. The patient responsibility related to charges for which the third-party has not yet paid is included within the third-party payer categories.

	<i>2015</i>	<i>2014</i>
Medicare	41%	39%
TennCare/Medicaid	15%	18%
Commercial	26%	28%
Other third-party payers	8%	8%
Patients	10%	7%
	<u>100%</u>	<u>100%</u>

Approximately 91% and 88% of the consolidated total revenue, gains and support were related to the provision of healthcare services during 2015 and 2014, respectively. Admitting physicians are primarily practitioners in the regional area.

The Hospital maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Alliance may maintain bank account balances in excess of the FDIC insured limit. Management believes the credit risk associated with these deposits is not significant.

The Alliance routinely invests in investment vehicles as listed in Note C. The Alliance's investment portfolio is managed by outside investment management companies. Investments in corporate and foreign bonds, municipal obligations, money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government.

#### NOTE L--INCOME TAXES

BRMM and its subsidiaries file a consolidated federal tax return and separate state tax returns. As of June 30, 2015 and 2014, BRMM and its subsidiaries had net operating loss carryforwards for consolidated federal purposes of \$30,700 and \$27,085, respectively, related to operating loss carryforwards, which expire through 2033. At June 30, 2015 and 2014, BRMM had state net operating loss carryforwards of \$75,619 and \$74,191, respectively, which expire through 2029. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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Net deferred tax assets related to these carryforwards and other deferred tax assets have been substantially offset through valuation allowances equal to these amounts. Income taxes paid relate primarily to state taxes for certain subsidiaries and federal alternative minimum tax.

#### NOTE M--OTHER COMMITMENTS AND CONTINGENCIES

*Construction in Progress:* Construction in progress at June 30, 2015 represents costs incurred related to various hospital and medical office building facility renovations and additions and information technology infrastructure. The Alliance has outstanding contracts and other commitments related to the completion of these projects, and the cost to complete these projects is estimated to be \$30,508 at June 30, 2015. The Alliance does not expect any significant costs to be incurred for infrastructure improvements to assets held for resale.

*Employee Scholarships:* The Alliance offers scholarships to certain individuals which require that the recipients return to the Alliance to work for a specified period of time after they complete their degrees. Amounts due are then forgiven over a specific period of time as provided in the individual contracts. If the recipient does not return and work the required period of time, the funds disbursed on their behalf become due immediately, and interest is charged until the funds are repaid. Other receivables at June 30, 2015 and 2014 include \$7,095 and \$8,685, respectively, related to students in school, graduates working at the Alliance and amounts due from others who are no longer in the scholarship program, net of an estimated allowance.

*Operating Leases and Maintenance Contracts:* Total lease expense for the years ended June 30, 2015 and 2014 was \$7,414 and \$7,901, respectively. Future minimum lease payments for each of the next five years and in the aggregate for the Alliance's noncancellable operating leases with remaining lease terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 7,346
2017	4,614
2018	3,605
2019	3,279
2020	2,481
Thereafter	11,240
	<u>\$ 32,565</u>

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

*Years Ended June 30, 2015 and 2014*

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#### NOTE N--FAIR VALUE MEASUREMENT

The fair value of financial instruments has been estimated by the Alliance using available market information as of June 30, 2015 and 2014, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Alliance could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

*Held-to-Maturity Securities:* The estimated fair value of the Alliance's held-to-maturity securities at June 30, 2015 and 2014, is \$39,186 and \$38,508, respectively, and would be classified in level 2 of the fair value hierarchy (described below). The fair value is based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations.

*Investment in Joint Ventures:* It is not practical to estimate the fair market value of the investments in joint ventures.

*Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities:* Estimates of reported and unreported professional liability claims, pension and post-retirement liabilities are discounted to approximate their estimated fair value. It is not practical to estimate the fair market value of other long-term liabilities.

*Long-Term Debt:* The estimated fair value of the Alliance's long-term debt at June 30, 2015 and 2014, is \$1,130,580 and \$1,172,357, respectively, and would be classified in Level 2 in the fair value hierarchy. The fair value of long-term debt is estimated based upon quotes obtained from brokers for bonds and discounted future cash flows using current market rates for other debt. For long-term debt with variable interest rates, the carrying value approximates fair value.

FASB Accounting Standards Codification 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* (Dollars in Thousands)

#### *Years Ended June 30, 2015 and 2014*

- be corroborated by observable market data. The Alliance's Level 2 investments are valued primarily using the market valuation approach.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Alliance's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Alliance's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial instruments measured at fair value as of June 30, 2015 and 2014:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>June 30, 2015</b>				
Cash and cash equivalents	\$ 70,439	\$ 70,439	\$ -	\$ -
U.S. Government and agency securities	88,083	88,083	-	-
Corporate and foreign bonds	96,586	-	96,586	-
Municipal obligations	23,329	-	23,329	-
U.S. equity securities	5,419	5,419	-	-
Mutual funds	293,983	212,323	81,660	-
Alternative investments	87,144	-	72,420	14,724
Total assets	<u>\$ 664,983</u>	<u>\$ 376,264</u>	<u>\$ 273,995</u>	<u>\$ 14,724</u>
Derivative agreements	<u>\$ (2,541)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,541)</u>
<b>June 30, 2014</b>				
Cash and cash equivalents	\$ 98,956	\$ 98,956	\$ -	\$ -
U.S. Government and agency securities	90,474	90,474	-	-
Corporate and foreign bonds	99,103	-	99,103	-
Municipal obligations	21,409	-	21,409	-
U.S. equity securities	1,868	1,868	-	-
Mutual funds	253,301	177,067	76,234	-
Alternative investments	69,474	-	54,761	14,713
Total assets	<u>\$ 634,585</u>	<u>\$ 368,365</u>	<u>\$ 251,507</u>	<u>\$ 14,713</u>
Derivative agreements	<u>\$ (10,603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,603)</u>

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2015 and 2014*

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Fair values for the Alliance's fixed maturity securities are based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations. Fair values of equity securities have been determined by the Alliance from market quotations.

*Alternative Investments:* The Alliance generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its alternative investment in a real estate fund. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate fund invests primarily in U.S. commercial real estate. The Alliance may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.

The Alliance's investment in Premier Class B units does not have a readily determinable fair value and have been reported at estimated fair market value. The significant unobservable inputs primarily relate to management's estimate of the discount for lack of marketability of 12%. Accordingly, such value may differ from values that would have been used had an active market for the investment existed and as such it has been classified in Level 3 of the fair value hierarchy.

*Derivative Agreements:* The valuation of the Alliance's derivative agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses certain observable market-based inputs. The fair values of interest rate agreements are determined by netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates and the underlying notional amount. The Alliance also incorporates credit valuation adjustments (CVAs) to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. The CVA on the Alliance's interest rate swap agreements at June 30, 2015 and 2014 resulted in a decrease in the fair value of the related liability of \$713 and \$4,584, respectively.

A certain portion of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Alliance's credit risk used in the CVAs, are unobservable inputs available to a market participant. As a result, the Alliance has determined that the interest rate swap valuations are classified in Level 3 of the fair value hierarchy. Due to the nature of these financial instruments, such estimates of fair value are subject to significant change in the near term.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### ***Years Ended June 30, 2015 and 2014***

The following tables provide a summary of changes in the fair value of the Alliance's Level 3 financial assets and liabilities during the fiscal years ended June 30, 2015 and 2014:

	<i>Alternative Investment</i>	<i>Derivatives, Net</i>
<b>July 1, 2013</b>	\$ -	\$ (8,185)
Total unrealized/realized losses	-	(2,761)
Net investment income	-	343
Additions	14,713	-
<b>June 30, 2014</b>	14,713	(10,603)
Total unrealized/realized gains	6,978	7,718
Net investment income	-	344
Settlements	(6,967)	-
<b>June 30, 2015</b>	<u>\$ 14,724</u>	<u>\$ (2,541)</u>

#### **NOTE O--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION**

The Alliance does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Alliance receives substantially all of its resources from providing healthcare services in a manner similar to business enterprises, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

#### **NOTE P--SUBSEQUENT EVENTS**

The Alliance and Wellmont Health System (Wellmont) have agreed to exclusively explore the creation of a new, integrated and locally governed health system. Wellmont operates six hospitals and numerous outpatient care sites, serving communities in Northeast Tennessee and Southwest Virginia. Wellmont and the Alliance have filed a letter of intent (LOI) with the Tennessee Department of Health, indicating the organizations will submit an application for a Certificate of Public Advantage (COPA). The two organizations have submitted a similar letter of intent with the Southwest Virginia Health Authority, signaling their intent to request approval by the commonwealth of the anticipated cooperative agreement between the two systems. A COPA in Tennessee and the cooperative agreement approval process in Virginia will allow Wellmont and the Alliance to merge, with the states actively supervising the proposed new health system to ensure it complies with the provisions of the COPA intended to contain costs and sustain high quality, affordable care. The two organizations are in the process of finalizing a definitive agreement. The date for expected completion of the merger has not been set but will not occur before state approval has been granted.

## **Supplemental Information**

**MOUNTAIN STATES HEALTH ALLIANCE**

***Consolidated Balance Sheets***  
***(Smyth County Community Hospital and Subsidiary and***  
***Norton Community Hospital and Subsidiaries)***  
***(Dollars in Thousands)***

***June 30, 2015***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,940	\$ 6,798
Patient accounts receivable, less estimated allowances for uncollectible accounts	6,295	11,137
Other receivables, net	156	310
Inventories and prepaid expenses	1,079	2,061
Estimated amounts due from third-party payers, net	793	292
<b>TOTAL CURRENT ASSETS</b>	<b>11,263</b>	<b>20,598</b>
<b>INVESTMENTS, less amounts required to meet current obligations</b>	<b>24,807</b>	<b>30,451</b>
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	<b>67,550</b>	<b>50,275</b>
<b>OTHER ASSETS</b>		
Net deferred financing, acquisition costs and other charges	139	210
Other assets	741	-
<b>TOTAL OTHER ASSETS</b>	<b>880</b>	<b>210</b>
	<b>\$ 104,500</b>	<b>\$ 101,534</b>

**MOUNTAIN STATES HEALTH ALLIANCE**

***Consolidated Balance Sheets - Continued***  
***(Smyth County Community Hospital and Subsidiary and***  
***Norton Community Hospital and Subsidiaries)***  
***(Dollars in Thousands)***

***June 30, 2015***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	\$ 12	\$ 15
Current portion of long-term debt and capital lease obligations	134	110
Accounts payable and accrued expenses	2,323	6,245
Accrued salaries, compensated absences and amounts withheld	2,116	4,388
Payables to affiliates, net	342	89
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,927</b>	<b>10,847</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	15,830	20,985
Estimated professional liability self-insurance	442	632
Other long-term liabilities	1,178	8,200
<b>TOTAL LIABILITIES</b>	<b>22,377</b>	<b>40,664</b>
<b>NET ASSETS</b>		
Unrestricted net assets	82,114	60,734
Temporarily restricted net assets	9	136
<b>TOTAL NET ASSETS</b>	<b>82,123</b>	<b>60,870</b>
	<b>\$ 104,500</b>	<b>\$ 101,534</b>

**MOUNTAIN STATES HEALTH ALLIANCE**

***Consolidated Statements of Operations and Changes in Net Assets  
(Smyth County Community Hospital and Subsidiary and Norton  
Community Hospital and Subsidiaries)  
(Dollars in Thousands)***

***Year Ended June 30, 2015***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
<b>UNRESTRICTED NET ASSETS:</b>		
<b>Revenue, gains and support:</b>		
Patient service revenue, net of contractual allowances and discounts	\$ 48,370	\$ 78,667
Provision for bad debts	(5,332)	(8,546)
Net patient service revenue	43,038	70,121
Net investment gain	651	746
Other revenue, gains and support	1,745	2,576
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>45,434</b>	<b>73,443</b>
<b>Expenses and losses:</b>		
Salaries and wages	17,289	23,681
Physician salaries and wages	257	6,043
Contract labor	170	567
Employee benefits	4,365	8,965
Fees	9,050	8,326
Supplies	5,349	8,793
Utilities	978	1,286
Other	4,348	7,753
Depreciation	4,289	4,489
Amortization	8	30
Interest and taxes	156	257
<b>TOTAL EXPENSES AND LOSSES</b>	<b>46,259</b>	<b>70,190</b>
<b>EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES</b>	<b>(825)</b>	<b>3,253</b>
Pension and postretirement liability adjustments	-	(305)
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(825)</b>	<b>2,948</b>

**MOUNTAIN STATES HEALTH ALLIANCE**

***Consolidated Statements of Operations and Changes in Net Assets - Continued***  
***(Smyth County Community Hospital and Subsidiary and Norton***  
***Community Hospital and Subsidiaries)***  
***(Dollars in Thousands)***

***Year Ended June 30, 2015***

	<b><i>Smyth County Community Hospital and Subsidiary</i></b>	<b><i>Norton Community Hospital and Subsidiaries</i></b>
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted grants and contributions	8	134
Net assets released from restrictions	(8)	(160)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	(26)
INCREASE (DECREASE) IN TOTAL NET ASSETS	(825)	2,922
NET ASSETS, BEGINNING OF YEAR	82,948	57,948
NET ASSETS, END OF YEAR	<u>\$ 82,123</u>	<u>\$ 60,870</u>

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Balance Sheet (Obligated Group and Other Entities) (Dollars in Thousands)*

**June 30, 2015**

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 47,025	\$ 32,689	\$ -	\$ 79,714
Current portion of investments	19,598	-	-	19,598
Patient accounts receivable, less estimated allowance for uncollectible accounts	134,777	27,479	-	162,256
Other receivables, net	17,873	15,413	-	33,286
Inventories and prepaid expenses	25,427	8,542	-	33,969
<b>TOTAL CURRENT ASSETS</b>	<b>244,700</b>	<b>84,123</b>	<b>-</b>	<b>328,823</b>
INVESTMENTS, less amounts required to meet current obligations	458,373	236,169	-	694,542
EQUITY IN AFFILIATES	351,724	-	(351,724)	-
PROPERTY, PLANT AND EQUIPMENT, net	614,870	232,219	-	847,089
<b>OTHER ASSETS</b>				
Goodwill	152,600	3,996	-	156,596
Net deferred financing, acquisition costs and other charges	23,504	1,251	-	24,755
Other assets	44,738	8,302	-	53,040
<b>TOTAL OTHER ASSETS</b>	<b>220,842</b>	<b>13,549</b>	<b>-</b>	<b>234,391</b>
	<b>\$ 1,890,509</b>	<b>\$ 566,060</b>	<b>\$ (351,724)</b>	<b>\$ 2,104,845</b>



# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Balance Sheet – Continued* *(Obligated Group and Other Entities)* *(Dollars in Thousands)*

**June 30, 2015**

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accrued interest payable	\$ 18,125	\$ 34	\$ -	\$ 18,159
Current portion of long-term debt and capital lease obligations	22,040	18,246	-	40,286
Accounts payable and accrued expenses	80,408	19,893	-	100,301
Accrued salaries, compensated absences and amounts withheld	54,519	17,547	-	72,066
Payables to (receivables from) affiliates, net	15,314	(15,314)	-	-
Estimated amounts due to third-party payers, net	3,909	872	-	4,781
<b>TOTAL CURRENT LIABILITIES</b>	<b>194,315</b>	<b>41,278</b>	<b>-</b>	<b>235,593</b>
<b>OTHER LIABILITIES</b>				
Long-term debt and capital lease obligations, less current portion	1,012,167	19,494	-	1,031,661
Estimated fair value of derivatives, net	2,541	-	-	2,541
Estimated professional liability self-insurance	7,362	1,099	-	8,461
Other long-term liabilities	35,176	3,507	-	38,683
<b>TOTAL LIABILITIES</b>	<b>1,251,561</b>	<b>65,378</b>	<b>-</b>	<b>1,316,939</b>
<b>NET ASSETS</b>				
<b>Unrestricted net assets</b>				
Mountain States Health Alliance	583,287	344,360	(344,360)	583,287
Noncontrolling interests in subsidiaries	42,160	143,222	5,736	191,118
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>625,447</b>	<b>487,582</b>	<b>(338,624)</b>	<b>774,405</b>
<b>Temporarily restricted net assets</b>				
Mountain States Health Alliance	13,303	12,966	(12,966)	13,303
Noncontrolling interests in subsidiaries	71	7	(7)	71
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>13,374</b>	<b>12,973</b>	<b>(12,973)</b>	<b>13,374</b>
<b>Permanently restricted net assets</b>	<b>127</b>	<b>127</b>	<b>(127)</b>	<b>127</b>
<b>TOTAL NET ASSETS</b>	<b>638,948</b>	<b>500,682</b>	<b>(351,724)</b>	<b>787,906</b>
	<b>\$ 1,890,509</b>	<b>\$ 566,060</b>	<b>\$ (351,724)</b>	<b>\$ 2,104,845</b>

See note to supplemental information.

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# MOUNTAIN STATES HEALTH ALLIANCE

## Consolidating Statement of Operations (Obligated Group and Other Entities) (Dollars in Thousands)

Year Ended June 30, 2015

	Obligated Group	Other Entities	Eliminations	Total
Revenue, gains and support:				
Patient service revenue, net of contractual allowances and discounts	\$ 925,979	\$ 203,883	\$ (12,908)	\$ 1,116,954
Provision for bad debts	(104,724)	(22,795)	-	(127,519)
Net patient service revenue	821,255	181,088	(12,908)	989,435
Premium revenue	-	32,184	-	32,184
Net investment gain	12,486	4,530	-	17,016
Net derivative gain	13,195	695	-	13,890
Other revenue, gains and support	27,244	97,465	(88,138)	36,571
Equity in net gain of affiliates	716	10,275	(10,991)	-
TOTAL REVENUE, GAINS AND SUPPORT	874,896	326,237	(112,037)	1,089,096
Expenses:				
Salaries and wages	284,643	67,093	(6,581)	345,155
Physician salaries and wages	64,838	71,222	(55,781)	80,279
Contract labor	3,101	2,913	(598)	5,416
Employee benefits	66,881	17,443	(7,018)	77,306
Fees	97,754	35,093	(12,156)	120,691
Supplies	146,516	29,660	(126)	176,050
Utilities	12,981	3,798	(4)	16,775
Medical Costs	-	30,566	(12,183)	18,383
Other	61,323	26,524	(6,370)	81,477
Depreciation	51,307	15,903	-	67,210
Amortization	1,488	69	-	1,557
Interest and taxes	41,599	2,098	-	43,697
TOTAL EXPENSES	832,431	302,382	(100,817)	1,033,996
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 42,465	\$ 23,855	\$ (11,220)	\$ 55,100

See note to supplemental information.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Consolidating Statement of Changes in Net Assets (Obligated Group and Other Entities) (Dollars in Thousands)*

*Year Ended June 30, 2015*

	<i>Obligated Group</i>		<i>Total</i>	<i>Other Entities</i>		<i>Total</i>		
	<i>Mountain States</i>	<i>Noncontrolling</i>	<i>Obligated</i>	<i>Mountain States</i>	<i>Noncontrolling</i>	<i>Other</i>	<i>Eliminations</i>	<i>Total</i>
	<i>Health Alliance</i>	<i>Interests</i>	<i>Group</i>	<i>Health Alliance</i>	<i>Interests</i>	<i>Entities</i>		
UNRESTRICTED NET ASSETS:								
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 41,008	\$ 1,457	\$ 42,465	\$ 13,832	\$ 10,023	\$ 23,855	\$ (11,220)	\$ 55,100
Pension and other defined benefit plan adjustments	(178)	(152)	(330)	(207)	(206)	(413)	413	(330)
Net assets released from restrictions used for the purchase of property, plant and equipment	478	-	478	478	-	478	(478)	478
Repurchases of noncontrolling interests, net	-	(1,000)	(1,000)	-	(14)	(14)	-	(1,014)
Distributions to noncontrolling interests	-	-	-	(458)	(355)	(813)	458	(355)
Net asset transfers	-	-	-	912	2,372	3,284	(3,284)	-
INCREASE IN UNRESTRICTED NET ASSETS	41,308	305	41,613	14,557	11,820	26,377	(14,111)	53,879
TEMPORARILY RESTRICTED NET ASSETS:								
Restricted grants and contributions	3,663	69	3,732	3,172	7	3,179	(3,179)	3,732
Net assets released from restrictions	(2,564)	(82)	(2,646)	(2,093)	(5)	(2,098)	2,098	(2,646)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	1,099	(13)	1,086	1,079	2	1,081	(1,081)	1,086
INCREASE IN TOTAL NET ASSETS	42,407	292	42,699	15,636	11,822	27,458	(15,192)	54,965
NET ASSETS, BEGINNING OF YEAR	554,310	41,939	596,249	341,817	131,407	473,224	(336,532)	732,941
NET ASSETS, END OF YEAR	\$ 596,717	\$ 42,231	\$ 638,948	\$ 357,453	\$ 143,229	\$ 500,682	\$ (351,724)	\$ 787,906

See note to supplemental information.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Note to Supplemental Information*

*Year Ended June 30, 2015*

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#### NOTE A--OBLIGATED GROUP MEMBERS

As described in Note F to the consolidated financial statements, the Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The members pledged pursuant to the Amended and Restated Master Trust Indenture between Mountain States Health Alliance and the Bank of New York Mellon Trust Company, NA as Master Trustee include Johnson City Medical Center Hospital, Indian Path Medical Center, Franklin Woods Community Hospital, Sycamore Shoals Hospital, Johnson County Community Hospital, Russell County Medical Center, Unicoi County Memorial Hospital, Norton Community Hospital (hospital only), Smyth County Community Hospital (hospital only) and Blue Ridge Medical Management Corporation (parent company only), collectively defined as the Obligated Group (Obligated Group).

The supplemental consolidating information includes the accounts of the members of the Obligated Group after elimination of all significant intergroup accounts and transactions. Certain other subsidiaries of the Alliance are not pledged to secure the payment of the outstanding bonds as they are not part of the Obligated Group. These affiliates have been accounted for within the Obligated Group based upon the Alliance's original and subsequent investments, as adjusted for the Alliance's pro rata share of income or losses and any distributions, and are included as a part of equity in affiliates in the supplemental consolidating balance sheet.

# **MOUNTAIN STATES HEALTH ALLIANCE**

## **Audited Consolidated Financial Statements (and Supplemental Information)**

**Years Ended June 30, 2016 and 2015**





# MOUNTAIN STATES HEALTH ALLIANCE

## *Audited Consolidated Financial Statements (and Supplemental Information)* *(Dollars in Thousands)*

*Years Ended June 30, 2016 and 2015*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mountain States Health Alliance:

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Mountain States Health Alliance and its subsidiaries (the Alliance), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Health Alliance and its subsidiaries as of June 30, 2016 and 2015, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidated and consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Pratt & Gentry, P.C.*

Knoxville, Tennessee  
October 24, 2016

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Balance Sheets* *(Dollars in Thousands)*

	<i>June 30,</i>	
	<i>2016</i>	<i>2015</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 89,751	\$ 79,714
Current portion of investments	25,772	19,598
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$72,531 in 2016 and \$73,805 in 2015	155,002	162,256
Other receivables, net	35,062	33,286
Inventories and prepaid expenses	34,898	33,969
<b>TOTAL CURRENT ASSETS</b>	<b>340,485</b>	<b>328,823</b>
INVESTMENTS, less amounts required to meet current obligations	625,823	694,542
PROPERTY, PLANT AND EQUIPMENT, net	830,853	847,089
<b>OTHER ASSETS</b>		
Goodwill	156,565	156,596
Net deferred financing, acquisition costs and other charges	22,024	24,755
Other assets	55,397	53,040
<b>TOTAL OTHER ASSETS</b>	<b>233,986</b>	<b>234,391</b>
	<b>\$ 2,031,147</b>	<b>\$ 2,104,845</b>

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Balance Sheets - Continued* *(Dollars in Thousands)*

	<i>June 30,</i>	
	<i>2016</i>	<i>2015</i>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	\$ 13,586	\$ 18,159
Current portion of long-term debt and capital lease obligations	23,391	40,286
Accounts payable and accrued expenses	95,200	100,301
Accrued salaries, compensated absences and amounts withheld	68,722	72,066
Estimated amounts due to third-party payers, net	9,150	4,781
<b>TOTAL CURRENT LIABILITIES</b>	<b>210,049</b>	<b>235,593</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	963,879	1,031,661
Estimated fair value of derivatives	4,483	2,541
Estimated professional liability self-insurance	7,394	8,461
Other long-term liabilities	36,980	38,683
<b>TOTAL LIABILITIES</b>	<b>1,222,785</b>	<b>1,316,939</b>
<b>COMMITMENTS AND CONTINGENCIES - Notes D, F, G, and M</b>		
<b>NET ASSETS</b>		
Unrestricted net assets		
Mountain States Health Alliance	594,303	583,287
Noncontrolling interests in subsidiaries	199,842	191,118
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>794,145</b>	<b>774,405</b>
Temporarily restricted net assets		
Mountain States Health Alliance	14,091	13,303
Noncontrolling interests in subsidiaries	99	71
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>14,190</b>	<b>13,374</b>
Permanently restricted net assets		
Mountain States Health Alliance	27	127
<b>TOTAL NET ASSETS</b>	<b>808,362</b>	<b>787,906</b>
	<b>\$ 2,031,147</b>	<b>\$ 2,104,845</b>

*See notes to consolidated financial statements.*

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Operations* (Dollars in Thousands)

	<i>Year Ended June 30,</i>	
	<i>2016</i>	<i>2015</i>
Revenue, gains and support:		
Patient service revenue, net of contractual allowances and discounts	\$ 1,159,436	\$ 1,130,495
Provision for bad debts	(137,706)	(127,519)
Net patient service revenue	1,021,730	1,002,976
Other operating revenue	51,041	41,162
TOTAL REVENUE, GAINS AND SUPPORT	1,072,771	1,044,138
Expenses:		
Salaries and wages	351,967	344,137
Physician salaries and wages	84,043	80,279
Contract labor	21,311	5,341
Employee benefits	78,810	77,051
Fees	112,738	115,581
Supplies	179,142	175,925
Utilities	16,180	16,770
Medical costs	(762)	(541)
Other	85,049	80,028
Depreciation	66,418	67,210
Amortization	1,517	1,557
Interest and taxes	42,678	43,697
TOTAL EXPENSES	1,039,091	1,007,035
OPERATING INCOME	33,680	37,103
Nonoperating gains (losses):		
Interest and dividend income	15,034	13,872
Net realized gains on the sale of securities	6,514	9,260
Change in net unrealized gains on securities	(17,511)	(6,138)
Derivative related income	5,605	6,204
Loss on early extinguishment of debt - Note F	(2,827)	-
Change in estimated fair value of derivatives	(2,287)	7,718
Other nonoperating losses	(9,728)	(4,591)
NET NONOPERATING GAIN (LOSS)	(5,200)	26,325
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES FROM CONTINUING OPERATIONS	28,480	63,428
LOSS FROM DISCONTINUED OPERATIONS	(6,492)	(8,328)
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 21,988	\$ 55,100

See notes to consolidated financial statements.

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Changes in Net Assets* *(Dollars in Thousands)*

*Year Ended June 30, 2016*

	<i>Mountain States Health Alliance</i>	<i>Noncontrolling Interests</i>	<i>Total</i>
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 11,473	\$ 10,515	\$ 21,988
Pension and other defined benefit plan adjustments	(1,443)	(1,436)	(2,879)
Net assets released from restrictions used for the purchase of property, plant and equipment	1,987	-	1,987
Repurchases of noncontrolling interests, net	(1,001)	-	(1,001)
Distributions to noncontrolling interests	-	(355)	(355)
INCREASE IN UNRESTRICTED NET ASSETS	11,016	8,724	19,740
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	5,840	104	5,944
Net assets released from restrictions	(5,052)	(76)	(5,128)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	788	28	816
PERMANENTLY RESTRICTED NET ASSETS:			
Net assets released from restrictions by donor	(100)	-	(100)
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	(100)	-	(100)
INCREASE IN TOTAL NET ASSETS	11,704	8,752	20,456
NET ASSETS, BEGINNING OF YEAR	596,717	191,189	787,906
NET ASSETS, END OF YEAR	\$ 608,421	\$ 199,941	\$ 808,362

*See notes to consolidated financial statements.*

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# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Changes in Net Assets - Continued* (Dollars in Thousands)

*Year Ended June 30, 2015*

	<i>Mountain States Health Alliance</i>	<i>Noncontrolling Interests</i>	<i>Total</i>
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 41,008	\$ 14,092	\$ 55,100
Pension and other defined benefit plan adjustments	(178)	(152)	(330)
Net assets released from restrictions used for the purchase of property, plant and equipment	478	-	478
Noncontrolling interest in acquired subsidiary	-	(1,014)	(1,014)
Distributions to noncontrolling interests	-	(355)	(355)
INCREASE IN UNRESTRICTED NET ASSETS	41,308	12,571	53,879
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	3,663	69	3,732
Net assets released from restrictions	(2,564)	(82)	(2,646)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	1,099	(13)	1,086
INCREASE IN TOTAL NET ASSETS	42,407	12,558	54,965
NET ASSETS, BEGINNING OF YEAR	554,310	178,631	732,941
NET ASSETS, END OF YEAR	\$ 596,717	\$ 191,189	\$ 787,906



# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Cash Flows* (Dollars in Thousands)

	<i>Year Ended June 30,</i>	
	<i>2016</i>	<i>2015</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 20,456	\$ 54,965
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	68,295	69,242
Provision for bad debts	137,706	127,519
Loss on early extinguishment of debt	2,827	-
Change in estimated fair value of derivatives	2,287	(7,718)
Equity in net income of joint ventures, net	(1,382)	(79)
Loss (gain) on disposal of assets	(221)	(2,192)
Amounts received on interest rate swap settlements	(5,605)	(6,172)
Capital Appreciation Bond accretion and other	2,799	2,780
Restricted contributions	(5,944)	(3,732)
Pension and other defined benefit plan adjustments	2,879	330
Increase (decrease) in cash due to change in:		
Patient accounts receivable	(130,452)	(128,457)
Other receivables, net	(1,694)	12,303
Inventories and prepaid expenses	(929)	(3,131)
Trading securities	59,553	(39,873)
Other assets	(5,760)	(3,128)
Accrued interest payable	(4,573)	(489)
Accounts payable and accrued expenses	(1,213)	16,745
Accrued salaries, compensated absences and amounts withheld	(3,344)	(115)
Estimated amounts due to third-party payers, net	4,369	(5,682)
Estimated professional liability self-insurance	(1,067)	(496)
Other long-term liabilities	(4,582)	2,379
Total adjustments	113,949	30,034
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>134,405</b>	<b>84,999</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment and property held for expansion	(57,586)	(44,569)
Purchases of held-to-maturity securities	2,461	(1,417)
Net distribution from joint ventures and unconsolidated affiliates	2,442	4,859
Proceeds from sale of property, plant and equipment and property held for resale	3,836	2,654
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(48,847)</b>	<b>(38,473)</b>

See notes to consolidated financial statements.

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Statements of Cash Flows - Continued* *(Dollars in Thousands)*

	<i>Year Ended June 30,</i>	
	<i>2016</i>	<i>2015</i>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital lease obligations, including deposits to escrow	(71,864)	(36,210)
Refinanced debt obligations	(134,367)	-
Proceeds from issuance of long-term debt and other financing arrangements	118,941	-
Net amounts received on interest rate swap settlements	5,605	6,172
Restricted contributions received	6,164	4,041
NET CASH USED IN FINANCING ACTIVITIES	(75,521)	(25,997)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,037	20,529
CASH AND CASH EQUIVALENTS, beginning of year	79,714	59,185
CASH AND CASH EQUIVALENTS, end of year	\$ 89,751	\$ 79,714

### SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS:

Cash paid for interest	\$ 41,934	\$ 38,982
Cash paid for federal and state income taxes	\$ 777	\$ 917
Construction related payables in accounts payable and accrued expenses	\$ 3,405	\$ 7,293
Assets contributed into joint venture	\$ -	\$ 8,668

The Consolidated Statements of Cash Flows were prepared by treating all items as if they were from Continuing Operations.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements* *(Dollars in Thousands)*

*Years Ended June 30, 2016 and 2015*

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#### NOTE A--ORGANIZATION AND OPERATIONS

Mountain States Health Alliance (the Alliance) is a tax-exempt entity with operations primarily located in Washington, Sullivan, Unicoi, and Carter counties of Tennessee and Smyth, Wise, Dickenson, Russell and Washington counties of Virginia. The primary operations of the Alliance consist of eleven acute and specialty care hospitals.

The Alliance's accompanying consolidated financial statements include all assets, liabilities, revenues, expenses, and changes in net assets attributable to the noncontrolling interests in the following subsidiaries:

- Smyth County Community Hospital and Subsidiary - the Alliance holds an 80% interest
- Norton Community Hospital and Subsidiaries - the Alliance holds a 50.1% interest
- Johnston Memorial Hospital, Inc. and Subsidiaries - the Alliance holds a 50.1% interest

The Alliance is the sole shareholder of Blue Ridge Medical Management Corporation (BRMM), a for-profit entity that owns and manages physician practices, real estate and ambulatory surgery centers and provides other healthcare services to individuals in Tennessee and Virginia.

The Alliance is a 99.9% shareholder of Integrated Solutions Health Network, LLC (ISHN). During the current year, CrestPoint Health Insurance Company (CHIC), a component unit of ISHN, ceased operations. See Note P for additional information.

The Alliance is the primary beneficiary of the activities of Mountain States Foundation, Inc., a not-for-profit foundation formed to coordinate fundraising and development activities of the Alliance.

In April, 2015, the Alliance and Wellmont Health System (Wellmont) agreed to exclusively explore the creation of a new, integrated and locally governed health system. Wellmont operates six hospitals and numerous outpatient care sites, serving communities in Northeast Tennessee and Southwest Virginia.

In February, 2016, the Alliance and Wellmont executed a definitive agreement outlining how the two health systems would unite their operations upon approval of a Certificate of Public Advantage (COPA) in Tennessee and a cooperative agreement in Virginia. The systems have filed applications for a COPA in Tennessee and a cooperative agreement in Virginia and the applications have been deemed complete. The applications are now under formal review by the Tennessee Department of Health and the Southwest Virginia Health Authority. If state officials grant permission to move forward, the Alliance and Wellmont will become Ballad Health in the Spring of 2017.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

*Years Ended June 30, 2016 and 2015*

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#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES

*Principles of Consolidation:* The accompanying consolidated financial statements include the accounts of the Alliance and its consolidated subsidiaries after elimination of all significant intercompany accounts and transactions.

*Use of Estimates:* The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

*Cash and Cash Equivalents:* Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets limited as to use or uninvested amounts included in investment portfolios are not included as cash and cash equivalents.

*Investments:* Investments include trading securities and held-to-maturity securities. Within the trading securities portfolio, all debt securities, and marketable equity securities with readily determinable fair values, are reported at either the net asset value per share as a practical expedient or fair value based on quoted market prices. Investments without readily determinable fair values are reported at estimated fair market value utilizing observable and unobservable inputs. Investments which the Alliance has the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortized cost. Realized gains and losses are computed using the specific identification method for cost determination. Interest and dividend income is reported net of related investment fees.

Management evaluates whether unrealized losses on held-to-maturity investments indicate other-than-temporary impairment. Such evaluation considers the amount of decline in fair value, as well as the time period of any such decline. Management does not believe any investment classified as held-to-maturity is other-than-temporarily impaired at June 30, 2016.

Investments in joint ventures are reported under the equity method of accounting, which approximates the Alliance's equity in the underlying net book value. Other assets include investments in joint ventures of \$7,250 and \$5,180 at June 30, 2016 and 2015, respectively. During 2015, the Alliance contributed assets into a joint venture which owns and operates a rehabilitation hospital.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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*Inventories:* Inventories, consisting primarily of medical supplies, are stated at the lower of cost or market with cost determined by first-in, first-out method.

*Property, Plant and Equipment:* Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Generally, depreciation is computed by the straight-line method over the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of buildings and equipment held under capital leases is shown as a part of depreciation expense and accumulated depreciation in the accompanying consolidated financial statements. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from restricted for capital assets. The Alliance reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, the Alliance estimates future cash flows from operations and the eventual disposition of such assets. If the sum of these undiscounted future cash flows is less than the carrying amount of the asset, a write-down to estimated fair value is recorded. The Alliance did not recognize any impairment losses during 2016 and 2015.

Other assets include property held for resale and expansion of \$18,857 and \$19,316, respectively, at June 30, 2016 and 2015. Property held for resale and expansion primarily represents land contributed to, or purchased by, the Alliance plus costs incurred to develop the infrastructure of such land. Management annually evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified in 2016 and 2015.

*Goodwill:* Goodwill is evaluated for impairment at least annually. The Alliance comprises a single reporting unit for evaluation of goodwill. Management performed an evaluation of goodwill for impairment considering qualitative and quantitative factors and does not believe the goodwill to be impaired as of June 30, 2016 and 2015. Management's estimates utilized in the evaluation contain significant estimates and it is reasonably possible that such estimates could change in the near term.

*Deferred Financing, Acquisition Costs and Other Charges:* Other assets include deferred financing, acquisition costs and other charges of \$22,024 and \$24,755 at June 30, 2016 and 2015, respectively. Deferred financing costs are amortized over the life of the respective bond issue using the average bonds outstanding method.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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*Derivative Financial Instruments:* The Alliance is a party to various interest rate swaps. These financial instruments are not designated as hedges and have been presented at estimated fair market value in the accompanying Consolidated Balance Sheets as either current or long-term liabilities, based upon the remaining term of the instrument.

*Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities:* Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims and are recorded at the estimated net present value of such claims. Other long-term liabilities include contributions payable and obligations under deferred compensation arrangements, a defined benefit pension plan, a post-retirement employee benefit plan as well as other liabilities which management estimates are not payable within one year.

*Net Patient Service Revenue/Receivables:* Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Alliance's revenue recognition policies related to self-pay and other types of payers emphasize revenue recognition only when collections are reasonably assured.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid, TennCare and other third-party payment programs. Current operations include a provision for bad debts in the Consolidated Statements of Operations estimated based upon the age of the patient accounts receivable, historical writeoffs and recoveries and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take. The primary uncertainty lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

For uninsured patients that do not qualify for charity care, the Alliance recognizes revenue on the basis of discounted rates under the Alliance's self-pay patient policy. Under the policy, a patient who has no insurance and is ineligible for any government assistance program has their bill reduced to the amount which generally would be billed to a commercially insured patient. The Alliance's policy does not require collateral or other security for patient accounts receivable. The Alliance routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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*Charity Care:* The Alliance accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Alliance and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges forgone, based on established rates, totaled \$78,306 and \$85,988 during 2016 and 2015, respectively. The estimated direct and indirect cost of providing these services totaled \$14,872 and \$17,953 in 2016 and 2015, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated.

In addition to the charity care services, the Alliance provides a number of other services to benefit the poor for which little or no payment is received. Medicare, Medicaid, TennCare and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The Alliance also provides services to the community at large for which it receives little or no payment.

*Excess of Revenue, Gains and Support Over Expenses and Losses:* The Consolidated Statements of Operations and the Consolidated Statements of Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator, consistent with industry practice, include contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, certain pension and related adjustments, and transactions with noncontrolling interests.

*Income Taxes:* The Alliance is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Alliance and its tax-exempt subsidiaries. The Alliance's taxable subsidiaries are discussed in Note L. The Alliance has no significant uncertain tax positions at June 30, 2016 and 2015. At June 30, 2016, tax returns for 2013 through 2015 are subject to examination by the Internal Revenue Service.

*Temporarily and Permanently Restricted Net Assets:* Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions. The Alliance's policy is to net contribution and grant revenues against related expenses and present such amounts as a part of nonoperating gains (losses) in the Consolidated Statements of Operations. Permanently restricted net assets have been restricted by donors to be maintained by the Alliance in perpetuity.



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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*Premium Revenue:* Premium revenue includes premiums from individuals and the Centers for Medicare & Medicaid Services (CMS). CMS premium revenue is based on predetermined prepaid rates under Medicare risk contracts. Premiums are recognized in the month in which the members are entitled to health care services. Premiums collected in advance are deferred and recorded as unearned premium revenue. Premium deficiency losses are recognized when it is probable that expected future claim expenses will exceed future premiums on existing contracts.

Management evaluated the need for a premium deficiency reserve and recorded an estimated reserve of \$2,000 at June 30, 2015. No premium deficiency reserve was required at June 30, 2016 due to the discontinuation of the Medicare Advantage plan. Premium revenue for both 2016 and 2015 has been reclassified to discontinued operations.

*Medicare Shared Savings Program (MSSP):* The Alliance participates in CMS' Medicare Shared Savings Program which is designed to facilitate coordination and cooperation among providers to improve the quality of care for Medicare beneficiaries and reduce unnecessary costs. Accountable care organizations participating in the program are assigned beneficiaries by CMS and are entitled to share in the savings if they are able to lower growth in Medicare Parts A and B fee-for-service costs while meeting performance standards on quality of care. Management recognized \$5,600 and \$2,857 of shared savings in other revenue, gains and support in 2016 and 2015, respectively.

*Electronic Health Record (EHR) Incentives:* The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified EHR technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data and are recorded upon the Alliance's attainment of program and attestation criteria. The incentive payments are subject to regulatory audit. During the years ending June 30, 2016 and 2015, the Alliance recognized EHR incentive revenues of \$6,552 and \$1,883, respectively. EHR incentive revenues are included in other operating revenue in the accompanying Consolidated Statements of Operations. The Alliance incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not directly correlate with the timing of the Alliance's receipt or recognition of the EHR incentive payments.

*Medical Costs:* The cost of health care services is recognized in the period in which services are provided. Medical costs include an estimate of the cost of services provided to members by third-party providers, which have been incurred but not reported. Medical costs associated with the Medicare Advantage plan for 2016 and 2015 have been reclassified to discontinued operations.

*Subsequent Events:* The Alliance evaluated all events or transactions that occurred after June 30, 2016, through October 24, 2016, the date the consolidated financial statements were available to be

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2016 consolidated financial statements.

*Reclassifications:* Certain 2015 amounts have been reclassified to conform with the 2016 presentation in the accompanying consolidated financial statements.

*New Accounting Pronouncements:* In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the accounting standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the impact of adopting the accounting standard.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330) - Simplifying the Measurement of Inventory*, (ASU-2015-11). ASU 2015-11 was issued as part of FASB's Simplification Initiative, the objective of which is to identify, evaluate and improve areas of GAAP for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. ASU 2015-11 will require inventory within its scope to be measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The guidance within this ASU will be effective for fiscal years beginning after December 15, 2016. The Alliance does not anticipate the adoption of ASU 2015-11 to have a significant impact on the consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of interest (Topic 835-30) - Simplifying the Presentation of Debt Issuance Costs*, (ASU-2015-03). ASU 2015-03 was issued as part of FASB's Simplification Initiative, the objective of which is to identify, evaluate and improve areas of GAAP for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. ASU 2015-03 will require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The guidance within this ASU will be effective for fiscal years beginning after December 15, 2015. The Alliance does not anticipate the adoption of ASU 2015-03 to have a significant impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires balance sheet recognition of a liability and right-to-use asset for substantially all leases. ASU 2016-02 is effective

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

for fiscal years beginning after December 15, 2018 and requires a modified retrospective transition approach for leases existing at the date of adoption. Management is currently evaluating the impact of the adoption of this standard on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, which requires not-for profit entities to present two classes of net assets in the financial statements, rather than the three classes required by current standards. The two classes of net assets under the ASU are "net assets with donor restrictions" and "net assets without donor restrictions." ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. Management is currently evaluating the impact of the adoption of this standard on the consolidated financial statements.

#### NOTE C--INVESTMENTS

Assets limited as to use are summarized by designation or restriction as follows at June 30:

	<i>2016</i>	<i>2015</i>
Designated or restricted:		
Under safekeeping agreements	\$ 8,115	\$ 8,221
By Board to satisfy regulatory requirements	1,550	1,529
Under bond indenture agreements:		
For debt service and interest payments	33,045	53,812
For capital acquisitions	-	8,507
	42,710	72,069
Less: amount required to meet current obligations	(25,772)	(19,598)
	<u>\$ 16,938</u>	<u>\$ 52,471</u>

Assets limited as to use consist of the following at June 30:

	<i>2016</i>	<i>2015</i>
Cash and cash equivalents	\$ 33,008	\$ 49,665
U.S. Government and agency securities	7,943	19,757
Corporate and foreign bonds	-	860
Municipal obligations	1,759	1,787
	<u>\$ 42,710</u>	<u>\$ 72,069</u>

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

Held-to-maturity securities (other than assets limited as to use) are carried at amortized cost and consist of the following at June 30:

	<i>2016</i>	<i>2015</i>
Cash and cash equivalents	\$ 3,600	\$ 2,781
Corporate and foreign bonds	27,194	30,967
Municipal obligations	5,706	5,765
	<u>\$ 36,500</u>	<u>\$ 39,513</u>

Held-to-maturity securities had gross unrealized gains and losses of \$736 and \$48, respectively, at June 30, 2016 and \$98 and \$425, respectively, at June 30, 2015. At June 30, 2016, the Alliance held securities within the held-to-maturity portfolio with a fair value and gross unrealized loss of \$3,770 and \$41, respectively, which had been at an unrealized loss position for over one year. At June 30, 2015, the Alliance held securities within the held-to-maturity portfolio with a fair value and gross unrealized loss of \$12,710 and \$359, respectively, which had been at an unrealized loss position for over one year. At June 30, 2016, the contractual maturities of held-to-maturity securities were \$12,665 due in one year or less, \$12,075 due from one to five years and \$11,760 due after five years.

Trading securities consist of the following at June 30:

	<i>2016</i>	<i>2015</i>
Cash and cash equivalents	\$ 14,376	\$ 20,789
U.S. Government and agency securities	61,100	76,167
Corporate and foreign bonds	71,915	95,726
Municipal obligations	11,517	23,330
U.S. equity securities	11,618	5,419
Mutual funds	307,007	293,983
Alternative investments	94,852	87,144
	<u>\$ 572,385</u>	<u>\$ 602,558</u>

The Alliance is a member of Premier Inc.'s (Premier) group purchasing organization and holds Class B Units which are convertible into cash or Class A common stock over a seven year vesting period. The Alliance records an investment relative to the estimated fair value of its Class B units, \$10,298 and \$14,724 at June 30, 2016 and 2015, respectively. In addition, as the vesting period is tangential to the Alliance's continued participation in the group purchasing contract, the Alliance recorded a liability equivalent to the estimated fair value of the Class B units, which is included within other long-term liabilities in the Consolidated Balance Sheets. The liability is being amortized as a vendor incentive over the vesting period. During 2016 and 2015, the Alliance recognized \$3,377 and

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* (Dollars in Thousands)

#### *Years Ended June 30, 2016 and 2015*

\$4,045, respectively, related to the vendor incentive which is included within other revenue, gains and support in the Consolidated Statements of Operations.

#### NOTE D--DERIVATIVE TRANSACTIONS

The Alliance is subject to an enforceable master netting arrangement in the form of an ISDA agreement with Bank of America, Merrill Lynch (BofAML). The ISDA agreement requires that the Alliance post additional collateral for the derivatives' fair market value deficits above specified levels. As of June 30, 2016 and 2015, the Alliance was not required to post additional collateral. Under the terms of this agreement, offsetting of derivative contracts is permitted in the event of default of either party to the agreement.

The following is a summary of the interest rate swap agreements at June 30, 2016 and 2015:

<i>Notional Amount</i>	<i>Termination</i>	<i>Counterparty</i>	<i>Current Payments:</i>		<i>Estimated Fair Value</i>	
			<i>Receive</i>	<i>Pay</i>	<i>2016</i>	<i>2015</i>
\$170,000	4/2026	BofAML	71.10% 5 year USD-LIBOR	USD-SIFMA	\$ 2,698	\$ 5,205
\$95,000	4/2026	BofAML	71.18% 5 year USD-LIBOR	USD-SIFMA	1,519	2,929
\$173,030	4/2034	BofAML	72.35% 5 year USD-LIBOR	USD-SIFMA	232	884
\$82,055	7/2033	BofAML	67% USD-LIBOR-BBA	0.312% + USD-SIFMA	(7,106)	(8,253)
\$50,000	7/2038	BofAML	67% (USD-LIBOR-BBA + 0.15%)	USD-SIFMA	(2,130)	(3,351)
\$18,300	7/2018	BofAML	4.50%	0.75% + USD-SIFMA	27	48
\$118,870	6/2019	BofAML	3.80%	70% USD-LIBOR-BBA + 0.70%	277	-
\$0	7/2015	First Tennessee Bank	0.00%	USD-LIBOR-BBA	-	(3)
					<u>\$ (4,483)</u>	<u>\$ (2,541)</u>

The Alliance recognized net settlement income on the interest rate swap agreements of \$5,605 and \$6,204 in June 30, 2016 and 2015, respectively.

#### NOTE E--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30:

# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

### Years Ended June 30, 2016 and 2015

	2016	2015
Land	\$ 61,043	\$ 60,337
Buildings and leasehold improvements	790,178	766,089
Property and improvements held for leasing	84,252	83,582
Equipment and information technology infrastructure	757,216	733,315
Buildings and equipment held under capital lease	249	249
	1,692,938	1,643,572
Less: Allowances for depreciation and amortization	(880,657)	(815,105)
	812,281	828,467
Construction in progress	18,572	18,622
	<u>\$ 830,853</u>	<u>\$ 847,089</u>

Accumulated depreciation and amortization on property and improvements held for leasing purposes is \$31,871 and \$29,520 at June 30, 2016 and 2015, respectively. Net interest capitalized was \$330 and \$925 for the years ended June 30, 2016 and 2015, respectively.

### NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Long-term debt and capital lease obligations consist of the following at June 30:

Description	Rate as of June 30, 2016	Outstanding Balance	
		2016	2015
2016 Hospital Refunding Revenue Bond			
\$118,870 fixed rate tax exempt term bond, due July 2036	3.80%	\$ 118,870	\$ -
2013 Hospital Revenue and Refunding Revenue Bonds:			
\$61,180 variable rate tax-exempt term bond, due August 2031	1.34%	\$ 327,065	\$ 327,785
\$47,500 variable rate tax-exempt term bond, due August 2032	1.10%		
\$13,350 variable rate tax-exempt term bond, due August 2038	1.34%		
\$89,120 variable rate tax-exempt term bonds, due August 2042	1.30% - 1.41%		
\$16,235 variable rate tax-exempt term bond, due August 2043	0.41%		
\$99,680 variable rate taxable term bond due August 2043	0.45%		
2012 Hospital Revenue Bonds:			
(net of unamortized premium of \$1,635 and \$1,696 at June 30, 2016 and 2015, respectively)			
\$55,000 fixed rate tax-exempt term bond, due August 2042	5.00%	56,635	56,696
2011 Hospital Revenue and Refunding and Improvement Bonds:			
\$72,285 variable rate tax-exempt term bonds, due July 2033	0.42%	90,690	94,320
\$18,405 variable rate tax-exempt term bond, due July 2033	1.34%		

# MOUNTAIN STATES HEALTH ALLIANCE

## Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

### Years Ended June 30, 2016 and 2015

Description	Rate as of June 30, 2016	Outstanding Balance	
		2016	2015
2010 Hospital Revenue Refunding Bonds: (net of unamortized premium of \$1,359 and \$1,441 at June 30, 2016 and 2015, respectively)			
\$26,045 fixed rate tax-exempt serial bonds, through 2020	4.00% to 5.00%	165,274	173,271
\$4,355 fixed rate tax-exempt term bond, due July 2023	5.00%		
\$14,985 fixed rate tax-exempt term bond, due July 2025	5.38%		
\$4,250 fixed rate tax-exempt term bond, due July 2028	5.50%		
\$19,230 fixed rate tax-exempt term bond, due July 2030	5.63%		
\$95,050 fixed rate tax-exempt term bonds, due July 2038	6.00% - 6.50%		
2009 Hospital Revenue Bonds: (net of unamortized discount of \$2,084 and \$2,176 at June 30, 2016 and 2015, respectively)			
\$10,665 fixed rate tax-exempt term bonds, due July 2019	7.25%	114,616	117,264
\$22,830 fixed rate tax-exempt term bonds, due July 2029	7.50%		
\$83,205 fixed rate tax-exempt term bonds, due July 2038	7.75% - 8.00%		
2007B Taxable Hospital Revenue Bonds: \$12,140 variable rate taxable term bond due July 2019	0.43%	12,140	15,920
2006 Hospital First Mortgage Revenue Bonds: (net of unamortized premium \$128,761 at June 30, 2015) Defeased with the issuance of the 2016 Hospital Revenue Refunding Bond	N/A	-	167,143
2001 Hospital First Mortgage Revenue Bond: \$18,300 fixed rate tax-exempt term bond, due July 2026	4.50%	18,300	19,400
2000 Hospital First Mortgage Revenue and Refunding Bonds: \$39,835 fixed rate tax-exempt term bond, due July 2026	8.50%	82,073	81,538
\$42,238 fixed rate tax-exempt Capital Appreciation Bond, interest and principal due July 2026 through 2030	6.63%		
Capitalized lease obligations secured by equipment Various monthly principal and interest payments through December 2022	Various	167	350
Promissory notes secured by assets of certain subsidiaries Various monthly principal and interest payments through 2019	Various	1,440	1,705
Term note Note repaid during 2016	N/A	-	16,160
Notes payable secured by equipment Note repaid during 2016	N/A	-	395
		987,270	1,071,947
Less current portion		(23,391)	(40,286)
		<u>\$ 963,879</u>	<u>\$ 1,031,661</u>

**Series 2016 Bonds:** In June 2016, the Alliance issued \$118,870 (Series 2016A) Hospital Revenue Refunding Bonds through the Health and Educational Facilities Board of the City of Johnson City, Tennessee. The proceeds from the 2016A Bonds were used to pay issuance costs and refinance outstanding indebtedness, specifically related to the series 2006A Bonds.

**Capital Appreciation Bonds:** The Series 2000 Bonds include \$14,680 of insured Capital Appreciation Bonds. Such bonds bear a 0% coupon rate and have a yield of 6.625% annually. The

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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Alliance recognizes interest expense and increases the amount of outstanding debt each year based upon this yield. Total principal and interest due at maturity (2026 through 2030) is \$93,675.

*Other:* Outstanding tax-exempt bond obligations that were insured under municipal bond insurance policies were \$82,073 and \$81,538 at June 30, 2016 and 2015, respectively. Under terms of these policies, the insurer guarantees the Alliance's payment of principal and interest. At June 30, 2016 and 2015, the Alliance held \$200,340 and \$206,630, respectively, in variable rate demand bonds with letter of credit support and \$229,555 and \$231,395, respectively, in variable rate bonds held under direct purchase agreements.

*Early Redemption:* Essentially all of the Alliance's bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary redemption, at various dates and prices as described in the respective Bond indentures and other documents.

*Derecognized Bonds:* In previous years, the Alliance advance refunded debt by placing required funds in irrevocable trusts in order to satisfy remaining scheduled principal and interest payments of the outstanding debt. Management, upon advice of legal counsel, believes the amounts deposited in such irrevocable trust accounts have contractually relieved the Alliance of any future obligations with respect to this debt. Debt outstanding and not recognized in the Consolidated Balance Sheet at June 30, 2016 due to previous advance refundings totaled \$308,540.

The assets placed in the irrevocable trust accounts are also not recognized as assets of the Alliance. These assets consist primarily of various investments, as permitted by bond indentures and other documents, including United States Treasury obligations, an investment contract with MBIA Insurance Corporation (MBIA) in the original amount of \$54,300, as well as the Series 2000C and 2000D Bonds which were purchased with the proceeds of the 2000A and 2000B Bonds specifically for the purpose of utilizing the Series 2000C and 2000D Bonds in the irrevocable trust. Therefore, certain of the assets held in the irrevocable trust accounts have future income streams contingent upon payments by the Alliance.

*Financing Arrangements:* The Alliance granted a deed of trust on Johnson City Medical Center and Sycamore Shoals Hospital to secure the payment of the outstanding bond indebtedness. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The Johnston Memorial Hospital, Inc. and Subsidiaries (JMH) Series 2011 Hospital Refunding and Improvement Revenue Bonds are secured by pledged revenues of JMH, as defined in the Credit Agreement.

Certain members of the Alliance and JMH are each members of separate Obligated Groups. The bond indentures, master trust indentures, letter of credit agreements and loan agreements related to the various bond issues and notes payable contain covenants with which the respective Obligated



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

Groups must comply. These requirements include maintenance of certain financial and liquidity ratios, deposits to trustee funds, permitted indebtedness, use of facilities and disposals of property. These covenants also require that failure to meet certain debt service coverage tests will require the deposit of all daily cash receipts of the Alliance into a trust fund. Management has represented the Alliance and JMH are in compliance with all such covenants at June 30, 2016.

The scheduled maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discount and premium, at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 23,391
2018	24,638
2019	26,356
2020	26,810
2021	28,069
Thereafter	<u>857,096</u>
	986,360
Net premium	<u>910</u>
	<u>\$ 987,270</u>

#### NOTE G--SELF-INSURANCE PROGRAMS

The Alliance is substantially self-insured for professional and general liability claims and related expenses. The Alliance maintains a \$25,000 umbrella liability policy that attaches over the self-insurance limits of \$10,000 per claim and a \$15,000 annual aggregate retention. The Alliance's insurance program also provides professional liability coverage for certain affiliates and joint ventures.

The Alliance is also substantially self-insured for workers' compensation claims in the State of Tennessee and has established estimated liabilities for both reported and unreported claims. The Alliance maintains a stop-loss policy that attaches over the self-insurance limits of \$1,000 per occurrence. In the State of Virginia, the Alliance is not self-insured and maintains workers' compensation insurance through commercial carriers.

At June 30, 2016, the Alliance is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2016 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Management has

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

estimated and accrued for the cost of these unreported claims based on historical data and actuarial projections. The estimated net present value of malpractice and workers' compensation claims, both reported and unreported, as of June 30, 2016 and 2015 was \$10,987 and \$12,616, respectively. The discount rate utilized was 5% at June 30, 2016 and 2015.

Additionally, the Alliance is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid. Such amount is included in accounts payable and accrued expenses in the Consolidated Balance Sheets.

#### NOTE H--NET PATIENT SERVICE REVENUE

Patient service revenue, net of contractual allowances and discounts, is composed of the following for the years ended June 30:

	<i>2016</i>	<i>2015</i>
Third-party payers	\$ 988,192	\$ 979,406
Patients	171,244	151,089
Patient service revenue	<u>\$ 1,159,436</u>	<u>\$ 1,130,495</u>

Patient deductibles and copayments under third-party payment programs are included within the patients' amount above.

The Alliance also provides services to uninsured and underinsured patients that do not qualify for financial assistance. Based on historical experience, a significant portion of uninsured and underinsured patients are unable or unwilling to pay the portion of their bill for which they are financially responsible, and a significant provision for bad debts is recorded in the period the services are provided.

The Alliance's allowance for doubtful accounts totaled \$72,531 and \$73,805 at June 30, 2016 and 2015, respectively. The allowance for doubtful accounts increased from 31% of patient accounts receivable, net of contractual allowances in 2015 to 32% of patient accounts receivable, net of contractual allowances in 2016. Management's estimate of the allowance for doubtful accounts is an estimate subject to change in the near term. The provision for bad debts associated with the Alliance's ancillary service lines are not significant.

#### NOTE I--THIRD-PARTY REIMBURSEMENT

The Alliance renders services to patients under contractual arrangements with Medicare, Medicaid, TennCare and various other commercial payers. The Medicare program pays for inpatient services

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Alliance also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, subject to various prescribed limitations and reductions.

Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations (MCOs) and is based on diagnosis related group assignments, a negotiated per diem or fee schedule basis. The Alliance also receives additional supplemental payments from the State of Tennessee and Medicaid. These payments recognized totaled \$9,282 and \$10,386 for the years ended June 30, 2016 and 2015, respectively.

The Virginia Medicaid program reimbursement for inpatient hospital services is based on a prospective payment system using both a per case and per diem methodology. Additional payments are made for the allowable costs of capital. Payments for outpatient services are also based on a prospective payment system, using the Enhanced Ambulatory Patient Group (EAPG) methodology.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The impact of final settlements of cost reports or changes in estimates increased net patient service revenue by \$2,292 and \$3,076 in 2016 and 2015, respectively.

Activity with respect to audits and reviews of the governmental programs in the healthcare industry has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts, if any. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements.

However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2017, although the amount of any change cannot be estimated.

Participation in the Medicare program subjects the Alliance to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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result from final settlements or violations of other rules or regulations. Management has represented that the Alliance is in substantial compliance with these rules and regulations as of June 30, 2016.

The Alliance has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

#### NOTE J--EMPLOYEE BENEFIT PLANS

The Alliance sponsors a defined contribution retirement plan (the Plan) which covers substantially all employees. The Alliance makes contributions to the Plan under a stratified system, whereby the Alliance's contribution percentage is based on each employee's years of service. Employees of certain other subsidiaries are covered by other plans, although such plans are not significant. The total expense related to defined contribution plans for the years ended June 30, 2016 and 2015 was \$15,915 and \$15,601, respectively.

NCH maintains a frozen defined benefit pension plan and a frozen post-retirement employee benefit plan. The accrued unfunded pension liability was \$3,835 and \$1,806, and the accrued unfunded post-retirement liability was \$7,451 and \$6,307 at June 30, 2016 and 2015, respectively.

The Alliance sponsors a secured executive benefit program (SEBP) for certain key executives. Contributions to the plan by the Alliance are based on an annual amount of funding necessary to produce a target benefit for the participants at their retirement dates, although the Alliance does not guarantee any level of benefit will be achieved. The Alliance contributed \$508 and \$1,727 to the plan during 2016 and 2015, respectively. Other assets at June 30, 2016 and 2015 include \$13,567 and \$13,030, respectively, related to the Alliance's portion of the benefits which are recoverable upon the death of the participant. In addition, the Alliance sponsors a Section 457(f) plan for certain key executives. Contributions to the Section 457(f) plan during 2016 and 2015 were not significant.

#### NOTE K--CONCENTRATION OF RISK

The Alliance has locations primarily in upper East Tennessee and Southwest Virginia, a geographic concentration. The Alliance grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Net patient service revenue from Washington County, Tennessee acute-care operations was approximately 51% and 52% of total net patient service revenue in 2016 and 2015, respectively.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of June 30. The patient responsibility related to charges for which the third-party has not yet paid is included within the third-party payer categories.

	<i>2016</i>	<i>2015</i>
Medicare	42%	41%
TennCare/Medicaid	15%	15%
Commercial	24%	26%
Other third-party payers	10%	8%
Patients	9%	10%
	100%	100%

Approximately 95% and 94% of the consolidated total revenue, gains and support were related to the provision of healthcare services during 2016 and 2015, respectively. Admitting physicians are primarily practitioners in the regional area.

The Hospital maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Alliance may maintain bank account balances in excess of the FDIC insured limit. Management believes the credit risk associated with these deposits is not significant.

The Alliance routinely invests in investment vehicles as listed in Note C. The Alliance's investment portfolio is managed by outside investment management companies. Investments in corporate and foreign bonds, municipal obligations, money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government.

#### NOTE L--INCOME TAXES

BRMM and its subsidiaries file a consolidated federal tax return and separate state tax returns. As of June 30, 2016 and 2015, BRMM and its subsidiaries had net operating loss carryforwards for consolidated federal purposes of \$31,890 and \$30,700, respectively, related to operating loss carryforwards, which expire through 2034. At June 30, 2016 and 2015, BRMM had state net operating loss carryforwards of \$70,852 and \$75,619, respectively, which expire through 2030. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated.

Net deferred tax assets related to these carryforwards and other deferred tax assets have been substantially offset through valuation allowances equal to these amounts. Income taxes paid relate primarily to state taxes for certain subsidiaries and federal alternative minimum tax.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

*Years Ended June 30, 2016 and 2015*

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#### NOTE M--OTHER COMMITMENTS AND CONTINGENCIES

*Construction in Progress:* Construction in progress at June 30, 2016 represents costs incurred related to various hospital and medical office building facility renovations and additions and information technology infrastructure. The Alliance has outstanding contracts and other commitments related to the completion of these projects, and the cost to complete these projects is estimated to be \$9,705 at June 30, 2016. The Alliance does not expect any significant costs to be incurred for infrastructure improvements to assets held for resale.

*Employee Scholarships:* In previous years, the Alliance offered scholarships to certain individuals which required that the recipients return to the Alliance to work for a specified period of time after they completed their degree. Amounts due are then forgiven over a specific period of time as provided in the individual contracts. If the recipient does not return and work the required period of time, the funds disbursed on their behalf become due immediately, and interest is charged until the funds are repaid. Other receivables at June 30, 2016 and 2015 include \$5,088 and \$7,095, respectively, related to students in school, graduates working at the Alliance and amounts due from others who are no longer in the scholarship program, net of an estimated allowance.

*Operating Leases and Maintenance Contracts:* Total lease expense for the years ended June 30, 2016 and 2015 was \$6,983 and \$7,414, respectively. Future minimum lease payments for each of the next five years and in the aggregate for the Alliance's noncancellable operating leases with remaining lease terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 7,067
2018	5,423
2019	4,624
2020	3,681
2021	3,124
Thereafter	11,124
	<u>\$ 35,043</u>

#### NOTE N--FAIR VALUE MEASUREMENT

The fair value of financial instruments has been estimated by the Alliance using available market information as of June 30, 2016 and 2015, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Alliance could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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*Held-to-Maturity Securities:* The estimated fair value of the Alliance's held-to-maturity securities at June 30, 2016 and 2015, is \$37,188 and \$39,186, respectively, and would be classified in Level 2 of the fair value hierarchy (described below). The fair value is based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations.

*Investment in Joint Ventures:* It is not practical to estimate the fair market value of the investments in joint ventures.

*Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities:* Estimates of reported and unreported professional liability claims, pension and post-retirement liabilities are discounted to approximate their estimated fair value. It is not practical to estimate the fair market value of other long-term liabilities.

*Long-Term Debt:* The estimated fair value of the Alliance's long-term debt at June 30, 2016 and 2015, is \$1,062,091 and \$1,130,580, respectively, and would be classified in Level 2 in the fair value hierarchy. The fair value of long-term debt is estimated based upon quotes obtained from brokers for bonds and discounted future cash flows using current market rates for other debt. For long-term debt with variable interest rates, the carrying value approximates fair value.

FASB Accounting Standards Codification 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- *Level 2:* Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The Alliance's Level 2 investments are valued primarily using the market valuation approach.
- *Level 3:* Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Alliance's own assumptions.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* (Dollars in Thousands)

#### *Years Ended June 30, 2016 and 2015*

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Alliance's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial instruments measured at fair value as of June 30, 2016 and 2015:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>June 30, 2016</b>				
Cash and cash equivalents	\$ 47,317	\$ 47,317	\$ -	\$ -
U.S. Government and agency securities	61,202	61,202	-	-
Corporate and foreign bonds	71,915	-	71,915	-
Municipal obligations	11,503	-	11,503	-
U.S. equity securities	11,618	11,618	-	-
Mutual funds	307,007	179,045	127,962	-
Alternative investments	94,852	-	84,554	10,298
Total assets	<u>\$ 605,414</u>	<u>\$ 299,182</u>	<u>\$ 295,934</u>	<u>\$ 10,298</u>
Derivative agreements	<u>\$ (4,483)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,483)</u>
<b>June 30, 2015</b>				
Cash and cash equivalents	\$ 70,439	\$ 70,439	\$ -	\$ -
U.S. Government and agency securities	88,083	88,083	-	-
Corporate and foreign bonds	96,586	-	96,586	-
Municipal obligations	23,329	-	23,329	-
U.S. equity securities	5,419	5,419	-	-
Mutual funds	293,983	212,323	81,660	-
Alternative investments	87,144	-	72,420	14,724
Total assets	<u>\$ 664,983</u>	<u>\$ 376,264</u>	<u>\$ 273,995</u>	<u>\$ 14,724</u>
Derivative agreements	<u>\$ (2,541)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,541)</u>

Fair values for the Alliance's fixed maturity securities are based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations. Fair values of equity securities have been determined by the Alliance from market quotations.

*Alternative Investments:* The Alliance generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its alternative investment in a real estate fund. Accordingly, such values may differ from values



## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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that would have been used had an active market for the investments existed. The real estate fund invests primarily in U.S. commercial real estate. The Alliance may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.

The Alliance's investment in Premier Class B units does not have a readily determinable fair value and has been reported at estimated fair market value. The significant unobservable inputs primarily relate to management's estimate of the discount for lack of marketability of 12%. Accordingly, such value may differ from values that would have been used had an active market for the investment existed and as such it has been classified in Level 3 of the fair value hierarchy.

*Derivative Agreements:* The valuation of the Alliance's derivative agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses certain observable market-based inputs. The fair values of interest rate agreements are determined by netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates and the underlying notional amount. The Alliance also incorporates credit valuation adjustments (CVAs) to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. The CVA on the Alliance's interest rate swap agreements at June 30, 2016 and 2015 resulted in a decrease in the fair value of the related liability of \$231 and \$713, respectively.

A certain portion of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Alliance's credit risk used in the CVAs, are unobservable inputs available to a market participant. As a result, the Alliance has determined that the interest rate swap valuations are classified in Level 3 of the fair value hierarchy. Due to the nature of these financial instruments, such estimates of fair value are subject to significant change in the near term.

The following tables provide a summary of changes in the fair value of the Alliance's Level 3 financial assets and liabilities during the fiscal years ended June 30, 2016 and 2015:

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* (Dollars in Thousands)

*Years Ended June 30, 2016 and 2015*

	<i>Alternative Investment</i>	<i>Derivatives, Net</i>
<b>July 1, 2014</b>	\$ 14,713	\$ (10,603)
Total unrealized/realized gains	6,978	7,718
Net investment income	-	344
Settlements	(6,967)	-
<b>June 30, 2015</b>	14,724	(2,541)
Total unrealized/realized losses	(1,049)	(2,287)
Net investment income	-	345
Settlements	(3,377)	-
<b>June 30, 2016</b>	\$ 10,298	\$ (4,483)

#### NOTE O--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The Alliance does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Alliance receives substantially all of its resources from providing healthcare services in a manner similar to business enterprises, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

#### NOTE P--DISCONTINUED OPERATIONS

Effective June 1, 2016, CHIC mutually terminated its Medicare Advantage contract with the U.S. Centers for Medicare and Medicaid Services. CHIC, a for-profit entity subsidiary of ISHN, offered 4-star rated Medicare Advantage coverage to the Medicare eligible population in an eight county region of Northeast Tennessee served by the Alliance. CHIC also discontinued acting as the third-party health insurance administrator for Mountain States employees effective June 30, 2016. Employees of the Alliance transitioned to an outside third-party administrator effective July 1, 2016. The Alliance made the decision to cease CHIC operations in order to refocus on achieving the Alliance's core mission of delivering high value patient care at a lower cost including focusing on measurable quality, outstanding patient experience, and excellent outcomes for patients. Other ISHN functions, including the Anewcare ACO, remain operational. The ceased operations of CHIC represented a disposal of a component entity. As such, the operating results of CHIC have been reported as discontinued operations in the Consolidated Statements of Operations for the periods presented. All assets and liabilities associated with CHIC have been retained by the Alliance, thus classification as discontinued operations on the Consolidated Balance Sheets is not considered necessary.

## MOUNTAIN STATES HEALTH ALLIANCE

### *Notes to Consolidated Financial Statements - Continued* *(Dollars in Thousands)*

#### *Years Ended June 30, 2016 and 2015*

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The loss from discontinued operations is comprised of the following for the years ending June 30:

	<i>2016</i>	<i>2015</i>
Net revenue	\$ 44,027	\$ 32,184
Expenses	(50,519)	(40,512)
Loss from discontinued operations	<u>\$ (6,492)</u>	<u>\$ (8,328)</u>

All cash activities prior to discontinuing operations were for operating activities in 2016 and 2015. Medical claims will continue to be paid for the discontinued Medicare Advantage plan in 2017. Significant cash outflows after 2017 are not anticipated. While these paid claims will impact cash, the claims have been reserved and are not expected to have a material impact to the Consolidated Statement of Operations in 2017.

## **Supplemental Information**

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidated Balance Sheets*

*(Smyth County Community Hospital and Subsidiary, Norton*

*Community Hospital and Subsidiaries)*

*(Dollars in Thousands)*

*June 30, 2016*

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,103	\$ 8,478
Patient accounts receivable, less estimated allowances for uncollectible accounts	6,561	10,691
Other receivables, net	321	1,282
Inventories and prepaid expenses	1,081	1,917
Receivables from affiliates, net	198	-
Estimated amounts due from third-party payers, net	13	-
TOTAL CURRENT ASSETS	11,277	22,368
INVESTMENTS, less amounts required to meet current obligations	25,043	26,108
PROPERTY, PLANT AND EQUIPMENT, net	64,033	51,792
OTHER ASSETS		
Net deferred financing, acquisition costs and other charges	127	202
Other assets	729	-
TOTAL OTHER ASSETS	856	202
	\$ 101,209	\$ 100,470

# MOUNTAIN STATES HEALTH ALLIANCE

*Consolidated Balance Sheets - Continued*  
*(Smyth County Community Hospital and Subsidiary, Norton*  
*Community Hospital and Subsidiaries)*  
*(Dollars in Thousands)*

*June 30, 2016*

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	\$ 13	\$ 16
Current portion of long-term debt and capital lease obligations	154	126
Accounts payable and accrued expenses	2,400	3,999
Accrued salaries, compensated absences and amounts withheld	1,851	4,382
Payables to affiliates, net	-	80
Estimated amounts due to third-party payers, net	-	322
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,418</b>	<b>8,925</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	15,679	20,859
Estimated professional liability self-insurance	380	550
Other long-term liabilities	818	11,377
<b>TOTAL LIABILITIES</b>	<b>21,295</b>	<b>41,711</b>
<b>NET ASSETS</b>		
Unrestricted net assets	79,905	58,619
Temporarily restricted net assets	9	140
<b>TOTAL NET ASSETS</b>	<b>79,914</b>	<b>58,759</b>
	<b>\$ 101,209</b>	<b>\$ 100,470</b>

# MOUNTAIN STATES HEALTH ALLIANCE

*Consolidated Statements of Operations and Changes in Net Assets*  
*(Smyth County Community Hospital and Subsidiary, Norton*  
*Community Hospital and Subsidiaries)*  
*(Dollars in Thousands)*

*Year Ended June 30, 2016*

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
<b>UNRESTRICTED NET ASSETS:</b>		
Revenue, gains and support:		
Patient service revenue, net of contractual allowances and discounts	\$ 49,796	\$ 81,121
Provision for bad debts	(5,294)	(11,069)
Net patient service revenue	44,502	70,052
Other operating revenue	1,921	2,960
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>46,423</b>	<b>73,012</b>
Expenses		
Salaries and wages	17,609	24,954
Physician salaries and wages	269	7,415
Contract labor	228	1,620
Employee benefits	4,475	8,693
Fees	9,466	8,742
Supplies	5,555	6,891
Utilities	971	1,235
Other	5,768	7,910
Depreciation	4,344	4,656
Amortization	13	8
Interest and taxes	180	266
<b>TOTAL EXPENSES AND LOSSES</b>	<b>48,878</b>	<b>72,390</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,455)</b>	<b>622</b>
Nonoperating gains (losses):		
Interest and dividend income	487	548
Net realized gains on the sale of securities	328	239
Change in net unrealized gains on securities	(882)	(725)
Other nonoperating gains	423	80
<b>NONOPERATING GAINS</b>	<b>356</b>	<b>142</b>
<b>EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES</b>	<b>(2,099)</b>	<b>764</b>

*See Independent Auditor's Report.*

# MOUNTAIN STATES HEALTH ALLIANCE

*Consolidated Statements of Operations and Changes in Net Assets - Continued*  
*(Smyth County Community Hospital and Subsidiary, Norton*  
*Community Hospital and Subsidiaries)*  
*(Dollars in Thousands)*

*Year Ended June 30, 2016*

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
Pension and postretirement liability adjustments	-	(2,879)
Net Asset Transfer	(110)	-
DECREASE IN UNRESTRICTED NET ASSETS	(2,209)	(2,115)
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted grants and contributions	8	153
Net assets released from restrictions	(8)	(149)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	4
DECREASE IN TOTAL NET ASSETS	(2,209)	(2,111)
NET ASSETS, BEGINNING OF YEAR	82,123	60,870
NET ASSETS, END OF YEAR	\$ 79,914	\$ 58,759



# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Balance Sheet (Obligated Group and Other Entities) (Dollars in Thousands)*

*June 30, 2016*

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 57,455	\$ 32,296	\$ -	\$ 89,751
Current portion of investments	25,772	-	-	25,772
Patient accounts receivable, less estimated allowance for uncollectible accounts	128,525	26,477	-	155,002
Other receivables, net	21,300	20,195	(6,433)	35,062
Inventories and prepaid expenses	26,597	8,301	-	34,898
<b>TOTAL CURRENT ASSETS</b>	<b>259,649</b>	<b>87,269</b>	<b>(6,433)</b>	<b>340,485</b>
INVESTMENTS, less amounts required to meet current obligations	387,199	238,624	-	625,823
EQUITY IN AFFILIATES	353,116	-	(353,116)	-
PROPERTY, PLANT AND EQUIPMENT, net	602,235	228,618	-	830,853
<b>OTHER ASSETS</b>				
Goodwill	152,600	3,965	-	156,565
Net deferred financing, acquisition costs and other charges	20,584	1,440	-	22,024
Other assets	47,413	7,984	-	55,397
<b>TOTAL OTHER ASSETS</b>	<b>220,597</b>	<b>13,389</b>	<b>-</b>	<b>233,986</b>
	<b>\$ 1,822,796</b>	<b>\$ 567,900</b>	<b>\$ (359,549)</b>	<b>\$ 2,031,147</b>

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Balance Sheet – Continued* *(Obligated Group and Other Entities)* *(Dollars in Thousands)*

*June 30, 2016*

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accrued interest payable	\$ 13,566	\$ 20	\$ -	\$ 13,586
Current portion of long-term debt and capital lease obligations	22,005	7,819	(6,433)	23,391
Accounts payable and accrued expenses	76,193	19,007	-	95,200
Accrued salaries, compensated absences and amounts withheld	50,996	17,726	-	68,722
Payables to (receivables from) affiliates, net	11,586	(11,586)	-	-
Estimated amounts due to third-party payers, net	8,459	691	-	9,150
<b>TOTAL CURRENT LIABILITIES</b>	<b>182,805</b>	<b>33,677</b>	<b>(6,433)</b>	<b>210,049</b>
<b>OTHER LIABILITIES</b>				
Long-term debt and capital lease obligations, less current portion	945,253	18,626	-	963,879
Estimated fair value of derivatives, net	4,483	-	-	4,483
Estimated professional liability self-insurance	6,368	1,026	-	7,394
Other long-term liabilities	34,709	2,271	-	36,980
<b>TOTAL LIABILITIES</b>	<b>1,173,618</b>	<b>55,600</b>	<b>(6,433)</b>	<b>1,222,785</b>
<b>NET ASSETS</b>				
<b>Unrestricted net assets</b>				
Mountain States Health Alliance	594,303	344,914	(344,914)	594,303
Noncontrolling interests in subsidiaries	40,684	153,779	5,379	199,842
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>634,987</b>	<b>498,693</b>	<b>(339,535)</b>	<b>794,145</b>
<b>Temporarily restricted net assets</b>				
Mountain States Health Alliance	14,091	13,547	(13,547)	14,091
Noncontrolling interests in subsidiaries	73	33	(7)	99
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>14,164</b>	<b>13,580</b>	<b>(13,554)</b>	<b>14,190</b>
Permanently restricted net assets	27	27	(27)	27
<b>TOTAL NET ASSETS</b>	<b>649,178</b>	<b>512,300</b>	<b>(353,116)</b>	<b>808,362</b>
	<b>\$ 1,822,796</b>	<b>\$ 567,900</b>	<b>\$ (359,549)</b>	<b>\$ 2,031,147</b>

# MOUNTAIN STATES HEALTH ALLIANCE

## Consolidating Statement of Operations (Obligated Group and Other Entities) (Dollars in Thousands)

Year Ended June 30, 2016

	Obligated Group	Other Entities	Eliminations	Total
Revenue, gains and support:				
Patient service revenue, net of contractual allowances and discounts	\$ 948,183	\$ 211,441	\$ (188)	\$ 1,159,436
Provision for bad debts	(113,468)	(24,238)	-	(137,706)
Net patient service revenue	834,715	187,203	(188)	1,021,730
Other operating revenue	33,381	112,252	(94,592)	51,041
Equity in net gain of affiliates	(5,963)	1,161	4,802	-
TOTAL REVENUE, GAINS AND SUPPORT	862,133	300,616	(89,978)	1,072,771
Expenses:				
Salaries and wages	289,478	68,658	(6,169)	351,967
Physician salaries and wages	67,676	78,056	(61,689)	84,043
Contract labor	18,029	3,685	(403)	21,311
Employee benefits	64,768	20,037	(5,995)	78,810
Fees	93,339	32,998	(13,599)	112,738
Supplies	149,615	29,630	(103)	179,142
Utilities	12,515	3,669	(4)	16,180
Medical Costs	-	(762)	-	(762)
Other	63,549	28,291	(6,791)	85,049
Depreciation	50,015	16,403	-	66,418
Amortization	1,457	60	-	1,517
Interest and taxes	40,139	2,539	-	42,678
TOTAL EXPENSES	850,580	283,264	(94,753)	1,039,091
OPERATING INCOME	11,553	17,352	4,775	33,680
Nonoperating gains (losses):				
Interest and dividend income	9,893	5,141	-	15,034
Net realized gains on the sale of securities	4,763	1,751	-	6,514
Change in net unrealized gains on securities	(11,946)	(5,565)	-	(17,511)
Derivative related income	5,605	-	-	5,605
Loss on early extinguishment of debt	(2,827)	-	-	(2,827)
Change in estimated fair value of derivatives	(2,287)	-	-	(2,287)
Other nonoperating losses	(3,563)	(5,733)	(432)	(9,728)
NET NONOPERATING LOSS	(362)	(4,406)	(432)	(5,200)
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES FROM CONTINUING OPERATIONS	11,191	12,946	4,343	28,480
LOSS FROM DISCONTINUED OPERATIONS	-	(6,492)	-	(6,492)
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 11,191	\$ 6,454	\$ 4,343	\$ 21,988

# MOUNTAIN STATES HEALTH ALLIANCE

## *Consolidating Statement of Changes in Net Assets (Obligated Group and Other Entities) (Dollars in Thousands)*

*Year Ended June 30, 2016*

	<i>Obligated Group</i>		<i>Total</i>	<i>Other Entities</i>		<i>Total</i>		
	<i>Mountain States</i>	<i>Noncontrolling</i>	<i>Obligated</i>	<i>Mountain States</i>	<i>Noncontrolling</i>	<i>Other</i>	<i>Eliminations</i>	<i>Total</i>
	<i>Health Alliance</i>	<i>Interests</i>	<i>Group</i>	<i>Health Alliance</i>	<i>Interests</i>	<i>Entities</i>		
UNRESTRICTED NET ASSETS:								
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 11,230	\$ (39)	\$ 11,191	\$ (394)	\$ 6,848	\$ 6,454	\$ 4,343	\$ 21,988
Pension and other defined benefit plan adjustments	(1,443)	(1,436)	(2,879)	236	236	472	(472)	(2,879)
Net assets released from restrictions used for the purchase of property, plant and equipment	1,987	-	1,987	1,987	-	1,987	(1,987)	1,987
Repurchases of noncontrolling interests, net	(1,100)	-	(1,100)	-	-	-	99	(1,001)
Distributions to noncontrolling interests	-	-	-	(4,762)	(355)	(5,117)	4,762	(355)
Net asset transfers	-	-	-	3,409	3,828	7,237	(7,237)	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	10,674	(1,475)	9,199	476	10,557	11,033	(492)	19,740
TEMPORARILY RESTRICTED NET ASSETS:								
Restricted grants and contributions	5,840	77	5,917	4,947	34	4,981	(4,954)	5,944
Net assets released from restrictions	(5,052)	(76)	(5,128)	(4,288)	(9)	(4,297)	4,297	(5,128)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	788	1	789	659	25	684	(657)	816
PERMANENTLY RESTRICTED NET ASSETS:								
Net assets released from restrictions	-	-	-	(100)	-	(100)	-	(100)
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	-	(100)	-	(100)	-	(100)
INCREASE (DECREASE) IN TOTAL NET ASSETS	11,462	(1,474)	9,988	1,035	10,582	11,617	(1,149)	20,456
NET ASSETS, BEGINNING OF YEAR	596,959	42,231	639,190	357,453	143,230	500,683	(351,967)	787,906
NET ASSETS, END OF YEAR	\$ 608,421	\$ 40,757	\$ 649,178	\$ 358,488	\$ 153,812	\$ 512,300	\$ (353,116)	\$ 808,362

## MOUNTAIN STATES HEALTH ALLIANCE

### *Note to Supplemental Information*

*Year Ended June 30, 2016*

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#### NOTE A--OBLIGATED GROUP MEMBERS

As described in Note F to the consolidated financial statements, the Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The members pledged pursuant to the Amended and Restated Master Trust Indenture between Mountain States Health Alliance and the Bank of New York Mellon Trust Company, NA as Master Trustee include Johnson City Medical Center Hospital, Indian Path Medical Center, Franklin Woods Community Hospital, Sycamore Shoals Hospital, Johnson County Community Hospital, Russell County Medical Center, Unicoi County Memorial Hospital, Norton Community Hospital (hospital only), Smyth County Community Hospital (hospital only) and Blue Ridge Medical Management Corporation (parent company only), collectively defined as the Obligated Group (Obligated Group).

The supplemental consolidating information includes the accounts of the members of the Obligated Group after elimination of all significant intergroup accounts and transactions. Certain other subsidiaries of the Alliance are not pledged to secure the payment of the outstanding bonds as they are not part of the Obligated Group. These affiliates have been accounted for within the Obligated Group based upon the Alliance's original and subsequent investments, as adjusted for the Alliance's pro rata share of income or losses and any distributions, and are included as a part of equity in affiliates in the supplemental consolidating balance sheet.



MOUNTAIN STATES  
HEALTH ALLIANCE

# FINANCIAL REPORT

September 2016

**MOUNTAIN STATES HEALTH ALLIANCE  
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September 2016**

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# **Mountain States Health Alliance**

## **FINANCIAL STATEMENT HIGHLIGHTS**

### **September 2016**

Admissions for September of 4,938 were under budget by 3.4% and below prior year by 6.7%. Average length of stay of 4.40 was over budget by 2.5% and below prior year by 1.4%. Patient days of 21,725 were under budget by 1.0% and below prior year by 8.0%. Average daily census of 724 was under budget by 1.0% and below prior year by 8.0%. Adjusted admissions of 10,622 were under budget by 3.1% and below prior year by 4.9%. Adjusted patient days of 46,734 were under budget by 0.7% and below prior year by 6.2%. Outpatient visits of 154,798 were under budget by 1.8% and below prior year by 0.7%.

Net patient revenue of \$85,277,000 was unfavorable to budget by \$2,917,000 (3.3%) and above prior year by \$587,000 (0.7%).

For Revenue by Source, Medicare, Medicaid, Managed Care/Commercial, and Other experienced increases over September 2015, while there were declines in Managed Medicare, TennCare, Blue Cross, United-River Valley, and Charity/Self Pay.

Other operating revenue of \$2,194,000 was under budget by 16.8%. Total operating revenue of \$87,471,000 was unfavorable to budget by \$3,362,000 (3.7%) and below prior year by \$8,000 (0.0%). Operating Revenue per Adjusted Admission of \$8,155 was under budget by 0.6% and above prior year by 1.3%.

Overall expenses of \$83,618,000 were favorable to budget by \$1,856,000 (2.2%) and below prior year by \$1,945,000 (2.3%). All expense categories were under budget except for fees and utilities. Operating Expense per Adjusted Patient Day of \$1,770 was favorable to budget by 1.5% and above prior year by 3.8%.



The following table summarizes volume-adjusted expense budget variances for the month:

<b>Expense Category</b>	<b>Dollar Variance</b>	<b>Per Adj Pt Day</b>	<b>Per Adj Admission</b>
1. Salaries	\$1,035,000 F	2.2% F	0.3% F
2. Contract Labor	304,000 F	19.7% F	17.7% F
3. Employee Benefits	210,000 F	2.8% F	0.4% F
4. Supplies	435,000 F	2.4% F	0.0% F
5. Fees	379,000 U	4.7% U	7.4% U
6. Depreciation	57,000 F	0.3% F	2.2% U
7. Insurance, Utilities & Other	178,000 F	1.3% F	1.2% U
8. Amortization, Interest & Taxes	15,000 F	0.2% U	2.8% U
<b>TOTAL EXPENSE</b>	<b>\$1,856,000 F</b>	<b>1.5% F</b>	<b>1.0% U</b>

Following are explanations of the major expense variances:

- 1) Salaries – Favorable mainly due to lower than budgeted FTE's and salary expense per FTE.
- 2) Contract Labor – Favorable mainly due to lower than budgeted contract labor expense in physician locums and coding, offset by higher than budgeted expense in nursing.
- 3) Employee Benefits – Favorable to budget due to lower than budgeted payroll taxes, group health expense, and celebration expense, offset by higher than budgeted pension expense, pharmacy claims, and worker's compensation expense. Benefits as a percent of salaries were 16.5% compared to a budget and prior year of 16.6% and 14.1%, respectively.

- 4) Supplies – Supplies as a percent of Net Revenue were 16.6% versus a budget and prior year of 16.6% and 17.6%, respectively.
- 5) Fees – Unfavorable mainly due to higher than budgeted legal fees, collection fees, and consulting fees, offset by lower than budgeted physician fees, and purchased services.
- 6) Depreciation – Favorable due to the timing of capital expenditures versus the budget.
- 7) Insurance, Utilities & Other – Favorable due to lower than budgeted maintenance/repairs, travel, marketing expense, bank fees, meals, employee recruitment, and insurance expense, offset by higher than budgeted lease expense, utilities, and license/permits expense.
- 8) Amortization, Interest & Taxes – Favorable mainly due to lower than budgeted taxes, and higher than budgeted capitalized interest, offset by higher than budgeted interest on the variable rate debt and interest related to the swaps.

Net investment income was favorable to the budget by \$400,000 (78.3%). The realized gain on investments was \$83,000 for the month. The gain from affiliates was \$53,000 versus a budgeted gain of \$172,000 and prior year gain of \$224,000. Other Non Operating Expense was favorable to budget by \$405,000 mainly due to lower than budgeted merger fees, grant expense, contribution expense, Children's Resource Center expense, and higher than budgeted research revenue, offset by higher than budgeted Career Resource expense, and lower than budgeted contribution income and grant revenue.

The following table summarizes the variances in EBITDA for the month:

a.	Corporate overage	\$ 870,000
b.	Washington County Market overage	795,000
c.	Northeast Market overage	184,000
d.	MSHH underage	(60,000)
e.	Southeast Market underage	(371,000)
f.	BR underage	(498,000)
g.	Northwest Market underage	(1,649,000)
h.	MSF overage	21,000
i.	Auxiliary overage	1,000
j.	ISHN overage	39,000
k.	Minority Interest underage	(44,000)
l.	Eliminations underage	(132,000)
EBITDA Variance		<u>\$ (844,000)</u>

September EBITDA of \$12,088,000 was unfavorable to budget by \$844,000 (6.5%) and favorable to the prior year by \$1,103,000 (10.0%). Year-to-date EBITDA of \$30,514,000 was

unfavorable to budget by \$4,501,000 (12.9%) and unfavorable to prior year by \$3,535,000 (10.4%).

From a balance sheet perspective, total cash and investments (including assets whose use is limited) increased by \$43,011,000 mainly due to the decreases in accounts receivable, an increase in accounts payable, and the unrealized gain on investments.

**Mountain States Health Alliance**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
724	731	-1.0%	787	-8.0%
48.8%	49.3%	-1.0%	51.4%	-5.1%
21,725	21,934	-1.0%	23,610	-8.0%
4,938	5,112	-3.4%	5,294	-6.7%
1,884	1,930	-2.4%	1,854	1.6%
1,456	1,505	-3.3%	1,420	2.5%
5,836	6,048	-3.5%	6,074	-3.9%
24.9%	24.9%	0.3%	23.4%	6.7%
3.5%	3.6%	-3.6%	3.2%	9.6%
46,734	47,054	-0.7%	49,821	-6.2%
10,622	10,967	-3.1%	11,171	-4.9%
154,798	157,682	-1.8%	155,880	-0.7%
7,975	8,870	-10.1%	8,169	-2.4%
22,235	22,547	-1.4%	22,362	-0.6%
344	515	-33.2%	456	-24.6%
859	968	-11.3%	1,009	-14.9%
1,703	1,645	3.5%	1,625	4.8%
415	482	-13.9%	450	-7.8%
28.1%	27.0%	1.1%	27.9%	0.3%
21.8%	23.0%	-1.1%	22.7%	-0.8%
5.6%	5.7%	-0.2%	5.3%	0.3%
9.0%	9.9%	-0.9%	9.6%	-0.7%
14.8%	15.4%	-0.7%	15.0%	-0.3%
2.7%	3.0%	-0.2%	2.8%	-0.1%
7.7%	6.8%	0.9%	7.1%	0.6%
6.6%	6.9%	-0.3%	6.9%	-0.3%
3.7%	2.3%	1.4%	2.6%	1.0%
100.0%	100.0%		100.0%	
\$10,047	\$9,931	1.2%	\$8,962	12.1%
\$1,623	\$1,582	2.6%	\$1,507	7.7%
\$1,854	\$1,912	-3.0%	\$1,739	6.6%
\$1,770	\$1,797	1.5%	\$1,705	-3.8%
\$8,155	\$8,203	-0.6%	\$7,756	5.1%
\$7,787	\$7,712	-1.0%	\$7,605	-2.4%
18.0%	18.7%	-3.8%	18.8%	-4.3%
\$7,949	\$7,963	-0.2%	\$7,506	5.9%
6,748	7,025	3.9%	7,243	6.8%
22	23	2.6%	49	54.1%
6,770	7,048	3.9%	7,291	7.1%
338	356	4.9%	300	-12.6%
31	39	21.3%	49	37.1%
369	395	6.5%	350	-5.6%
7,140	7,443	4.1%	7,641	6.6%
4.47	4.63	3.5%	4.47	0.0%
112.0	113.2	1.0%	113.7	1.5%
\$23.91	\$23.54	-1.6%	\$23.04	-3.8%
\$49,723	\$48,963	-1.6%	\$47,975	-3.6%
\$3,348	\$3,338	-0.3%	\$3,379	0.9%
49.5%	49.6%	0.1%	53.0%	6.5%
4.38	4.50	2.7%	4.55	3.8%
4.40	4.29	-2.5%	4.46	1.4%
4.16	4.25	2.1%	4.21	1.3%
2.57	2.69	4.1%	2.77	7.0%
4.14	4.00	-3.7%	4.16	0.4%
2.69	2.62	-2.6%	2.91	7.5%
1.07	1.07	0.4%	1.03	-3.6%
1.57	1.53	2.3%	1.49	5.1%
1.44	1.40	2.7%	1.34	7.7%
1.61	1.58	2.1%	1.52	6.1%
1.54	1.52	1.0%	1.43	7.6%
16.6%	16.6%	-0.2%	17.6%	5.5%
\$1,319	\$1,319	0.0%	\$1,319	0.0%
4,134	4,120	0.3%	3,922	5.4%
42	44	-4.5%	45	-6.7%
124	130	4.8%	146	15.0%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	722	719	0.5%	781	-7.5%
Occupancy Percent	48.7%	48.5%	0.5%	51.1%	-4.6%
Patient Days	66,462	66,120	0.5%	71,865	-7.5%
Admissions	14,913	15,375	-3.0%	15,967	-6.6%
Observation Visits	6,101	5,899	3.4%	6,124	-0.4%
Observation Visits (excl OB)	4,796	4,602	4.2%	4,750	1.0%
Acute Admissions and Observation Visits (excl OB)	18,026	18,284	-1.4%	18,891	-4.6%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	26.6%	25.2%	5.7%	25.1%	5.8%
Observation (excl OB) % of Occupancy	3.8%	3.6%	4.4%	3.5%	7.5%
Adjusted Patient Days	143,126	142,309	0.6%	150,138	-4.7%
Adjusted Admissions	32,115	33,091	-3.0%	33,358	-3.7%
Outpatient Visits	459,600	470,466	-2.3%	460,476	-0.2%
Urgent Care Visits	22,818	25,930	-12.0%	21,870	4.3%
ED Visits	66,626	67,620	-1.5%	66,595	0.0%
Home Health Episodes	1,150	1,528	-24.7%	1,378	-16.5%
IP Surgery Cases	2,742	2,820	-2.8%	2,914	-5.9%
OP Surgery Cases	5,191	5,152	0.8%	5,113	1.5%
ASC Surgery Cases	1,500	1,424	5.3%	1,325	13.2%

**Revenue By Source**

Medicare	27.6%	27.0%	0.6%	28.2%	-0.6%
Managed Medicare	21.8%	22.9%	-1.1%	22.3%	-0.4%
Medicaid	5.1%	5.7%	-0.6%	5.2%	-0.1%
TennCare	9.3%	9.9%	-0.6%	9.5%	-0.2%
Blue Cross	15.1%	15.5%	-0.4%	14.8%	0.3%
United - River Valley	2.6%	3.0%	-0.4%	2.8%	-0.2%
Managed Care / Commercial	7.5%	6.8%	0.7%	7.4%	0.1%
Charity / Self Pay	6.7%	6.9%	-0.2%	7.0%	-0.3%
Other Patient Revenue	4.2%	2.3%	1.9%	2.9%	1.3%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$9,953	\$9,902	0.5%	\$8,981	10.8%
OP Revenue per Outpatient Visit	\$1,660	\$1,604	3.5%	\$1,527	8.8%
Operating Revenue per Adjusted Patient Day	\$1,821	\$1,890	-3.7%	\$1,745	4.4%
Operating Expense per Adjusted Patient Day	\$1,766	\$1,808	2.3%	\$1,715	-3.0%
Operating Revenue per Adjusted Admission	\$8,114	\$8,129	-0.2%	\$7,852	3.3%
Operating Expense per Adjusted Admission	\$7,870	\$7,775	-1.2%	\$7,719	-2.0%
Net Revenue % of Gross Revenue	17.8%	18.5%	-3.8%	18.8%	-5.2%
Net Revenue per Adjusted Admission	\$7,905	\$7,886	0.2%	\$7,596	4.1%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	6,879	6,991	1.6%	7,312	5.9%
Contract Full Time Equivalents	27	24	-12.3%	44	38.3%
Total Full Time Equivalents (excl Providers)	6,906	7,015	1.6%	7,356	6.1%
Employed Provider Full Time Equivalents	334	351	4.8%	291	-15.1%
Contract Provider Full Time Equivalents	34	40	13.3%	38	10.4%
Total Provider Full Time Equivalents	369	391	5.6%	329	-12.1%
Full Time Equivalents	7,275	7,406	1.8%	7,685	5.3%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	4.56	4.67	2.4%	4.57	0.4%
Man Hours per Adjusted Admission (incl Cont Lbr)	115.7	114.4	-1.1%	117.4	1.5%
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.67	\$23.51	-0.7%	\$22.84	-3.7%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$49,239	\$48,893	-0.7%	\$47,551	-3.5%
Labor Exp (excl Providers) per Adjusted Admission	\$3,431	\$3,383	-1.4%	\$3,412	-0.5%
Labor Exp % of Net Revenue	51.0%	50.7%	-0.6%	52.6%	3.1%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.42	4.49	1.6%	4.54	2.6%
Overall Average Length of Stay	4.46	4.30	-3.6%	4.50	1.0%
Acute Medicare Average Length of Stay	4.18	4.24	1.6%	4.20	0.5%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.64	2.68	1.8%	2.76	4.5%
Acute Overall Average Length of Stay	4.19	4.01	-4.6%	4.16	-0.6%
Acute Overall Average Length of Stay - Acuity Adjusted	2.76	2.63	-4.9%	2.89	4.7%
Observation Average Length of Stay	1.07	1.07	-0.2%	1.04	-3.2%
Overall Medicare Case Mix Index	1.54	1.53	0.4%	1.49	3.3%
Overall Case Mix Index	1.42	1.40	1.0%	1.34	5.5%
Acute Medicare Case Mix Index	1.58	1.58	0.3%	1.52	4.1%
Acute Overall Case Mix Index	1.52	1.52	-0.3%	1.44	5.5%
Supply Expense % of Net Revenue	17.1%	16.9%	-1.2%	17.3%	1.1%
Supply Expense per Adjusted Admission	\$1,349	\$1,331	-1.4%	\$1,311	-2.9%

**Operating Statistics (Long-Term Care)**

Nursing Home Patient Days	12,484	12,652	-1.3%	12,124	3.0%
Nursing Home Admissions	119	131	-9.2%	116	2.6%
Nursing Home Full Time Equivalents	125	130	4.0%	144	13.3%

**Mountain States Health Alliance**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
219,973,322	219,659,303	0.1%	213,265,661	3.1%
251,343,149	249,508,889	0.7%	234,943,450	7.0%
471,316,471	469,168,192	0.5%	448,209,111	5.2%
355,815,557	347,553,412	-2.4%	330,179,393	-7.8%
6,088,087	6,524,755	6.7%	5,868,907	-3.7%
7,380,056	9,692,872	23.9%	11,645,774	36.6%
1,684,171	1,718,795	2.0%	2,186,148	23.0%
15,071,398	15,483,663	2.7%	13,638,247	-10.5%
386,039,269	380,973,498	-1.3%	363,518,469	-6.2%
85,277,202	88,194,695	-3.3%	84,690,642	0.7%
2,193,799	2,638,212	-16.8%	2,788,204	-21.3%
87,471,001	90,832,907	-3.7%	87,478,847	0.0%
28,007,824	28,714,790	2.5%	29,034,953	3.5%
6,881,946	7,210,086	4.6%	6,928,617	0.7%
919,386	1,161,280	20.8%	1,482,150	38.0%
273,480	335,806	18.6%	551,518	50.4%
5,761,091	5,971,148	3.5%	5,059,117	-13.9%
9,909,728	9,530,428	-4.0%	9,544,082	-3.8%
14,109,811	14,544,830	3.0%	14,846,733	5.0%
1,478,269	1,463,079	-1.0%	1,463,458	-1.0%
7,414,617	7,608,231	2.5%	7,611,261	2.6%
0	0	0.0%	(280,418)	100.0%
5,512,019	5,568,588	1.0%	5,610,471	1.8%
114,140	115,823	1.5%	124,878	8.6%
3,235,559	3,249,316	0.4%	3,586,415	9.8%
83,617,870	85,473,406	2.2%	85,563,235	2.3%
3,853,132	5,359,501	-28.1%	1,915,612	101.1%
0	(0)	0.0%	(0)	0.0%
(0)	(0)	0.0%	0	0.0%
3,853,132	5,359,501	-28.1%	1,915,612	101.1%
911,672	511,291	78.3%	1,142,478	-20.2%
82,631	0	100.0%	(6,461)	1379.0%
53,233	172,333	-69.1%	224,310	-76.3%
0	0	0.0%	(81,248)	100.0%
8,865	0	100.0%	(740,073)	101.2%
(1,174,120)	(1,130,561)	-3.9%	(452,827)	-159.3%
0	0	0.0%	(3,851)	100.0%
(509,013)	(914,345)	44.3%	(334,733)	-52.1%
(626,733)	(1,361,282)	54.0%	(252,404)	-148.3%
3,226,399	3,998,219	-19.3%	1,663,207	94.0%
(2,555,304)	0	100.0%	1,508,301	-269.4%
671,094	3,998,219	-83.2%	3,171,508	-78.8%
2,385,406	0	100.0%	(5,520,819)	143.2%
3,056,501	3,998,219	-23.6%	(2,349,311)	230.1%
12,088,116	12,931,946	-6.5%	10,984,971	10.0%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
Total Operating Expense

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits

Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Gain / (Loss) on Discontinued Operations  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
Total Non Operating Income / (Expense)

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
Increase in Unrestricted Net Assets Before Change in Accounting Principle

**EBITDA**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
666,407,588	660,346,875	0.9%	650,609,402	2.4%
763,301,585	754,548,193	1.2%	703,087,684	8.6%
1,429,709,173	1,414,895,067	1.0%	1,353,697,086	5.6%
1,075,982,211	1,049,144,973	-2.6%	997,805,222	-7.8%
22,348,564	19,752,254	-13.1%	19,821,734	-12.7%
25,371,151	30,260,089	16.2%	30,280,272	16.2%
4,573,522	5,332,150	14.2%	5,274,981	13.3%
44,996,435	46,767,210	3.8%	44,433,907	-1.3%
1,173,271,883	1,151,256,677	-1.9%	1,097,616,116	-6.9%
256,437,289	263,638,390	-2.7%	256,080,970	0.1%
6,756,895	8,035,912	-15.9%	8,539,695	-20.9%
263,194,184	271,674,302	-3.1%	264,620,665	-0.5%
86,659,553	87,501,461	1.0%	88,965,606	2.6%
20,651,334	21,721,134	4.9%	19,932,317	-3.6%
3,193,762	3,637,856	12.2%	4,601,138	30.6%
1,028,972	1,071,341	4.0%	1,497,413	31.3%
17,646,176	18,122,809	2.6%	17,877,751	1.3%
29,811,741	29,080,957	-2.5%	27,846,754	-7.1%
43,592,979	44,297,955	1.6%	44,092,938	1.1%
4,457,688	4,557,073	2.2%	4,570,382	2.5%
21,829,377	22,911,185	4.7%	22,800,230	4.3%
0	0	0.0%	(211,318)	100.0%
16,485,134	16,761,636	1.6%	16,509,516	0.1%
344,303	349,352	1.4%	382,703	10.0%
9,819,504	9,983,288	1.6%	10,998,043	10.7%
255,520,524	259,996,049	1.7%	259,863,472	1.7%
7,673,661	11,678,253	-34.3%	4,757,193	61.3%
0	0	0.0%	(0)	0.0%
(0)	0	0.0%	0	0.0%
7,673,661	11,678,253	-34.3%	4,757,193	61.3%
2,989,066	1,482,784	101.6%	3,342,512	-10.6%
124,158	0	100.0%	195,829	-36.6%
151,420	316,999	-52.2%	393,788	-61.5%
(643)	0	100.0%	(54,108)	98.8%
16,590	0	100.0%	(1,531,120)	101.1%
(4,681,506)	(3,042,225)	-53.9%	390,312	-1299.4%
(966)	0	100.0%	(12,515)	92.3%
(2,407,143)	(2,515,738)	4.3%	(1,324,027)	-81.8%
(3,809,023)	(3,758,180)	-1.4%	1,400,670	-371.9%
3,864,638	7,920,073	-51.2%	6,157,863	-37.2%
1,269,542	0	100.0%	2,740,972	-53.7%
5,134,179	7,920,073	-35.2%	8,898,835	-42.3%
12,425,025	0	100.0%	(18,949,285)	165.6%
17,559,204	7,920,073	121.7%	(10,050,450)	274.7%
30,513,579	35,014,350	-12.9%	34,048,125	-10.4%

**Washington County Market**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
464	451	2.8%	506	-8.3%
69.8%	67.8%	2.8%	71.0%	-1.8%
13,918	13,535	2.8%	15,170	-8.3%
2,912	2,950	-1.3%	3,092	-5.8%
1,017	975	4.3%	941	8.1%
786	756	4.0%	711	10.5%
3,269	3,287	-0.5%	3,291	-0.7%
24.0%	23.0%	4.5%	21.6%	11.3%
4.5%	4.3%	5.7%	3.7%	23.1%
23,969	23,323	2.8%	25,972	-7.7%
5,015	5,083	-1.3%	5,294	-5.3%
26,611	27,398	-2.9%	27,117	-1.9%
7,369	7,487	-1.6%	7,336	0.4%
610	662	-7.9%	670	-9.0%
834	721	15.7%	710	17.5%
25.8%	23.2%	2.5%	24.1%	1.6%
23.5%	25.9%	-2.4%	25.6%	-2.1%
2.3%	2.2%	0.1%	1.8%	0.5%
11.8%	13.2%	-1.4%	12.4%	-0.6%
14.0%	15.6%	-1.5%	15.3%	-1.3%
3.0%	3.2%	-0.2%	3.1%	-0.1%
8.9%	6.9%	2.0%	7.9%	0.9%
6.1%	6.8%	-0.7%	6.8%	-0.6%
4.7%	3.1%	1.6%	3.1%	1.5%
100.0%	100.0%		100.0%	
\$10,791	\$10,699	0.9%	\$9,459	14.1%
\$4,075	\$3,822	6.6%	\$3,768	8.2%
\$1,842	\$1,852	-0.6%	\$1,661	10.9%
\$1,580	\$1,624	-2.7%	\$1,524	-3.7%
\$8,802	\$8,496	3.6%	\$8,147	8.0%
\$7,549	\$7,451	-1.3%	\$7,475	-1.0%
16.9%	17.1%	-1.2%	17.3%	-2.2%
\$8,725	\$8,406	3.8%	\$8,031	8.6%
2,949	3,016	2.2%	3,149	6.3%
45	20	-123.4%	47	4.8%
2,995	3,036	1.4%	3,196	6.3%
0	0	100.0%	0	100.0%
0	0	100.0%	0	100.0%
2,995	3,036	1.4%	3,196	6.3%
3.75	3.91	4.0%	3.69	-1.5%
102.1	102.1	0.0%	103.3	1.2%
\$24.26	\$23.93	-1.4%	\$23.57	-2.9%
\$50,459	\$49,775	-1.4%	\$49,086	-2.8%
\$3,082	\$3,036	-1.5%	\$3,069	-0.4%
35.3%	36.1%	2.2%	38.2%	7.6%
4.82	4.81	-0.2%	5.16	6.4%
4.78	4.59	-4.2%	4.91	2.6%
4.72	4.69	-0.6%	4.81	2.0%
2.70	2.72	0.8%	2.89	6.7%
4.70	4.46	-5.4%	4.71	0.2%
2.81	2.71	-3.7%	3.11	9.7%
1.15	1.13	-1.7%	1.11	-4.0%
1.69	1.66	2.1%	1.62	4.5%
1.54	1.48	3.6%	1.38	11.3%
1.75	1.73	1.4%	1.67	5.1%
1.68	1.65	1.6%	1.52	10.5%
19.6%	19.7%	0.5%	21.2%	7.7%
\$1,708	\$1,655	-3.2%	\$1,704	-0.3%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	463	4.6%	506	-8.3%
Occupancy Percent	69.7%	66.6%	71.0%	-1.8%
Patient Days	42,640	40,774	46,509	-8.3%
Admissions	8,773	8,854	9,372	-6.4%
Observation Visits	3,285	2,968	3,020	8.8%
Observation Visits (excl OB)	2,550	2,306	2,312	10.3%
Acute Admissions and Observation Visits (excl OB)	10,031	9,909	10,221	-1.9%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	25.4%	23.3%	22.6%	12.4%
Observation (excl OB) % of Occupancy	4.9%	4.3%	3.8%	29.3%
Adjusted Patient Days	74,039	70,592	78,713	-5.9%
Adjusted Admissions	15,233	15,329	15,861	-4.0%
Outpatient Visits	80,440	81,940	81,104	-0.8%
ED Visits	22,398	22,221	21,812	2.7%
IP Surgery Cases	1,915	1,935	1,947	-1.6%
OP Surgery Cases	2,565	2,289	2,244	14.3%

**Revenue By Source**

Medicare	24.8%	23.2%	1.6%	24.5%	0.4%
Managed Medicare	23.6%	25.9%	-2.3%	24.7%	-1.1%
Medicaid	1.7%	2.2%	-0.5%	1.9%	-0.2%
TennCare	12.4%	13.2%	-0.8%	12.3%	0.1%
Blue Cross	14.5%	15.6%	-1.1%	15.1%	-0.5%
United - River Valley	2.7%	3.2%	-0.5%	3.0%	-0.3%
Managed Care / Commercial	8.5%	6.9%	1.6%	8.2%	0.3%
Charity / Self Pay	6.1%	6.8%	-0.7%	6.8%	-0.7%
Other Patient Revenue	5.5%	3.1%	2.5%	3.5%	2.0%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$10,693	\$10,683	0.1%	\$9,360	14.2%
OP Revenue per Outpatient Visit	\$4,174	\$3,888	7.4%	\$3,717	12.3%
Operating Revenue per Adjusted Patient Day	\$1,759	\$1,828	-3.8%	\$1,682	4.6%
Operating Expense per Adjusted Patient Day	\$1,571	\$1,644	4.4%	\$1,523	-3.2%
Operating Revenue per Adjusted Admission	\$8,550	\$8,417	1.6%	\$8,346	2.4%
Operating Expense per Adjusted Admission	\$7,637	\$7,570	-0.9%	\$7,558	-1.1%
Net Revenue % of Gross Revenue	16.3%	16.9%	-3.9%	17.7%	-8.0%
Net Revenue per Adjusted Admission	\$8,453	\$8,322	1.6%	\$8,212	2.9%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	3,015	3,003	-0.4%	3,200	5.8%
Contract Full Time Equivalents	50	20	-144.2%	49	-1.5%
Total Full Time Equivalents (excl Providers)	3,065	3,024	-1.4%	3,250	5.7%
Employed Provider Full Time Equivalents	0	0	100.0%	0	100.0%
Total Provider Full Time Equivalents	0	0	100.0%	0	100.0%
Full Time Equivalents	3,065	3,024	-1.4%	3,250	5.7%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.81	3.94	3.3%	3.80	-0.3%
Man Hours per Adjusted Admission (incl Cont Lbr)	105.5	103.4	-2.0%	107.5	1.9%
Average Hourly Rate (excl Providers & Cont Lbr)	\$24.00	\$23.98	-0.1%	\$23.43	-2.5%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$49,925	\$49,882	-0.1%	\$48,784	-2.3%
Labor Exp (excl Providers) per Adjusted Admission	\$3,157	\$3,091	-2.1%	\$3,142	-0.5%
Labor Exp % of Net Revenue	37.4%	37.1%	-0.6%	38.3%	2.4%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.82	4.82	0.0%	5.09	5.3%
Overall Average Length of Stay	4.86	4.61	-5.5%	4.96	2.1%
Acute Medicare Average Length of Stay	4.74	4.69	-1.2%	4.78	0.8%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.76	2.72	-1.7%	2.89	4.2%
Acute Overall Average Length of Stay	4.77	4.47	-6.8%	4.71	-1.3%
Acute Overall Average Length of Stay - Acuity Adjusted	2.88	2.71	-6.2%	3.05	5.6%
Observation Average Length of Stay	1.18	1.13	-4.3%	1.08	-9.5%
Overall Medicare Case Mix Index	1.66	1.66	0.1%	1.61	3.3%
Overall Case Mix Index	1.52	1.48	2.2%	1.41	7.8%
Acute Medicare Case Mix Index	1.72	1.73	-0.5%	1.66	3.6%
Acute Overall Case Mix Index	1.66	1.65	0.6%	1.54	7.4%
Supply Expense % of Net Revenue	20.5%	20.1%	-1.6%	20.7%	1.0%
Supply Expense per Adjusted Admission	\$1,729	\$1,676	-3.2%	\$1,696	-1.9%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
463	443	4.6%	506	-8.3%
69.7%	66.6%	4.6%	71.0%	-1.8%
42,640	40,774	4.6%	46,509	-8.3%
8,773	8,854	-0.9%	9,372	-6.4%
3,285	2,968	10.7%	3,020	8.8%
2,550	2,306	10.6%	2,312	10.3%
10,031	9,909	1.2%	10,221	-1.9%
25.4%	23.3%	9.2%	22.6%	12.4%
4.9%	4.3%	15.3%	3.8%	29.3%
74,039	70,592	4.9%	78,713	-5.9%
15,233	15,329	-0.6%	15,861	-4.0%
80,440	81,940	-1.8%	81,104	-0.8%
22,398	22,221	0.8%	21,812	2.7%
1,915	1,935	-1.0%	1,947	-1.6%
2,565	2,289	12.1%	2,244	14.3%
24.8%	23.2%	1.6%	24.5%	0.4%
23.6%	25.9%	-2.3%	24.7%	-1.1%
1.7%	2.2%	-0.5%	1.9%	-0.2%
12.4%	13.2%	-0.8%	12.3%	0.1%
14.5%	15.6%	-1.1%	15.1%	-0.5%
2.7%	3.2%	-0.5%	3.0%	-0.3%
8.5%	6.9%	1.6%	8.2%	0.3%
6.1%	6.8%	-0.7%	6.8%	-0.7%
5.5%	3.1%	2.5%	3.5%	2.0%
100.0%	100.0%		100.0%	
\$10,693	\$10,683	0.1%	\$9,360	14.2%
\$4,174	\$3,888	7.4%	\$3,717	12.3%
\$1,759	\$1,828	-3.8%	\$1,682	4.6%
\$1,571	\$1,644	4.4%	\$1,523	-3.2%
\$8,550	\$8,417	1.6%	\$8,346	2.4%
\$7,637	\$7,570	-0.9%	\$7,558	-1.1%
16.3%	16.9%	-3.9%	17.7%	-8.0%
\$8,453	\$8,322	1.6%	\$8,212	2.9%
3,015	3,003	-0.4%	3,200	5.8%
50	20	-144.2%	49	-1.5%
3,065	3,024	-1.4%	3,250	5.7%
0	0	100.0%	0	100.0%
0	0	100.0%	0	100.0%
3,065	3,024	-1.4%	3,250	5.7%
3.81	3.94	3.3%	3.80	-0.3%
105.5	103.4	-2.0%	107.5	1.9%
\$24.00	\$23.98	-0.1%	\$23.43	-2.5%
\$49,925	\$49,882	-0.1%	\$48,784	-2.3%
\$3,157	\$3,091	-2.1%	\$3,142	-0.5%
37.4%	37.1%	-0.6%	38.3%	2.4%
4.82	4.82	0.0%	5.09	5.3%
4.86	4.61	-5.5%	4.96	2.1%
4.74	4.69	-1.2%	4.78	0.8%
2.76	2.72	-1.7%	2.89	4.2%
4.77	4.47	-6.8%	4.71	-1.3%
2.88	2.71	-6.2%	3.05	5.6%
1.18	1.13	-4.3%	1.08	-9.5%
1.66	1.66	0.1%	1.61	3.3%
1.52	1.48	2.2%	1.41	7.8%
1.72	1.73	-0.5%	1.66	3.6%
1.66	1.65	0.6%	1.54	7.4%
20.5%	20.1%	-1.6%	20.7%	1.0%
\$1,729	\$1,676	-3.2%	\$1,696	-1.9%

**Washington County Market**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
150,183,993	144,805,270	3.7%	143,489,850	4.7%
108,451,656	104,717,192	3.6%	102,172,949	6.1%
258,635,650	249,522,461	3.7%	245,662,799	5.3%
200,340,973	189,921,676	-5.5%	186,253,830	-7.6%
3,434,321	4,387,784	21.7%	4,103,752	16.3%
2,849,744	4,305,240	33.8%	5,562,872	48.8%
649,771	731,692	11.2%	966,687	32.8%
7,607,040	7,443,408	-2.2%	6,264,430	-21.4%
214,881,850	206,789,800	-3.9%	203,151,572	-5.8%
43,753,800	42,732,661	2.4%	42,511,227	2.9%
385,019	457,537	-15.8%	618,503	-37.7%
44,138,819	43,190,198	2.2%	43,129,731	2.3%
11,295,879	11,394,629	0.9%	11,832,204	4.5%
386	0	100.0%	0	100.0%
0	0	0.0%	0	0.0%
344,298	247,829	-38.9%	372,219	7.5%
2,513,540	2,554,788	1.6%	2,817,391	10.8%
6,176,585	6,331,176	2.4%	6,703,199	7.9%
8,566,647	8,411,190	-1.8%	9,019,375	5.0%
606,237	619,227	2.1%	633,237	4.3%
2,518,578	2,527,769	0.4%	2,439,049	-3.3%
0	0	0.0%	0	0.0%
2,093,637	2,168,569	3.5%	2,117,666	1.1%
4,568	4,568	0.0%	4,568	0.0%
1,694,989	1,698,630	0.2%	1,759,354	3.7%
35,815,345	35,958,375	0.4%	37,698,262	5.0%
8,323,474	7,231,823	15.1%	5,431,469	53.2%
1,302,875	1,236,824	-5.3%	1,225,111	-6.3%
740,620	682,247	-8.6%	645,746	-14.7%
6,279,979	5,312,752	18.2%	3,560,611	76.4%
28,093	0	100.0%	3,580	684.6%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(1,953)	100.0%
(128,026)	(6,114)	-1993.9%	109,621	-216.8%
(99,933)	(6,114)	-1534.4%	111,248	-189.8%
6,180,046	5,306,637	16.5%	3,671,860	68.3%
0	0	0.0%	0	0.0%
6,180,046	5,306,637	16.5%	3,671,860	68.3%
0	0	0.0%	0	0.0%
6,180,046	5,306,637	16.5%	3,671,860	68.3%
12,016,736	11,097,475	8.3%	9,424,305	27.5%
2,043,495	1,919,072	6.5%	1,870,857	9.2%
9,973,240	9,178,403	8.7%	7,553,448	32.0%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*  
Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits

Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
455,959,395	435,590,505	4.7%	435,332,898	4.7%
335,758,703	318,545,382	5.4%	301,431,642	11.4%
791,718,098	754,135,887	5.0%	736,764,540	7.5%
614,412,100	574,989,913	-6.9%	555,548,499	-10.6%
14,079,721	13,279,393	-6.0%	12,831,704	-9.7%
11,062,060	13,514,913	18.1%	13,746,225	19.5%
1,906,406	2,296,939	17.0%	2,300,223	17.1%
21,492,356	22,481,197	4.4%	22,085,758	2.7%
662,952,643	626,562,354	-5.8%	606,512,409	-9.3%
128,765,455	127,573,533	0.9%	130,252,131	-1.1%
1,479,601	1,455,721	1.6%	2,122,155	-30.3%
130,245,056	129,029,254	0.9%	132,374,286	-1.6%
35,099,458	34,857,064	-0.7%	36,690,087	4.3%
531	0	100.0%	0	100.0%
0	0	0.0%	0	0.0%
1,122,141	781,313	-43.6%	1,074,698	-4.4%
7,854,658	7,923,215	0.9%	8,336,370	5.8%
19,042,098	19,411,539	1.9%	19,795,570	3.8%
26,340,240	25,692,821	-2.5%	26,902,653	2.1%
1,933,995	1,962,725	1.5%	1,977,205	2.2%
7,377,988	7,817,379	5.6%	7,600,645	2.9%
0	0	0.0%	0	0.0%
6,292,669	6,530,908	3.6%	6,316,463	0.4%
13,704	13,704	0.0%	13,704	0.0%
5,174,930	5,213,840	0.7%	5,380,631	3.8%
110,252,410	110,204,508	0.0%	114,088,025	3.4%
19,992,646	18,824,745	6.2%	18,286,262	9.3%
4,017,735	3,817,405	-5.2%	3,738,374	-7.5%
2,072,524	2,012,953	-3.0%	2,051,398	-1.0%
13,902,387	12,994,388	7.0%	12,496,489	11.3%
87,539	0	100.0%	10,083	768.2%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	41,267	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(1,953)	100.0%
(169,397)	112,441	-250.7%	158,227	-207.1%
(81,859)	112,441	-172.8%	207,623	-139.4%
13,820,528	13,106,828	5.4%	12,704,112	8.8%
0	0	0.0%	0	0.0%
13,820,528	13,106,828	5.4%	12,704,112	8.8%
0	0	0.0%	0	0.0%
13,820,528	13,106,828	5.4%	12,704,112	8.8%
31,392,090	30,695,638	2.3%	30,204,682	3.9%
6,090,259	5,830,358	4.5%	5,789,772	5.2%
25,301,831	24,865,280	1.8%	24,414,910	3.6%



**Johnson City Medical Center**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
337	332	1.6%	354	-4.7%
67.3%	66.3%	1.6%	68.9%	-2.3%
10,122	9,960	1.6%	10,626	-4.7%
2,054	2,103	-2.3%	2,154	-4.6%
740	727	1.8%	709	4.4%
591	598	-1.2%	561	5.3%
2,645	2,701	-2.1%	2,715	-2.6%
22.3%	22.1%	0.9%	20.7%	8.1%
4.5%	4.4%	4.0%	3.9%	15.8%
16,751	16,538	1.3%	17,744	-5.6%
3,399	3,492	-2.7%	3,597	-5.5%
21,886	22,790	-4.0%	22,562	-3.0%
5,227	5,312	-1.6%	5,146	1.6%
510	578	-11.8%	580	-12.1%
386	356	8.4%	339	13.9%
26.8%	24.4%	2.4%	25.4%	1.4%
24.8%	27.1%	-2.3%	26.7%	-1.9%
2.7%	2.5%	0.2%	2.0%	0.7%
11.2%	12.4%	-1.2%	11.4%	-0.1%
12.4%	14.5%	-2.0%	14.5%	-2.1%
2.7%	3.0%	-0.3%	2.7%	0.0%
8.7%	6.5%	2.1%	7.9%	0.8%
5.7%	6.3%	-0.6%	6.3%	-0.5%
5.0%	3.3%	1.6%	3.2%	1.7%
100.0%	100.0%		100.0%	
\$12,688	\$12,569	0.9%	\$11,460	10.7%
\$3,843	\$3,628	5.9%	\$3,615	6.3%
\$2,146	\$2,147	-0.1%	\$2,004	7.1%
\$1,861	\$1,896	1.9%	\$1,825	-2.0%
\$10,573	\$10,169	4.0%	\$9,886	6.9%
\$9,170	\$8,980	-2.1%	\$9,002	-1.9%
16.8%	17.0%	-1.0%	17.3%	-2.8%
\$10,523	\$10,120	4.0%	\$9,790	7.5%
2,330	2,396	2.8%	2,440	4.5%
41	17	-135.7%	35	-15.3%
2,371	2,414	1.8%	2,475	4.2%
2,371	2,414	1.8%	2,475	4.2%
4.25	4.38	3.0%	4.18	-1.5%
119.2	118.2	-0.9%	117.8	-1.2%
\$24.31	\$24.04	-1.1%	\$23.81	-2.1%
\$50,567	\$49,995	-1.1%	\$49,570	-2.0%
\$3,619	\$3,523	-2.7%	\$3,519	-2.8%
34.4%	34.8%	1.2%	35.9%	4.3%
4.87	4.73	-3.0%	4.85	-0.3%
4.93	4.74	-4.1%	4.93	0.1%
4.87	4.73	-3.0%	4.85	-0.3%
2.68	2.64	-1.6%	2.80	4.1%
4.93	4.74	-4.1%	4.93	0.1%
2.77	2.71	-2.3%	3.07	9.7%
1.15	1.10	-5.2%	1.08	-7.2%
1.81	1.79	1.3%	1.73	4.7%
1.75	1.67	4.6%	1.56	11.7%
1.81	1.79	1.3%	1.73	4.7%
1.78	1.75	1.7%	1.61	10.6%
21.2%	21.3%	0.5%	22.7%	6.6%
\$2,230	\$2,156	-3.4%	\$2,222	-0.4%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	337
Occupancy Percent	67.3%
Patient Days	31,010
Admissions	6,189
Observation Visits	2,449
Observation Visits (excl OB)	1,977
Acute Admissions and Observation Visits (excl OB)	8,166
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	24.2%
Observation (excl OB) % of Occupancy	5.0%
Adjusted Patient Days	51,931
Adjusted Admissions	10,364
Outpatient Visits	66,275
ED Visits	15,783
IP Surgery Cases	1,630
OP Surgery Cases	1,242

**Revenue By Source**

Medicare	25.8%
Managed Medicare	24.7%
Medicaid	2.0%
TennCare	11.7%
Blue Cross	13.1%
United - River Valley	2.4%
Managed Care / Commercial	8.4%
Charity / Self Pay	5.6%
Other Patient Revenue	6.1%
Total Gross Patient Revenue	100.0%

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$12,610
OP Revenue per Outpatient Visit	\$3,981
Operating Revenue per Adjusted Patient Day	\$2,046
Operating Expense per Adjusted Patient Day	\$1,857
Operating Revenue per Adjusted Admission	\$10,249
Operating Expense per Adjusted Admission	\$9,304
Net Revenue % of Gross Revenue	16.1%
Net Revenue per Adjusted Admission	\$10,181
Employed Full Time Equivalents	2,389
Contract Full Time Equivalents	46
Total Full Time Equivalents (excl Providers)	2,435
Full Time Equivalents	2,435
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	4.31
Man Hours per Adjusted Admission (incl Cont Lbr)	123.2
Average Hourly Rate (excl Providers & Cont Lbr)	\$24.16
Salary Expense per FTE (excl Providers & Cont Lbr)	\$50,249
Labor Exp (excl Providers) per Adjusted Admission	\$3,717
Labor Exp % of Net Revenue	36.5%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.83
Overall Average Length of Stay	5.01
Acute Medicare Average Length of Stay	4.82
Acute Medicare Average Length of Stay - Acuity Adjusted	2.69
Acute Overall Average Length of Stay	5.01
Acute Overall Average Length of Stay - Acuity Adjusted	2.84
Observation Average Length of Stay	1.18
Overall Medicare Case Mix Index	1.79
Overall Case Mix Index	1.72
Acute Medicare Case Mix Index	1.79
Acute Overall Case Mix Index	1.76
Supply Expense % of Net Revenue	22.1%
Supply Expense per Adjusted Admission	\$2,254

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
337	326	3.4%	356	-5.3%
67.3%	65.1%	3.4%	69.2%	-2.8%
31,010	29,995	3.4%	32,744	-5.3%
6,189	6,329	-2.2%	6,542	-5.4%
2,449	2,232	9.7%	2,312	5.9%
1,977	1,836	7.7%	1,857	6.5%
8,166	8,165	0.0%	8,399	-2.8%
24.2%	22.5%	7.7%	22.1%	9.5%
5.0%	4.4%	15.4%	4.1%	23.1%
51,931	50,044	3.8%	53,810	-3.5%
10,364	10,559	-1.8%	10,751	-3.6%
66,275	67,841	-2.3%	67,163	-1.3%
15,783	15,622	1.0%	15,154	4.2%
1,630	1,680	-3.0%	1,685	-3.3%
1,242	1,181	5.2%	1,123	10.6%
25.8%	24.4%	1.5%	25.7%	0.2%
24.7%	27.1%	-2.4%	25.6%	-0.9%
2.0%	2.5%	-0.5%	2.2%	-0.1%
11.7%	12.4%	-0.7%	11.5%	0.2%
13.1%	14.5%	-1.4%	14.1%	-1.0%
2.4%	3.0%	-0.5%	2.8%	-0.4%
8.4%	6.6%	1.9%	8.3%	0.1%
5.6%	6.3%	-0.7%	6.2%	-0.6%
6.1%	3.3%	2.7%	3.7%	2.4%
100.0%	100.0%		100.0%	
\$12,610	\$12,551	0.5%	\$11,303	11.6%
\$3,981	\$3,709	7.3%	\$3,545	12.3%
\$2,046	\$2,118	-3.4%	\$2,018	1.4%
\$1,857	\$1,921	3.3%	\$1,829	-1.5%
\$10,249	\$10,039	2.1%	\$10,101	1.5%
\$9,304	\$9,105	2.2%	\$9,157	-1.6%
16.1%	16.8%	-4.0%	17.7%	-8.8%
\$10,181	\$9,983	2.0%	\$9,990	1.9%
2,389	2,387	-0.1%	2,486	3.9%
46	17	-162.2%	41	-12.4%
2,435	2,404	-1.3%	2,527	3.6%
2,435	2,404	-1.3%	2,527	3.6%
4.31	4.42	2.4%	4.32	0.2%
123.2	119.4	-3.2%	123.4	0.2%
\$24.16	\$24.10	-0.2%	\$23.71	-1.9%
\$50,249	\$50,133	-0.2%	\$49,377	-1.8%
\$3,717	\$3,579	-3.9%	\$3,644	-2.0%
36.5%	35.8%	-1.8%	36.5%	-0.1%
4.83	4.72	-2.1%	4.89	1.4%
5.01	4.74	-5.7%	5.01	-0.1%
4.82	4.72	-2.1%	4.90	1.5%
2.69	2.64	-2.0%	2.82	4.6%
5.01	4.74	-5.7%	5.01	-0.1%
2.84	2.71	-4.9%	3.04	6.5%
1.18	1.10	-7.2%	1.04	-12.7%
1.79	1.79	0.1%	1.74	3.2%
1.72	1.67	3.4%	1.61	7.3%
1.79	1.79	0.1%	1.74	3.2%
1.76	1.75	0.8%	1.65	7.0%
22.1%	21.8%	-1.4%	22.2%	0.1%
\$2,254	\$2,180	-3.4%	\$2,215	-1.8%

**Johnson City Medical Center**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
128,431,041	125,186,636	2.6%	121,771,680	5.5%
84,104,841	82,674,909	1.7%	81,568,899	3.1%
212,535,882	207,861,545	2.2%	203,340,579	4.5%
165,718,803	159,176,979	-4.1%	154,936,806	-7.0%
1,832,095	2,951,048	37.9%	2,537,037	27.8%
2,319,874	3,549,311	34.6%	4,706,502	50.7%
514,155	624,055	17.6%	863,405	40.5%
6,383,590	6,221,147	-2.6%	5,085,184	-25.5%
176,768,517	172,522,540	-2.5%	168,128,933	-5.1%
35,767,365	35,339,005	1.2%	35,211,646	1.6%
171,464	170,461	0.6%	348,307	-50.8%
35,938,829	35,509,466	1.2%	35,559,953	1.1%
8,959,773	9,121,132	1.8%	9,275,919	3.4%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
318,995	207,970	-53.4%	269,787	-18.2%
2,011,114	2,016,690	0.3%	2,171,343	7.4%
5,191,296	5,396,450	3.8%	5,704,772	9.0%
7,579,393	7,528,034	-0.7%	7,990,745	5.1%
471,332	477,574	1.3%	486,316	3.1%
2,099,960	2,097,109	-0.1%	2,047,062	-2.6%
0	0	0.0%	0	0.0%
1,587,803	1,656,029	4.1%	1,616,190	1.8%
3,966	3,966	0.0%	3,966	0.0%
1,346,973	1,355,944	0.7%	1,373,243	1.9%
29,570,606	29,860,897	1.0%	30,939,342	4.4%
6,368,223	5,648,569	12.7%	4,620,611	37.8%
1,012,880	954,510	-6.1%	941,537	-7.6%
586,684	540,119	-8.6%	496,363	-18.2%
4,768,659	4,153,939	14.8%	3,182,711	49.8%
28,087	0	100.0%	3,493	704.2%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(1,522)	100.0%
(121,051)	(6,084)	-1889.7%	109,620	-210.4%
(92,964)	(6,084)	-1428.1%	111,591	-183.3%
4,675,695	4,147,856	12.7%	3,294,302	41.9%
0	0	0.0%	0	0.0%
4,675,695	4,147,856	12.7%	3,294,302	41.9%
0	0	0.0%	0	0.0%
4,675,695	4,147,856	12.7%	3,294,302	41.9%
9,214,001	8,658,423	6.4%	7,725,600	19.3%
1,599,564	1,494,630	7.0%	1,437,900	11.2%
7,614,437	7,163,794	6.3%	6,287,700	21.1%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
Total Operating Expense

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
Total Non Operating Income / (Expense)

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
391,040,733	376,472,086	3.9%	370,107,498	5.7%
263,817,381	251,639,895	4.8%	238,110,223	10.8%
654,858,115	628,111,981	4.3%	608,217,721	7.7%
512,563,305	481,932,158	-6.4%	461,175,879	-11.1%
9,159,622	8,917,489	-2.7%	8,253,416	-11.0%
8,846,654	11,108,432	20.4%	11,287,428	21.6%
1,583,330	1,953,131	18.9%	1,937,172	18.3%
17,183,750	18,784,199	8.5%	18,158,824	5.4%
549,336,661	522,695,410	-5.1%	500,812,718	-9.7%
105,521,454	105,416,571	0.1%	107,405,003	-1.8%
704,617	594,453	18.5%	1,191,010	-40.8%
106,226,070	106,011,025	0.2%	108,596,013	-2.2%
28,059,788	27,924,870	-0.5%	28,916,192	3.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
1,028,148	654,314	-57.1%	846,862	-21.4%
6,305,222	6,263,756	-0.7%	6,544,818	3.7%
16,414,283	16,557,692	0.9%	16,981,081	3.3%
23,364,201	23,021,684	-1.5%	23,814,822	1.9%
1,510,469	1,532,604	1.4%	1,538,257	1.8%
6,059,853	6,476,193	6.4%	6,312,575	4.0%
0	0	0.0%	0	0.0%
4,780,465	4,992,899	4.3%	4,785,679	0.1%
11,897	11,897	0.0%	11,897	0.0%
4,115,417	4,160,155	1.1%	4,194,260	1.9%
91,649,743	91,596,064	-0.1%	93,946,444	2.4%
14,576,327	14,414,961	1.1%	14,649,568	-0.5%
3,130,321	2,948,428	-6.2%	2,869,430	-9.1%
1,653,990	1,594,322	-3.7%	1,629,287	-1.5%
9,792,017	9,872,211	-0.8%	10,150,852	-3.5%
87,484	0	100.0%	9,546	816.4%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	41,267	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(1,522)	100.0%
(151,658)	112,540	-234.8%	141,103	-207.5%
(64,174)	112,540	-157.0%	190,394	-133.7%
9,727,843	9,984,751	-2.6%	10,341,245	-5.9%
0	0	0.0%	0	0.0%
9,727,843	9,984,751	-2.6%	10,341,245	-5.9%
0	0	0.0%	0	0.0%
9,727,843	9,984,751	-2.6%	10,341,245	-5.9%
23,419,933	23,692,451	-1.2%	23,831,799	-1.7%
4,784,311	4,542,750	5.3%	4,498,717	6.3%
18,635,622	19,149,702	-2.7%	19,333,082	-3.6%

**Franklin Woods Community Hospital**  
**Key Operating Indicators**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
52	44	16.6%	78	-33.5%
64.6%	55.4%	16.6%	68.2%	-5.2%
1,551	1,330	16.6%	2,332	-33.5%
429	428	0.2%	484	-11.4%
277	248	11.7%	232	19.4%
195	158	23.4%	150	30.0%
624	586	6.5%	576	8.3%
31.3%	27.0%	15.9%	26.0%	20.0%
9.4%	8.4%	11.4%	5.4%	73.3%
4,005	3,507	14.2%	5,365	-25.3%
1,108	1,129	-1.8%	1,113	-0.5%
4,396	4,246	3.5%	4,190	4.9%
2,139	2,173	-1.6%	2,190	-2.3%
100	84	19.0%	90	11.1%
448	365	22.7%	371	20.8%
21.7%	17.7%	4.1%	18.8%	3.0%
17.9%	20.8%	-2.9%	21.8%	-3.9%
0.2%	0.4%	-0.2%	0.4%	-0.3%
12.3%	14.6%	-2.3%	14.2%	-1.9%
23.2%	23.2%	0.1%	21.1%	2.2%
5.1%	5.0%	0.0%	5.1%	-0.1%
10.5%	9.3%	1.3%	8.7%	1.8%
5.5%	7.3%	-1.8%	7.1%	-1.6%
3.5%	1.7%	1.8%	2.8%	0.7%
100.0%	100.0%		100.0%	
\$9,904	\$10,104	-2.0%	\$6,777	46.1%
\$5,529	\$5,180	6.7%	\$4,905	12.7%
\$1,656	\$1,727	-4.1%	\$1,130	46.5%
\$1,305	\$1,431	-8.8%	\$1,028	-27.0%
\$5,986	\$5,367	11.5%	\$5,447	9.9%
\$4,717	\$4,447	-6.1%	\$4,952	4.7%
16.7%	17.1%	-2.2%	16.6%	0.8%
\$5,978	\$5,360	11.5%	\$5,407	10.6%
420	410	-2.6%	490	14.2%
3	2	-30.1%	12	74.8%
423	412	-2.8%	501	15.6%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
423	412	-2.8%	501	15.6%
3.17	3.52	-10.0%	2.80	-13.1%
65.3	62.4	-4.7%	77.1	15.2%
\$25.85	\$25.08	-3.1%	\$24.18	-6.9%
\$53,761	\$52,156	-3.1%	\$50,357	-6.8%
\$2,073	\$1,972	-5.1%	\$2,371	12.6%
34.7%	36.8%	5.8%	43.9%	20.9%
3.92	4.42	-11.3%	6.92	43.4%
3.62	3.11	-16.3%	4.82	25.0%
3.92	4.42	-11.3%	4.57	14.2%
2.85	3.48	-18.0%	3.65	21.8%
3.62	3.11	-16.3%	3.59	-0.7%
3.03	2.70	-12.0%	3.33	9.3%
1.15	1.28	-9.7%	1.23	6.4%
1.37	1.25	10.3%	1.25	9.9%
1.09	1.05	3.6%	1.03	6.0%
1.37	1.27	8.2%	1.25	9.7%
1.19	1.15	3.9%	1.08	10.9%
14.3%	13.7%	-4.3%	15.7%	9.2%
\$854	\$733	-16.4%	\$850	-0.4%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	51	43	18.4%	77	-33.5%
Occupancy Percent	63.7%	53.8%	18.4%	67.2%	-5.2%
Patient Days	4,685	3,958	18.4%	7,046	-33.5%
Admissions	1,292	1,274	1.4%	1,550	-16.6%
Observation Visits	836	736	13.6%	708	18.1%
Observation Visits (excl OB)	573	470	21.9%	455	25.9%
Acute Admissions and Observation Visits (excl OB)	1,865	1,744	6.9%	1,822	2.4%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	30.7%	26.9%	14.0%	25.0%	23.0%
Observation (excl OB) % of Occupancy	9.3%	8.1%	15.1%	5.3%	76.0%
Adjusted Patient Days	12,082	10,507	15.0%	16,383	-26.3%
Adjusted Admissions	3,332	3,382	-1.5%	3,604	-7.6%
Outpatient Visits	13,174	12,924	1.9%	12,755	3.3%
ED Visits	6,612	6,593	0.3%	6,646	-0.5%
IP Surgery Cases	285	255	11.8%	262	8.8%
OP Surgery Cases	1,323	1,108	19.4%	1,121	18.0%

**Revenue By Source**

Medicare	20.9%	17.7%	3.3%	19.5%	1.4%
Managed Medicare	18.9%	20.8%	-1.9%	21.5%	-2.6%
Medicaid	0.1%	0.4%	-0.2%	0.5%	-0.4%
TennCare	13.5%	14.6%	-1.1%	13.8%	-0.3%
Blue Cross	23.1%	23.2%	-0.1%	21.3%	1.8%
United - River Valley	4.5%	5.1%	-0.6%	4.3%	0.2%
Managed Care / Commercial	9.6%	9.3%	0.3%	8.5%	1.1%
Charity / Self Pay	6.0%	7.3%	-1.3%	7.5%	-1.5%
Other Patient Revenue	3.3%	1.7%	1.6%	3.1%	0.2%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$9,711	\$10,193	-4.7%	\$6,763	43.6%
OP Revenue per Outpatient Visit	\$5,453	\$5,165	5.6%	\$4,951	10.1%
Operating Revenue per Adjusted Patient Day	\$1,593	\$1,729	-7.8%	\$1,153	38.2%
Operating Expense per Adjusted Patient Day	\$1,277	\$1,455	12.2%	\$1,006	-26.9%
Operating Revenue per Adjusted Admission	\$5,778	\$5,371	7.6%	\$5,243	10.2%
Operating Expense per Adjusted Admission	\$4,631	\$4,521	-2.4%	\$4,574	-1.2%
Net Revenue % of Gross Revenue	16.4%	16.9%	-3.3%	16.9%	-3.2%
Net Revenue per Adjusted Admission	\$5,769	\$5,364	7.5%	\$5,204	10.9%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	423	407	-3.8%	491	13.9%
Contract Full Time Equivalents	3	2	-17.8%	8	66.2%
Total Full Time Equivalents (excl Providers)	425	409	-3.9%	499	14.7%
Employed Provider Full Time Equivalents	0	0	100.0%	0	100.0%
Total Provider Full Time Equivalents	0	0	100.0%	0	100.0%
Full Time Equivalents	425	409	-3.9%	499	14.7%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.24	3.58	9.6%	2.80	-15.7%
Man Hours per Adjusted Admission (incl Cont Lbr)	67.0	63.5	-5.5%	72.7	7.8%
Average Hourly Rate (excl Providers & Cont Lbr)	\$25.10	\$25.02	-0.3%	\$23.90	-5.0%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$52,208	\$52,049	-0.3%	\$49,766	-4.9%
Labor Exp (excl Providers) per Adjusted Admission	\$2,079	\$2,008	-3.5%	\$2,171	4.2%
Labor Exp % of Net Revenue	36.0%	37.4%	3.7%	41.7%	13.6%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.31	4.41	2.2%	5.97	27.8%
Overall Average Length of Stay	3.63	3.11	-16.7%	4.55	20.2%
Acute Medicare Average Length of Stay	4.31	4.41	2.2%	4.09	-5.5%
Acute Medicare Average Length of Stay - Acuity Adjusted	3.35	3.47	3.6%	3.41	1.8%
Acute Overall Average Length of Stay	3.63	3.11	-16.7%	3.29	-10.4%
Acute Overall Average Length of Stay - Acuity Adjusted	3.12	2.70	-15.4%	3.10	-0.6%
Observation Average Length of Stay	1.20	1.27	5.6%	1.22	1.9%
Overall Medicare Case Mix Index	1.29	1.25	3.4%	1.21	6.9%
Overall Case Mix Index	1.05	1.05	0.3%	1.01	4.4%
Acute Medicare Case Mix Index	1.29	1.27	1.5%	1.20	7.5%
Acute Overall Case Mix Index	1.16	1.15	1.2%	1.06	9.7%
Supply Expense % of Net Revenue	14.7%	13.8%	-6.7%	15.1%	2.6%
Supply Expense per Adjusted Admission	\$850	\$740	-14.8%	\$787	-8.0%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
51	43	18.4%	77	-33.5%
63.7%	53.8%	18.4%	67.2%	-5.2%
4,685	3,958	18.4%	7,046	-33.5%
1,292	1,274	1.4%	1,550	-16.6%
836	736	13.6%	708	18.1%
573	470	21.9%	455	25.9%
1,865	1,744	6.9%	1,822	2.4%
30.7%	26.9%	14.0%	25.0%	23.0%
9.3%	8.1%	15.1%	5.3%	76.0%
12,082	10,507	15.0%	16,383	-26.3%
3,332	3,382	-1.5%	3,604	-7.6%
13,174	12,924	1.9%	12,755	3.3%
6,612	6,593	0.3%	6,646	-0.5%
285	255	11.8%	262	8.8%
1,323	1,108	19.4%	1,121	18.0%
20.9%	17.7%	3.3%	19.5%	1.4%
18.9%	20.8%	-1.9%	21.5%	-2.6%
0.1%	0.4%	-0.2%	0.5%	-0.4%
13.5%	14.6%	-1.1%	13.8%	-0.3%
23.1%	23.2%	-0.1%	21.3%	1.8%
4.5%	5.1%	-0.6%	4.3%	0.2%
9.6%	9.3%	0.3%	8.5%	1.1%
6.0%	7.3%	-1.3%	7.5%	-1.5%
3.3%	1.7%	1.6%	3.1%	0.2%
100.0%	100.0%		100.0%	
\$9,711	\$10,193	-4.7%	\$6,763	43.6%
\$5,453	\$5,165	5.6%	\$4,951	10.1%
\$1,593	\$1,729	-7.8%	\$1,153	38.2%
\$1,277	\$1,455	12.2%	\$1,006	-26.9%
\$5,778	\$5,371	7.6%	\$5,243	10.2%
\$4,631	\$4,521	-2.4%	\$4,574	-1.2%
16.4%	16.9%	-3.3%	16.9%	-3.2%
\$5,769	\$5,364	7.5%	\$5,204	10.9%
423	407	-3.8%	491	13.9%
3	2	-17.8%	8	66.2%
425	409	-3.9%	499	14.7%
0	0	100.0%	0	100.0%
0	0	100.0%	0	100.0%
425	409	-3.9%	499	14.7%
3.24	3.58	9.6%	2.80	-15.7%
67.0	63.5	-5.5%	72.7	7.8%
\$25.10	\$25.02	-0.3%	\$23.90	-5.0%
\$52,208	\$52,049	-0.3%	\$49,766	-4.9%
\$2,079	\$2,008	-3.5%	\$2,171	4.2%
36.0%	37.4%	3.7%	41.7%	13.6%
4.31	4.41	2.2%	5.97	27.8%
3.63	3.11	-16.7%	4.55	20.2%
4.31	4.41	2.2%	4.09	-5.5%
3.35	3.47	3.6%	3.41	1.8%
3.63	3.11	-16.7%	3.29	-10.4%
3.12	2.70	-15.4%	3.10	-0.6%
1.20	1.27	5.6%	1.22	1.9%
1.29	1.25	3.4%	1.21	6.9%
1.05	1.05	0.3%	1.01	4.4%
1.29	1.27	1.5%	1.20	7.5%
1.16	1.15	1.2%	1.06	9.7%
14.7%	13.8%	-6.7%	15.1%	2.6%
\$850	\$740	-14.8%	\$787	-8.0%

**Franklin Woods Community Hospital**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
15,360,509	13,438,207	14.3%	15,803,061	-2.8%
24,306,496	21,995,825	10.5%	20,553,542	18.3%
39,667,005	35,434,033	11.9%	36,356,603	9.1%
31,045,556	27,060,744	-14.7%	27,883,663	-11.3%
160,222	294,102	45.5%	360,676	55.6%
487,591	708,678	31.2%	836,341	41.7%
130,941	99,347	-31.8%	98,924	-32.4%
1,220,381	1,222,207	0.1%	1,156,591	-5.5%
33,044,691	29,385,078	-12.5%	30,336,196	-8.9%
6,622,314	6,048,954	9.5%	6,020,407	10.0%
9,115	7,685	18.6%	44,236	-79.4%
6,631,428	6,056,640	9.5%	6,064,643	9.3%
1,693,101	1,590,718	-6.4%	1,867,102	9.3%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
13,407	29,252	54.2%	92,355	85.5%
366,177	390,538	6.2%	461,147	20.6%
602,177	579,367	-3.9%	556,774	-8.2%
945,558	827,793	-14.2%	946,565	0.1%
121,222	128,354	5.6%	134,197	9.7%
360,912	366,772	1.6%	335,430	-7.6%
0	0	0.0%	0	0.0%
453,936	458,604	1.0%	452,648	-0.3%
602	602	0.0%	602	0.0%
324,308	322,303	-0.6%	330,940	2.0%
4,881,400	4,694,304	-4.0%	5,177,759	5.7%
1,750,028	1,362,336	28.5%	886,884	97.3%
223,799	215,265	-4.0%	219,382	-2.0%
120,910	109,296	-10.6%	116,779	-3.5%
1,405,320	1,037,775	35.4%	550,723	155.2%
6	0	100.0%	88	-93.4%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(298)	100.0%
(40)	(31)	-30.8%	1	-3200.8%
(34)	(31)	-12.0%	(209)	83.6%
1,405,285	1,037,744	35.4%	550,514	155.3%
0	0	0.0%	0	0.0%
1,405,285	1,037,744	35.4%	550,514	155.3%
0	0	0.0%	0	0.0%
1,405,285	1,037,744	35.4%	550,514	155.3%
2,528,841	2,143,815	18.0%	1,670,865	51.3%
344,709	324,561	6.2%	336,161	2.5%
2,184,132	1,819,254	20.1%	1,334,704	63.6%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
45,495,915	40,342,804	12.8%	47,652,187	-4.5%
71,834,496	66,754,702	7.6%	63,149,399	13.8%
117,330,411	107,097,506	9.6%	110,801,586	5.9%
91,007,315	81,833,838	-11.2%	84,541,809	-7.6%
578,565	888,909	34.9%	944,773	38.8%
1,941,126	2,223,491	12.7%	2,315,833	16.2%
303,291	311,704	2.7%	343,471	11.7%
4,277,406	3,696,832	-15.7%	3,899,059	-9.7%
98,107,702	88,954,775	-10.3%	92,044,944	-6.6%
19,222,709	18,142,732	6.0%	18,756,641	2.5%
29,138	23,088	26.2%	138,474	-79.0%
19,251,846	18,165,820	6.0%	18,895,116	1.9%
5,066,185	4,832,505	-4.8%	5,666,430	10.6%
145	0	100.0%	0	100.0%
0	0	0.0%	0	0.0%
51,007	93,006	45.2%	201,282	74.7%
1,123,413	1,201,769	6.5%	1,283,723	12.5%
1,467,860	1,771,924	17.2%	1,594,524	7.9%
2,830,901	2,503,122	-13.1%	2,835,349	0.2%
382,156	385,915	1.0%	397,377	3.8%
1,148,235	1,149,962	0.2%	1,101,515	-4.2%
0	0	0.0%	0	0.0%
1,358,888	1,376,143	1.3%	1,385,411	1.9%
1,807	1,807	0.0%	1,807	0.0%
986,296	988,397	0.2%	1,016,461	3.0%
14,416,894	14,304,549	-0.8%	15,483,879	6.9%
4,834,953	3,861,270	25.2%	3,411,237	41.7%
685,248	662,883	-3.4%	672,351	-1.9%
328,503	322,349	-1.9%	328,701	0.1%
3,821,201	2,876,039	32.9%	2,410,185	58.5%
55	0	100.0%	536	-89.8%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(298)	100.0%
4,685	(100)	4795.3%	17,124	-72.6%
4,740	(100)	4850.2%	17,362	-72.7%
3,825,941	2,875,939	33.0%	2,427,548	57.6%
0	0	0.0%	0	0.0%
3,825,941	2,875,939	33.0%	2,427,548	57.6%
0	0	0.0%	0	0.0%
3,825,941	2,875,939	33.0%	2,427,548	57.6%
7,186,684	6,227,517	15.4%	5,832,278	23.2%
1,013,752	985,231	2.9%	1,001,051	1.3%
6,172,932	5,242,286	17.8%	4,831,227	27.8%

**Woodridge Psychiatric Hospital**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
75	75	0.0%	74	1.5%
89.1%	89.1%	0.0%	87.8%	1.5%
2,245	2,245	0.0%	2,212	1.5%
429	419	2.4%	454	-5.5%
2,259	2,262	-0.1%	2,231	1.3%
432	422	2.3%	458	-5.7%
329	362	-9.1%	365	-9.9%
3	2	50.0%	0	100.0%
15.5%	15.4%	0.1%	14.8%	0.7%
14.8%	13.5%	1.4%	11.6%	3.2%
1.2%	2.1%	-0.9%	2.7%	-1.5%
27.6%	31.4%	-3.8%	33.8%	-6.1%
9.3%	8.9%	0.4%	7.1%	2.2%
1.3%	1.8%	-0.5%	2.5%	-1.2%
3.7%	4.2%	-0.5%	5.1%	-1.5%
24.6%	21.3%	3.3%	20.8%	3.8%
1.9%	1.4%	0.6%	1.6%	0.3%
100.0%	100.0%		100.0%	
\$2,847	\$2,753	3.4%	\$2,674	6.5%
\$123	\$128	-4.5%	\$138	-11.4%
\$694	\$718	-3.3%	\$675	2.9%
\$647	\$665	2.6%	\$752	13.9%
\$3,633	\$3,847	-5.6%	\$3,287	10.5%
\$3,388	\$3,560	4.8%	\$3,665	7.6%
21.2%	21.6%	-1.8%	21.4%	-1.1%
\$3,160	\$3,185	-0.8%	\$2,794	13.1%
199	210	5.1%	219	9.2%
2	1	-123.3%	0	-229.2%
201	211	4.7%	220	8.7%
0	0	100.0%	0	100.0%
0	0	100.0%	0	100.0%
201	211	4.6%	220	8.6%
2.67	2.79	4.5%	2.95	9.8%
79.5	85.3	6.7%	82.1	3.2%
\$20.30	\$20.49	0.9%	\$19.63	-3.4%
\$42,217	\$42,615	0.9%	\$40,870	-3.3%
\$1,986	\$2,151	7.7%	\$2,071	4.1%
62.9%	67.5%	6.9%	74.1%	15.2%
6.55	6.22	-5.2%	5.03	-30.2%
5.23	5.36	2.3%	4.87	-7.4%
1.02	1.02	-0.7%	1.01	0.9%
1.04	0.99	5.3%	0.90	15.2%
3.1%	4.1%	25.8%	6.4%	52.4%
\$97	\$131	26.4%	\$179	46.1%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census  
Occupancy Percent  
Patient Days  
Admissions  
Adjusted Patient Days  
Adjusted Admissions  
Outpatient Visits  
ED Visits

**Revenue By Source**

Medicare  
Managed Medicare  
Medicaid  
TennCare  
Blue Cross  
United - River Valley  
Managed Care / Commercial  
Charity / Self Pay  
Other Patient Revenue  
Total Gross Patient Revenue

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day  
OP Revenue per Outpatient Visit  
Operating Revenue per Adjusted Patient Day  
Operating Expense per Adjusted Patient Day  
Operating Revenue per Adjusted Admission  
Operating Expense per Adjusted Admission  
Net Revenue % of Gross Revenue  
Net Revenue per Adjusted Admission

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents  
Contract Full Time Equivalents  
Total Full Time Equivalents (excl Providers)  
Employed Provider Full Time Equivalents  
Total Provider Full Time Equivalents  
Full Time Equivalents  
FTEs per Adjusted Occupied Bed (incl Cont Lbr)  
Man Hours per Adjusted Admission (incl Cont Lbr)  
Average Hourly Rate (excl Providers & Cont Lbr)  
Salary Expense per FTE (excl Providers & Cont Lbr)  
Labor Exp (excl Providers) per Adjusted Admission  
Labor Exp % of Net Revenue

**Patient Resource Management**

Overall Medicare Average Length of Stay  
Overall Average Length of Stay  
Overall Medicare Case Mix Index  
Overall Case Mix Index  
Supply Expense % of Net Revenue  
Supply Expense per Adjusted Admission

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
75	74	1.8%	73	3.4%
89.9%	88.3%	1.8%	86.9%	3.4%
6,945	6,821	1.8%	6,719	3.4%
1,292	1,251	3.3%	1,280	0.9%
6,983	6,876	1.6%	6,785	2.9%
1,299	1,261	3.0%	1,293	0.5%
991	1,175	-15.7%	1,186	-16.4%
3	6	-50.0%	12	-75.0%
14.5%	15.4%	-0.9%	15.0%	-0.5%
14.3%	13.5%	0.8%	13.8%	0.4%
1.1%	2.1%	-1.0%	2.5%	-1.4%
29.3%	31.4%	-2.0%	30.8%	-1.5%
8.6%	8.9%	-0.3%	8.1%	0.5%
1.4%	1.9%	-0.4%	2.3%	-0.9%
4.4%	4.2%	0.3%	4.2%	0.2%
24.2%	21.3%	2.9%	22.0%	2.2%
2.0%	1.4%	0.6%	1.1%	0.9%
100.0%	100.0%		100.0%	
\$2,797	\$2,753	1.6%	\$2,615	6.9%
\$108	\$128	-16.0%	\$145	-25.7%
\$683	\$706	-3.3%	\$720	-5.1%
\$641	\$670	4.3%	\$729	12.1%
\$3,670	\$3,848	-4.6%	\$3,778	-2.9%
\$3,447	\$3,653	5.6%	\$3,828	10.0%
20.6%	21.2%	-2.9%	23.1%	-10.7%
\$3,095	\$3,183	-2.8%	\$3,165	-2.2%
203	209	2.9%	223	8.9%
2	1	-115.1%	1	-173.6%
205	210	2.5%	224	8.5%
0	0	100.0%	0	100.0%
0	0	100.0%	0	100.0%
205	210	2.5%	224	8.4%
2.70	2.81	4.0%	3.04	11.0%
82.7	87.4	5.3%	90.9	9.0%
\$19.90	\$20.58	3.3%	\$19.22	-3.5%
\$41,382	\$42,810	3.3%	\$40,025	-3.4%
\$2,036	\$2,218	8.2%	\$2,196	7.3%
65.8%	69.7%	5.6%	69.4%	5.2%
6.02	6.30	4.4%	5.37	-12.0%
5.38	5.45	1.4%	5.25	-2.4%
1.03	1.02	0.5%	1.00	3.0%
1.04	0.99	5.2%	0.90	15.3%
3.6%	4.2%	13.8%	6.2%	41.5%
\$112	\$133	16.1%	\$195	42.8%

**Woodridge Psychiatric Hospital**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
6,392,443	6,180,426	3.4%	5,915,109	8.1%
40,320	46,458	-13.2%	50,508	-20.2%
6,432,763	6,226,884	3.3%	5,965,617	7.8%
3,576,614	3,683,953	2.9%	3,433,361	-4.2%
1,442,004	1,142,633	-26.2%	1,206,039	-19.6%
42,279	47,251	10.5%	20,029	-111.1%
4,675	8,290	43.6%	4,359	-7.3%
3,069	55	-5529.4%	22,655	86.5%
5,068,641	4,882,182	-3.8%	4,686,443	-8.2%
1,364,122	1,344,702	1.4%	1,279,175	6.6%
204,441	279,390	-26.8%	225,961	-9.5%
1,568,562	1,624,092	-3.4%	1,505,135	4.2%
643,005	682,779	5.8%	689,183	6.7%
386	0	100.0%	0	100.0%
0	0	0.0%	0	0.0%
11,895	10,607	-12.1%	10,078	-18.0%
136,249	147,560	7.7%	184,901	26.3%
383,113	355,359	-7.8%	441,653	13.3%
41,696	55,363	24.7%	82,065	49.2%
13,683	13,299	-2.9%	12,724	-7.5%
57,706	63,888	9.7%	56,558	-2.0%
0	0	0.0%	0	0.0%
51,898	53,936	3.8%	48,828	-6.3%
0	0	0.0%	0	0.0%
23,708	20,383	-16.3%	55,172	57.0%
1,363,339	1,403,174	2.8%	1,581,161	13.8%
205,223	220,918	-7.1%	(76,026)	369.9%
66,196	67,049	1.3%	64,193	-3.1%
33,027	32,832	-0.6%	32,603	-1.3%
106,000	121,037	-12.4%	(172,822)	161.3%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(134)	100.0%
(6,935)	0	100.0%	0	100.0%
(6,935)	0	100.0%	(134)	-5090.0%
99,065	121,037	-18.2%	(172,956)	157.3%
0	0	0.0%	0	0.0%
99,065	121,037	-18.2%	(172,956)	157.3%
0	0	0.0%	0	0.0%
99,065	121,037	-18.2%	(172,956)	157.3%
273,894	295,237	-7.2%	27,840	883.8%
99,223	99,881	-0.7%	96,796	2.5%
174,671	195,356	-10.6%	(68,956)	353.3%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes

**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)

**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
19,422,747	18,775,615	3.4%	17,573,213	10.5%
106,826	150,785	-29.2%	172,020	-37.9%
19,529,573	18,926,400	3.2%	17,745,233	10.1%
10,841,480	11,223,916	3.4%	9,830,812	-10.3%
4,341,534	3,472,994	-25.0%	3,633,515	-19.5%
274,280	182,990	-49.9%	142,964	-91.9%
19,786	32,104	38.4%	19,580	-1.1%
31,200	166	-	27,876	-11.9%
15,508,280	14,912,170	-4.0%	13,654,746	-13.6%
4,021,293	4,014,230	0.2%	4,090,487	-1.7%
745,847	838,179	-11.0%	792,671	-5.9%
4,767,140	4,852,409	-1.8%	4,883,158	-2.4%
1,973,485	2,099,688	6.0%	2,107,464	6.4%
386	0	100.0%	0	100.0%
0	0	0.0%	0	0.0%
42,986	33,993	-26.5%	26,553	-61.9%
426,024	457,690	6.9%	507,829	16.1%
1,159,955	1,081,923	-7.2%	1,219,965	4.9%
145,138	168,015	13.6%	252,482	42.5%
41,370	44,206	6.4%	41,570	0.5%
169,899	191,225	11.2%	186,555	8.9%
0	0	0.0%	0	0.0%
153,316	161,866	5.3%	145,373	-5.5%
0	0	0.0%	0	0.0%
73,216	65,289	-12.1%	169,910	56.9%
4,185,774	4,303,895	2.7%	4,657,701	10.1%
581,366	548,515	6.0%	225,457	157.9%
202,166	206,094	1.9%	196,594	-2.8%
90,031	96,282	6.5%	93,410	3.6%
289,169	246,138	17.5%	(64,548)	548.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(134)	100.0%
(22,424)	0	100.0%	0	100.0%
(22,424)	0	100.0%	(134)	-
266,745	246,138	8.4%	(64,681)	512.4%
0	0	0.0%	0	0.0%
266,745	246,138	8.4%	(64,681)	512.4%
0	0	0.0%	0	0.0%
266,745	246,138	8.4%	(64,681)	512.4%
785,473	775,669	1.3%	540,606	45.3%
292,197	302,376	-3.4%	290,005	0.8%
493,276	473,293	4.2%	250,601	96.8%

**Northeast Market**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
124	126	-1.7%	121	2.4%
48.8%	49.7%	-1.7%	47.7%	2.4%
3,722	3,786	-1.7%	3,634	2.4%
988	1,016	-2.8%	1,020	-3.1%
387	494	-21.7%	452	-14.4%
311	403	-22.8%	369	-15.7%
1,232	1,341	-8.1%	1,313	-6.2%
25.2%	30.1%	-16.0%	28.1%	-10.2%
3.3%	4.9%	-32.9%	4.1%	-20.3%
10,378	10,640	-2.5%	10,510	-1.3%
2,755	2,855	-3.5%	2,950	-6.6%
29,218	28,813	1.4%	29,324	-0.4%
6,169	6,093	1.2%	6,143	0.4%
110	132	-16.7%	113	-2.7%
132	133	-0.8%	138	-4.3%
560	611	-8.3%	574	-2.4%
37.8%	37.1%	0.7%	37.7%	0.2%
15.1%	14.7%	0.4%	14.5%	0.6%
12.9%	13.5%	-0.6%	13.2%	-0.3%
0.3%	0.4%	0.0%	0.6%	-0.2%
18.0%	17.9%	0.1%	17.8%	0.2%
1.0%	1.3%	-0.2%	1.1%	-0.1%
4.4%	5.9%	-1.5%	5.6%	-1.2%
7.7%	7.8%	-0.1%	7.7%	0.0%
2.7%	1.4%	1.2%	1.7%	0.9%
100.0%	100.0%		100.0%	
\$8,984	\$8,803	2.1%	\$8,331	7.8%
\$2,047	\$2,094	-2.3%	\$1,953	4.8%
\$1,748	\$1,750	-0.1%	\$1,759	-0.6%
\$1,599	\$1,615	1.0%	\$1,643	2.7%
\$6,585	\$6,521	1.0%	\$6,267	5.1%
\$6,023	\$6,017	-0.1%	\$5,853	-2.9%
19.2%	19.7%	-2.7%	20.6%	-7.0%
\$6,483	\$6,455	0.4%	\$6,112	6.1%
1,248	1,328	6.0%	1,341	7.0%
4	4	12.8%	10	63.8%
1,251	1,332	6.1%	1,351	7.4%
48	55	12.0%	43	-12.6%
0	2	100.0%	0	0.0%
48	57	15.5%	43	-12.6%
1,299	1,389	6.5%	1,394	6.8%
3.76	3.92	4.1%	3.98	5.6%
80.6	83.2	3.0%	80.9	0.3%
\$24.05	\$24.03	-0.1%	\$22.85	-5.2%
\$50,017	\$49,978	-0.1%	\$47,581	-5.1%
\$2,393	\$2,446	2.2%	\$2,405	0.5%
40.4%	41.7%	3.1%	42.7%	5.4%
3.82	3.91	2.4%	3.79	-0.8%
3.77	3.73	-1.1%	3.56	-5.7%
3.56	3.57	0.5%	3.56	0.1%
2.46	2.55	3.5%	2.61	5.6%
3.45	3.34	-3.0%	3.24	-6.2%
2.53	2.47	-2.4%	2.47	-2.6%
0.81	0.93	13.0%	0.85	5.5%
1.42	1.37	3.7%	1.35	4.7%
1.34	1.29	3.2%	1.28	4.3%
1.44	1.40	3.1%	1.36	5.8%
1.36	1.35	0.6%	1.32	3.5%
13.3%	14.9%	11.0%	13.4%	0.8%
\$863	\$965	10.6%	\$820	-5.2%
2,829	2,860	-1.1%	2,828	0.0%
28	28	0.0%	29	-3.4%
78	80	2.4%	83	5.8%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	124	126	-1.7%	120	3.0%
Occupancy Percent	48.8%	49.7%	-1.7%	47.4%	3.0%
Patient Days	11,411	11,606	-1.7%	11,075	3.0%
Admissions	2,991	3,110	-3.8%	3,062	-2.3%
Observation Visits	1,377	1,514	-9.0%	1,546	-10.9%
Observation Visits (excl OB)	1,129	1,237	-8.7%	1,262	-10.5%
Acute Admissions and Observation Visits (excl OB)	3,892	4,109	-5.3%	4,108	-5.3%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	29.0%	30.1%	-3.6%	30.7%	-5.6%
Observation (excl OB) % of Occupancy	4.0%	4.9%	-18.2%	4.9%	-18.5%
Adjusted Patient Days	31,710	32,594	-2.7%	31,597	0.4%
Adjusted Admissions	8,312	8,734	-4.8%	8,736	-4.9%
Outpatient Visits	88,862	87,956	1.0%	87,690	1.3%
ED Visits	18,532	18,971	-2.3%	18,596	-0.3%
Home Health Episodes	319	390	-18.2%	357	-10.6%
IP Surgery Cases	437	401	9.0%	421	3.8%
OP Surgery Cases	1,733	1,829	-5.2%	1,753	-1.1%

**Revenue By Source**

Medicare	38.2%	37.1%	1.1%	39.2%	-1.0%
Managed Medicare	14.9%	14.7%	0.2%	14.5%	0.4%
Medicaid	11.9%	13.5%	-1.5%	12.6%	-0.6%
TennCare	0.3%	0.4%	0.0%	0.3%	0.0%
Blue Cross	17.9%	17.9%	0.0%	16.9%	1.0%
United - River Valley	1.0%	1.3%	-0.2%	1.2%	-0.1%
Managed Care / Commercial	4.9%	5.9%	-1.0%	5.6%	-0.7%
Charity / Self Pay	8.1%	7.8%	0.3%	7.7%	0.3%
Other Patient Revenue	2.7%	1.4%	1.3%	2.0%	0.8%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$9,001	\$8,814	2.1%	\$8,242	9.2%
OP Revenue per Outpatient Visit	\$2,056	\$2,103	-2.3%	\$1,929	6.6%
Operating Revenue per Adjusted Patient Day	\$1,767	\$1,747	1.1%	\$1,638	7.8%
Operating Expense per Adjusted Patient Day	\$1,632	\$1,614	-1.1%	\$1,606	-1.6%
Operating Revenue per Adjusted Admission	\$6,740	\$6,521	3.4%	\$5,926	13.7%
Operating Expense per Adjusted Admission	\$6,227	\$6,024	-3.4%	\$5,810	-7.2%
Net Revenue % of Gross Revenue	19.4%	19.6%	-1.2%	19.5%	-0.4%
Net Revenue per Adjusted Admission	\$6,662	\$6,458	3.2%	\$5,808	14.7%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	1,292	1,332	3.0%	1,351	4.4%
Contract Full Time Equivalents	5	4	-19.9%	10	48.0%
Total Full Time Equivalents (excl Providers)	1,297	1,336	2.9%	1,361	4.7%
Employed Provider Full Time Equivalents	50	55	9.6%	41	-22.1%
Contract Provider Full Time Equivalents	(0)	2	102.4%	0	100.0%
Total Provider Full Time Equivalents	50	57	13.3%	41	-21.9%
Full Time Equivalents	1,347	1,393	3.3%	1,402	3.9%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.91	3.93	0.6%	4.08	4.2%
Man Hours per Adjusted Admission (incl Cont Lbr)	85.0	83.6	-1.6%	84.2	-0.9%
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.84	\$23.94	0.4%	\$22.77	-4.7%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$49,591	\$49,786	0.4%	\$47,415	-4.6%
Labor Exp (excl Providers) per Adjusted Admission	\$2,511	\$2,455	-2.3%	\$2,437	-3.0%
Labor Exp % of Net Revenue	41.3%	41.9%	1.5%	45.5%	9.3%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.09	3.92	-4.3%	3.89	-5.1%
Overall Average Length of Stay	3.82	3.73	-2.2%	3.62	-5.5%
Acute Medicare Average Length of Stay	3.71	3.59	-3.5%	3.57	-3.9%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.57	2.56	-0.3%	2.66	3.6%
Acute Overall Average Length of Stay	3.46	3.35	-3.3%	3.25	-6.4%
Acute Overall Average Length of Stay - Acuity Adjusted	2.57	2.47	-3.8%	2.55	-0.5%
Observation Average Length of Stay	0.83	0.93	10.4%	0.91	8.8%
Overall Medicare Case Mix Index	1.41	1.37	3.4%	1.33	6.0%
Overall Case Mix Index	1.31	1.29	1.2%	1.24	5.6%
Acute Medicare Case Mix Index	1.44	1.40	3.2%	1.34	7.8%
Acute Overall Case Mix Index	1.35	1.35	-0.4%	1.27	5.8%
Supply Expense % of Net Revenue	14.4%	15.0%	4.0%	14.4%	-0.1%
Supply Expense per Adjusted Admission	\$957	\$966	0.9%	\$834	-14.8%

**Operating Statistics (Long-Term Care)**

Nursing Home Patient Days	8,543	8,788	-2.8%	8,520	0.3%
Nursing Home Admissions	72	86	-16.3%	71	1.4%
Nursing Home Full Time Equivalents	77	80	3.8%	82	5.7%

**Northeast Market**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
34,479,336	34,368,026	0.3%	31,222,869	10.4%
59,866,828	60,379,051	-0.8%	57,328,707	4.4%
94,346,165	94,747,077	-0.4%	88,551,577	6.5%
69,255,379	67,963,189	-1.9%	62,282,133	-11.2%
1,347,688	1,014,310	-32.9%	697,502	-93.2%
1,879,543	2,540,906	26.0%	2,818,924	33.3%
244,323	328,323	25.6%	314,811	22.4%
3,160,295	3,878,911	18.5%	3,815,087	17.2%
75,887,228	75,725,639	-0.2%	69,928,457	-8.5%
18,458,936	19,021,439	-3.0%	18,623,119	-0.9%
283,907	188,428	50.7%	456,950	-37.9%
18,742,843	19,209,867	-2.4%	19,080,070	-1.8%
5,029,518	5,307,400	5.2%	5,163,789	2.6%
769,314	866,287	11.2%	793,394	3.0%
4,682	0	100.0%	0	100.0%
63,602	68,445	7.1%	154,455	58.8%
1,181,326	1,235,190	4.4%	1,440,713	18.0%
3,498,481	3,140,248	-11.4%	3,443,756	-1.6%
2,430,153	2,794,373	13.0%	2,479,155	2.0%
315,333	304,203	-3.7%	307,491	-2.6%
1,344,015	1,472,764	8.7%	1,513,878	11.2%
0	0	0.0%	0	0.0%
1,472,473	1,467,372	-0.3%	1,519,362	3.1%
1,525	1,525	0.0%	4,143	63.2%
107,830	108,666	0.8%	101,943	-5.8%
16,218,252	16,766,473	3.3%	16,922,078	4.2%
2,524,592	2,443,394	3.3%	2,157,992	17.0%
507,456	542,027	6.4%	528,242	3.9%
437,564	433,998	-0.8%	398,648	-9.8%
1,579,571	1,467,368	7.6%	1,231,102	28.3%
170,272	181,388	-6.1%	177,192	-3.9%
61,542	0	100.0%	2,869	2045.1%
126,293	100,000	26.3%	54,419	132.1%
0	0	0.0%	(82,198)	100.0%
(126,293)	(100,000)	-26.3%	(54,419)	-132.1%
0	0	0.0%	(827)	100.0%
(27,797)	(45,097)	38.4%	(20,857)	-33.3%
204,017	136,291	49.7%	76,178	167.8%
1,783,589	1,603,658	11.2%	1,307,281	36.4%
0	0	0.0%	0	0.0%
1,783,589	1,603,658	11.2%	1,307,281	36.4%
589,773	0	100.0%	(1,390,793)	142.4%
2,373,362	1,603,658	48.0%	(83,512)	2941.9%
4,310,437	4,157,247	3.7%	3,859,618	11.7%
945,020	976,026	-3.2%	926,889	2.0%
3,365,416	3,181,221	5.8%	2,932,729	14.8%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
105,638,117	105,509,536	0.1%	94,108,087	12.3%
182,935,942	185,140,662	-1.2%	169,283,967	8.1%
288,574,059	290,650,198	-0.7%	263,392,054	9.6%
209,050,985	208,373,415	-0.3%	188,081,677	-11.1%
4,842,126	3,110,484	-55.7%	3,096,294	-56.4%
6,025,742	8,015,529	24.8%	7,672,162	21.5%
805,060	1,033,578	22.1%	933,892	13.8%
10,771,807	11,900,123	9.5%	11,085,470	2.8%
231,495,719	232,433,128	0.4%	210,869,495	-9.8%
57,078,339	58,217,070	-2.0%	52,522,559	8.7%
662,798	557,852	18.8%	1,039,624	-36.2%
57,741,137	58,774,922	-1.8%	53,562,183	7.8%
15,730,202	16,243,002	3.2%	15,835,514	0.7%
2,473,157	2,692,949	8.2%	2,336,856	-5.8%
4,682	0	100.0%	0	100.0%
266,093	218,882	-21.6%	419,685	36.6%
3,749,185	3,822,572	1.9%	3,939,400	4.8%
10,334,208	9,674,702	-6.8%	9,476,697	-9.0%
8,085,710	8,560,207	5.5%	7,470,612	-8.2%
934,493	954,663	2.1%	942,795	0.9%
4,278,721	4,450,329	3.9%	4,373,440	2.2%
0	0	0.0%	0	0.0%
4,350,508	4,411,719	1.4%	4,528,878	3.9%
4,575	4,575	0.0%	12,428	63.2%
312,629	333,216	6.2%	317,356	1.5%
50,524,163	51,366,815	1.6%	49,653,661	-1.8%
7,216,974	7,408,107	-2.6%	3,908,522	84.6%
1,700,206	1,671,681	-1.7%	1,550,210	-9.7%
1,291,531	1,291,745	0.0%	1,187,667	-8.7%
4,225,237	4,444,680	-4.9%	1,170,646	260.9%
484,720	520,301	-6.8%	454,320	6.7%
61,586	0	100.0%	2,538	2326.7%
126,293	100,000	26.3%	54,419	132.1%
(704)	0	100.0%	(96,324)	99.3%
(126,293)	(100,000)	-26.3%	(54,419)	-132.1%
(612)	0	100.0%	(827)	26.0%
(67,180)	(85,392)	21.3%	(63,145)	-6.4%
477,809	434,908	9.9%	296,561	61.1%
4,703,046	4,879,589	-3.6%	1,467,206	220.5%
0	0	0.0%	0	0.0%
4,703,046	4,879,589	-3.6%	1,467,206	220.5%
3,296,284	0	100.0%	(4,596,663)	171.7%
7,999,330	4,879,589	63.9%	(3,129,456)	355.6%
12,362,494	12,592,525	-1.8%	9,063,745	36.4%
2,991,737	2,963,426	1.0%	2,737,877	9.3%
9,370,758	9,629,099	-2.7%	6,325,868	48.1%



**Johnston Memorial Consolidated**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
87	77	12.8%	78	11.9%
74.9%	66.4%	12.8%	67.0%	11.9%
2,608	2,312	12.8%	2,331	11.9%
723	684	5.7%	721	0.3%
278	372	-25.3%	367	-24.3%
202	281	-28.1%	284	-28.9%
925	965	-4.1%	1,005	-8.0%
21.8%	29.1%	-25.0%	28.3%	-22.7%
5.0%	7.7%	-35.2%	7.1%	-29.7%
6,794	6,438	5.5%	6,660	2.0%
1,884	1,905	-1.1%	2,060	-8.6%
19,995	19,801	1.0%	20,109	-0.6%
3,405	3,445	-1.2%	3,449	-1.3%
47	57	-17.5%	40	17.5%
118	114	3.5%	117	0.9%
468	498	-6.0%	484	-3.3%
37.7%	36.4%	1.3%	36.1%	1.6%
15.9%	16.1%	-0.3%	15.8%	0.0%
11.5%	12.2%	-0.7%	12.2%	-0.7%
0.4%	0.5%	0.0%	0.7%	-0.3%
18.6%	18.7%	-0.1%	18.9%	-0.3%
1.0%	1.5%	-0.5%	1.3%	-0.3%
4.6%	6.1%	-1.6%	5.9%	-1.3%
7.5%	7.1%	0.3%	7.2%	0.3%
2.9%	1.4%	1.5%	1.8%	1.1%
100.0%	100.0%		100.0%	
\$10,248	\$10,629	-3.6%	\$9,756	5.0%
\$2,146	\$2,215	-3.1%	\$2,100	2.2%
\$1,976	\$2,090	-5.4%	\$2,052	-3.7%
\$1,676	\$1,822	8.0%	\$1,734	3.3%
\$7,129	\$7,065	0.9%	\$6,635	7.4%
\$6,046	\$6,160	1.8%	\$5,605	-7.9%
19.0%	19.4%	-2.5%	20.5%	-7.3%
\$7,011	\$6,987	0.3%	\$6,455	8.6%
837	872	4.0%	891	6.0%
3	3	9.3%	10	68.3%
840	875	4.0%	900	6.7%
45	52	12.4%	40	-13.1%
0	2	100.0%	0	0.0%
45	54	16.2%	40	-13.1%
885	929	4.7%	940	5.8%
3.91	4.33	9.7%	4.24	7.7%
80.4	83.4	3.6%	78.1	-2.9%
\$23.40	\$23.39	0.0%	\$22.03	-6.2%
\$48,669	\$48,657	0.0%	\$45,866	-6.1%
\$2,291	\$2,375	3.5%	\$2,267	-1.1%
37.4%	39.2%	4.6%	39.7%	5.8%
3.76	3.69	-2.0%	3.62	-3.9%
3.61	3.38	-6.7%	3.23	-11.6%
3.76	3.69	-2.0%	3.62	-3.9%
2.54	2.53	-0.3%	2.63	3.6%
3.61	3.38	-6.7%	3.23	-11.6%
2.60	2.43	-6.8%	2.44	-6.3%
0.86	0.95	9.9%	0.87	1.1%
1.48	1.46	1.9%	1.38	7.8%
1.38	1.35	2.9%	1.30	6.5%
1.48	1.46	1.7%	1.38	7.8%
1.39	1.39	-0.1%	1.32	5.0%
14.2%	16.5%	13.9%	14.1%	-0.6%
\$997	\$1,155	13.7%	\$913	-9.2%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	85	77	10.3%	78	8.7%
Occupancy Percent	73.2%	66.4%	10.3%	67.4%	8.7%
Patient Days	7,815	7,084	10.3%	7,192	8.7%
Admissions	2,163	2,094	3.3%	2,194	-1.4%
Observation Visits	1,010	1,138	-11.2%	1,208	-16.4%
Observation Visits (excl OB)	762	861	-11.5%	924	-17.5%
Acute Admissions and Observation Visits (excl OB)	2,925	2,955	-1.0%	3,118	-6.2%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	26.1%	29.1%	-10.6%	29.6%	-12.1%
Observation (excl OB) % of Occupancy	6.2%	7.7%	-18.8%	7.8%	-20.5%
Adjusted Patient Days	20,538	19,703	4.2%	19,941	3.0%
Adjusted Admissions	5,684	5,824	-2.4%	6,083	-6.6%
Outpatient Visits	61,239	60,513	1.2%	60,115	1.9%
ED Visits	10,417	10,761	-3.2%	10,580	-1.5%
Home Health Episodes	123	170	-27.6%	129	-4.7%
IP Surgery Cases	392	342	14.6%	372	5.4%
OP Surgery Cases	1,442	1,486	-3.0%	1,456	-1.0%

**Revenue By Source**

Medicare	37.9%	36.4%	1.5%	38.6%	-0.7%
Managed Medicare	15.6%	16.1%	-0.5%	15.8%	-0.2%
Medicaid	11.0%	12.2%	-1.3%	11.4%	-0.4%
TennCare	0.4%	0.5%	0.0%	0.4%	0.0%
Blue Cross	18.4%	18.7%	-0.3%	17.6%	0.8%
United - River Valley	1.1%	1.5%	-0.4%	1.3%	-0.2%
Managed Care / Commercial	5.0%	6.1%	-1.1%	5.6%	-0.6%
Charity / Self Pay	7.7%	7.1%	0.6%	7.3%	0.4%
Other Patient Revenue	2.9%	1.4%	1.5%	1.9%	1.0%

Total Gross Patient Revenue

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$10,371	\$10,646	-2.6%	\$9,696	7.0%
OP Revenue per Outpatient Visit	\$2,155	\$2,220	-3.0%	\$2,056	4.8%
Operating Revenue per Adjusted Patient Day	\$2,021	\$2,087	-3.2%	\$1,910	5.8%
Operating Expense per Adjusted Patient Day	\$1,744	\$1,822	4.3%	\$1,729	-0.9%
Operating Revenue per Adjusted Admission	\$7,303	\$7,062	3.4%	\$6,262	16.6%
Operating Expense per Adjusted Admission	\$6,302	\$6,162	-2.3%	\$5,668	-11.2%
Net Revenue % of Gross Revenue	19.2%	19.4%	-0.8%	19.3%	-0.2%
Net Revenue per Adjusted Admission	\$7,212	\$6,987	3.2%	\$6,131	17.6%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	868	873	0.6%	899	3.5%
Contract Full Time Equivalents	4	3	-7.0%	9	59.1%
Total Full Time Equivalents (excl Providers)	871	877	0.6%	908	4.1%
Employed Provider Full Time Equivalents	47	52	10.0%	38	-23.3%
Contract Provider Full Time Equivalents	(0)	2	102.4%	0	100.0%
Total Provider Full Time Equivalents	47	55	13.9%	38	-23.2%
Full Time Equivalents	919	931	1.4%	946	3.0%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	4.11	4.35	5.4%	4.37	5.8%
Man Hours per Adjusted Admission (incl Cont Lbr)	84.7	83.8	-1.1%	81.7	-3.7%
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.28	\$23.31	0.1%	\$22.02	-5.7%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$48,418	\$48,486	0.1%	\$45,857	-5.6%
Labor Exp (excl Providers) per Adjusted Admission	\$2,424	\$2,383	-1.7%	\$2,296	-5.6%
Labor Exp % of Net Revenue	38.4%	39.5%	2.6%	42.3%	9.1%

**Patient Resource Management**

Overall Medicare Average Length of Stay	3.96	3.71	-7.0%	3.63	-9.2%
Overall Average Length of Stay	3.61	3.38	-6.8%	3.28	-10.2%
Acute Medicare Average Length of Stay	3.96	3.71	-7.0%	3.63	-9.2%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.63	2.54	-3.6%	2.64	0.3%
Acute Overall Average Length of Stay	3.61	3.38	-6.8%	3.28	-10.2%
Acute Overall Average Length of Stay - Acuity Adjusted	2.62	2.43	-7.5%	2.53	-3.6%
Observation Average Length of Stay	0.87	0.95	8.3%	0.90	3.5%
Overall Medicare Case Mix Index	1.50	1.45	3.4%	1.37	9.5%
Overall Case Mix Index	1.36	1.34	1.3%	1.27	7.4%
Acute Medicare Case Mix Index	1.50	1.46	3.3%	1.37	9.5%
Acute Overall Case Mix Index	1.39	1.39	-0.7%	1.30	6.4%
Supply Expense % of Net Revenue	15.8%	16.5%	4.5%	15.4%	-2.7%
Supply Expense per Adjusted Admission	\$1,138	\$1,155	1.4%	\$942	-20.8%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
85	77	10.3%	78	8.7%
73.2%	66.4%	10.3%	67.4%	8.7%
7,815	7,084	10.3%	7,192	8.7%
2,163	2,094	3.3%	2,194	-1.4%
1,010	1,138	-11.2%	1,208	-16.4%
762	861	-11.5%	924	-17.5%
2,925	2,955	-1.0%	3,118	-6.2%
26.1%	29.1%	-10.6%	29.6%	-12.1%
6.2%	7.7%	-18.8%	7.8%	-20.5%
20,538	19,703	4.2%	19,941	3.0%
5,684	5,824	-2.4%	6,083	-6.6%
61,239	60,513	1.2%	60,115	1.9%
10,417	10,761	-3.2%	10,580	-1.5%
123	170	-27.6%	129	-4.7%
392	342	14.6%	372	5.4%
1,442	1,486	-3.0%	1,456	-1.0%
37.9%	36.4%	1.5%	38.6%	-0.7%
15.6%	16.1%	-0.5%	15.8%	-0.2%
11.0%	12.2%	-1.3%	11.4%	-0.4%
0.4%	0.5%	0.0%	0.4%	0.0%
18.4%	18.7%	-0.3%	17.6%	0.8%
1.1%	1.5%	-0.4%	1.3%	-0.2%
5.0%	6.1%	-1.1%	5.6%	-0.6%
7.7%	7.1%	0.6%	7.3%	0.4%
2.9%	1.4%	1.5%	1.9%	1.0%
100.0%	100.0%		100.0%	
\$10,371	\$10,646	-2.6%	\$9,696	7.0%
\$2,155	\$2,220	-3.0%	\$2,056	4.8%
\$2,021	\$2,087	-3.2%	\$1,910	5.8%
\$1,744	\$1,822	4.3%	\$1,729	-0.9%
\$7,303	\$7,062	3.4%	\$6,262	16.6%
\$6,302	\$6,162	-2.3%	\$5,668	-11.2%
19.2%	19.4%	-0.8%	19.3%	-0.2%
\$7,212	\$6,987	3.2%	\$6,131	17.6%
868	873	0.6%	899	3.5%
4	3	-7.0%	9	59.1%
871	877	0.6%	908	4.1%
47	52	10.0%	38	-23.3%
(0)	2	102.4%	0	100.0%
47	55	13.9%	38	-23.2%
919	931	1.4%	946	3.0%
4.11	4.35	5.4%	4.37	5.8%
84.7	83.8	-1.1%	81.7	-3.7%
\$23.28	\$23.31	0.1%	\$22.02	-5.7%
\$48,418	\$48,486	0.1%	\$45,857	-5.6%
\$2,424	\$2,383	-1.7%	\$2,296	-5.6%
38.4%	39.5%	2.6%	42.3%	9.1%
3.96	3.71	-7.0%	3.63	-9.2%
3.61	3.38	-6.8%	3.28	-10.2%
3.96	3.71	-7.0%	3.63	-9.2%
2.63	2.54	-3.6%	2.64	0.3%
3.61	3.38	-6.8%	3.28	-10.2%
2.62	2.43	-7.5%	2.53	-3.6%
0.87	0.95	8.3%	0.90	3.5%
1.50	1.45	3.4%	1.37	9.5%
1.36	1.34	1.3%	1.27	7.4%
1.50	1.46	3.3%	1.37	9.5%
1.39	1.39	-0.7%	1.30	6.4%
15.8%	16.5%	4.5%	15.4%	-2.7%
\$1,138	\$1,155	1.4%	\$942	-20.8%

**Johnston Memorial Consolidated**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
26,727,629	24,574,734	8.8%	22,742,062	17.5%
42,901,810	43,852,229	-2.2%	42,234,536	1.6%
69,629,440	68,426,964	1.8%	64,976,598	7.2%
52,250,807	49,635,305	-5.3%	46,493,430	-12.4%
1,145,314	795,760	-43.9%	587,247	-95.0%
950,028	1,723,385	44.9%	1,806,071	47.4%
141,938	189,807	25.2%	166,450	14.7%
1,936,145	2,775,046	30.2%	2,626,969	26.3%
56,424,232	55,119,305	-2.4%	51,680,167	-9.2%
13,205,208	13,307,659	-0.8%	13,296,431	-0.7%
222,743	148,864	49.6%	371,959	-40.1%
13,427,951	13,456,523	-0.2%	13,668,389	-1.8%
3,106,484	3,214,624	3.4%	3,107,774	0.0%
741,374	836,773	11.4%	765,680	3.2%
4,682	0	100.0%	0	100.0%
52,804	50,920	-3.7%	138,258	61.8%
733,758	777,746	5.7%	931,597	21.2%
2,181,117	1,885,777	-15.7%	1,868,129	-16.8%
1,878,219	2,199,611	14.6%	1,880,526	0.1%
179,977	174,514	-3.1%	176,086	-2.2%
888,218	943,894	5.9%	1,004,616	11.6%
0	0	0.0%	0	0.0%
985,258	975,344	-1.0%	1,008,572	2.3%
946	946	0.0%	3,418	72.3%
23,369	21,964	-6.4%	35,419	34.0%
10,776,205	11,082,113	2.8%	10,920,076	1.3%
2,651,746	2,374,410	11.7%	2,748,313	-3.5%
298,841	338,330	11.7%	337,567	11.5%
313,303	311,388	-0.6%	287,581	-8.9%
2,039,602	1,724,692	18.3%	2,123,165	-3.9%
155,937	163,664	-4.7%	159,507	-2.2%
58,547	0	100.0%	2,571	2177.2%
0	0	0.0%	0	0.0%
0	0	0.0%	(84,818)	100.0%
(126,293)	(100,000)	-26.3%	(54,419)	-132.1%
0	0	0.0%	(511)	100.0%
(27,442)	(36,062)	23.9%	(18,356)	-49.5%
60,748	27,601	120.1%	3,975	1428.3%
2,100,351	1,752,294	19.9%	2,127,140	-1.3%
0	0	0.0%	0	0.0%
2,100,351	1,752,294	19.9%	2,127,140	-1.3%
472,248	0	100.0%	(1,125,941)	141.9%
2,572,599	1,752,294	46.8%	1,001,200	157.0%
3,722,067	3,400,265	9.5%	3,799,698	-2.0%
612,144	649,718	-5.8%	625,148	-2.1%
3,109,923	2,750,548	13.1%	3,174,550	-2.0%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
81,047,121	75,417,642	7.5%	69,734,948	16.2%
131,944,961	134,345,092	-1.8%	123,620,569	6.7%
212,992,082	209,762,734	1.5%	193,355,517	10.2%
156,777,534	152,081,855	-3.1%	140,202,465	-11.8%
3,843,572	2,438,703	-57.6%	2,639,665	-45.6%
3,656,293	5,441,561	32.8%	5,165,534	29.2%
481,437	597,907	19.5%	474,149	-1.5%
7,236,200	8,508,442	15.0%	7,574,294	4.5%
171,995,036	169,068,468	-1.7%	156,056,106	-10.2%
40,997,047	40,694,266	0.7%	37,299,410	9.9%
514,610	434,519	18.4%	791,906	-35.0%
41,511,656	41,128,785	0.9%	38,091,316	9.0%
9,789,108	9,837,827	0.5%	9,670,824	-1.2%
2,383,185	2,602,667	8.4%	2,255,155	-5.7%
4,682	0	100.0%	0	100.0%
184,439	161,663	-14.1%	365,824	49.6%
2,317,140	2,408,815	3.8%	2,497,085	7.2%
6,422,217	5,821,777	-10.3%	5,599,817	-14.7%
6,470,935	6,724,441	3.8%	5,732,827	-12.9%
536,130	540,133	0.7%	534,195	-0.4%
2,743,674	2,821,467	2.8%	2,842,917	3.5%
0	0	0.0%	0	0.0%
2,885,545	2,929,781	1.5%	3,020,503	4.5%
2,838	2,838	0.0%	10,255	72.3%
66,428	67,441	1.5%	110,174	39.7%
33,806,322	33,918,849	0.3%	32,639,576	-3.6%
7,705,334	7,209,936	6.9%	5,451,740	41.3%
1,072,555	1,043,556	-2.8%	981,038	-9.3%
941,705	928,407	-1.4%	859,097	-9.6%
5,691,074	5,237,973	8.7%	3,611,605	57.6%
443,880	472,308	-6.0%	410,458	8.1%
58,590	0	100.0%	2,240	2515.7%
0	0	0.0%	0	0.0%
(704)	0	100.0%	(98,944)	99.3%
(126,293)	(100,000)	-26.3%	(54,419)	-132.1%
0	0	0.0%	(511)	100.0%
(61,606)	(61,987)	0.6%	(42,564)	-44.7%
313,867	310,321	1.1%	216,261	45.1%
6,004,941	5,548,295	8.2%	3,827,866	56.9%
0	0	0.0%	0	0.0%
6,004,941	5,548,295	8.2%	3,827,866	56.9%
2,661,659	0	100.0%	(3,726,943)	171.4%
8,666,600	5,548,295	56.2%	100,923	8487.4%
10,974,012	10,520,317	4.3%	8,808,933	24.6%
2,014,260	1,971,963	2.1%	1,840,135	9.5%
8,959,752	8,548,355	4.8%	6,968,799	28.6%

**Smyth County Consolidated**  
**Key Operating Indicators**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var

14	20	-26.5%	19	-25.7%
24.1%	32.7%	-26.5%	32.4%	-25.7%
433	589	-26.5%	583	-25.7%
116	134	-13.4%	141	-17.7%
55	71	-22.5%	51	7.8%
55	71	-22.5%	51	7.8%
159	188	-15.4%	178	-10.7%
34.6%	37.8%	-8.4%	28.7%	20.7%
2.1%	3.3%	-38.3%	2.4%	-14.0%
1,837	2,043	-10.1%	1,965	-6.5%
492	465	5.9%	475	3.6%
6,583	6,722	-2.1%	6,806	-3.3%
1,548	1,484	4.3%	1,487	4.1%
63	75	-16.0%	73	-13.7%
12	18	-33.3%	20	-40.0%
83	105	-21.0%	83	0.0%

41.3%	41.1%	0.2%	47.0%	-5.7%
12.2%	9.6%	2.6%	9.0%	3.2%
14.5%	14.3%	0.2%	10.7%	3.8%
0.0%	0.0%	0.0%	0.0%	0.0%
19.6%	20.0%	-0.3%	18.4%	1.3%
0.7%	0.7%	0.0%	0.6%	0.1%
3.2%	4.8%	-1.6%	4.3%	-1.1%
6.3%	8.0%	-1.7%	8.6%	-2.3%
2.1%	1.5%	0.6%	1.5%	0.6%
100.0%	100.0%		100.0%	

\$8,056	\$7,858	2.5%	\$7,474	7.8%
\$1,718	\$1,700	1.1%	\$1,517	13.2%
\$1,672	\$1,584	5.6%	\$1,626	2.8%
\$1,756	\$1,654	-6.2%	\$1,804	2.7%
\$6,241	\$6,961	-10.3%	\$6,722	-7.2%
\$6,555	\$7,270	9.8%	\$7,459	12.1%
20.4%	19.9%	2.3%	21.2%	-4.0%
\$6,134	\$6,888	-10.9%	\$6,566	-6.6%

246	271	9.3%	276	10.9%
0	1	38.2%	0	27.0%
246	272	9.4%	277	10.9%
2	2	3.5%	2	-5.7%
2	2	3.5%	2	-5.7%
248	274	9.4%	278	10.8%
4.06	4.02	-0.8%	4.25	4.6%
86.3	100.8	14.4%	100.3	14.0%
\$26.02	\$25.89	-0.5%	\$24.75	-5.1%
\$54,113	\$53,843	-0.5%	\$51,531	-5.0%
\$2,804	\$3,191	12.1%	\$3,099	9.5%
46.1%	46.7%	1.4%	47.6%	3.1%

3.77	4.67	19.2%	4.29	12.2%
3.73	4.40	15.1%	4.13	9.7%
2.71	3.63	25.3%	3.81	28.9%
1.88	2.67	29.6%	2.63	28.5%
2.83	3.46	18.3%	3.60	21.4%
1.97	2.52	21.8%	2.54	22.5%
0.67	0.85	20.4%	0.84	20.2%
1.37	1.32	3.9%	1.41	-2.7%
1.36	1.33	2.6%	1.37	-0.3%
1.44	1.36	6.1%	1.45	-0.7%
1.44	1.38	4.4%	1.42	1.3%
11.4%	12.1%	6.3%	12.8%	11.0%
\$698	\$837	16.5%	\$840	16.9%

2,829	2,860	-1.1%	2,828	0.0%
28	28	0.0%	29	-3.4%
78	80	2.4%	83	5.8%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	15	20	-21.5%	20	-21.2%
Occupancy Percent	25.6%	32.7%	-21.5%	32.5%	-21.2%
Patient Days	1,415	1,803	-21.5%	1,795	-21.2%
Admissions	349	410	-14.9%	415	-15.9%
Observation Visits	171	219	-21.9%	207	-17.4%
Observation Visits (excl OB)	171	219	-21.9%	207	-17.4%
Acute Admissions and Observation Visits (excl OB)	470	578	-18.7%	571	-17.7%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	36.4%	37.9%	-4.0%	36.3%	0.4%
Observation (excl OB) % of Occupancy	2.2%	3.3%	-35.3%	3.4%	-36.7%
Adjusted Patient Days	5,780	6,270	-7.8%	6,449	-10.4%
Adjusted Admissions	1,426	1,426	0.0%	1,491	-4.4%
Outpatient Visits	20,041	20,439	-1.9%	20,582	-2.6%
ED Visits	4,549	4,634	-1.8%	4,473	1.7%
Home Health Episodes	196	220	-10.9%	228	-14.0%
IP Surgery Cases	40	56	-28.6%	48	-16.7%
OP Surgery Cases	260	323	-19.5%	290	-10.3%

**Revenue By Source**

Medicare	41.2%	41.1%	0.1%	44.9%	-3.7%
Managed Medicare	12.1%	9.6%	2.5%	9.7%	2.4%
Medicaid	12.1%	14.3%	-2.2%	11.4%	0.7%
TennCare	0.1%	0.0%	0.1%	0.0%	0.1%
Blue Cross	20.2%	20.0%	0.2%	18.6%	1.6%
United - River Valley	0.7%	0.7%	0.0%	0.6%	0.1%
Managed Care / Commercial	4.2%	4.8%	-0.6%	4.6%	-0.4%
Charity / Self Pay	7.2%	8.0%	-0.8%	7.9%	-0.6%
Other Patient Revenue	2.1%	1.5%	0.6%	2.2%	-0.1%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$7,796	\$7,883	-1.1%	\$6,934	12.4%
OP Revenue per Outpatient Visit	\$1,698	\$1,723	-1.4%	\$1,568	8.3%
Operating Revenue per Adjusted Patient Day	\$1,620	\$1,585	2.3%	\$1,394	16.3%
Operating Expense per Adjusted Patient Day	\$1,681	\$1,654	-1.6%	\$1,615	-4.1%
Operating Revenue per Adjusted Admission	\$6,570	\$6,968	-5.7%	\$6,028	9.0%
Operating Expense per Adjusted Admission	\$6,814	\$7,275	6.3%	\$6,985	2.5%
Net Revenue % of Gross Revenue	20.5%	19.9%	3.1%	19.6%	4.5%
Net Revenue per Adjusted Admission	\$6,484	\$6,894	-5.9%	\$5,884	10.2%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	256	273	6.4%	280	8.8%
Contract Full Time Equivalents	1	1	-51.4%	1	-36.2%
Total Full Time Equivalents (excl Providers)	257	274	6.2%	281	8.7%
Employed Provider Full Time Equivalents	2	2	2.2%	2	-2.1%
Total Provider Full Time Equivalents	2	2	2.2%	2	-2.1%
Full Time Equivalents	259	276	6.2%	283	8.6%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	4.12	4.05	-1.7%	4.04	-1.9%
Man Hours per Adjusted Admission (incl Cont Lbr)	95.1	101.4	6.2%	99.6	4.6%
Average Hourly Rate (excl Providers & Cont Lbr)	\$25.46	\$25.70	0.9%	\$24.55	-3.7%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$52,963	\$53,454	0.9%	\$51,129	-3.6%
Labor Exp (excl Providers) per Adjusted Admission	\$3,011	\$3,195	5.8%	\$3,035	0.8%
Labor Exp % of Net Revenue	46.9%	46.8%	-0.2%	52.0%	9.9%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.38	4.66	6.1%	4.80	8.7%
Overall Average Length of Stay	4.05	4.40	7.8%	4.33	6.3%
Acute Medicare Average Length of Stay	3.01	3.65	17.5%	3.73	19.2%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.11	2.68	21.2%	2.82	24.9%
Acute Overall Average Length of Stay	3.06	3.46	11.4%	3.50	12.5%
Acute Overall Average Length of Stay - Acuity Adjusted	2.21	2.51	12.0%	2.74	19.6%
Observation Average Length of Stay	0.70	0.84	17.2%	0.91	23.4%
Overall Medicare Case Mix Index	1.35	1.32	2.8%	1.31	3.6%
Overall Case Mix Index	1.32	1.33	-0.9%	1.26	4.7%
Acute Medicare Case Mix Index	1.42	1.36	4.7%	1.32	7.6%
Acute Overall Case Mix Index	1.39	1.38	0.7%	1.28	8.7%
Supply Expense % of Net Revenue	10.3%	12.3%	16.4%	13.2%	22.5%
Supply Expense per Adjusted Admission	\$666	\$847	21.4%	\$779	14.6%

**Operating Statistics (Long-Term Care)**

Nursing Home Patient Days	8,543	8,788	-2.8%	8,520	0.3%
Nursing Home Admissions	72	86	-16.3%	71	1.4%
Nursing Home Full Time Equivalents	77	80	3.8%	82	5.7%

**Smyth County Consolidated**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
4,529,408	5,670,137	-20.1%	5,305,925	-14.6%
11,382,667	11,474,248	-0.8%	10,376,778	9.7%
15,912,075	17,144,385	-7.2%	15,682,703	1.5%
11,191,235	12,219,997	8.4%	10,627,114	-5.3%
141,808	143,014	0.8%	58,733	-141.4%
431,076	391,472	-10.1%	596,979	27.8%
57,288	56,505	-1.4%	70,726	19.0%
471,820	541,704	12.9%	616,802	23.5%
12,293,227	13,352,693	7.9%	11,970,354	-2.7%
3,618,848	3,791,692	-4.6%	3,712,349	-2.5%
56,226	34,512	62.9%	74,938	-25.0%
3,675,074	3,826,204	-3.9%	3,787,287	-3.0%
1,282,010	1,376,555	6.9%	1,380,111	7.1%
19,755	22,001	10.2%	20,916	5.6%
0	0	0.0%	0	0.0%
6,525	11,319	42.4%	10,961	40.5%
286,189	292,527	2.2%	322,234	11.2%
832,363	793,937	-4.8%	955,068	12.8%
396,875	428,099	7.3%	459,669	13.7%
88,450	87,200	-1.4%	88,464	0.0%
287,110	334,417	14.1%	310,660	7.6%
0	0	0.0%	0	0.0%
357,412	362,772	1.5%	361,269	1.1%
579	579	0.0%	724	20.1%
18,085	18,818	3.9%	13,876	-30.3%
3,575,353	3,728,223	4.1%	3,923,953	8.9%
99,721	97,981	1.8%	(136,666)	173.0%
138,365	132,897	-4.1%	127,645	-8.4%
83,588	80,631	-3.7%	76,275	-9.6%
(122,233)	(115,546)	-5.8%	(340,586)	64.1%
14,314	17,686	-19.1%	17,682	-19.1%
2,996	0	100.0%	298	905.5%
126,293	100,000	26.3%	54,419	132.1%
0	0	0.0%	2,619	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(209)	100.0%
(468)	(5,781)	91.9%	(1,309)	64.3%
143,134	111,906	27.9%	73,500	94.7%
20,902	(3,640)	674.2%	(267,086)	107.8%
0	0	0.0%	0	0.0%
20,902	(3,640)	674.2%	(267,086)	107.8%
117,525	0	100.0%	(264,852)	144.4%
138,427	(3,640)	3902.8%	(531,938)	126.0%
618,932	592,056	4.5%	312,703	97.9%
221,954	213,527	3.9%	203,920	8.8%
396,978	378,529	4.9%	108,784	264.9%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
13,965,119	17,421,338	-19.8%	15,272,599	-8.6%
34,262,171	35,348,737	-3.1%	32,409,743	5.7%
48,227,289	52,770,075	-8.6%	47,682,341	1.1%
33,510,680	37,596,435	10.9%	33,328,766	-0.5%
734,534	440,340	-66.8%	321,110	-128.7%
1,207,323	1,240,764	2.7%	1,399,294	13.7%
171,663	179,169	4.2%	207,921	17.4%
1,652,529	1,669,337	1.0%	1,862,766	11.3%
37,276,728	41,126,045	9.4%	37,119,857	-0.4%
10,950,561	11,644,029	-6.0%	10,562,484	3.7%
133,870	108,163	23.8%	216,541	-38.2%
11,084,431	11,752,192	-5.7%	10,779,025	2.8%
3,941,642	4,206,098	6.3%	4,157,066	5.2%
64,777	67,369	3.8%	63,654	-1.8%
0	0	0.0%	0	0.0%
46,894	36,832	-27.3%	32,640	-43.7%
943,509	904,520	-4.3%	933,787	-1.0%
2,436,515	2,436,502	0.0%	2,565,902	5.0%
1,078,495	1,327,469	18.8%	1,349,476	20.1%
267,512	281,587	5.0%	276,157	3.1%
924,695	1,026,437	9.9%	938,572	1.5%
0	0	0.0%	0	0.0%
1,073,737	1,090,149	1.5%	1,076,452	0.3%
1,736	1,736	0.0%	2,173	20.1%
52,902	57,598	8.2%	45,829	-15.4%
10,832,413	11,436,297	5.3%	11,441,709	5.3%
252,018	315,895	-20.2%	(662,684)	138.0%
410,010	409,802	-0.1%	382,526	-7.2%
233,321	238,669	2.2%	226,621	-3.0%
(391,312)	(332,576)	-17.7%	(1,271,831)	69.2%
40,741	47,880	-14.9%	43,831	-7.0%
2,996	0	100.0%	298	905.5%
126,293	100,000	26.3%	54,419	132.1%
0	0	0.0%	2,619	-100.0%
0	0	0.0%	0	0.0%
(612)	0	100.0%	(209)	-192.7%
(1,509)	(16,952)	91.1%	(10,659)	85.8%
167,909	130,928	28.2%	90,299	85.9%
(223,404)	(201,648)	-10.8%	(1,181,531)	81.1%
0	0	0.0%	0	0.0%
(223,404)	(201,648)	-10.8%	(1,181,531)	81.1%
634,625	0	100.0%	(869,719)	173.0%
411,222	(201,648)	303.9%	(2,051,251)	120.0%
1,548,302	1,596,307	-3.0%	552,070	180.5%
643,330	648,471	-0.8%	609,147	5.6%
904,971	947,835	-4.5%	(57,077)	1685.5%

**Russell County Consolidated**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
23	30	-23.1%	24	-5.4%
29.1%	37.8%	-23.1%	30.8%	-5.4%
681	885	-23.1%	720	-5.4%
149	198	-24.7%	158	-5.7%
54	51	5.9%	34	58.8%
54	51	5.9%	34	58.8%
148	188	-21.3%	130	13.8%
36.5%	27.1%	34.5%	26.2%	39.5%
1.8%	2.0%	-12.8%	1.1%	57.7%
1,861	1,969	-5.5%	1,790	4.0%
407	441	-7.6%	393	3.7%
2,640	2,290	15.3%	2,409	9.6%
1,216	1,164	4.5%	1,207	0.7%
2	1	100.0%	1	100.0%
9	8	12.5%	7	28.6%
33.0%	35.4%	-2.4%	33.0%	0.0%
14.3%	13.7%	0.6%	13.7%	0.5%
20.8%	21.1%	-0.3%	26.0%	-5.2%
0.0%	0.2%	-0.2%	0.2%	-0.2%
10.7%	8.1%	2.6%	7.8%	2.9%
1.8%	1.0%	0.8%	0.8%	1.0%
5.2%	6.2%	-1.0%	6.2%	-0.9%
12.1%	12.6%	-0.5%	10.6%	1.5%
2.2%	1.9%	0.3%	1.7%	0.4%
100.0%	100.0%		100.0%	
\$4,732	\$4,659	1.6%	\$4,410	7.3%
\$2,115	\$2,206	-4.2%	\$1,958	8.0%
\$881	\$978	-9.9%	\$908	-2.9%
\$1,063	\$1,050	-1.2%	\$1,216	12.6%
\$4,028	\$4,374	-7.9%	\$4,136	-2.6%
\$4,857	\$4,695	-3.5%	\$5,540	12.3%
18.8%	20.9%	-11.4%	20.5%	-9.2%
\$4,016	\$4,362	-7.9%	\$4,110	-2.3%
165	185	10.9%	175	5.6%
0	0	4.2%	0	-37.5%
165	185	10.9%	175	5.6%
1	1	0.8%	1	-3.2%
1	1	0.8%	1	-3.2%
166	186	10.9%	175	5.5%
2.67	2.83	5.7%	2.94	9.1%
69.6	72.1	3.6%	76.4	9.0%
\$24.40	\$24.29	-0.4%	\$24.05	-1.4%
\$50,750	\$50,528	-0.4%	\$50,083	-1.3%
\$2,167	\$2,186	0.9%	\$2,386	9.2%
54.1%	50.2%	-7.8%	58.1%	6.8%
4.25	3.96	-7.2%	3.87	-9.7%
4.57	4.47	-2.3%	4.56	-0.3%
3.21	3.02	-6.5%	2.83	-13.3%
2.81	2.60	-8.0%	2.41	-16.3%
2.88	3.07	6.0%	2.85	-1.0%
2.69	2.67	-0.9%	2.55	-5.4%
0.76	0.92	17.6%	0.76	0.7%
1.12	1.12	-0.2%	1.16	-3.4%
1.06	1.09	-2.4%	1.05	0.7%
1.14	1.16	-1.4%	1.17	-2.5%
1.07	1.15	-6.8%	1.12	-4.2%
9.5%	8.7%	-9.4%	8.6%	-10.2%
\$381	\$378	-0.7%	\$354	-7.6%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	24	-5.4%
Occupancy Percent	30.8%	-5.4%
Patient Days	720	-5.4%
Admissions	158	-5.7%
Observation Visits	34	58.8%
Observation Visits (excl OB)	34	58.8%
Acute Admissions and Observation Visits (excl OB)	130	13.8%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	26.2%	39.5%
Observation (excl OB) % of Occupancy	1.1%	57.7%
Adjusted Patient Days	1,790	4.0%
Adjusted Admissions	393	3.7%
Outpatient Visits	2,409	9.6%
ED Visits	1,207	0.7%
IP Surgery Cases	1	100.0%
OP Surgery Cases	7	28.6%

**Revenue By Source**

Medicare	33.0%	0.0%
Managed Medicare	13.7%	0.5%
Medicaid	26.0%	-5.2%
TennCare	0.2%	-0.2%
Blue Cross	7.8%	2.9%
United - River Valley	0.8%	1.0%
Managed Care / Commercial	6.2%	-0.9%
Charity / Self Pay	10.6%	1.5%
Other Patient Revenue	1.7%	0.4%
Total Gross Patient Revenue	100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$4,410	7.3%
OP Revenue per Outpatient Visit	\$1,958	8.0%
Operating Revenue per Adjusted Patient Day	\$908	-2.9%
Operating Expense per Adjusted Patient Day	\$1,216	12.6%
Operating Revenue per Adjusted Admission	\$4,136	-2.6%
Operating Expense per Adjusted Admission	\$5,540	12.3%
Net Revenue % of Gross Revenue	20.5%	-9.2%
Net Revenue per Adjusted Admission	\$4,110	-2.3%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	175	5.6%
Contract Full Time Equivalents	0	-37.5%
Total Full Time Equivalents (excl Providers)	175	5.6%
Employed Provider Full Time Equivalents	1	-3.2%
Total Provider Full Time Equivalents	1	-3.2%
Full Time Equivalents	175	5.5%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	2.94	9.1%
Man Hours per Adjusted Admission (incl Cont Lbr)	76.4	9.0%
Average Hourly Rate (excl Providers & Cont Lbr)	\$24.05	-1.4%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$50,083	-1.3%
Labor Exp (excl Providers) per Adjusted Admission	\$2,386	9.2%
Labor Exp % of Net Revenue	58.1%	6.8%

**Patient Resource Management**

Overall Medicare Average Length of Stay	3.87	-9.7%
Overall Average Length of Stay	4.56	-0.3%
Acute Medicare Average Length of Stay	2.83	-13.3%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.41	-16.3%
Acute Overall Average Length of Stay	2.85	-1.0%
Acute Overall Average Length of Stay - Acuity Adjusted	2.55	-5.4%
Observation Average Length of Stay	0.76	0.7%
Overall Medicare Case Mix Index	1.16	-3.4%
Overall Case Mix Index	1.05	0.7%
Acute Medicare Case Mix Index	1.17	-2.5%
Acute Overall Case Mix Index	1.12	-4.2%
Supply Expense % of Net Revenue	8.6%	-10.2%
Supply Expense per Adjusted Admission	\$354	-7.6%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
24	30	-19.8%	23	4.5%
30.4%	37.9%	-19.8%	29.1%	4.5%
2,181	2,719	-19.8%	2,088	4.5%
479	606	-21.0%	453	5.7%
196	157	24.8%	131	49.6%
196	157	24.8%	131	49.6%
497	576	-13.7%	419	18.6%
39.4%	27.3%	44.7%	31.3%	26.1%
2.1%	2.0%	7.0%	1.7%	22.4%
5,615	6,034	-6.9%	5,129	9.5%
1,233	1,345	-8.3%	1,113	10.8%
7,582	7,004	8.3%	6,993	8.4%
3,566	3,576	-0.3%	3,543	0.6%
5	3	66.7%	1	400.0%
31	20	55.0%	7	342.9%
35.5%	35.4%	0.1%	33.1%	2.3%
14.1%	13.7%	0.4%	13.2%	0.9%
19.0%	21.1%	-2.1%	24.8%	-5.8%
0.1%	0.2%	-0.1%	0.1%	0.0%
10.5%	8.0%	2.5%	7.8%	2.7%
1.2%	1.0%	0.2%	1.1%	0.1%
5.1%	6.2%	-1.1%	6.9%	-1.9%
12.4%	12.6%	-0.2%	11.0%	1.4%
2.2%	1.9%	0.3%	1.9%	0.3%
100.0%	100.0%		100.0%	
\$4,872	\$4,660	4.5%	\$4,358	11.8%
\$2,206	\$2,205	0.0%	\$1,895	16.4%
\$916	\$977	-6.2%	\$915	0.2%
\$1,108	\$1,053	-5.2%	\$1,143	3.1%
\$4,172	\$4,383	-4.8%	\$4,217	-1.0%
\$5,044	\$4,725	-6.7%	\$5,267	4.2%
18.8%	20.9%	-10.3%	20.8%	-10.0%
\$4,161	\$4,372	-4.8%	\$4,188	-0.7%
168	185	9.1%	171	1.5%
1	0	-88.1%	1	-35.2%
169	186	8.9%	171	1.4%
1	1	-4.1%	1	-6.8%
1	1	-4.1%	1	-6.8%
170	186	8.8%	172	1.3%
2.78	2.84	2.0%	3.09	9.9%
72.2	72.6	0.6%	81.2	11.1%
\$24.29	\$24.28	0.0%	\$23.78	-2.1%
\$50,519	\$50,509	0.0%	\$49,512	-2.0%
\$2,234	\$2,203	-1.4%	\$2,464	9.3%
53.9%	50.5%	-6.7%	58.8%	8.4%
4.38	3.95	-10.9%	3.99	-9.8%
4.55	4.49	-1.5%	4.61	1.2%
2.88	3.01	4.3%	2.92	1.2%
2.64	2.60	-1.7%	2.57	-2.7%
2.76	3.08	10.6%	2.75	-0.3%
2.56	2.68	4.4%	2.53	-1.2%
0.78	0.91	14.3%	0.95	18.2%
1.08	1.12	-3.4%	1.14	-5.1%
1.06	1.09	-2.4%	1.06	0.7%
1.09	1.16	-5.9%	1.14	-3.9%
1.08	1.15	-6.5%	1.09	-0.9%
10.5%	8.6%	-20.9%	8.3%	-25.5%
\$435	\$378	-15.1%	\$349	-24.6%

**Russell County Consolidated**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
3,222,298	4,123,155	-21.8%	3,174,882	1.5%
5,582,351	5,052,574	10.5%	4,717,393	18.3%
8,804,650	9,175,729	-4.0%	7,892,275	11.6%
5,813,337	6,107,887	4.8%	5,161,589	-12.6%
60,566	75,536	19.8%	51,522	-17.6%
498,439	426,048	-17.0%	415,874	-19.9%
45,097	82,010	45.0%	77,636	41.9%
752,330	562,161	-33.8%	571,316	-31.7%
7,169,769	7,253,641	1.2%	6,277,936	-14.2%
1,634,881	1,922,087	-14.9%	1,614,340	1.3%
4,937	5,052	-2.3%	10,054	-50.9%
1,639,818	1,927,140	-14.9%	1,624,393	0.9%
641,024	716,221	10.5%	675,903	5.2%
8,186	7,512	-9.0%	6,798	-20.4%
0	0	0.0%	0	0.0%
4,273	6,207	31.2%	5,236	18.4%
161,378	164,918	2.1%	186,881	13.6%
485,001	460,535	-5.3%	620,559	21.8%
155,059	166,662	7.0%	138,960	-11.6%
46,906	42,490	-10.4%	42,941	-9.2%
168,687	194,453	13.3%	198,602	15.1%
0	0	0.0%	0	0.0%
129,803	129,256	-0.4%	149,521	13.2%
0	0	0.0%	0	0.0%
66,376	67,884	2.2%	52,647	-26.1%
1,866,694	1,956,137	4.6%	2,078,049	10.2%
(226,876)	(28,998)	-682.4%	(453,656)	50.0%
70,249	70,801	0.8%	63,029	-11.5%
40,673	41,980	3.1%	34,792	-16.9%
(337,799)	(141,779)	-138.3%	(551,477)	38.7%
22	38	-42.6%	3	706.7%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(107)	100.0%
113	(3,254)	103.5%	(1,192)	109.5%
135	(3,217)	104.2%	(1,296)	110.4%
(337,664)	(144,995)	-132.9%	(552,773)	38.9%
0	0	0.0%	0	0.0%
(337,664)	(144,995)	-132.9%	(552,773)	38.9%
0	0	0.0%	0	0.0%
(337,664)	(144,995)	-132.9%	(552,773)	38.9%
(30,562)	164,926	-118.5%	(252,784)	87.9%
110,923	112,781	-1.6%	97,822	13.4%
(141,485)	52,145	-371.3%	(350,605)	59.6%

Patient Revenue  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

Deductions from Revenue  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

Operating Expense

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits

Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
10,625,877	12,670,557	-16.1%	9,100,541	16.8%
16,728,810	15,446,833	8.3%	13,253,655	26.2%
27,354,687	28,117,390	-2.7%	22,354,196	22.4%
18,762,772	18,695,125	-0.4%	14,550,446	-28.9%
264,021	231,441	-14.1%	135,519	-94.8%
1,162,126	1,333,203	12.8%	1,107,335	-4.9%
151,960	256,501	40.8%	251,822	39.7%
1,883,078	1,722,344	-9.3%	1,648,410	-14.2%
22,223,956	22,238,615	0.1%	17,693,532	-25.6%
5,130,731	5,878,775	-12.7%	4,660,665	10.1%
14,318	15,170	-5.6%	31,177	-54.1%
5,145,050	5,893,944	-12.7%	4,691,842	9.7%
1,999,452	2,199,077	9.1%	2,007,623	0.4%
25,194	22,913	-10.0%	18,046	-39.6%
0	0	0.0%	0	0.0%
34,760	20,387	-70.5%	21,222	-63.8%
488,536	509,237	4.1%	508,527	3.9%
1,475,477	1,416,424	-4.2%	1,310,978	-12.5%
536,279	508,296	-5.5%	388,310	-38.1%
130,851	132,943	1.6%	132,443	1.2%
610,352	602,425	-1.3%	591,951	-3.1%
0	0	0.0%	0	0.0%
391,226	391,790	0.1%	431,922	9.4%
0	0	0.0%	0	0.0%
193,299	208,177	7.1%	161,353	-19.8%
5,885,428	6,011,669	2.1%	5,572,376	-5.6%
(740,379)	(117,724)	-528.9%	(880,534)	15.9%
217,642	218,323	0.3%	186,646	-16.6%
116,505	124,670	6.5%	101,949	-14.3%
(1,074,525)	(460,717)	-133.2%	(1,169,129)	8.1%
98	113	-12.5%	30	223.9%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(107)	100.0%
(4,065)	(6,454)	37.0%	(9,923)	59.0%
(3,966)	(6,341)	37.5%	(9,999)	60.3%
(1,078,492)	(467,058)	-130.9%	(1,179,128)	8.5%
0	0	0.0%	0	0.0%
(1,078,492)	(467,058)	-130.9%	(1,179,128)	8.5%
0	0	0.0%	0	0.0%
(1,078,492)	(467,058)	-130.9%	(1,179,128)	8.5%
(159,820)	475,902	-133.6%	(297,258)	46.2%
334,147	342,993	-2.6%	288,595	15.8%
(493,966)	132,909	-471.7%	(585,853)	15.7%

**Northwest Market**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
95	103	-7.7%	106	-10.9%
24.1%	26.1%	-7.7%	27.1%	-10.9%
2,843	3,080	-7.7%	3,192	-10.9%
738	776	-4.9%	810	-8.9%
347	317	9.5%	322	7.8%
226	202	11.9%	201	12.4%
926	929	-0.3%	986	-6.1%
24.4%	21.7%	12.2%	20.4%	19.7%
2.0%	1.8%	5.5%	1.8%	6.5%
7,239	7,370	-1.8%	7,053	2.6%
1,879	1,857	1.2%	1,790	5.0%
26,108	26,512	-1.5%	26,624	-1.9%
5,135	5,318	-3.4%	5,264	-2.5%
55	76	-27.6%	69	-20.3%
97	140	-30.7%	166	-41.6%
229	230	-0.4%	239	-4.2%
25.5%	25.7%	-0.2%	27.8%	-2.2%
24.1%	26.2%	-2.1%	24.4%	-0.3%
8.9%	10.2%	-1.3%	9.1%	-0.2%
7.8%	7.6%	0.1%	7.6%	0.1%
12.9%	12.1%	0.8%	12.1%	0.8%
2.3%	2.5%	-0.2%	2.7%	-0.4%
8.5%	7.3%	1.2%	6.2%	2.2%
7.5%	7.1%	0.4%	7.6%	-0.1%
2.6%	1.4%	1.2%	2.5%	0.1%
100.0%	100.0%		100.0%	
\$9,893	\$10,039	-1.5%	\$10,198	-3.0%
\$1,666	\$1,624	2.6%	\$1,479	12.6%
\$1,711	\$1,900	-9.9%	\$1,892	-9.6%
\$1,822	\$1,786	-2.0%	\$1,925	5.4%
\$6,592	\$7,541	-12.6%	\$7,456	-11.6%
\$7,018	\$7,088	1.0%	\$7,585	7.5%
17.0%	18.6%	-8.7%	18.2%	-6.2%
\$6,488	\$7,428	-12.7%	\$7,297	-11.1%
1,130	1,151	1.9%	1,171	3.5%
12	10	-15.7%	14	17.4%
1,142	1,162	1.7%	1,185	3.7%
47	51	7.2%	48	1.7%
0	1	84.3%	(0)	175.5%
48	52	8.9%	48	0.8%
1,189	1,214	2.0%	1,233	3.6%
4.90	4.92	0.2%	5.22	6.0%
107.7	111.2	3.2%	117.3	8.2%
\$23.74	\$23.25	-2.1%	\$23.25	-2.1%
\$49,375	\$48,363	-2.1%	\$48,416	-2.0%
\$3,146	\$3,183	1.2%	\$3,464	9.2%
52.6%	46.9%	-12.2%	51.4%	-2.3%
4.58	4.85	5.6%	4.54	-0.9%
3.85	3.97	2.9%	3.94	2.2%
4.04	4.36	7.4%	4.05	0.2%
2.60	2.79	6.8%	2.77	6.1%
3.43	3.52	2.6%	3.67	6.6%
2.49	2.44	-2.1%	2.72	8.4%
1.02	1.08	5.7%	1.07	5.3%
1.51	1.54	-1.5%	1.45	4.4%
1.31	1.34	-2.2%	1.31	-0.6%
1.55	1.56	-0.6%	1.46	6.3%
1.38	1.44	-4.6%	1.35	2.0%
15.9%	14.9%	-6.9%	15.8%	-0.7%
\$1,032	\$1,105	6.7%	\$1,152	10.5%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	90	100	-10.0%	103	-12.4%
Occupancy Percent	22.9%	25.5%	-10.0%	26.2%	-12.4%
Patient Days	8,293	9,218	-10.0%	9,463	-12.4%
Admissions	2,184	2,300	-5.0%	2,421	-9.8%
Observation Visits	982	990	-0.8%	1,068	-8.1%
Observation Visits (excl OB)	660	632	4.4%	686	-3.8%
Acute Admissions and Observation Visits (excl OB)	2,749	2,795	-1.6%	3,035	-9.4%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	24.0%	22.6%	6.2%	22.6%	6.2%
Observation (excl OB) % of Occupancy	1.8%	1.9%	-3.5%	2.1%	-14.3%
Adjusted Patient Days	21,111	22,240	-5.1%	21,179	-0.3%
Adjusted Admissions	5,560	5,549	0.2%	5,418	2.6%
Outpatient Visits	78,393	78,638	-0.3%	78,285	0.1%
ED Visits	15,090	15,673	-3.7%	15,521	-2.8%
Home Health Episodes	186	216	-13.9%	217	-14.3%
IP Surgery Cases	306	361	-15.2%	427	-28.3%
OP Surgery Cases	646	783	-17.5%	811	-20.3%

**Revenue By Source**

Medicare	24.5%	25.6%	-1.1%	25.9%	-1.4%
Managed Medicare	24.6%	26.3%	-1.7%	25.9%	-1.3%
Medicaid	9.1%	10.1%	-0.9%	9.1%	0.0%
TennCare	8.0%	7.7%	0.3%	8.0%	0.1%
Blue Cross	13.3%	12.1%	1.2%	11.7%	1.5%
United - River Valley	2.2%	2.5%	-0.3%	2.6%	-0.4%
Managed Care / Commercial	7.8%	7.3%	0.4%	6.8%	1.0%
Charity / Self Pay	7.9%	7.1%	0.8%	7.6%	0.3%
Other Patient Revenue	2.6%	1.4%	1.2%	2.5%	0.1%

Total Gross Patient Revenue

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$9,902	\$9,952	-0.5%	\$10,097	-1.9%
OP Revenue per Outpatient Visit	\$1,619	\$1,648	-1.8%	\$1,511	7.1%
Operating Revenue per Adjusted Patient Day	\$1,823	\$1,886	-3.3%	\$1,921	-5.1%
Operating Expense per Adjusted Patient Day	\$1,889	\$1,814	-4.1%	\$1,879	-0.5%
Operating Revenue per Adjusted Admission	\$6,921	\$7,557	-8.4%	\$7,510	-7.8%
Operating Expense per Adjusted Admission	\$7,172	\$7,269	1.3%	\$7,346	2.4%
Net Revenue % of Gross Revenue	18.1%	18.7%	-3.0%	18.6%	-2.8%
Net Revenue per Adjusted Admission	\$6,801	\$7,440	-8.6%	\$7,340	-7.4%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	1,135	1,145	0.9%	1,176	3.5%
Contract Full Time Equivalents	10	10	-1.0%	16	34.8%
Total Full Time Equivalents (excl Providers)	1,145	1,155	0.9%	1,192	3.9%
Employed Provider Full Time Equivalents	48	51	6.7%	46	-2.8%
Contract Provider Full Time Equivalents	1	1	52.3%	2	64.5%
Total Provider Full Time Equivalents	48	52	7.7%	48	-0.7%
Full Time Equivalents	1,193	1,207	1.2%	1,240	3.8%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	5.17	4.97	-4.1%	5.36	3.4%
Man Hours per Adjusted Admission (incl Cont Lbr)	112.0	113.5	1.4%	119.5	6.3%
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.40	\$23.13	-1.2%	\$22.85	-2.4%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$48,669	\$48,114	-1.2%	\$47,590	-2.3%
Labor Exp (excl Providers) per Adjusted Admission	\$3,238	\$3,243	0.2%	\$3,400	4.8%
Labor Exp % of Net Revenue	51.8%	47.7%	-8.5%	50.7%	-2.1%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.27	4.88	12.6%	4.30	0.7%
Overall Average Length of Stay	3.80	4.01	5.3%	3.91	2.9%
Acute Medicare Average Length of Stay	3.68	4.42	16.6%	3.82	3.5%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.46	2.82	12.8%	2.57	4.3%
Acute Overall Average Length of Stay	3.39	3.59	5.6%	3.67	7.7%
Acute Overall Average Length of Stay - Acuity Adjusted	2.55	2.49	-2.3%	2.74	7.0%
Observation Average Length of Stay	1.00	1.08	7.6%	1.12	10.9%
Overall Medicare Case Mix Index	1.47	1.54	-4.5%	1.47	-0.5%
Overall Case Mix Index	1.26	1.34	-5.6%	1.29	-1.9%
Acute Medicare Case Mix Index	1.50	1.56	-4.3%	1.48	0.8%
Acute Overall Case Mix Index	1.33	1.44	-7.7%	1.34	-0.7%
Supply Expense % of Net Revenue	14.7%	15.0%	2.2%	14.5%	-1.3%
Supply Expense per Adjusted Admission	\$998	\$1,117	10.6%	\$1,063	6.1%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
90	100	-10.0%	103	-12.4%
22.9%	25.5%	-10.0%	26.2%	-12.4%
8,293	9,218	-10.0%	9,463	-12.4%
2,184	2,300	-5.0%	2,421	-9.8%
982	990	-0.8%	1,068	-8.1%
660	632	4.4%	686	-3.8%
2,749	2,795	-1.6%	3,035	-9.4%
24.0%	22.6%	6.2%	22.6%	6.2%
1.8%	1.9%	-3.5%	2.1%	-14.3%
21,111	22,240	-5.1%	21,179	-0.3%
5,560	5,549	0.2%	5,418	2.6%
78,393	78,638	-0.3%	78,285	0.1%
15,090	15,673	-3.7%	15,521	-2.8%
186	216	-13.9%	217	-14.3%
306	361	-15.2%	427	-28.3%
646	783	-17.5%	811	-20.3%
24.5%	25.6%	-1.1%	25.9%	-1.4%
24.6%	26.3%	-1.7%	25.9%	-1.3%
9.1%	10.1%	-0.9%	9.1%	0.0%
8.0%	7.7%	0.3%	8.0%	0.1%
13.3%	12.1%	1.2%	11.7%	1.5%
2.2%	2.5%	-0.3%	2.6%	-0.4%
7.8%	7.3%	0.4%	6.8%	1.0%
7.9%	7.1%	0.8%	7.6%	0.3%
2.6%	1.4%	1.2%	2.5%	0.1%
100.0%	100.0%		100.0%	
\$9,902	\$9,952	-0.5%	\$10,097	-1.9%
\$1,619	\$1,648	-1.8%	\$1,511	7.1%
\$1,823	\$1,886	-3.3%	\$1,921	-5.1%
\$1,889	\$1,814	-4.1%	\$1,879	-0.5%
\$6,921	\$7,557	-8.4%	\$7,510	-7.8%
\$7,172	\$7,269	1.3%	\$7,346	2.4%
18.1%	18.7%	-3.0%	18.6%	-2.8%
\$6,801	\$7,440	-8.6%	\$7,340	-7.4%
1,135	1,145	0.9%	1,176	3.5%
10	10	-1.0%	16	34.8%
1,145	1,155	0.9%	1,192	3.9%
48	51	6.7%	46	-2.8%
1	1	52.3%	2	64.5%
48	52	7.7%	48	-0.7%
1,193	1,207	1.2%	1,240	3.8%
5.17	4.97	-4.1%	5.36	3.4%
112.0	113.5	1.4%	119.5	6.3%
\$23.40	\$23.13	-1.2%	\$22.85	-2.4%
\$48,669	\$48,114	-1.2%	\$47,590	-2.3%
\$3,238	\$3,243	0.2%	\$3,400	4.8%
51.8%	47.7%	-8.5%	50.7%	-2.1%
4.27	4.88	12.6%	4.30	0.7%
3.80	4.01	5.3%	3.91	2.9%
3.68	4.42	16.6%	3.82	3.5%
2.46	2.82	12.8%	2.57	4.3%
3.39	3.59	5.6%	3.67	7.7%
2.55	2.49	-2.3%	2.74	7.0%
1.00	1.08	7.6%	1.12	10.9%
1.47	1.54	-4.5%	1.47	-0.5%
1.26	1.34	-5.6%	1.29	-1.9%
1.50	1.56	-4.3%	1.48	0.8%
1.33	1.44	-7.7%	1.34	-0.7%
14.7%	15.0%	2.2%	14.5%	-1.3%
\$998	\$1,117	10.6%	\$1,063	6.1%

**Northwest Market**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
28,124,534	30,921,435	-9.0%	32,552,891	-13.6%
43,490,987	43,064,880	1.0%	39,377,908	10.4%
71,615,520	73,986,315	-3.2%	71,930,799	-0.4%
53,766,409	55,074,344	2.4%	53,780,856	0.0%
968,242	780,594	-24.0%	612,274	-58.1%
1,487,280	1,533,034	3.0%	1,913,612	22.3%
217,862	270,486	19.5%	334,268	34.8%
2,983,771	2,535,709	-17.7%	2,230,266	-33.8%
59,423,563	60,194,166	1.3%	58,871,276	-0.9%
12,191,957	13,792,149	-11.6%	13,059,523	-6.6%
195,805	209,238	-6.4%	285,814	-31.5%
12,387,762	14,001,387	-11.5%	13,345,337	-7.2%
4,261,350	4,234,926	-0.6%	4,346,710	2.0%
581,806	616,001	5.6%	646,121	10.0%
30,604	49,496	38.2%	(14,366)	313.0%
57,250	73,014	21.6%	109,628	47.8%
1,054,699	1,073,751	1.8%	1,214,946	13.2%
2,259,033	2,030,799	-11.2%	2,188,119	-3.2%
1,950,565	2,064,122	5.5%	2,069,173	5.7%
209,322	221,659	5.6%	211,018	0.8%
1,167,249	1,175,693	0.7%	1,218,833	4.2%
0	0	0.0%	0	0.0%
729,987	735,797	0.8%	695,840	-4.9%
661	654	-1.0%	654	-1.0%
106,932	120,566	11.3%	153,564	30.4%
12,409,458	12,396,477	-0.1%	12,840,242	3.4%
(21,695)	1,604,910	-101.4%	505,095	-104.3%
446,616	444,215	-0.5%	438,059	-2.0%
331,543	320,363	-3.5%	297,743	-11.4%
(799,854)	840,332	-195.2%	(230,707)	-246.7%
31,102	18,509	68.0%	30,340	2.5%
3,407	0	100.0%	(13,600)	125.0%
0	0	0.0%	0	0.0%
0	0	0.0%	950	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(714)	100.0%
(4,983)	332	-1600.0%	(6,830)	27.1%
29,526	18,841	56.7%	10,146	191.0%
(770,328)	859,173	-189.7%	(220,560)	-249.3%
0	0	0.0%	0	0.0%
(770,328)	859,173	-189.7%	(220,560)	-249.3%
128,197	0	100.0%	(286,517)	144.7%
(642,131)	859,173	-174.7%	(507,077)	-26.6%
845,412	2,480,769	-65.9%	1,365,301	-38.1%
778,159	764,578	1.8%	735,802	5.8%
67,253	1,716,191	-96.1%	629,499	-89.3%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
82,118,445	91,740,434	-10.5%	95,550,926	-14.1%
126,928,784	129,601,522	-2.1%	118,297,559	7.3%
209,047,229	221,341,956	-5.6%	213,848,485	-2.2%
155,050,472	164,602,541	5.8%	158,365,295	2.1%
2,321,831	2,325,188	0.1%	2,879,688	19.4%
4,578,855	4,720,386	3.0%	4,888,399	6.3%
655,424	830,637	21.1%	871,592	24.8%
8,631,182	7,578,595	-13.9%	7,070,312	-22.1%
171,237,764	180,057,347	4.9%	174,075,286	1.6%
37,809,465	41,284,609	-8.4%	39,773,199	-4.9%
668,734	650,190	2.9%	918,728	-27.2%
38,478,200	41,934,799	-8.2%	40,691,926	-5.4%
12,933,868	12,836,026	-0.8%	13,167,331	1.8%
1,789,979	1,882,036	4.9%	1,797,625	0.4%
132,943	151,788	12.4%	285,606	53.5%
201,402	229,251	12.1%	306,484	34.3%
3,200,747	3,306,972	3.2%	3,369,889	5.0%
7,303,021	6,515,792	-12.1%	6,193,566	-17.9%
5,577,023	6,233,737	10.5%	5,792,913	3.7%
614,941	665,145	7.5%	647,666	5.1%
3,361,581	3,605,488	6.8%	3,544,570	5.2%
0	0	0.0%	0	0.0%
2,162,943	2,227,115	2.9%	2,050,311	-5.5%
1,984	1,963	-1.0%	1,963	-1.0%
281,265	370,335	24.1%	450,729	37.6%
37,561,696	38,025,648	1.2%	37,608,653	0.1%
916,504	3,909,151	-76.6%	3,083,273	-70.3%
1,383,981	1,369,052	-1.1%	1,309,281	-5.7%
927,126	944,681	1.9%	887,453	-4.5%
(1,394,602)	1,595,418	-187.4%	886,539	-257.3%
77,366	49,167	57.4%	70,405	9.9%
15,237	0	100.0%	(11,875)	228.3%
0	0	0.0%	0	0.0%
3,500	0	100.0%	950	268.4%
0	0	0.0%	0	0.0%
0	0	0.0%	(714)	100.0%
(53,077)	4,244	-1350.5%	(25,629)	-107.1%
43,026	53,411	-19.4%	33,137	29.8%
(1,351,577)	1,648,830	-182.0%	919,677	-247.0%
0	0	0.0%	0	0.0%
(1,351,577)	1,648,830	-182.0%	919,677	-247.0%
651,654	0	100.0%	(948,987)	168.7%
(699,922)	1,648,830	-142.4%	(29,311)	-2288.0%
3,405,721	6,561,976	-48.1%	5,619,414	-39.4%
2,311,106	2,313,733	-0.1%	2,196,734	5.2%
1,094,615	4,248,243	-74.2%	3,422,680	-68.0%



**Indian Path Medical Center**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
56	60	-7.1%	70	-19.9%
23.3%	25.1%	-7.1%	29.1%	-19.9%
1,673	1,801	-7.1%	2,088	-19.9%
425	482	-11.8%	506	-16.0%
198	195	1.5%	196	1.0%
121	109	11.0%	102	18.6%
546	591	-7.6%	608	-10.2%
22.2%	18.4%	20.2%	16.8%	32.1%
1.9%	1.8%	6.3%	1.6%	17.4%
3,860	3,882	-0.6%	4,036	-4.4%
981	1,039	-5.6%	978	0.3%
10,691	10,743	-0.5%	10,609	0.8%
2,548	2,636	-3.3%	2,648	-3.8%
75	100	-25.0%	120	-37.5%
200	190	5.3%	185	8.1%
22.4%	22.4%	0.0%	25.1%	-2.7%
29.8%	32.4%	-2.7%	30.1%	-0.3%
3.1%	3.6%	-0.6%	3.4%	-0.3%
12.1%	12.2%	-0.1%	11.7%	0.4%
13.4%	12.2%	1.2%	12.5%	0.9%
2.3%	2.6%	-0.3%	2.9%	-0.6%
9.9%	8.5%	1.4%	6.8%	3.1%
5.2%	5.0%	0.2%	5.3%	-0.2%
1.9%	1.1%	0.8%	2.2%	-0.3%
100.0%	100.0%		100.0%	
\$11,791	\$12,027	-2.0%	\$11,649	1.2%
\$2,412	\$2,330	3.5%	\$2,139	12.8%
\$1,771	\$1,999	-11.4%	\$1,711	3.5%
\$1,876	\$1,852	-1.3%	\$1,860	-0.8%
\$6,973	\$7,468	-6.6%	\$7,059	-1.2%
\$7,384	\$6,920	-6.7%	\$7,675	3.8%
15.0%	16.6%	-9.5%	14.5%	3.5%
\$6,956	\$7,445	-6.6%	\$6,961	-0.1%
595	594	-0.2%	633	6.0%
3	1	-152.9%	5	36.9%
598	595	-0.5%	638	6.2%
(2)	3	167.5%	3	172.0%
(2)	3	167.5%	3	172.0%
596	598	0.4%	641	7.0%
4.63	4.62	-0.2%	4.76	2.8%
103.9	98.4	-5.6%	112.2	7.4%
\$24.54	\$23.95	-2.5%	\$23.70	-3.6%
\$51,040	\$49,820	-2.5%	\$49,344	-3.4%
\$3,132	\$2,910	-7.6%	\$3,365	6.9%
44.9%	39.3%	-14.4%	48.5%	7.4%
4.58	4.09	-11.9%	4.35	-5.3%
3.94	3.74	-5.4%	4.13	4.6%
4.58	4.09	-11.9%	4.35	-5.3%
2.75	2.46	-11.8%	2.84	3.1%
3.94	3.74	-5.4%	4.13	4.6%
2.70	2.46	-9.7%	2.90	7.0%
1.12	1.17	4.2%	1.13	1.0%
1.66	1.66	0.1%	1.53	8.7%
1.36	1.40	-3.2%	1.36	-0.3%
1.66	1.66	0.1%	1.53	8.7%
1.46	1.52	-3.9%	1.42	2.6%
19.5%	18.2%	-7.1%	21.7%	10.2%
\$1,354	\$1,353	0.0%	\$1,508	10.2%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	56	60	-7.2%	69	-19.3%
Occupancy Percent	23.3%	25.1%	-7.2%	28.9%	-19.3%
Patient Days	5,125	5,523	-7.2%	6,350	-19.3%
Admissions	1,335	1,438	-7.2%	1,537	-13.1%
Observation Visits	573	601	-4.7%	657	-12.8%
Observation Visits (excl OB)	363	337	7.7%	365	-0.5%
Acute Admissions and Observation Visits (excl OB)	1,698	1,775	-4.3%	1,902	-10.7%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	21.4%	19.0%	12.6%	19.2%	11.4%
Observation (excl OB) % of Occupancy	1.8%	1.8%	3.6%	2.0%	-8.4%
Adjusted Patient Days	11,576	11,910	-2.8%	12,224	-5.3%
Adjusted Admissions	3,015	3,101	-2.8%	2,959	1.9%
Outpatient Visits	32,132	32,051	0.3%	31,652	1.5%
ED Visits	7,674	7,792	-1.5%	7,826	-1.9%
IP Surgery Cases	235	268	-12.3%	315	-25.4%
OP Surgery Cases	537	613	-12.4%	584	-8.0%

**Revenue By Source**

Medicare	22.2%	22.4%	-0.3%	22.8%	-0.7%
Managed Medicare	30.3%	32.4%	-2.1%	32.2%	-1.9%
Medicaid	2.8%	3.6%	-0.8%	3.3%	-0.5%
TennCare	12.5%	12.2%	0.3%	12.3%	0.2%
Blue Cross	13.6%	12.2%	1.4%	11.5%	2.1%
United - River Valley	2.2%	2.6%	-0.4%	2.7%	-0.5%
Managed Care / Commercial	9.0%	8.5%	0.5%	7.3%	1.7%
Charity / Self Pay	5.4%	5.0%	0.5%	5.6%	-0.1%
Other Patient Revenue	2.1%	1.1%	1.0%	2.4%	-0.3%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$11,579	\$11,854	-2.3%	\$11,400	1.6%
OP Revenue per Outpatient Visit	\$2,325	\$2,362	-1.6%	\$2,116	9.9%
Operating Revenue per Adjusted Patient Day	\$1,829	\$1,972	-7.3%	\$1,820	0.5%
Operating Expense per Adjusted Patient Day	\$1,921	\$1,866	-2.9%	\$1,819	-5.6%
Operating Revenue per Adjusted Admission	\$7,020	\$7,574	-7.3%	\$7,518	-6.6%
Operating Expense per Adjusted Admission	\$7,374	\$7,168	-2.9%	\$7,514	1.9%
Net Revenue % of Gross Revenue	15.7%	16.6%	-5.1%	15.8%	-0.1%
Net Revenue per Adjusted Admission	\$6,994	\$7,550	-7.4%	\$7,420	-5.8%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	603	594	-1.5%	647	6.9%
Contract Full Time Equivalents	2	1	-65.5%	7	67.6%
Total Full Time Equivalents (excl Providers)	605	595	-1.6%	654	7.5%
Employed Provider Full Time Equivalents	1	3	75.8%	3	73.7%
Total Provider Full Time Equivalents	1	3	75.8%	3	73.7%
Full Time Equivalents	606	598	-1.2%	657	7.8%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	4.81	4.62	-4.1%	4.94	2.7%
Man Hours per Adjusted Admission (incl Cont Lbr)	105.3	101.2	-4.1%	116.5	9.6%
Average Hourly Rate (excl Providers & Cont Lbr)	\$24.25	\$23.94	-1.3%	\$23.46	-3.4%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$50,450	\$49,802	-1.3%	\$48,845	-3.3%
Labor Exp (excl Providers) per Adjusted Admission	\$3,138	\$2,995	-4.8%	\$3,370	6.9%
Labor Exp % of Net Revenue	44.9%	39.8%	-12.7%	45.6%	1.4%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.29	4.22	-1.7%	4.31	0.4%
Overall Average Length of Stay	3.84	3.84	0.0%	4.13	7.1%
Acute Medicare Average Length of Stay	4.29	4.22	-1.7%	4.31	0.4%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.70	2.54	-6.3%	2.75	1.6%
Acute Overall Average Length of Stay	3.84	3.84	0.0%	4.13	7.1%
Acute Overall Average Length of Stay - Acuity Adjusted	2.75	2.53	-8.9%	2.92	5.9%
Observation Average Length of Stay	1.12	1.16	3.8%	1.21	7.8%
Overall Medicare Case Mix Index	1.59	1.66	-4.4%	1.57	1.2%
Overall Case Mix Index	1.30	1.40	-7.3%	1.33	-2.3%
Acute Medicare Case Mix Index	1.59	1.66	-4.4%	1.57	1.2%
Acute Overall Case Mix Index	1.39	1.52	-8.2%	1.41	-1.3%
Supply Expense % of Net Revenue	18.7%	18.3%	-2.5%	18.8%	0.6%
Supply Expense per Adjusted Admission	\$1,309	\$1,379	5.1%	\$1,397	6.3%

**Indian Path Medical Center**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
19,726,943	21,660,655	-8.9%	24,323,334	-18.9%
25,784,621	25,027,025	3.0%	22,690,889	13.6%
45,511,564	46,687,680	-2.5%	47,014,223	-3.2%
35,873,859	36,590,270	2.0%	37,798,863	5.1%
424,955	392,096	-8.4%	349,446	-21.6%
762,946	704,966	-8.2%	935,331	18.4%
84,759	117,494	27.9%	162,938	48.0%
1,544,515	1,148,281	-34.5%	959,954	-60.9%
38,691,034	38,953,106	0.7%	40,206,533	3.8%
6,820,529	7,734,574	-11.8%	6,807,690	0.2%
16,359	24,489	-33.2%	96,493	-83.0%
6,836,888	7,759,063	-11.9%	6,904,183	-1.0%
2,301,973	2,221,730	-3.6%	2,373,337	3.0%
(8,635)	12,891	167.0%	11,000	178.5%
0	0	0.0%	0	0.0%
18,604	22,284	16.5%	47,924	61.2%
481,982	507,246	5.0%	601,306	19.8%
1,519,098	1,451,558	-4.7%	1,423,716	-6.7%
1,327,360	1,405,746	5.6%	1,474,668	10.0%
113,244	108,248	-4.6%	110,057	-2.9%
657,888	630,431	-4.4%	628,581	-4.7%
0	0	0.0%	0	0.0%
326,831	321,636	-1.6%	297,431	-9.9%
0	0	0.0%	0	0.0%
84,458	89,778	5.9%	130,226	35.1%
6,822,802	6,771,548	-0.8%	7,098,248	3.9%
14,086	987,516	-98.6%	(194,065)	107.3%
268,285	271,905	1.3%	268,754	0.2%
148,527	145,888	-1.8%	139,713	-6.3%
(402,726)	569,722	-170.7%	(602,533)	33.2%
2,607	813	220.7%	10,084	-74.1%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(389)	100.0%
(2,207)	4,086	-154.0%	(122)	-1710.2%
400	4,899	-91.8%	9,573	-95.8%
(402,325)	574,621	-170.0%	(592,960)	32.1%
0	0	0.0%	0	0.0%
(402,325)	574,621	-170.0%	(592,960)	32.1%
0	0	0.0%	0	0.0%
(402,325)	574,621	-170.0%	(592,960)	32.1%
425,775	1,403,829	-69.7%	243,166	75.1%
416,811	417,793	-0.2%	408,468	2.0%
8,964	986,036	-99.1%	(165,302)	105.4%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
59,340,602	65,471,915	-9.4%	72,390,138	-18.0%
74,694,674	75,716,377	-1.3%	66,962,105	11.5%
134,035,276	141,188,292	-5.1%	139,352,243	-3.8%
104,625,662	110,541,888	5.4%	109,409,618	4.4%
1,088,930	1,186,189	8.2%	1,759,826	38.1%
2,344,492	2,204,410	-6.4%	2,345,921	0.1%
286,072	367,402	22.1%	424,478	32.6%
4,601,286	3,474,299	-32.4%	3,457,470	-33.1%
112,946,443	117,774,187	4.1%	117,397,313	3.8%
21,088,833	23,414,105	-9.9%	21,954,931	-3.9%
80,641	73,540	9.7%	290,190	-72.2%
21,169,474	23,487,645	-9.9%	22,245,121	-4.8%
7,063,667	6,813,583	-3.7%	7,383,879	4.3%
8,788	39,533	77.8%	33,000	73.4%
0	0	0.0%	0	0.0%
62,948	72,601	13.3%	158,861	60.4%
1,491,734	1,563,782	4.6%	1,615,206	7.6%
5,046,783	4,674,212	-8.0%	4,181,048	-20.7%
3,947,428	4,277,473	7.7%	4,134,006	4.5%
324,322	324,834	0.2%	344,286	5.8%
1,873,548	1,957,019	4.3%	1,893,696	1.1%
0	0	0.0%	0	0.0%
939,544	965,908	2.7%	882,253	-6.5%
0	0	0.0%	0	0.0%
209,698	276,359	24.1%	380,369	44.9%
20,968,460	20,965,305	0.0%	21,006,603	0.2%
201,014	2,522,340	-92.0%	1,238,518	-83.8%
844,238	837,764	-0.8%	812,591	-3.9%
421,846	426,370	1.1%	412,680	-2.2%
(1,065,069)	1,258,207	-184.6%	13,246	-8140.5%
9,303	2,493	273.2%	12,326	-24.5%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(389)	100.0%
(31,504)	12,537	-351.3%	10,130	-411.0%
(22,202)	15,030	-247.7%	22,068	-200.6%
(1,087,271)	1,273,236	-185.4%	35,314	-3178.8%
0	0	0.0%	0	0.0%
(1,087,271)	1,273,236	-185.4%	35,314	-3178.8%
0	0	0.0%	0	0.0%
(1,087,271)	1,273,236	-185.4%	35,314	-3178.8%
1,328,055	3,779,638	-64.9%	2,523,207	-47.4%
1,266,084	1,264,134	0.2%	1,225,271	3.3%
61,972	2,515,504	-97.5%	1,297,935	-95.2%

**Norton Community Consolidated**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
39	43	-8.5%	37	6.0%
25.3%	27.7%	-8.5%	23.9%	6.0%
1,170	1,279	-8.5%	1,104	6.0%
313	294	6.5%	304	3.0%
149	122	22.1%	126	18.3%
105	93	12.9%	99	6.1%
380	338	12.4%	378	0.5%
27.6%	27.5%	0.4%	26.2%	5.5%
2.1%	2.0%	4.4%	2.2%	-5.9%
3,637	3,770	-3.5%	3,343	8.8%
973	867	12.3%	920	5.7%
15,417	15,769	-2.2%	16,015	-3.7%
2,587	2,682	-3.5%	2,616	-1.1%
55	76	-27.6%	69	-20.3%
22	40	-45.0%	46	-52.2%
29	40	-27.5%	54	-46.3%
31.0%	31.2%	-0.2%	32.7%	-1.7%
14.2%	15.9%	-1.7%	13.9%	0.3%
19.1%	21.0%	-1.9%	19.7%	-0.6%
0.1%	0.1%	0.1%	0.0%	0.1%
12.0%	11.8%	0.1%	11.4%	0.6%
2.3%	2.3%	0.0%	2.3%	0.0%
5.9%	5.3%	0.6%	5.1%	0.8%
11.6%	10.7%	0.9%	11.8%	-0.2%
3.8%	1.8%	1.9%	3.1%	0.6%
100.0%	100.0%		100.0%	
\$7,177	\$7,241	-0.9%	\$7,454	-3.7%
\$1,148	\$1,144	0.4%	\$1,042	10.2%
\$1,526	\$1,656	-7.8%	\$1,927	-20.8%
\$1,635	\$1,584	-3.3%	\$1,816	9.9%
\$5,705	\$7,203	-20.8%	\$6,998	-18.5%
\$6,113	\$6,891	11.3%	\$6,594	7.3%
\$26.6%	\$22.2%	-7.3%	\$25.1%	-18.0%
\$5,521	\$6,990	-21.0%	\$6,792	-18.7%
535	558	4.1%	538	0.7%
9	9	4.2%	9	6.3%
544	567	4.1%	548	0.7%
50	48	-3.9%	45	-10.0%
0	1	84.3%	(0)	175.5%
50	49	-1.9%	45	-11.0%
593	616	3.6%	593	-0.1%
4.85	4.85	0.0%	5.26	7.8%
103.3	120.2	14.1%	108.9	5.2%
\$22.85	\$22.51	-1.5%	\$22.73	-0.5%
\$47,524	\$46,814	-1.5%	\$47,326	-0.4%
\$2,959	\$3,373	12.3%	\$3,209	7.8%
62.4%	56.7%	-10.1%	54.6%	-14.3%
4.58	5.60	18.1%	4.76	3.7%
3.74	4.35	14.1%	3.63	-2.9%
3.42	4.66	26.8%	3.63	6.0%
2.50	3.36	25.5%	2.78	10.0%
2.65	3.10	14.4%	2.85	7.0%
2.15	2.39	10.1%	2.41	10.9%
0.90	0.98	7.5%	1.02	11.3%
1.31	1.35	-3.0%	1.30	0.6%
1.23	1.23	-0.6%	1.22	0.8%
1.37	1.39	-1.6%	1.31	4.5%
1.24	1.30	-4.8%	1.18	4.5%
11.4%	10.7%	-6.6%	9.4%	-21.1%
\$628	\$746	15.8%	\$639	1.6%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	34	40	-14.3%	34	1.8%
Occupancy Percent	22.4%	26.1%	-14.3%	22.0%	1.8%
Patient Days	3,168	3,695	-14.3%	3,113	1.8%
Admissions	849	862	-1.5%	884	-4.0%
Observation Visits	409	389	5.1%	411	-0.5%
Observation Visits (excl OB)	297	295	0.7%	321	-7.5%
Acute Admissions and Observation Visits (excl OB)	1,051	1,020	3.0%	1,133	-7.2%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	28.3%	28.9%	-2.3%	28.3%	-0.3%
Observation (excl OB) % of Occupancy	1.8%	2.0%	-13.1%	2.3%	-22.5%
Adjusted Patient Days	10,433	11,275	-7.5%	10,013	4.2%
Adjusted Admissions	2,796	2,630	6.3%	2,843	-1.7%
Outpatient Visits	46,261	46,587	-0.7%	46,633	-0.8%
ED Visits	7,416	7,881	-5.9%	7,695	-3.6%
Home Health Episodes	186	216	-13.9%	217	-14.3%
IP Surgery Cases	71	93	-23.7%	112	-36.6%
OP Surgery Cases	109	170	-35.9%	227	-52.0%

**Revenue By Source**

Medicare	28.7%	30.9%	-2.3%	31.4%	-2.8%
Managed Medicare	14.5%	15.8%	-1.3%	14.2%	0.3%
Medicaid	20.5%	21.0%	-0.5%	19.9%	0.6%
TennCare	0.1%	0.1%	0.0%	0.1%	0.1%
Blue Cross	12.7%	11.9%	0.8%	12.2%	0.4%
United - River Valley	2.2%	2.3%	-0.1%	2.5%	-0.3%
Managed Care / Commercial	5.6%	5.4%	0.2%	5.8%	-0.2%
Charity / Self Pay	12.2%	10.8%	1.5%	11.4%	0.9%
Other Patient Revenue	3.5%	1.8%	1.7%	2.6%	1.0%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$7,190	\$7,109	1.1%	\$7,440	-3.4%
OP Revenue per Outpatient Visit	\$1,129	\$1,157	-2.4%	\$1,101	2.6%
Operating Revenue per Adjusted Patient Day	\$1,659	\$1,636	1.4%	\$1,842	-9.9%
Operating Expense per Adjusted Patient Day	\$1,691	\$1,606	-5.3%	\$1,755	3.7%
Operating Revenue per Adjusted Admission	\$6,191	\$7,013	-11.7%	\$6,488	-4.6%
Operating Expense per Adjusted Admission	\$6,309	\$6,885	8.4%	\$6,181	-2.1%
Net Revenue % of Gross Revenue	22.3%	22.3%	0.0%	23.9%	-6.8%
Net Revenue per Adjusted Admission	\$5,980	\$6,794	-12.0%	\$6,267	-4.6%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	532	551	3.5%	529	-0.6%
Contract Full Time Equivalents	8	9	8.7%	9	9.8%
Total Full Time Equivalents (excl Providers)	540	560	3.6%	538	-0.4%
Employed Provider Full Time Equivalents	47	48	1.9%	43	-8.2%
Contract Provider Full Time Equivalents	1	1	52.3%	2	64.5%
Total Provider Full Time Equivalents	47	49	3.1%	45	-5.7%
Full Time Equivalents	588	609	3.5%	583	-0.8%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	5.13	4.92	-4.3%	5.29	3.1%
Man Hours per Adjusted Admission (incl Cont Lbr)	109.1	120.2	9.2%	106.4	-2.5%
Average Hourly Rate (excl Providers & Cont Lbr)	\$22.43	\$22.26	-0.8%	\$22.12	-1.4%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$46,651	\$46,295	-0.8%	\$46,054	-1.3%
Labor Exp (excl Providers) per Adjusted Admission	\$3,096	\$3,357	7.8%	\$3,013	-2.7%
Labor Exp % of Net Revenue	60.4%	58.1%	-4.1%	57.0%	-6.0%

**Patient Resource Management**

Overall Medicare Average Length of Stay	4.24	5.54	23.4%	4.28	0.9%
Overall Average Length of Stay	3.73	4.29	12.9%	3.52	-6.0%
Acute Medicare Average Length of Stay	2.97	4.64	36.0%	3.17	6.3%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.23	3.34	33.2%	2.43	8.2%
Acute Overall Average Length of Stay	2.60	3.10	16.3%	2.81	7.5%
Acute Overall Average Length of Stay - Acuity Adjusted	2.13	2.39	10.7%	2.37	10.1%
Observation Average Length of Stay	0.85	0.98	13.7%	1.01	16.2%
Overall Medicare Case Mix Index	1.29	1.35	-4.4%	1.30	-0.7%
Overall Case Mix Index	1.20	1.23	-2.8%	1.20	0.3%
Acute Medicare Case Mix Index	1.33	1.39	-4.2%	1.30	2.0%
Acute Overall Case Mix Index	1.22	1.30	-6.3%	1.18	2.9%
Supply Expense % of Net Revenue	9.6%	10.7%	10.8%	9.1%	-5.0%
Supply Expense per Adjusted Admission	\$573	\$730	21.5%	\$572	-0.2%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
34	40	-14.3%	34	1.8%
22.4%	26.1%	-14.3%	22.0%	1.8%
3,168	3,695	-14.3%	3,113	1.8%
849	862	-1.5%	884	-4.0%
409	389	5.1%	411	-0.5%
297	295	0.7%	321	-7.5%
1,051	1,020	3.0%	1,133	-7.2%
28.3%	28.9%	-2.3%	28.3%	-0.3%
1.8%	2.0%	-13.1%	2.3%	-22.5%
10,433	11,275	-7.5%	10,013	4.2%
2,796	2,630	6.3%	2,843	-1.7%
46,261	46,587	-0.7%	46,633	-0.8%
7,416	7,881	-5.9%	7,695	-3.6%
186	216	-13.9%	217	-14.3%
71	93	-23.7%	112	-36.6%
109	170	-35.9%	227	-52.0%
28.7%	30.9%	-2.3%	31.4%	-2.8%
14.5%	15.8%	-1.3%	14.2%	0.3%
20.5%	21.0%	-0.5%	19.9%	0.6%
0.1%	0.1%	0.0%	0.1%	0.1%
12.7%	11.9%	0.8%	12.2%	0.4%
2.2%	2.3%	-0.1%	2.5%	-0.3%
5.6%	5.4%	0.2%	5.8%	-0.2%
12.2%	10.8%	1.5%	11.4%	0.9%
3.5%	1.8%	1.7%	2.6%	1.0%
100.0%	100.0%		100.0%	
\$7,190	\$7,109	1.1%	\$7,440	-3.4%
\$1,129	\$1,157	-2.4%	\$1,101	2.6%
\$1,659	\$1,636	1.4%	\$1,842	-9.9%
\$1,691	\$1,606	-5.3%	\$1,755	3.7%
\$6,191	\$7,013	-11.7%	\$6,488	-4.6%
\$6,309	\$6,885	8.4%	\$6,181	-2.1%
22.3%	22.3%	0.0%	23.9%	-6.8%
\$5,980	\$6,794	-12.0%	\$6,267	-4.6%
532	551	3.5%	529	-0.6%
8	9	8.7%	9	9.8%
540	560	3.6%	538	-0.4%
47	48	1.9%	43	-8.2%
1	1	52.3%	2	64.5%
47	49	3.1%	45	-5.7%
588	609	3.5%	583	-0.8%
5.13	4.92	-4.3%	5.29	3.1%
109.1	120.2	9.2%	106.4	-2.5%
\$22.43	\$22.26	-0.8%	\$22.12	-1.4%
\$46,651	\$46,295	-0.8%	\$46,054	-1.3%
\$3,096	\$3,357	7.8%	\$3,013	-2.7%
60.4%	58.1%	-4.1%	57.0%	-6.0%
4.24	5.54	23.4%	4.28	0.9%
3.73	4.29	12.9%	3.52	-6.0%
2.97	4.64	36.0%	3.17	6.3%
2.23	3.34	33.2%	2.43	8.2%
2.60	3.10	16.3%	2.81	7.5%
2.13	2.39	10.7%	2.37	10.1%
0.85	0.98	13.7%	1.01	16.2%
1.29	1.35	-4.4%	1.30	-0.7%
1.20	1.23	-2.8%	1.20	0.3%
1.33	1.39	-4.2%	1.30	2.0%
1.22	1.30	-6.3%	1.18	2.9%
9.6%	10.7%	10.8%	9.1%	-5.0%
\$573	\$730	21.5%	\$572	-0.2%

**Norton Community Consolidated**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
8,397,591	9,260,780	-9.3%	8,229,557	2.0%
17,706,366	18,037,855	-1.8%	16,687,019	6.1%
26,103,957	27,298,635	-4.4%	24,916,576	4.8%
17,892,550	18,484,074	3.2%	15,981,992	-12.0%
543,287	388,498	-39.8%	262,828	-106.7%
724,333	828,068	12.5%	978,281	26.0%
133,103	152,992	13.0%	171,329	22.3%
1,439,256	1,387,427	-3.7%	1,270,312	-13.3%
20,732,529	21,241,060	2.4%	18,664,743	-11.1%
5,371,428	6,057,575	-11.3%	6,251,833	-14.1%
179,446	184,749	-2.9%	189,321	-5.2%
5,550,874	6,242,324	-11.1%	6,441,154	-13.8%
1,959,377	2,013,196	2.7%	1,973,372	0.7%
590,441	603,110	2.1%	635,121	7.0%
30,604	49,496	38.2%	(14,366)	313.0%
38,646	50,730	23.8%	61,704	37.4%
572,717	566,504	-1.1%	613,640	6.7%
739,936	579,241	-27.7%	764,403	3.2%
623,205	658,376	5.3%	594,504	-4.8%
96,078	113,411	15.3%	100,961	4.8%
509,361	545,262	6.6%	590,252	13.7%
0	0	0.0%	0	0.0%
403,155	414,161	2.7%	398,409	-1.2%
661	654	-1.0%	654	-1.0%
22,474	30,788	27.0%	23,338	3.7%
5,586,655	5,624,929	0.7%	5,741,994	2.7%
(35,781)	617,394	-105.8%	699,160	-105.1%
178,332	172,310	-3.5%	169,305	-5.3%
183,016	174,475	-4.9%	158,029	-15.8%
(397,129)	270,610	-246.8%	371,826	-206.8%
28,495	17,696	61.0%	20,257	40.7%
3,407	0	100.0%	(13,600)	125.0%
0	0	0.0%	0	0.0%
0	0	0.0%	950	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(325)	100.0%
(2,776)	(3,754)	26.1%	(6,709)	58.6%
29,126	13,942	108.9%	573	4981.0%
(368,002)	284,552	-229.3%	372,399	-198.8%
0	0	0.0%	0	0.0%
(368,002)	284,552	-229.3%	372,399	-198.8%
128,197	0	100.0%	(286,517)	144.7%
(239,806)	284,552	-184.3%	85,883	-379.2%
419,636	1,076,940	-61.0%	1,122,135	-62.6%
361,348	346,785	4.2%	327,334	10.4%
58,289	730,155	-92.0%	794,801	-92.7%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*  
Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits

Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
22,777,843	26,268,519	-13.3%	23,160,788	-1.7%
52,234,110	53,885,145	-3.1%	51,335,454	1.8%
75,011,953	80,153,664	-6.4%	74,496,242	0.7%
50,424,810	54,060,652	6.7%	48,955,677	-3.0%
1,232,902	1,139,000	-8.2%	1,119,862	-10.1%
2,234,362	2,515,976	11.2%	2,542,478	12.1%
369,352	463,235	20.3%	447,115	17.4%
4,029,896	4,104,296	1.8%	3,612,842	-11.5%
58,291,321	62,283,160	6.4%	56,677,974	-2.8%
16,720,632	17,870,504	-6.4%	17,818,268	-6.2%
588,093	576,650	2.0%	628,537	-6.4%
17,308,725	18,447,154	-6.2%	18,446,805	-6.2%
5,870,201	6,022,442	2.5%	5,783,451	-1.5%
1,781,191	1,842,503	3.3%	1,764,625	-0.9%
132,943	151,788	12.4%	285,606	53.5%
138,454	156,650	11.6%	147,623	6.2%
1,709,013	1,743,191	2.0%	1,754,684	2.6%
2,256,238	1,841,580	-22.5%	2,012,517	-12.1%
1,629,595	1,956,264	16.7%	1,658,907	1.8%
290,619	340,310	14.6%	303,380	4.2%
1,488,034	1,648,469	9.7%	1,650,875	9.9%
0	0	0.0%	0	0.0%
1,223,399	1,261,207	3.0%	1,168,058	-4.7%
1,984	1,963	-1.0%	1,963	-1.0%
71,566	93,976	23.8%	70,361	-1.7%
16,593,236	17,060,343	2.7%	16,602,050	0.1%
715,490	1,386,811	-48.4%	1,844,755	-61.2%
539,743	531,288	-1.6%	496,690	-8.7%
505,280	518,311	2.5%	474,773	-6.4%
(329,533)	337,212	-197.7%	873,293	-137.7%
68,063	46,674	45.8%	58,079	17.2%
15,237	0	100.0%	(11,875)	228.3%
0	0	0.0%	0	0.0%
3,500	0	100.0%	950	268.4%
0	0	0.0%	0	0.0%
0	0	0.0%	(325)	100.0%
(21,572)	(8,293)	-160.1%	(35,759)	39.7%
65,227	38,382	69.9%	11,070	489.2%
(264,306)	375,594	-170.4%	884,362	-129.9%
0	0	0.0%	0	0.0%
(264,306)	375,594	-170.4%	884,362	-129.9%
651,654	0	100.0%	(948,987)	168.7%
387,348	375,594	3.1%	(64,625)	699.4%
2,077,665	2,782,339	-25.3%	3,096,207	-32.9%
1,045,023	1,049,599	-0.4%	971,463	7.6%
1,032,643	1,732,740	-40.4%	2,124,745	-51.4%

**Southeast Market**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
41	51	-19.0%	54	-23.0%
24.2%	29.9%	-19.0%	31.5%	-23.0%
1,242	1,533	-19.0%	1,614	-23.0%
300	370	-18.9%	372	-19.4%
133	144	-7.6%	139	-4.3%
133	144	-7.6%	139	-4.3%
409	491	-16.7%	484	-15.5%
32.5%	29.3%	10.9%	28.7%	13.2%
3.3%	3.2%	2.5%	2.8%	16.0%
4,156	4,363	-4.8%	4,607	-9.8%
1,004	1,053	-4.7%	1,062	-5.5%
11,521	11,881	-3.0%	11,841	-2.7%
3,562	3,649	-2.4%	3,619	-1.6%
20	33	-39.4%	35	-42.9%
80	83	-3.6%	102	-21.6%
22.1%	24.9%	-2.7%	25.0%	-2.8%
29.9%	25.1%	4.8%	26.7%	3.1%
0.6%	0.7%	-0.1%	1.0%	-0.4%
16.3%	17.8%	-1.5%	18.9%	-2.6%
13.0%	14.2%	-1.3%	11.6%	1.4%
1.8%	2.9%	-1.1%	1.9%	-0.1%
6.9%	5.6%	1.3%	5.7%	1.2%
7.6%	7.9%	-0.3%	7.3%	0.3%
1.9%	1.1%	0.8%	2.0%	0.0%
100.0%	100.0%		100.0%	
\$6,934	\$7,080	-2.1%	\$6,616	4.8%
\$1,754	\$1,687	4.0%	\$1,672	4.9%
\$1,112	\$1,187	-6.3%	\$1,137	-2.2%
\$1,257	\$1,246	-0.9%	\$1,177	-6.8%
\$4,604	\$4,918	-6.4%	\$4,933	-6.7%
\$5,204	\$5,163	-0.8%	\$5,109	-1.9%
15.8%	16.5%	-4.4%	17.0%	-6.8%
\$4,537	\$4,852	-6.5%	\$4,867	-6.8%
509	538	5.4%	595	14.5%
3	5	37.0%	10	67.0%
512	543	5.7%	605	15.4%
3	4	18.0%	4	20.6%
3	4	18.0%	4	20.6%
515	546	5.7%	609	15.4%
3.72	3.76	1.0%	3.96	6.2%
87.7	88.7	1.1%	98.1	10.6%
\$24.46	\$24.48	0.1%	\$22.79	-7.3%
\$50,876	\$50,910	0.1%	\$47,463	-7.2%
\$2,685	\$2,693	0.3%	\$2,806	4.3%
59.7%	56.1%	-6.4%	58.3%	-2.4%
3.13	4.24	26.2%	4.02	22.1%
4.14	4.14	0.1%	4.34	4.6%
3.07	4.08	24.8%	3.66	16.1%
2.37	3.20	26.1%	3.08	23.1%
3.28	3.38	2.9%	3.69	11.1%
2.60	2.73	5.0%	3.06	15.2%
1.26	1.13	-10.9%	1.04	-21.2%
1.27	1.24	2.4%	1.18	8.1%
1.22	1.21	0.0%	1.18	3.3%
1.30	1.28	1.7%	1.19	9.1%
1.26	1.24	2.2%	1.21	4.8%
12.2%	12.5%	1.8%	14.2%	14.0%
\$556	\$605	8.2%	\$693	19.8%
1,305	1,260	3.6%	1,094	19.3%
14	16	-12.5%	16	-12.5%
46	50	8.5%	63	27.2%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	45	49	-8.9%	52	-14.5%
Occupancy Percent	26.2%	28.7%	-8.9%	30.6%	-14.5%
Patient Days	4,118	4,522	-8.9%	4,818	-14.5%
Admissions	965	1,111	-13.1%	1,112	-13.2%
Observation Visits	457	427	7.0%	490	-6.7%
Observation Visits (excl OB)	457	427	7.0%	490	-6.7%
Acute Admissions and Observation Visits (excl OB)	1,354	1,471	-8.0%	1,527	-11.3%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	33.8%	29.0%	16.3%	32.1%	5.2%
Observation (excl OB) % of Occupancy	3.4%	3.1%	10.6%	3.3%	1.7%
Adjusted Patient Days	13,031	12,730	2.4%	13,600	-4.2%
Adjusted Admissions	3,054	3,128	-2.4%	3,139	-2.7%
Outpatient Visits	34,718	34,357	1.1%	34,245	1.4%
ED Visits	10,606	10,755	-1.4%	10,666	-0.6%
IP Surgery Cases	84	123	-31.7%	119	-29.4%
OP Surgery Cases	247	251	-1.6%	305	-19.0%

**Revenue By Source**

Medicare	23.1%	24.9%	-1.8%	26.7%	-3.6%
Managed Medicare	28.6%	25.1%	3.5%	25.4%	3.3%
Medicaid	0.7%	0.7%	0.0%	0.9%	-0.2%
TennCare	16.3%	17.7%	-1.5%	17.0%	-0.7%
Blue Cross	12.7%	14.2%	-1.4%	12.5%	0.2%
United - River Valley	2.1%	2.9%	-0.8%	1.7%	0.5%
Managed Care / Commercial	6.5%	5.6%	1.0%	6.4%	0.1%
Charity / Self Pay	7.6%	7.9%	-0.2%	7.5%	0.2%
Other Patient Revenue	2.2%	1.1%	1.2%	1.9%	0.3%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$6,894	\$7,237	-4.7%	\$6,660	3.5%
OP Revenue per Outpatient Visit	\$1,770	\$1,729	2.4%	\$1,708	3.6%
Operating Revenue per Adjusted Patient Day	\$1,106	\$1,215	-8.9%	\$1,117	-0.9%
Operating Expense per Adjusted Patient Day	\$1,211	\$1,288	6.0%	\$1,224	1.1%
Operating Revenue per Adjusted Admission	\$4,722	\$4,943	-4.5%	\$4,838	-2.4%
Operating Expense per Adjusted Admission	\$5,166	\$5,244	1.5%	\$5,304	2.6%
Net Revenue % of Gross Revenue	15.8%	16.6%	-4.5%	16.5%	-4.4%
Net Revenue per Adjusted Admission	\$4,651	\$4,876	-4.6%	\$4,771	-2.5%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	518	532	2.6%	595	12.9%
Contract Full Time Equivalents	3	5	42.3%	11	71.2%
Total Full Time Equivalents (excl Providers)	521	537	3.0%	606	14.0%
Employed Provider Full Time Equivalents	3	4	4.3%	3	-23.0%
Total Provider Full Time Equivalents	3	4	4.3%	3	-23.0%
Full Time Equivalents	525	541	3.0%	609	13.8%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.70	3.91	5.2%	4.12	10.0%
Man Hours per Adjusted Admission (incl Cont Lbr)	90.1	90.7	0.6%	101.8	11.5%
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.97	\$24.27	1.2%	\$22.42	-6.9%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$49,862	\$50,474	1.2%	\$46,695	-6.8%
Labor Exp (excl Providers) per Adjusted Admission	\$2,702	\$2,741	1.4%	\$2,840	4.8%
Labor Exp % of Net Revenue	58.7%	56.8%	-3.4%	60.1%	2.3%

**Patient Resource Management**

Overall Medicare Average Length of Stay	3.45	4.12	16.1%	4.14	16.6%
Overall Average Length of Stay	4.27	4.07	-4.8%	4.33	1.5%
Acute Medicare Average Length of Stay	3.33	3.96	16.0%	3.87	14.1%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.62	3.11	15.8%	3.13	16.4%
Acute Overall Average Length of Stay	3.42	3.32	-3.1%	3.64	5.8%
Acute Overall Average Length of Stay - Acuity Adjusted	2.70	2.68	-0.6%	2.97	8.9%
Observation Average Length of Stay	1.17	1.13	-3.3%	1.07	-9.1%
Overall Medicare Case Mix Index	1.25	1.24	0.7%	1.22	2.8%
Overall Case Mix Index	1.23	1.22	1.1%	1.18	3.7%
Acute Medicare Case Mix Index	1.27	1.28	-0.3%	1.24	2.8%
Acute Overall Case Mix Index	1.27	1.24	2.5%	1.23	3.4%
Supply Expense % of Net Revenue	12.1%	12.7%	4.7%	14.9%	19.1%
Supply Expense per Adjusted Admission	\$562	\$618	9.1%	\$712	21.1%

**Operating Statistics (Long-Term Care)**

Nursing Home Patient Days	3,941	3,864	2.0%	3,604	9.4%
Nursing Home Admissions	47	45	4.4%	45	4.4%
Nursing Home Full Time Equivalents	48	50	4.2%	62	23.2%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
45	49	-8.9%	52	-14.5%
26.2%	28.7%	-8.9%	30.6%	-14.5%
4,118	4,522	-8.9%	4,818	-14.5%
965	1,111	-13.1%	1,112	-13.2%
457	427	7.0%	490	-6.7%
457	427	7.0%	490	-6.7%
1,354	1,471	-8.0%	1,527	-11.3%
33.8%	29.0%	16.3%	32.1%	5.2%
3.4%	3.1%	10.6%	3.3%	1.7%
13,031	12,730	2.4%	13,600	-4.2%
3,054	3,128	-2.4%	3,139	-2.7%
34,718	34,357	1.1%	34,245	1.4%
10,606	10,755	-1.4%	10,666	-0.6%
84	123	-31.7%	119	-29.4%
247	251	-1.6%	305	-19.0%
23.1%	24.9%	-1.8%	26.7%	-3.6%
28.6%	25.1%	3.5%	25.4%	3.3%
0.7%	0.7%	0.0%	0.9%	-0.2%
16.3%	17.7%	-1.5%	17.0%	-0.7%
12.7%	14.2%	-1.4%	12.5%	0.2%
2.1%	2.9%	-0.8%	1.7%	0.5%
6.5%	5.6%	1.0%	6.4%	0.1%
7.6%	7.9%	-0.2%	7.5%	0.2%
2.2%	1.1%	1.2%	1.9%	0.3%
100.0%	100.0%		100.0%	
\$6,894	\$7,237	-4.7%	\$6,660	3.5%
\$1,770	\$1,729	2.4%	\$1,708	3.6%
\$1,106	\$1,215	-8.9%	\$1,117	-0.9%
\$1,211	\$1,288	6.0%	\$1,224	1.1%
\$4,722	\$4,943	-4.5%	\$4,838	-2.4%
\$5,166	\$5,244	1.5%	\$5,304	2.6%
15.8%	16.6%	-4.5%	16.5%	-4.4%
\$4,651	\$4,876	-4.6%	\$4,771	-2.5%
518	532	2.6%	595	12.9%
3	5	42.3%	11	71.2%
521	537	3.0%	606	14.0%
3	4	4.3%	3	-23.0%
3	4	4.3%	3	-23.0%
525	541	3.0%	609	13.8%
3.70	3.91	5.2%	4.12	10.0%
90.1	90.7	0.6%	101.8	11.5%
\$23.97	\$24.27	1.2%	\$22.42	-6.9%
\$49,862	\$50,474	1.2%	\$46,695	-6.8%
\$2,702	\$2,741	1.4%	\$2,840	4.8%
58.7%	56.8%	-3.4%	60.1%	2.3%
3.45	4.12	16.1%	4.14	16.6%
4.27	4.07	-4.8%	4.33	1.5%
3.33	3.96	16.0%	3.87	14.1%
2.62	3.11	15.8%	3.13	16.4%
3.42	3.32	-3.1%	3.64	5.8%
2.70	2.68	-0.6%	2.97	8.9%
1.17	1.13	-3.3%	1.07	-9.1%
1.25	1.24	0.7%	1.22	2.8%
1.23	1.22	1.1%	1.18	3.7%
1.27	1.28	-0.3%	1.24	2.8%
1.27	1.24	2.5%	1.23	3.4%
12.1%	12.7%	4.7%	14.9%	19.1%
\$562	\$618	9.1%	\$712	21.1%
3,941	3,864	2.0%	3,604	9.4%
47	45	4.4%	45	4.4%
48	50	4.2%	62	23.2%

**Southeast Market**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
9,271,817	11,650,931	-20.4%	11,411,893	-18.8%
20,209,662	20,044,975	0.8%	19,804,091	2.0%
29,481,479	31,695,905	-7.0%	31,215,984	-5.6%
22,441,356	23,503,095	4.5%	22,917,772	2.1%
160,036	202,341	20.9%	299,695	46.6%
430,428	720,394	40.3%	811,176	46.9%
334,307	257,179	-30.0%	447,490	25.3%
1,320,293	1,625,635	18.8%	1,328,464	0.6%
24,686,419	26,308,644	6.2%	25,804,598	4.3%
4,795,060	5,387,261	-11.0%	5,411,386	-11.4%
70,109	75,659	-7.3%	72,900	-3.8%
4,865,169	5,462,920	-10.9%	5,484,286	-11.3%
2,118,670	2,252,129	5.9%	2,342,845	9.6%
36,134	44,044	18.0%	47,380	23.7%
0	0	0.0%	0	0.0%
29,785	46,189	35.5%	78,052	61.8%
501,261	517,569	3.2%	553,772	9.5%
906,559	902,898	-0.4%	653,455	-38.7%
584,051	661,567	11.7%	777,318	24.9%
127,184	115,182	-10.4%	112,019	-13.5%
632,194	628,990	-0.5%	510,532	-23.8%
0	0	0.0%	0	0.0%
223,874	226,538	1.2%	248,741	10.0%
0	0	0.0%	0	0.0%
34,408	34,697	0.8%	44,094	22.0%
5,194,121	5,429,802	4.3%	5,368,208	3.2%
(328,952)	33,118	-1093.3%	116,078	-383.4%
220,962	216,282	-2.2%	216,378	-2.1%
140,756	134,399	-4.7%	139,181	-1.1%
(690,671)	(317,563)	-117.5%	(239,481)	-188.4%
32	0	100.0%	839	-96.1%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(357)	100.0%
1,886	(2,682)	170.3%	(3,269)	157.7%
1,919	(2,682)	171.5%	(2,787)	168.9%
(688,752)	(320,246)	-115.1%	(242,268)	-184.3%
0	0	0.0%	0	0.0%
(688,752)	(320,246)	-115.1%	(242,268)	-184.3%
0	0	0.0%	0	0.0%
(688,752)	(320,246)	-115.1%	(242,268)	-184.3%
(68,751)	291,670	-123.6%	406,126	-116.9%
361,718	350,681	3.1%	355,559	1.7%
(430,470)	(59,011)	-629.5%	50,567	-951.3%

Patient Revenue  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

Deductions from Revenue  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

Operating Expense  
Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
30,354,774	35,169,542	-13.7%	34,485,571	-12.0%
61,460,583	59,415,765	3.4%	58,505,979	5.1%
91,815,357	94,585,307	-2.9%	92,991,550	-1.3%
69,549,160	70,077,762	0.8%	69,436,646	-0.2%
613,997	604,829	-1.5%	577,689	-6.3%
1,784,837	2,216,386	19.5%	2,173,248	17.9%
689,290	775,053	11.1%	738,201	6.6%
4,101,090	4,807,294	14.7%	4,192,367	2.2%
76,738,373	78,481,324	2.2%	77,118,152	0.5%
15,076,983	16,103,983	-6.4%	15,873,398	-5.0%
230,784	226,967	1.7%	214,660	7.5%
15,307,767	16,330,950	-6.3%	16,088,058	-4.9%
6,508,985	6,772,532	3.9%	7,045,353	7.6%
124,240	134,764	7.8%	119,157	-4.3%
0	0	0.0%	0	0.0%
95,530	145,608	34.4%	223,463	57.3%
1,536,301	1,584,282	3.0%	1,606,400	4.4%
2,889,564	2,845,778	-1.5%	2,273,568	-27.1%
1,803,823	2,006,567	10.1%	2,355,228	23.4%
367,991	362,050	-1.6%	361,110	-1.9%
1,615,956	1,707,542	5.4%	1,746,773	7.5%
0	0	0.0%	0	0.0%
660,664	672,656	1.8%	673,018	1.8%
0	0	0.0%	0	0.0%
107,599	107,032	-0.5%	134,097	19.8%
15,710,652	16,338,810	3.8%	16,538,166	5.0%
(402,885)	(7,860)	-5025.9%	(450,108)	10.5%
675,820	666,654	-1.4%	666,040	-1.5%
386,538	393,165	1.7%	379,730	-1.8%
(1,465,243)	(1,067,678)	-37.2%	(1,495,878)	2.0%
76	0	100.0%	4,319	-98.3%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(9,021)	100.0%
313	(9,015)	103.5%	(15,372)	102.0%
388	(9,015)	104.3%	(20,074)	101.9%
(1,464,854)	(1,076,694)	-36.1%	(1,515,952)	3.4%
0	0	0.0%	0	0.0%
(1,464,854)	(1,076,694)	-36.1%	(1,515,952)	3.4%
0	0	0.0%	0	0.0%
(1,464,854)	(1,076,694)	-36.1%	(1,515,952)	3.4%
365,766	762,813	-52.1%	336,933	8.6%
1,062,358	1,059,818	0.2%	1,045,770	1.6%
(696,591)	(297,006)	-134.5%	(708,837)	1.7%

**Sycamore Shoals Hospital**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
37	46	-19.5%	49	-24.3%
30.6%	38.0%	-19.5%	40.4%	-24.3%
1,112	1,381	-19.5%	1,468	-24.3%
256	324	-21.0%	323	-20.7%
106	113	-6.2%	115	-7.8%
106	113	-6.2%	115	-7.8%
338	414	-18.4%	411	-17.8%
31.4%	27.3%	14.9%	28.0%	12.1%
3.4%	3.5%	-3.9%	3.2%	5.1%
3,105	3,284	-5.5%	3,521	-11.8%
715	771	-7.2%	775	-7.7%
5,790	5,518	4.9%	5,480	5.7%
2,036	2,084	-2.3%	2,074	-1.8%
20	33	-39.4%	30	-33.3%
80	83	-3.6%	74	8.1%
20.1%	25.3%	-5.1%	23.5%	-3.3%
31.9%	26.8%	5.1%	27.8%	4.1%
0.1%	0.3%	-0.2%	0.1%	0.0%
16.3%	18.4%	-2.0%	20.4%	-4.1%
13.7%	12.6%	1.1%	11.6%	2.1%
2.3%	2.8%	-0.4%	2.4%	0.0%
6.3%	5.2%	1.1%	4.4%	1.9%
7.4%	7.9%	-0.5%	8.1%	-0.7%
1.7%	0.7%	1.0%	1.6%	0.1%
100.0%	100.0%		100.0%	
\$7,136	\$7,313	-2.4%	\$6,648	7.3%
\$2,456	\$2,522	-2.6%	\$2,490	-1.4%
\$1,095	\$1,155	-5.2%	\$1,092	0.3%
\$1,088	\$1,069	-1.8%	\$991	-9.8%
\$4,756	\$4,925	-3.4%	\$4,963	-4.2%
\$4,728	\$4,558	-3.7%	\$4,506	-4.9%
15.1%	15.6%	-2.9%	16.2%	-6.5%
\$4,695	\$4,863	-3.5%	\$4,896	-4.1%
337	353	4.7%	390	13.6%
2	5	48.4%	10	73.8%
339	358	5.3%	399	15.1%
339	358	5.3%	399	15.1%
3.28	3.27	-0.2%	3.40	3.7%
81.1	79.4	-2.1%	88.2	8.1%
\$24.40	\$24.59	0.7%	\$22.98	-6.2%
\$50,760	\$51,140	0.7%	\$47,850	-6.1%
\$2,482	\$2,414	-2.9%	\$2,515	1.3%
52.9%	49.6%	-6.5%	51.4%	-2.9%
3.20	4.38	26.8%	4.27	25.0%
4.34	4.26	-1.9%	4.54	4.4%
3.13	4.21	25.5%	3.83	18.3%
2.40	3.29	27.0%	3.23	25.6%
3.34	3.39	1.4%	3.81	12.3%
2.63	2.67	1.5%	3.15	16.5%
1.16	1.13	-2.4%	1.02	-14.1%
1.28	1.25	2.7%	1.18	8.7%
1.25	1.24	0.9%	1.20	4.8%
1.31	1.28	2.1%	1.19	9.9%
1.27	1.27	0.1%	1.21	5.0%
13.5%	14.1%	4.5%	15.6%	13.7%
\$633	\$687	7.8%	\$765	17.2%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	41	44	-7.8%	47	-13.6%
Occupancy Percent	33.7%	36.6%	-7.8%	39.0%	-13.6%
Patient Days	3,753	4,071	-7.8%	4,342	-13.6%
Admissions	854	978	-12.7%	977	-12.6%
Observation Visits	374	332	12.7%	364	2.7%
Observation Visits (excl OB)	374	332	12.7%	364	2.7%
Acute Admissions and Observation Visits (excl OB)	1,160	1,243	-6.7%	1,266	-8.4%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	32.2%	26.7%	20.7%	28.8%	12.1%
Observation (excl OB) % of Occupancy	3.9%	3.4%	14.4%	3.5%	9.7%
Adjusted Patient Days	9,976	9,619	3.7%	10,159	-1.8%
Adjusted Admissions	2,270	2,311	-1.8%	2,286	-0.7%
Outpatient Visits	17,496	16,406	6.6%	16,292	7.4%
ED Visits	6,150	6,044	1.8%	6,016	2.2%
IP Surgery Cases	84	123	-31.7%	109	-22.9%
OP Surgery Cases	247	251	-1.6%	242	2.1%

**Revenue By Source**

Medicare	21.2%	25.3%	-4.2%	25.6%	-4.5%
Managed Medicare	30.3%	26.9%	3.4%	26.3%	4.0%
Medicaid	0.3%	0.3%	0.0%	0.3%	0.0%
TennCare	16.5%	18.4%	-1.9%	18.2%	-1.7%
Blue Cross	13.2%	12.6%	0.6%	12.9%	0.3%
United - River Valley	2.6%	2.7%	-0.1%	2.1%	0.6%
Managed Care / Commercial	6.2%	5.2%	1.0%	5.4%	0.9%
Charity / Self Pay	7.8%	7.9%	-0.1%	7.6%	0.2%
Other Patient Revenue	1.9%	0.7%	1.2%	1.6%	0.3%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$7,094	\$7,494	-5.3%	\$6,828	3.9%
OP Revenue per Outpatient Visit	\$2,523	\$2,534	-0.4%	\$2,438	3.5%
Operating Revenue per Adjusted Patient Day	\$1,097	\$1,185	-7.4%	\$1,127	-2.6%
Operating Expense per Adjusted Patient Day	\$1,037	\$1,113	6.8%	\$1,067	2.8%
Operating Revenue per Adjusted Admission	\$4,823	\$4,931	-2.2%	\$5,008	-3.7%
Operating Expense per Adjusted Admission	\$4,557	\$4,633	1.6%	\$4,744	3.9%
Net Revenue % of Gross Revenue	15.3%	15.6%	-2.2%	16.3%	-6.3%
Net Revenue per Adjusted Admission	\$4,760	\$4,869	-2.2%	\$4,943	-3.7%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	346	349	1.0%	387	10.6%
Contract Full Time Equivalents	3	5	48.3%	10	75.0%
Total Full Time Equivalents (excl Providers)	348	354	1.6%	397	12.3%
Full Time Equivalents	348	354	1.6%	397	12.3%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.21	3.39	5.2%	3.59	10.7%
Man Hours per Adjusted Admission (incl Cont Lbr)	80.4	80.3	-0.1%	91.1	11.8%
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.90	\$24.38	2.0%	\$22.66	-5.5%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$49,705	\$50,720	2.0%	\$47,182	-5.3%
Labor Exp (excl Providers) per Adjusted Admission	\$2,418	\$2,430	0.5%	\$2,552	5.3%
Labor Exp % of Net Revenue	50.8%	49.9%	-1.8%	51.6%	1.6%

**Patient Resource Management**

Overall Medicare Average Length of Stay	3.55	4.23	16.1%	4.27	16.8%
Overall Average Length of Stay	4.39	4.16	-5.6%	4.44	1.1%
Acute Medicare Average Length of Stay	3.40	4.07	16.3%	3.94	13.7%
Acute Medicare Average Length of Stay - Acuity Adjusted	2.67	3.18	16.1%	3.18	16.3%
Acute Overall Average Length of Stay	3.44	3.31	-4.0%	3.65	5.7%
Acute Overall Average Length of Stay - Acuity Adjusted	2.71	2.61	-3.9%	2.97	8.9%
Observation Average Length of Stay	1.15	1.13	-1.5%	1.08	-6.8%
Overall Medicare Case Mix Index	1.25	1.25	0.7%	1.22	3.1%
Overall Case Mix Index	1.25	1.24	0.7%	1.21	3.6%
Acute Medicare Case Mix Index	1.28	1.28	-0.3%	1.24	3.1%
Acute Overall Case Mix Index	1.27	1.27	0.1%	1.23	3.5%
Supply Expense % of Net Revenue	13.4%	14.3%	6.5%	15.8%	15.1%
Supply Expense per Adjusted Admission	\$637	\$697	8.6%	\$779	18.3%

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
41	44	-7.8%	47	-13.6%
33.7%	36.6%	-7.8%	39.0%	-13.6%
3,753	4,071	-7.8%	4,342	-13.6%
854	978	-12.7%	977	-12.6%
374	332	12.7%	364	2.7%
374	332	12.7%	364	2.7%
1,160	1,243	-6.7%	1,266	-8.4%
32.2%	26.7%	20.7%	28.8%	12.1%
3.9%	3.4%	14.4%	3.5%	9.7%
9,976	9,619	3.7%	10,159	-1.8%
2,270	2,311	-1.8%	2,286	-0.7%
17,496	16,406	6.6%	16,292	7.4%
6,150	6,044	1.8%	6,016	2.2%
84	123	-31.7%	109	-22.9%
247	251	-1.6%	242	2.1%
21.2%	25.3%	-4.2%	25.6%	-4.5%
30.3%	26.9%	3.4%	26.3%	4.0%
0.3%	0.3%	0.0%	0.3%	0.0%
16.5%	18.4%	-1.9%	18.2%	-1.7%
13.2%	12.6%	0.6%	12.9%	0.3%
2.6%	2.7%	-0.1%	2.1%	0.6%
6.2%	5.2%	1.0%	5.4%	0.9%
7.8%	7.9%	-0.1%	7.6%	0.2%
1.9%	0.7%	1.2%	1.6%	0.3%
100.0%	100.0%		100.0%	
\$7,094	\$7,494	-5.3%	\$6,828	3.9%
\$2,523	\$2,534	-0.4%	\$2,438	3.5%
\$1,097	\$1,185	-7.4%	\$1,127	-2.6%
\$1,037	\$1,113	6.8%	\$1,067	2.8%
\$4,823	\$4,931	-2.2%	\$5,008	-3.7%
\$4,557	\$4,633	1.6%	\$4,744	3.9%
15.3%	15.6%	-2.2%	16.3%	-6.3%
\$4,760	\$4,869	-2.2%	\$4,943	-3.7%
346	349	1.0%	387	10.6%
3	5	48.3%	10	75.0%
348	354	1.6%	397	12.3%
348	354	1.6%	397	12.3%
3.21	3.39	5.2%	3.59	10.7%
80.4	80.3	-0.1%	91.1	11.8%
\$23.90	\$24.38	2.0%	\$22.66	-5.5%
\$49,705	\$50,720	2.0%	\$47,182	-5.3%
\$2,418	\$2,430	0.5%	\$2,552	5.3%
50.8%	49.9%	-1.8%	51.6%	1.6%
3.55	4.23	16.1%	4.27	16.8%
4.39	4.16	-5.6%	4.44	1.1%
3.40	4.07	16.3%	3.94	13.7%
2.67	3.18	16.1%	3.18	16.3%
3.44	3.31	-4.0%	3.65	5.7%
2.71	2.61	-3.9%	2.97	8.9%
1.15	1.13	-1.5%	1.08	-6.8%
1.25	1.25	0.7%	1.22	3.1%
1.25	1.24	0.7%	1.21	3.6%
1.28	1.28	-0.3%	1.24	3.1%
1.27	1.27	0.1%	1.23	3.5%
13.4%	14.3%	6.5%	15.8%	15.1%
\$637	\$697	8.6%	\$779	18.3%

**Sycamore Shoals Hospital**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
7,934,679	10,099,359	-21.4%	9,759,819	-18.7%
14,220,671	13,918,514	2.2%	13,647,687	4.2%
22,155,350	24,017,873	-7.8%	23,407,506	-5.3%
17,210,644	18,286,773	5.9%	17,287,779	0.4%
147,634	184,938	20.2%	277,762	46.8%
363,826	616,500	41.0%	694,981	47.6%
111,156	118,295	6.0%	128,634	13.6%
966,035	1,064,033	9.2%	1,225,313	21.2%
18,799,296	20,270,538	7.3%	19,614,468	4.2%
3,356,054	3,747,335	-10.4%	3,793,038	-11.5%
43,408	47,394	-8.4%	51,877	-16.3%
3,399,462	3,794,729	-10.4%	3,844,915	-11.6%
1,305,587	1,379,472	5.4%	1,435,360	9.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
17,288	33,161	47.9%	57,916	70.1%
322,767	312,608	-3.2%	319,743	-0.9%
543,463	508,447	-6.9%	306,871	-77.1%
452,678	529,380	14.5%	592,524	23.6%
68,894	62,864	-9.6%	58,641	-17.5%
288,130	296,537	2.8%	298,764	3.6%
0	0	0.0%	0	0.0%
136,732	144,768	5.6%	161,209	15.2%
0	0	0.0%	0	0.0%
33,159	33,406	0.7%	41,848	20.8%
3,168,698	3,300,642	4.0%	3,272,876	3.2%
230,764	494,087	-53.3%	572,039	-59.7%
128,783	134,474	4.2%	135,503	5.0%
81,979	77,111	-6.3%	82,444	0.6%
20,002	282,502	-92.9%	354,092	-94.4%
18	0	100.0%	0	8027.3%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	7,884	-100.0%
(40)	(504)	92.1%	(1,300)	96.9%
(22)	(504)	95.6%	6,584	-100.3%
19,980	281,998	-92.9%	360,676	-94.5%
0	0	0.0%	0	0.0%
19,980	281,998	-92.9%	360,676	-94.5%
0	0	0.0%	0	0.0%
19,980	281,998	-92.9%	360,676	-94.5%
400,632	671,756	-40.4%	781,681	-48.7%
210,762	211,585	-0.4%	217,947	-3.3%
189,870	460,171	-58.7%	563,734	-66.3%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**

**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
26,623,931	30,507,220	-12.7%	29,646,296	-10.2%
44,147,139	41,574,194	6.2%	39,718,374	11.2%
70,771,070	72,081,414	-1.8%	69,364,670	2.0%
54,309,821	54,812,996	0.9%	52,056,669	-4.3%
577,349	555,027	-4.0%	508,125	-13.6%
1,549,797	1,906,225	18.7%	1,842,755	15.9%
313,866	365,770	14.2%	356,594	12.0%
3,214,148	3,190,085	-0.8%	3,301,910	2.7%
59,964,982	60,830,103	1.4%	58,066,053	-3.3%
10,806,088	11,251,311	-4.0%	11,298,617	-4.4%
142,053	142,205	-0.1%	148,855	-4.6%
10,948,141	11,393,515	-3.9%	11,447,472	-4.4%
4,024,090	4,141,153	2.8%	4,301,942	6.5%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
59,966	104,072	42.4%	171,865	65.1%
983,340	955,104	-3.0%	946,022	-3.9%
1,599,070	1,600,091	0.1%	1,283,138	-24.6%
1,446,480	1,610,473	10.2%	1,781,874	18.8%
210,616	201,300	-4.6%	211,778	0.5%
856,349	923,661	7.3%	964,114	11.2%
0	0	0.0%	0	0.0%
410,061	426,249	3.8%	413,557	0.8%
0	0	0.0%	0	0.0%
103,706	103,071	-0.6%	127,266	18.5%
9,693,680	10,065,175	3.7%	10,201,555	5.0%
1,254,462	1,328,340	-5.6%	1,245,917	0.7%
421,566	414,336	-1.7%	413,919	-1.8%
230,055	227,209	-1.3%	228,200	-0.8%
602,841	686,795	-12.2%	603,798	-0.2%
44	0	100.0%	1,898	-97.7%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(232)	100.0%
1,010	(1,910)	152.9%	(1,100)	191.8%
1,054	(1,910)	155.2%	566	86.3%
603,896	684,886	-11.8%	604,364	-0.1%
0	0	0.0%	0	0.0%
603,896	684,886	-11.8%	604,364	-0.1%
0	0	0.0%	0	0.0%
603,896	684,886	-11.8%	604,364	-0.1%
1,769,284	1,855,751	-4.7%	1,787,307	-1.0%
651,620	641,545	1.6%	642,119	1.5%
1,117,663	1,214,206	-8.0%	1,145,188	-2.4%



**Unicoi County Consolidated**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
4	5	-16.7%	5	-13.7%
8.3%	10.0%	-16.7%	9.7%	-13.7%
120	144	-16.7%	139	-13.7%
40	42	-4.8%	45	-11.1%
25	29	-13.8%	24	4.2%
25	29	-13.8%	24	4.2%
65	71	-8.5%	69	-5.8%
38.5%	40.8%	-5.8%	34.8%	10.6%
3.0%	2.2%	38.7%	1.9%	59.3%
815	867	-6.1%	736	10.7%
272	253	7.4%	238	13.9%
1,974	2,338	-15.6%	2,393	-17.5%
601	652	-7.8%	646	-7.0%
0	0	0.0%	5	-100.0%
0	0	0.0%	28	-100.0%
29.1%	23.3%	5.9%	31.1%	-1.9%
25.0%	18.9%	6.1%	24.8%	0.2%
2.5%	2.3%	0.2%	4.4%	-1.9%
12.3%	11.5%	0.8%	10.0%	2.2%
10.2%	22.3%	-12.1%	11.4%	-1.2%
0.0%	4.1%	-4.1%	0.0%	0.0%
10.5%	8.0%	2.5%	11.7%	-1.2%
8.0%	7.6%	0.4%	3.7%	4.2%
2.4%	2.0%	0.4%	2.9%	-0.5%
100.0%	100.0%		100.0%	
\$5,330	\$5,038	5.8%	\$6,367	-16.3%
\$1,876	\$1,558	20.4%	\$1,589	18.0%
\$833	\$816	2.1%	\$1,096	-24.0%
\$1,378	\$1,318	-4.5%	\$1,646	16.3%
\$2,500	\$2,798	-10.6%	\$3,385	-26.2%
\$4,134	\$4,520	-8.5%	\$5,083	18.7%
15.4%	16.0%	-3.8%	17.0%	-9.5%
\$2,461	\$2,763	-11.0%	\$3,345	-26.4%
98	104	5.4%	124	20.9%
1	0	-155.7%	0	-148.2%
99	104	4.9%	124	20.5%
99	104	4.9%	124	20.5%
3.64	3.60	-1.2%	5.07	28.1%
62.2	70.3	11.4%	89.3	30.3%
\$24.85	\$24.64	-0.8%	\$22.57	-10.1%
\$51,684	\$51,250	-0.8%	\$46,994	-10.0%
\$1,937	\$2,180	11.2%	\$2,608	25.7%
78.7%	78.9%	0.2%	78.0%	-1.0%
2.87	3.56	19.4%	3.00	4.4%
3.00	3.43	12.5%	3.09	2.9%
2.87	3.56	19.4%	3.00	4.4%
3.00	3.43	12.5%	3.09	2.9%
0.00	3.35	100.0%	0.00	0.0%
1.72	1.07	-60.9%	1.13	-52.9%
1.00	1.02	-2.3%	1.07	-6.3%
0.00	1.02	-100.0%	0.00	0.0%
9.3%	9.0%	-2.9%	13.0%	28.7%
\$228	\$249	8.4%	\$436	47.6%
1,305	1,260	3.6%	1,094	19.3%
14	16	-12.5%	16	-12.5%
46	50	8.5%	63	27.2%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	4	5	-19.6%	5	-25.8%
Occupancy Percent	7.8%	9.7%	-19.6%	10.5%	-25.8%
Patient Days	345	429	-19.6%	465	-25.8%
Admissions	103	122	-15.6%	129	-20.2%
Observation Visits	77	90	-14.4%	123	-37.4%
Observation Visits (excl OB)	77	90	-14.4%	123	-37.4%
Acute Admissions and Observation Visits (excl OB)	180	212	-15.1%	252	-28.6%
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	42.8%	42.5%	0.8%	48.8%	-12.4%
Observation (excl OB) % of Occupancy	2.2%	2.2%	4.2%	2.9%	-23.3%
Adjusted Patient Days	2,482	2,575	-3.6%	2,733	-9.2%
Adjusted Admissions	741	732	1.2%	758	-2.3%
Outpatient Visits	6,335	6,758	-6.3%	6,918	-8.4%
ED Visits	1,856	2,013	-7.8%	1,991	-6.8%
IP Surgery Cases	0	0	0.0%	10	-100.0%
OP Surgery Cases	0	0	0.0%	63	-100.0%

**Revenue By Source**

Medicare	31.1%	23.4%	7.7%	31.5%	-0.4%
Managed Medicare	24.4%	18.9%	5.4%	23.8%	0.5%
Medicaid	2.8%	2.4%	0.4%	3.6%	-0.8%
TennCare	12.3%	11.5%	0.9%	9.2%	3.1%
Blue Cross	10.3%	22.1%	-11.9%	11.0%	-0.7%
United - River Valley	0.0%	4.1%	-4.1%	0.0%	0.0%
Managed Care / Commercial	8.9%	8.0%	0.9%	11.6%	-2.7%
Charity / Self Pay	6.8%	7.6%	-0.8%	6.6%	0.1%
Other Patient Revenue	3.4%	2.0%	1.5%	2.7%	0.7%
Total Gross Patient Revenue	100.0%	100.0%		100.0%	

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$4,912	\$5,008	-1.9%	\$5,134	-4.3%
OP Revenue per Outpatient Visit	\$1,657	\$1,590	4.2%	\$1,683	-1.6%
Operating Revenue per Adjusted Patient Day	\$710	\$803	-11.5%	\$717	-1.0%
Operating Expense per Adjusted Patient Day	\$1,265	\$1,305	3.0%	\$1,345	5.9%
Operating Revenue per Adjusted Admission	\$2,379	\$2,822	-15.7%	\$2,586	-8.0%
Operating Expense per Adjusted Admission	\$4,237	\$4,588	7.6%	\$4,848	12.6%
Net Revenue % of Gross Revenue	14.1%	15.8%	-10.7%	13.8%	2.7%
Net Revenue per Adjusted Admission	\$2,324	\$2,786	-16.6%	\$2,546	-8.7%

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	97	103	6.3%	127	23.8%
Contract Full Time Equivalents	0	0	-42.3%	0	0.8%
Total Full Time Equivalents (excl Providers)	97	104	6.1%	128	23.7%
Full Time Equivalents	97	104	6.1%	128	23.7%
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.61	3.71	2.6%	4.29	16.0%
Man Hours per Adjusted Admission (incl Cont Lbr)	68.9	74.2	7.3%	88.3	22.0%
Average Hourly Rate (excl Providers & Cont Lbr)	\$24.57	\$24.53	-0.2%	\$21.94	-12.0%
Salary Expense per FTE (excl Providers & Cont Lbr)	\$51,116	\$51,027	-0.2%	\$45,692	-11.9%
Labor Exp (excl Providers) per Adjusted Admission	\$2,093	\$2,299	9.0%	\$2,446	14.4%
Labor Exp % of Net Revenue	90.0%	82.5%	-9.1%	96.1%	6.3%

**Patient Resource Management**

Overall Medicare Average Length of Stay	3.02	3.52	14.1%	3.63	16.7%
Overall Average Length of Stay	3.35	3.52	4.7%	3.60	7.1%
Acute Medicare Average Length of Stay	3.02	3.52	14.1%	3.63	16.7%
Acute Overall Average Length of Stay	3.35	3.52	4.7%	3.60	7.1%
Acute Overall Average Length of Stay - Acuity Adjusted	0.00	3.43	100.0%	0.00	0.0%
Observation Average Length of Stay	1.29	1.06	-21.8%	1.05	-22.6%
Overall Case Mix Index	1.04	1.02	1.6%	1.02	1.7%
Acute Overall Case Mix Index	0.00	1.02	-100.0%	0.00	0.0%
Supply Expense % of Net Revenue	7.9%	9.3%	15.2%	17.3%	54.7%
Supply Expense per Adjusted Admission	\$183	\$258	29.2%	\$442	58.7%

**Operating Statistics (Long-Term Care)**

Nursing Home Patient Days	3,941	3,864	2.0%	3,604	9.4%
Nursing Home Admissions	47	45	4.4%	45	4.4%
Nursing Home Full Time Equivalents	48	50	4.2%	62	23.2%

**Unicoi County Consolidated**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
1,299,786	1,522,187	-14.6%	1,618,578	-19.7%
3,707,724	3,647,691	1.6%	3,806,555	-2.6%
5,007,510	5,169,878	-3.1%	5,425,134	-7.7%
3,641,018	3,910,128	6.9%	4,065,935	10.5%
0	3,058	100.0%	0	0.0%
10	(4,254)	100.2%	425	97.5%
179,797	101,623	-76.9%	293,911	38.8%
277,539	182,526	-52.1%	24,016	-1055.6%
4,098,364	4,193,081	2.3%	4,384,287	6.5%
909,145	976,797	-6.9%	1,040,846	-12.7%
12,761	14,312	-10.8%	12,853	-0.7%
921,907	991,109	-7.0%	1,053,699	-12.5%
530,444	567,530	6.5%	618,955	14.3%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
11,392	10,488	-8.6%	17,028	33.1%
110,532	130,842	15.5%	157,128	29.7%
239,311	256,051	6.5%	223,393	-7.1%
88,293	87,311	-1.1%	145,588	39.4%
45,884	40,433	-13.5%	42,106	-9.0%
281,465	262,346	-7.3%	165,509	-70.1%
0	0	0.0%	0	0.0%
55,689	50,625	-10.0%	56,778	1.9%
0	0	0.0%	0	0.0%
(40)	2	1791.1%	28	240.9%
1,362,970	1,405,628	3.0%	1,426,513	4.5%
(441,064)	(414,519)	-6.4%	(372,814)	-18.3%
61,223	51,707	-18.4%	52,088	-17.5%
29,788	28,538	-4.4%	32,557	8.5%
(532,074)	(494,764)	-7.5%	(457,459)	-16.3%
15	0	100.0%	839	-98.3%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(8,195)	100.0%
774	(1,471)	152.6%	(1,033)	175.0%
789	(1,471)	153.6%	(8,389)	109.4%
(531,286)	(496,235)	-7.1%	(465,848)	-14.0%
0	0	0.0%	0	0.0%
(531,286)	(496,235)	-7.1%	(465,848)	-14.0%
0	0	0.0%	0	0.0%
(531,286)	(496,235)	-7.1%	(465,848)	-14.0%
(384,626)	(365,363)	-5.3%	(324,397)	-18.6%
91,011	80,245	13.4%	84,645	7.5%
(475,636)	(445,608)	-6.7%	(409,042)	-16.3%

Patient Revenue  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

Deductions from Revenue  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

Operating Expense

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
3,659,717	4,591,416	-20.3%	4,783,437	-23.5%
10,515,851	10,758,643	-2.3%	11,662,778	-9.8%
14,175,568	15,350,060	-7.7%	16,446,214	-13.8%
10,660,586	11,609,694	8.2%	12,680,064	15.9%
0	9,026	100.0%	24,620	100.0%
31	(2,345)	101.3%	16,688	99.8%
295,301	301,591	2.1%	286,117	-3.2%
622,698	538,630	-15.6%	609,864	-2.1%
11,578,617	12,456,597	7.0%	13,617,353	15.0%
2,596,951	2,893,463	-10.2%	2,828,862	-8.2%
55,649	42,945	29.6%	34,095	63.2%
2,652,600	2,936,408	-9.7%	2,862,956	-7.3%
1,620,062	1,727,030	6.2%	1,865,321	13.1%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
29,938	33,272	10.0%	44,593	32.9%
340,756	401,543	15.1%	438,138	22.2%
854,158	836,414	-2.1%	671,473	-27.2%
224,073	263,633	15.0%	456,163	50.9%
119,385	122,128	2.2%	121,503	1.7%
554,740	576,072	3.7%	592,840	6.4%
0	0	0.0%	0	0.0%
157,602	152,660	-3.2%	166,858	5.5%
0	0	0.0%	0	0.0%
(62)	7	976.6%	28	319.1%
3,900,651	4,112,760	5.2%	4,356,915	10.5%
(1,248,051)	(1,176,352)	-6.1%	(1,493,959)	16.5%
158,868	159,542	0.4%	164,351	3.3%
80,005	84,146	4.9%	89,932	11.0%
(1,486,925)	(1,420,040)	-4.7%	(1,748,242)	14.9%
31	0	100.0%	2,419	-98.7%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(8,743)	100.0%
(452)	(4,799)	90.6%	(12,121)	96.3%
(421)	(4,799)	91.2%	(18,445)	97.7%
(1,487,346)	(1,424,840)	-4.4%	(1,766,688)	15.8%
0	0	0.0%	0	0.0%
(1,487,346)	(1,424,840)	-4.4%	(1,766,688)	15.8%
0	0	0.0%	0	0.0%
(1,487,346)	(1,424,840)	-4.4%	(1,766,688)	15.8%
(1,090,933)	(1,028,484)	-6.1%	(1,345,518)	18.9%
238,874	243,688	-2.0%	254,284	-6.1%
(1,329,807)	(1,272,173)	-4.5%	(1,599,802)	16.9%

**Johnson County Community Hospital**  
**Key Operating Indicators**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	25.0%	0	42.9%
16.7%	13.3%	25.0%	11.7%	42.9%
10	8	25.0%	7	42.9%
4	4	0.0%	4	0.0%
2	2	0.0%	0	100.0%
2	2	0.0%	0	100.0%
6	6	0.0%	4	50.0%
33.3%	33.3%	0.0%	0.0%	100.0%
1.7%	6.7%	-75.0%	0.0%	100.0%
621	683	-9.1%	498	24.6%
248	341	-27.3%	285	-12.8%
3,757	4,025	-6.7%	3,968	-5.3%
925	913	1.3%	899	2.9%
25.4%	24.2%	1.2%	24.8%	0.7%
21.0%	20.7%	0.2%	20.3%	0.6%
0.5%	0.9%	-0.4%	0.6%	-0.1%
25.3%	25.2%	0.1%	26.0%	-0.7%
11.6%	12.8%	-1.2%	12.0%	-0.3%
0.9%	1.7%	-0.8%	1.7%	-0.9%
4.0%	4.2%	-0.2%	3.0%	1.0%
8.3%	7.7%	0.5%	8.6%	-0.3%
3.0%	2.6%	0.4%	3.1%	-0.1%
100.0%	100.0%		100.0%	
\$3,735	\$3,673	1.7%	\$4,785	-21.9%
\$607	\$616	-1.4%	\$592	2.5%
\$876	\$992	-11.6%	\$1,176	-25.5%
\$1,164	\$1,146	-1.6%	\$1,449	19.7%
\$2,190	\$1,983	10.4%	\$2,058	6.4%
\$2,909	\$2,292	-27.0%	\$2,536	-14.7%
22.9%	26.4%	-13.6%	24.2%	-5.7%
\$2,134	\$1,942	9.9%	\$2,029	5.2%
74	81	8.4%	81	8.9%
0	0	42.7%	0	64.7%
74	81	8.4%	82	9.1%
3	4	18.0%	4	20.6%
3	4	18.0%	4	20.6%
77	84	8.8%	85	9.6%
3.72	3.71	-0.3%	5.13	27.5%
53.0	42.3	-25.4%	51.2	-3.5%
\$24.20	\$23.78	-1.7%	\$22.24	-8.8%
\$50,330	\$49,466	-1.7%	\$46,319	-8.7%
\$1,631	\$1,281	-27.3%	\$1,472	-10.8%
79.0%	68.8%	-15.0%	77.0%	-2.6%
2.00	1.33	-50.0%	2.00	0.0%
2.50	2.00	-25.0%	1.75	-42.9%
2.00	1.33	-50.0%	2.00	0.0%
2.17	1.41	-54.3%	1.90	-14.1%
2.50	2.00	-25.0%	1.75	-42.9%
2.80	2.18	-28.6%	2.13	-31.7%
0.50	2.00	75.0%	0.00	100.0%
0.92	0.95	-2.8%	1.05	-12.4%
0.89	0.92	-2.8%	0.82	8.4%
0.92	0.95	-2.8%	1.05	-12.4%
0.89	0.92	-2.8%	0.82	8.4%
8.1%	6.8%	-20.1%	6.8%	-19.8%
\$173	\$131	-32.0%	\$138	-25.9%

**Operating Statistics (excl Long-Term Care)**

Average Daily Census	0
Occupancy Percent	10.9%
Patient Days	20
Admissions	8
Observation Visits	6
Observation Visits (excl OB)	6
Acute Admissions and Observation Visits (excl OB)	14
Observation Visits (excl OB) % of Observation Visits (excl OB) & Acute Admissions	42.9%
Observation (excl OB) % of Occupancy	2.2%
Adjusted Patient Days	1,931
Adjusted Admissions	773
Outpatient Visits	10,887
ED Visits	2,600

**Revenue By Source**

Medicare	25.7%
Managed Medicare	21.3%
Medicaid	0.7%
TennCare	23.4%
Blue Cross	12.7%
United - River Valley	1.7%
Managed Care / Commercial	4.1%
Charity / Self Pay	7.6%
Other Patient Revenue	2.8%
Total Gross Patient Revenue	100.0%

**Operating Indicators (excl Long-Term Care)**

IP Revenue per Patient Day	\$3,556
OP Revenue per Outpatient Visit	\$624
Operating Revenue per Adjusted Patient Day	\$884
Operating Expense per Adjusted Patient Day	\$1,185
Operating Revenue per Adjusted Admission	\$2,210
Operating Expense per Adjusted Admission	\$2,962
Net Revenue % of Gross Revenue	24.4%
Net Revenue per Adjusted Admission	\$2,167

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents	76
Contract Full Time Equivalents	0
Total Full Time Equivalents (excl Providers)	76
Employed Provider Full Time Equivalents	3
Total Provider Full Time Equivalents	3
Full Time Equivalents	79
FTEs per Adjusted Occupied Bed (incl Cont Lbr)	3.77
Man Hours per Adjusted Admission (incl Cont Lbr)	53.8
Average Hourly Rate (excl Providers & Cont Lbr)	\$23.55
Salary Expense per FTE (excl Providers & Cont Lbr)	\$48,978
Labor Exp (excl Providers) per Adjusted Admission	\$1,611
Labor Exp % of Net Revenue	77.8%

**Patient Resource Management**

Overall Medicare Average Length of Stay	1.67
Overall Average Length of Stay	2.50
Acute Medicare Average Length of Stay	1.67
Acute Medicare Average Length of Stay - Acuity Adjusted	1.80
Acute Overall Average Length of Stay	2.50
Acute Overall Average Length of Stay - Acuity Adjusted	2.48
Observation Average Length of Stay	0.67
Overall Medicare Case Mix Index	0.93
Overall Case Mix Index	1.01
Acute Medicare Case Mix Index	0.93
Acute Overall Case Mix Index	1.01
Supply Expense % of Net Revenue	8.0%
Supply Expense per Adjusted Admission	\$173

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	-9.1%	0	81.8%
10.9%	12.0%	-9.1%	6.0%	81.8%
20	22	-9.1%	11	81.8%
8	11	-27.3%	6	33.3%
6	5	20.0%	3	100.0%
6	5	20.0%	3	100.0%
14	16	-12.5%	9	55.6%
42.9%	31.3%	37.1%	33.3%	28.6%
2.2%	6.0%	-63.6%	1.6%	33.3%
1,931	2,220	-13.0%	1,415	36.5%
773	1,110	-30.4%	772	0.1%
10,887	11,193	-2.7%	11,035	-1.3%
2,600	2,698	-3.6%	2,659	-2.2%
25.7%	24.2%	1.5%	25.4%	0.3%
21.3%	20.7%	0.6%	20.3%	1.0%
0.7%	0.9%	-0.2%	1.0%	-0.3%
23.4%	25.2%	-1.7%	24.3%	-0.8%
12.7%	12.8%	-0.1%	12.1%	0.6%
1.7%	1.7%	0.0%	1.9%	-0.2%
4.1%	4.2%	-0.1%	4.2%	-0.1%
7.6%	7.7%	-0.1%	7.9%	-0.3%
2.8%	2.6%	0.2%	3.0%	-0.2%
100.0%	100.0%		100.0%	
\$3,556	\$3,223	10.3%	\$5,076	-29.9%
\$624	\$633	-1.3%	\$646	-3.3%
\$884	\$902	-2.0%	\$1,257	-29.7%
\$1,185	\$1,052	-12.6%	\$1,505	21.3%
\$2,210	\$1,803	22.5%	\$2,304	-4.1%
\$2,962	\$2,104	-40.7%	\$2,759	-7.3%
24.4%	27.4%	-11.0%	24.3%	0.2%
\$2,167	\$1,765	22.7%	\$2,263	-4.2%
76	80	4.8%	81	6.9%
0	0	17.2%	0	23.7%
76	80	4.9%	81	7.0%
3	4	4.3%	3	-23.0%
3	4	4.3%	3	-23.0%
79	83	4.8%	84	6.0%
3.77	3.45	-9.4%	5.48	31.1%
53.8	39.3	-36.7%	57.3	6.2%
\$23.55	\$23.40	-0.6%	\$22.07	-6.7%
\$48,978	\$48,679	-0.6%	\$45,948	-6.6%
\$1,611	\$1,185	-36.0%	\$1,616	0.3%
77.8%	69.8%	-11.4%	75.3%	-3.3%
1.67	1.38	-21.2%	2.00	16.7%
2.50	2.00	-25.0%	1.83	-36.4%
1.67	1.38	-21.2%	2.00	16.7%
1.80	1.45	-23.9%	1.97	8.5%
2.50	2.00	-25.0%	1.83	-36.4%
2.48	2.18	-13.9%	2.08	-19.4%
0.67	2.20	69.7%	1.00	33.3%
0.93	0.95	-2.2%	1.02	-8.9%
1.01	0.92	9.7%	0.88	14.2%
0.93	0.95	-2.2%	1.02	-8.9%
1.01	0.92	9.7%	0.88	14.2%
8.0%	6.8%	-17.8%	6.7%	-18.6%
\$173	\$119	-44.5%	\$152	-13.6%

**Johnson County Community Hospital**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
37,352	29,384	27.1%	33,496	11.5%
2,281,267	2,478,770	-8.0%	2,349,849	-2.9%
2,318,619	2,508,154	-7.6%	2,383,345	-2.7%
1,589,695	1,306,195	-21.7%	1,564,059	-1.6%
12,401	14,345	13.6%	21,934	43.5%
66,591	108,148	38.4%	115,770	42.5%
43,354	37,262	-16.3%	24,945	-73.8%
76,718	379,075	79.8%	79,135	3.1%
1,788,759	1,845,026	3.0%	1,805,843	0.9%
529,860	663,129	-20.1%	577,502	-8.2%
13,940	13,953	-0.1%	8,170	70.6%
543,800	677,082	-19.7%	585,672	-7.1%
282,639	305,127	7.4%	288,531	2.0%
36,134	44,044	18.0%	47,380	23.7%
0	0	0.0%	0	0.0%
1,105	2,540	56.5%	3,107	64.5%
67,963	74,119	8.3%	76,901	11.6%
123,786	138,400	10.6%	123,191	-0.5%
43,080	44,875	4.0%	39,207	-9.9%
12,406	11,885	-4.4%	11,272	-10.1%
62,599	70,108	10.7%	46,259	-35.3%
0	0	0.0%	0	0.0%
31,454	31,145	-1.0%	30,754	-2.3%
0	0	0.0%	0	0.0%
1,289	1,289	0.0%	2,218	41.9%
662,453	723,533	8.4%	668,820	1.0%
(118,653)	(46,450)	-155.4%	(83,147)	-42.7%
30,956	30,100	-2.8%	28,787	-7.5%
28,989	28,750	-0.8%	24,179	-19.9%
(178,598)	(105,301)	-69.6%	(136,114)	-31.2%
0	0	0.0%	0	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(46)	100.0%
1,152	(707)	262.9%	(937)	223.0%
1,152	(707)	262.9%	(982)	217.3%
(177,446)	(106,008)	-67.4%	(137,096)	-29.4%
0	0	0.0%	0	0.0%
(177,446)	(106,008)	-67.4%	(137,096)	-29.4%
0	0	0.0%	0	0.0%
(177,446)	(106,008)	-67.4%	(137,096)	-29.4%
(84,758)	(14,723)	-475.7%	(51,158)	-65.7%
59,946	58,850	1.9%	52,967	13.2%
(144,703)	(73,574)	-96.7%	(104,124)	-39.0%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
71,126	70,906	0.3%	55,838	27.4%
6,797,592	7,082,928	-4.0%	7,124,828	-4.6%
6,868,718	7,153,834	-4.0%	7,180,666	-4.3%
4,578,753	3,655,072	-25.3%	4,699,913	2.6%
36,648	40,775	10.1%	44,944	18.5%
235,008	312,507	24.8%	313,806	25.1%
80,122	107,692	25.6%	95,490	16.1%
264,243	1,078,579	75.5%	280,594	5.8%
5,194,774	5,194,624	0.0%	5,434,746	4.4%
1,673,944	1,959,210	-14.6%	1,745,920	-4.1%
33,082	41,817	-20.9%	31,710	4.3%
1,707,026	2,001,027	-14.7%	1,777,630	-4.0%
864,834	904,348	4.4%	878,091	1.5%
124,240	134,764	7.8%	119,157	-4.3%
0	0	0.0%	0	0.0%
5,625	8,264	31.9%	7,006	19.7%
212,205	227,635	6.8%	222,240	4.5%
436,336	409,272	-6.6%	318,958	-36.8%
133,270	132,460	-0.6%	117,191	-13.7%
37,989	38,622	1.6%	27,830	-36.5%
204,867	207,808	1.4%	189,819	-7.9%
0	0	0.0%	0	0.0%
93,000	93,747	0.8%	92,603	-0.4%
0	0	0.0%	0	0.0%
3,955	3,953	0.0%	6,802	41.9%
2,116,321	2,160,875	2.1%	1,979,696	-6.9%
(409,295)	(159,848)	-156.1%	(202,066)	-102.6%
95,386	92,775	-2.8%	87,770	-8.7%
76,477	81,810	6.5%	61,597	-24.2%
(581,159)	(334,433)	-73.8%	(351,434)	-65.4%
0	0	100.0%	2	-96.1%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(46)	100.0%
(245)	(2,306)	89.4%	(2,151)	88.6%
(245)	(2,306)	89.4%	(2,194)	88.8%
(581,404)	(336,740)	-72.7%	(353,628)	-64.4%
0	0	0.0%	0	0.0%
(581,404)	(336,740)	-72.7%	(353,628)	-64.4%
0	0	0.0%	0	0.0%
(581,404)	(336,740)	-72.7%	(353,628)	-64.4%
(312,585)	(64,454)	-385.0%	(104,856)	-198.1%
171,863	174,585	-1.6%	149,368	15.1%
(484,448)	(239,039)	-102.7%	(254,224)	-90.6%

**Other Operations**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
61,340	63,078	-2.8%	60,974	0.6%
7,975	8,870	-10.1%	8,169	-2.4%
179	307	-41.7%	274	-34.7%
415	482	-13.9%	450	-7.8%
30.9%	32.9%	-2.0%	33.6%	-2.7%
13.9%	13.9%	0.0%	12.7%	1.2%
8.5%	5.4%	3.1%	5.5%	3.0%
7.0%	9.7%	-2.8%	9.4%	-2.5%
17.6%	16.1%	1.5%	15.5%	2.1%
8.9%	7.7%	1.2%	8.0%	0.9%
7.1%	9.1%	-2.0%	9.4%	-2.3%
3.7%	2.9%	0.8%	3.5%	0.2%
2.5%	2.3%	0.2%	2.2%	0.2%
100.0%	100.0%		100.0%	
\$354	\$376	-5.8%	\$365	-3.0%
34.2%	36.4%	-6.1%	35.7%	-4.4%
904	982	8.0%	976	7.5%
13	10	-29.0%	24	44.1%
917	993	7.6%	1,000	8.3%
240	247	2.7%	206	-16.4%
31	36	14.2%	49	37.7%
271	282	4.2%	255	-6.0%
1,187	1,275	6.9%	1,256	5.4%
\$22.60	\$21.62	-4.5%	\$21.61	-4.5%
\$47,002	\$44,973	-4.5%	\$45,008	-4.4%
135.1%	125.9%	-7.3%	135.2%	0.0%
7.7%	7.0%	-10.0%	6.2%	-23.7%

**Operating Statistics (excl Long-Term Care)**

Outpatient Visits  
Urgent Care Visits  
Home Health Episodes  
ASC Surgery Cases

**Revenue By Source**

Medicare  
Managed Medicare  
Medicaid  
TennCare  
Blue Cross  
United - River Valley  
Managed Care / Commercial  
Charity / Self Pay  
Other Patient Revenue

Total Gross Patient Revenue

**Operating Indicators (excl Long-Term Care)**

OP Revenue per Outpatient Visit  
Net Revenue % of Gross Revenue

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents  
Contract Full Time Equivalents  
Total Full Time Equivalents (excl Providers)  
Employed Provider Full Time Equivalents  
Contract Provider Full Time Equivalents  
Total Provider Full Time Equivalents  
Full Time Equivalents  
Average Hourly Rate (excl Providers & Cont Lbr)  
Salary Expense per FTE (excl Providers & Cont Lbr)  
Labor Exp % of Net Revenue

**Patient Resource Management**

Supply Expense % of Net Revenue

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
177,187	187,575	-5.5%	179,152	-1.1%
22,818	25,930	-12.0%	21,870	4.3%
645	922	-30.0%	804	-19.8%
1,500	1,424	5.3%	1,325	13.2%
30.4%	32.8%	-2.3%	34.0%	-3.6%
14.0%	13.9%	0.0%	12.0%	1.9%
8.3%	5.5%	2.9%	6.2%	2.2%
7.0%	9.7%	-2.7%	9.4%	-2.3%
18.0%	16.1%	1.9%	15.9%	2.1%
8.9%	7.6%	1.2%	7.9%	0.9%
7.3%	9.1%	-1.9%	8.7%	-1.4%
3.3%	2.9%	0.4%	3.6%	-0.4%
2.8%	2.3%	0.5%	2.2%	0.6%
100.0%	100.0%		100.0%	
\$367	\$377	-2.6%	\$365	0.7%
34.2%	35.5%	-3.6%	34.5%	-0.9%
909	969	6.2%	980	7.2%
12	11	-7.8%	18	35.3%
921	980	6.0%	998	7.7%
233	241	3.3%	201	-16.3%
34	36	6.4%	37	8.0%
267	278	3.7%	237	-12.6%
1,188	1,258	5.5%	1,236	3.8%
\$22.66	\$21.58	-5.0%	\$21.34	-6.2%
\$47,125	\$44,894	-5.0%	\$44,438	-6.0%
137.5%	131.1%	-4.8%	138.9%	1.1%
8.0%	7.1%	-12.6%	6.8%	-16.5%

**Other Operations**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
21,725,201	23,708,730	-8.4%	22,267,754	-2.4%
21,725,201	23,708,730	-8.4%	22,267,754	-2.4%
13,152,926	14,214,452	7.5%	13,490,192	2.5%
177,800	139,727	-27.2%	155,683	-14.2%
733,061	593,299	-23.6%	539,191	-36.0%
237,908	131,116	-81.4%	122,891	-93.6%
0	0	0.0%	0	0.0%
14,301,695	15,078,594	5.2%	14,307,957	0.0%
7,423,505	8,630,137	-14.0%	7,959,797	-6.7%
6,190,273	6,169,605	0.3%	6,970,560	-11.2%
13,613,779	14,799,742	-8.0%	14,930,357	-8.8%
5,288,662	5,503,845	3.9%	5,332,623	0.8%
5,494,305	5,683,754	3.3%	5,443,025	-0.9%
884,100	1,111,784	20.5%	1,496,515	40.9%
97,520	51,187	-90.5%	162,689	40.1%
1,829,595	1,919,664	4.7%	2,005,518	8.8%
1,384,305	1,171,558	-18.2%	1,474,038	6.1%
591,836	623,674	5.1%	513,202	-15.3%
220,487	203,101	-8.6%	199,986	-10.3%
2,102,946	2,137,854	1.6%	2,228,065	5.6%
0	0	0.0%	(280,418)	100.0%
987,800	965,896	-2.3%	1,025,006	3.6%
107,230	108,919	1.6%	115,357	7.0%
1,291,399	1,286,757	-0.4%	1,527,459	15.5%
20,280,185	20,767,995	2.3%	21,243,064	4.5%
(6,666,407)	(5,968,253)	-11.7%	(6,312,707)	-5.6%
(2,477,910)	(2,439,348)	-1.6%	(2,407,790)	-2.9%
(1,650,483)	(1,571,008)	-5.1%	(1,481,317)	-11.4%
(2,538,013)	(1,957,896)	-29.6%	(2,423,600)	-4.7%
679,453	308,004	120.6%	928,903	-26.9%
17,682	0	100.0%	4,270	314.1%
53,233	105,666	-49.6%	224,310	-76.3%
0	0	0.0%	0	0.0%
0	0	0.0%	(752,073)	100.0%
17,462	(48,452)	136.0%	(17,534)	199.6%
0	0	0.0%	0	0.0%
(344,246)	(847,949)	59.4%	(373,771)	7.9%
423,584	(482,731)	187.7%	14,105	2903.0%
(2,114,429)	(2,440,628)	13.4%	(2,409,495)	12.2%
(2,555,304)	0	100.0%	1,508,301	-269.4%
(4,669,733)	(2,440,628)	-91.3%	(901,194)	-418.2%
1,659,287	0	100.0%	(3,816,645)	143.5%
(3,010,446)	(2,440,628)	-23.3%	(4,717,840)	36.2%
(3,856,394)	(4,089,412)	5.7%	(3,630,780)	-6.2%
(4,128,393)	(4,010,356)	-2.9%	(3,889,107)	-6.2%
271,999	(79,056)	444.1%	258,327	5.3%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*  
Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
Total Operating Expense

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Gain / (Loss) on Discontinued Operations  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
65,035,800	70,680,596	-8.0%	65,312,466	-0.4%
65,035,800	70,680,596	-8.0%	65,312,466	-0.4%
39,848,394	42,963,596	7.3%	40,094,814	0.6%
490,889	432,361	-13.5%	436,360	-12.5%
1,919,657	1,792,875	-7.1%	1,800,237	-6.6%
517,343	395,944	-30.7%	431,073	-20.0%
0	0	0.0%	0	0.0%
42,776,283	45,584,777	6.2%	42,762,485	0.0%
22,259,517	25,095,819	-11.3%	22,549,982	-1.3%
19,228,850	19,437,829	-1.1%	20,752,215	-7.3%
41,488,367	44,533,648	-6.8%	43,302,197	-4.2%
16,334,095	16,725,786	2.3%	16,172,106	-1.0%
16,263,427	17,011,385	4.4%	15,680,581	-3.7%
3,056,138	3,486,069	12.3%	4,315,532	29.2%
272,401	159,147	-71.2%	477,020	42.9%
5,811,757	6,003,190	3.2%	5,824,776	0.2%
3,920,145	3,660,439	-7.1%	4,427,808	11.5%
1,824,192	1,835,640	0.6%	1,604,945	-13.7%
607,150	613,371	1.0%	642,487	5.5%
6,242,033	6,335,385	1.5%	6,452,842	3.3%
0	0	0.0%	(211,318)	100.0%
3,005,504	2,905,880	-3.4%	2,929,276	-2.6%
323,573	328,642	1.5%	354,140	8.6%
3,943,082	3,958,865	0.4%	4,715,230	16.4%
61,603,495	63,023,800	2.3%	63,385,425	2.8%
(20,115,128)	(18,490,151)	-8.8%	(20,083,228)	-0.2%
(7,777,742)	(7,524,792)	-3.4%	(7,263,904)	-7.1%
(4,677,718)	(4,642,543)	-0.8%	(4,506,249)	-3.8%
(7,659,668)	(6,322,816)	-21.1%	(8,313,075)	7.9%
2,333,041	903,142	158.3%	2,798,992	-16.6%
47,336	0	100.0%	205,166	-76.9%
151,420	316,999	-52.2%	393,788	-61.5%
(3,439)	0	100.0%	0	100.0%
0	0	0.0%	(1,567,120)	100.0%
(81,831)	(127,181)	35.7%	(9,105)	-798.8%
(354)	0	100.0%	0	100.0%
(2,058,696)	(2,550,070)	19.3%	(1,399,290)	-47.1%
387,478	(1,457,110)	126.6%	422,432	-8.3%
(7,272,191)	(7,779,926)	6.5%	(7,890,643)	7.8%
1,269,542	0	100.0%	2,740,972	-53.7%
(6,002,649)	(7,779,926)	22.8%	(5,149,671)	-16.6%
8,418,507	0	100.0%	(13,325,830)	163.2%
2,415,859	(7,779,926)	131.1%	(18,475,502)	113.1%
(12,455,492)	(12,753,874)	2.3%	(11,662,151)	-6.8%
(12,455,460)	(12,167,335)	-2.4%	(11,770,153)	-5.8%
(33)	(586,539)	100.0%	108,003	-100.0%

**Blue Ridge Consolidated**  
**Key Operating Indicators**  
For the Period Ended September 30, 2016

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
52,112	52,941	-1.6%	51,231	1.7%
7,975	8,870	-10.1%	8,169	-2.4%
415	482	-13.9%	450	-7.8%
30.9%	30.8%	0.1%	32.4%	-1.5%
12.0%	10.5%	1.5%	11.2%	0.8%
8.9%	6.3%	2.7%	5.9%	3.0%
7.0%	10.0%	-3.0%	9.4%	-2.4%
18.2%	17.9%	0.3%	16.4%	1.8%
9.3%	8.8%	0.5%	8.7%	0.7%
7.3%	10.0%	-2.8%	9.9%	-2.7%
3.8%	3.1%	0.7%	3.7%	0.1%
2.6%	2.6%	0.0%	2.4%	0.2%
100.0%	100.0%		100.0%	
\$387	\$410	-5.5%	\$401	-3.3%
31.1%	33.1%	-6.0%	32.8%	-5.0%
721	786	8.2%	745	3.2%
11	8	-39.2%	20	42.6%
733	794	7.7%	765	4.2%
240	246	2.3%	206	-16.4%
31	36	14.2%	49	37.7%
271	281	3.8%	255	-6.0%
1,003	1,075	6.7%	1,020	1.7%
\$20.61	\$19.59	-5.2%	\$19.82	-4.0%
\$42,872	\$40,754	-5.2%	\$41,271	-3.9%
144.1%	135.0%	-6.7%	143.1%	-0.7%
8.4%	7.9%	-7.1%	6.9%	-23.0%

**Operating Statistics (excl Long-Term Care)**

Outpatient Visits  
Urgent Care Visits  
ASC Surgery Cases

**Revenue By Source**

Medicare  
Managed Medicare  
Medicaid  
TennCare  
Blue Cross  
United - River Valley  
Managed Care / Commercial  
Charity / Self Pay  
Other Patient Revenue  
Total Gross Patient Revenue

**Operating Indicators (excl Long-Term Care)**

OP Revenue per Outpatient Visit  
Net Revenue % of Gross Revenue

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents  
Contract Full Time Equivalents  
Total Full Time Equivalents (excl Providers)  
Employed Provider Full Time Equivalents  
Contract Provider Full Time Equivalents  
Total Provider Full Time Equivalents  
Full Time Equivalents  
Average Hourly Rate (excl Providers & Cont Lbr)  
Salary Expense per FTE (excl Providers & Cont Lbr)  
Labor Exp % of Net Revenue

**Patient Resource Management**

Supply Expense % of Net Revenue

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
148,691	157,260	-5.4%	149,944	-0.8%
22,818	25,930	-12.0%	21,870	4.3%
1,500	1,424	5.3%	1,325	13.2%
29.7%	30.7%	-1.0%	32.9%	-3.2%
12.1%	10.6%	1.5%	10.3%	1.8%
8.8%	6.3%	2.6%	6.6%	2.2%
7.0%	10.0%	-3.0%	9.4%	-2.4%
19.0%	17.9%	1.0%	16.9%	2.1%
9.4%	8.8%	0.7%	8.6%	0.9%
7.6%	10.1%	-2.5%	9.1%	-1.5%
3.4%	3.1%	0.3%	3.8%	-0.5%
3.0%	2.6%	0.4%	2.4%	0.6%
100.0%	100.0%		100.0%	
\$403	\$411	-1.9%	\$400	0.8%
31.0%	32.1%	-3.6%	31.1%	-0.5%
720	773	6.8%	750	4.0%
10	9	-14.5%	14	26.8%
731	782	6.6%	764	4.4%
233	241	3.0%	201	-16.3%
34	36	6.4%	37	8.0%
267	277	3.5%	237	-12.6%
998	1,059	5.8%	1,002	0.4%
\$20.54	\$19.58	-4.9%	\$19.59	-4.9%
\$42,732	\$40,730	-4.9%	\$40,796	-4.7%
148.2%	141.3%	-4.9%	149.5%	0.9%
8.9%	8.0%	-11.5%	7.6%	-16.5%

**Blue Ridge Consolidated**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
20,178,562	21,689,378	-7.0%	20,523,920	-1.7%
20,178,562	21,689,378	-7.0%	20,523,920	-1.7%
12,740,047	13,660,421	6.7%	12,995,378	2.0%
166,079	134,554	-23.4%	146,377	-13.5%
751,145	583,970	-28.6%	532,876	-41.0%
239,269	130,365	-83.5%	122,418	-95.5%
0	0	0.0%	0	0.0%
13,896,539	14,509,310	4.2%	13,797,048	-0.7%
6,282,023	7,180,068	-12.5%	6,726,871	-6.6%
6,039,675	6,004,484	0.6%	6,434,175	-6.1%
12,321,698	13,184,552	-6.5%	13,161,047	-6.4%
2,434,074	2,526,768	3.7%	2,425,505	-0.4%
5,494,305	5,665,973	3.0%	5,443,025	-0.9%
884,100	1,111,784	20.5%	1,496,515	40.9%
61,211	20,713	-195.5%	53,127	-15.2%
904,642	960,553	5.8%	1,011,829	10.6%
653,607	467,198	-39.9%	564,653	-15.8%
550,139	584,565	5.9%	477,074	-15.3%
162,662	151,135	-7.6%	144,772	-12.4%
1,196,659	1,211,673	1.2%	1,214,927	1.5%
0	0	0.0%	0	0.0%
478,603	355,796	-34.5%	513,512	6.8%
688	3,007	77.1%	3,621	81.0%
75,783	97,699	22.4%	64,458	-17.6%
12,896,473	13,156,865	2.0%	13,413,018	3.9%
(574,775)	27,687	-2175.9%	(251,972)	-128.1%
136,492	132,562	-3.0%	138,109	1.2%
(100,869)	(115,416)	12.6%	(84,597)	-19.2%
(610,398)	10,541	-5890.7%	(305,483)	-99.8%
116,346	105,794	10.0%	115,166	1.0%
448	0	100.0%	1,004	-55.4%
53,233	105,666	-49.6%	224,310	-76.3%
0	0	0.0%	0	0.0%
17,462	(48,452)	136.0%	(17,534)	199.6%
0	0	0.0%	0	0.0%
(568)	0	-	(28,168)	98.0%
186,920	163,008	14.7%	294,777	-36.6%
(423,478)	173,549	-344.0%	(10,706)	-3855.5%
0	0	0.0%	0	0.0%
(423,478)	173,549	-344.0%	(10,706)	-3855.5%
346,828	0	100.0%	(998,272)	134.7%
(76,650)	173,549	-144.2%	(1,008,978)	92.4%
167,219	647,197	-74.2%	624,396	-73.2%
35,623	17,146	107.8%	53,511	-33.4%
131,596	630,051	-79.1%	570,885	-76.9%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
Total Operating Expense

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
Total Non Operating Income / (Expense)

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
59,968,775	64,654,558	-7.2%	60,012,781	-0.1%
59,968,775	64,654,558	-7.2%	60,012,781	-0.1%
38,544,685	41,310,067	6.7%	38,688,958	0.4%
478,371	416,891	-14.7%	419,958	-13.9%
1,871,018	1,764,897	-6.0%	1,800,075	-3.9%
513,682	393,699	-30.5%	431,082	-19.2%
0	0	0.0%	0	0.0%
41,407,756	43,885,554	5.6%	41,340,074	-0.2%
18,561,019	20,769,004	-10.6%	18,672,707	-0.6%
18,723,838	18,942,467	-1.2%	19,252,993	-2.7%
37,284,857	39,711,471	-6.1%	37,925,700	-1.7%
7,433,996	7,614,421	2.4%	7,399,288	-0.5%
16,263,427	16,975,351	4.2%	15,680,477	-3.7%
3,056,138	3,486,069	12.3%	4,315,532	29.2%
171,561	69,881	-145.5%	161,735	-6.1%
2,823,813	3,011,872	6.2%	2,838,224	0.5%
1,939,717	1,559,378	-24.4%	1,751,103	-10.8%
1,692,845	1,708,752	0.9%	1,475,696	-14.7%
444,143	454,445	2.3%	487,712	8.9%
3,584,667	3,649,261	1.8%	3,558,632	-0.7%
0	0	0.0%	0	0.0%
1,473,252	1,070,185	-37.7%	1,492,544	1.3%
2,063	9,020	77.1%	17,047	87.9%
247,881	295,007	16.0%	231,378	-7.1%
39,133,502	39,903,640	1.9%	39,409,369	0.7%
(1,848,645)	(192,169)	-862.0%	(1,483,669)	-24.6%
431,138	409,424	-5.3%	421,933	-2.2%
(322,728)	(364,126)	11.4%	(296,274)	-8.9%
(1,957,056)	(237,467)	-724.1%	(1,609,329)	-21.6%
360,634	319,998	12.7%	375,252	-3.9%
448	0	100.0%	191,994	-99.8%
151,420	316,999	-52.2%	393,788	-61.5%
(3,439)	0	100.0%	0	100.0%
(81,831)	(127,181)	35.7%	(9,105)	-798.8%
0	0	0.0%	0	0.0%
(19,086)	(7,500)	-154.5%	(41,220)	53.7%
408,145	502,316	-18.7%	910,709	-55.2%
(1,548,911)	264,849	-684.8%	(698,620)	-121.7%
0	0	0.0%	0	0.0%
(1,548,911)	264,849	-684.8%	(698,620)	-121.7%
1,869,079	0	100.0%	(3,242,835)	157.6%
320,168	264,849	20.9%	(3,941,455)	108.1%
282,695	1,684,359	-83.2%	1,168,010	-75.8%
108,411	45,298	139.3%	125,659	-13.7%
174,285	1,639,060	-89.4%	1,042,350	-83.3%



**Blue Ridge Medical Management Corporation**  
**Consolidated Statement of Revenue and Expense**  
**For the Month Ended September 30, 2016**

	Consolidated	Eliminations	MSMG	Admin/ Support	KDS	Synergy	Wellness	Mountain States Properties	Mediserve	Mountain States Pharmacy	HealthPro	PFUC	ETASC	Unconsolidated Subsidiaries
<b><i>Patient Revenue</i></b>														
Inpatient	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outpatient	20,178,562	0	16,453,803	0	2,790,375	0	0	0	0	0	0	181,395	752,988	0
	20,178,562	0	16,453,803	0	2,790,375	0	0	0	0	0	0	181,395	752,988	0
<b><i>Deductions from Revenue</i></b>														
Contractual Adjustment	12,740,047	0	9,722,753	0	2,458,686	0	0	0	0	0	0	86,334	472,273	0
Charity	166,079	0	166,028	0	0	0	0	0	0	0	0	51	0	0
Contra Revenue - Charity	751,145	0	732,692	0	12,904	0	0	0	0	0	0	5,549	0	0
Provision for Bad Debt	239,269	0	234,424	0	642	0	0	0	0	0	0	4,202	0	0
Uninsured Discounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deductions	13,896,539	0	10,855,897	0	2,472,232	0	0	0	0	0	0	96,136	472,273	0
<b>Net Patient Service Revenue</b>	<b>6,282,023</b>	<b>0</b>	<b>5,597,906</b>	<b>0</b>	<b>318,143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,259</b>	<b>280,715</b>	<b>0</b>
Premium Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Operating Revenue	6,039,675	(423,352)	4,273,252	159,756	0	8,171	196,656	849,040	257,082	355,096	363,974	0	0	0
<b>Total Operating Revenue</b>	<b>6,039,675</b>	<b>(423,352)</b>	<b>4,273,252</b>	<b>159,756</b>	<b>0</b>	<b>8,171</b>	<b>196,656</b>	<b>849,040</b>	<b>257,082</b>	<b>355,096</b>	<b>363,974</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Operating Revenue</b>	<b>12,321,698</b>	<b>(423,352)</b>	<b>9,871,158</b>	<b>159,756</b>	<b>318,143</b>	<b>8,171</b>	<b>196,656</b>	<b>849,040</b>	<b>257,082</b>	<b>355,096</b>	<b>363,974</b>	<b>85,259</b>	<b>280,715</b>	<b>0</b>
<b><i>Operating Expense</i></b>														
Salaries	2,434,074	(593,964)	1,516,330	599,751	108,051	0	59,738	34,158	164,749	199,161	253,616	14,745	77,738	0
Provider Salaries	5,494,305	0	5,471,394	22,937	0	0	0	0	0	0	(25)	0	0	0
Contract Labor - Providers	884,100	4,907,462	(4,023,362)	0	0	0	0	0	0	0	0	0	0	0
Contract Labor - Other	61,211	(19,617)	28,402	0	0	0	17,540	0	0	0	0	34,886	0	0
Employee Benefits	904,642	(304,521)	979,936	47,715	28,671	0	14,423	4,059	34,754	32,481	49,828	4,360	12,936	0
Fees	653,607	(408)	255,113	246,946	37,776	0	22,513	42,976	5,556	21,515	347	9,802	11,472	0
Supplies	550,139	0	332,467	7,973	127,949	0	10,736	329	882	8,220	124	2,908	58,550	0
Utilities	162,662	0	42,274	5,802	782	0	19,440	76,464	7,403	6,805	461	2,001	1,230	0
Other Expense	1,196,659	(393,128)	710,595	356,543	49,037	8,062	36,510	195,520	61,310	74,408	4,565	7,625	85,613	0
Medical Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	478,603	0	50,904	154,206	9,575	0	34,207	203,331	8,769	12,950	0	4,662	0	0
Amortization	688	0	0	688	0	0	0	0	0	0	0	0	0	0
Interest	75,783	0	(78,437)	20,333	(498)	0	0	117,675	(1,218)	3,379	0	2,499	12,050	0
<b>Total Operating Expense</b>	<b>12,896,473</b>	<b>3,595,824</b>	<b>5,285,617</b>	<b>1,462,893</b>	<b>361,343</b>	<b>8,062</b>	<b>215,106</b>	<b>674,512</b>	<b>282,205</b>	<b>358,920</b>	<b>308,916</b>	<b>83,487</b>	<b>259,588</b>	<b>0</b>
<b>Net Operating Inc before Support Alloc</b>	<b>(574,775)</b>	<b>(4,019,176)</b>	<b>4,585,541</b>	<b>(1,303,137)</b>	<b>(43,199)</b>	<b>109</b>	<b>(18,450)</b>	<b>174,529</b>	<b>(25,123)</b>	<b>(3,824)</b>	<b>55,057</b>	<b>1,772</b>	<b>21,126</b>	<b>0</b>
Support Alloc - Salaries, CL & Benefits	136,492	0	0	136,492	0	0	0	0	0	0	0	0	0	0
Support Allocation - Other	(100,869)	0	1,016,781	(1,330,531)	0	109	4,852	177,280	9,639	12,094	8,907	0	0	0
<b>Net Operating Inc after Support Alloc</b>	<b>(610,398)</b>	<b>(4,019,176)</b>	<b>3,568,760</b>	<b>(109,098)</b>	<b>(43,199)</b>	<b>(0)</b>	<b>(23,302)</b>	<b>(2,751)</b>	<b>(34,761)</b>	<b>(15,919)</b>	<b>46,150</b>	<b>1,772</b>	<b>21,126</b>	<b>0</b>
Non Operating Income / (Expense)	186,920	20,278	0	10,104	23	0	0	103,283	0	0	0	0	0	53,233
<b>Total Revenue Over Expense</b>	<b>(423,478)</b>	<b>(3,998,898)</b>	<b>3,568,760</b>	<b>(98,994)</b>	<b>(43,177)</b>	<b>(0)</b>	<b>(23,302)</b>	<b>100,531</b>	<b>(34,761)</b>	<b>(15,919)</b>	<b>46,150</b>	<b>1,772</b>	<b>21,126</b>	<b>53,233</b>
Change in FV of Derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Unreal Gain / (Loss) on Investments	346,828	0	0	101,351	0	0	0	245,477	0	0	0	0	0	0
Cumulative Effect of Change in Accounting Princip	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Increase in Unrestricted Net Assets</b>	<b>(76,650)</b>	<b>(3,998,898)</b>	<b>3,568,760</b>	<b>2,357</b>	<b>(43,177)</b>	<b>(0)</b>	<b>(23,302)</b>	<b>346,008</b>	<b>(34,761)</b>	<b>(15,919)</b>	<b>46,150</b>	<b>1,772</b>	<b>21,126</b>	<b>53,233</b>
<b>EBITDA</b>	<b>131,596</b>	<b>(3,998,898)</b>	<b>3,541,228</b>	<b>76,233</b>	<b>(34,100)</b>	<b>(0)</b>	<b>10,905</b>	<b>421,537</b>	<b>(27,210)</b>	<b>410</b>	<b>46,150</b>	<b>8,932</b>	<b>33,176</b>	<b>53,233</b>
<b>Budgeted EBITDA</b>	<b>630,051</b>	<b>(107,901)</b>	<b>(68,049)</b>	<b>63,106</b>	<b>69,338</b>	<b>0</b>	<b>9,271</b>	<b>233,677</b>	<b>140,262</b>	<b>91,553</b>	<b>18,170</b>	<b>14,531</b>	<b>60,428</b>	<b>105,666</b>

**Blue Ridge Medical Management Corporation**  
**Consolidated Statement of Revenue and Expense**  
**For the Month Ended September 30, 2016**

	Consolidated	Eliminations	MSG	Admin/ Support	KDS	Synergy	Wellness	Mountain States Properties	Mediserve	Mountain States Pharmacy	HealthPro	PFUC	ETASC	Unconsolidated Subsidiaries
<b><u>Operating Statistics</u></b>														
Outpatient Visits	52,112	0	0	50,761	197	0	0	0	0	0	0	936	218	0
Urgent Care Visits	7,975	0	7,039	0	0	0	0	0	0	0	0	936	0	0
OP Surgery Cases	415	0	0	0	197	0	0	0	0	0	0	0	218	0
OP Revenue per Outpatient Visit	\$387	\$0	\$0	\$0	\$14,164	\$0	\$0	\$0	\$0	\$0	\$0	\$194	\$3,454	\$0
Net Revenue % of Gross Revenue	31.1%	0.0%	34.0%	0.0%	11.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	47.0%	37.3%	0.0%
<b><u>Labor Management</u></b>														
Employed Full Time Equivalents	721	(26)	356	157	24	0	21	8	48	42	62	5	24	0
Contract Full Time Equivalents	11	(3)	6	0	0	0	5	0	0	0	0	3	0	0
Total Full Time Equivalents (excl Providers)	733	(29)	362	157	24	0	26	8	48	42	62	8	24	0
Employed Provider Full Time Equivalents	240	(244)	482	1	0	0	0	0	0	0	(0)	0	0	0
Contract Provider Full Time Equivalents	31	0	31	0	0	0	0	0	0	0	0	0	0	0
Total Provider Full Time Equivalents	271	(244)	513	1	0	0	0	0	0	0	(0)	0	0	0
Total Full Time Equivalents	1,003	(273)	875	159	24	0	26	8	48	42	62	8	24	0
Provider FTEs			238.4											
Average Hourly Rate (excl Cont Lbr)	\$20.61	\$132.28	\$24.93	\$26.34	\$26.01	\$0.00	\$16.44	\$23.79	\$20.23	\$27.48	\$23.91	\$17.10	\$19.27	\$0.00
Salary Expense per FTE (excl Cont Lbr)	\$42,872	\$275,145	\$51,844	\$54,796	\$54,109	\$0	\$34,206	\$49,478	\$42,077	\$57,151	\$49,739	\$35,577	\$40,078	\$0
Provider Salary per Provider FTE			\$279,257											
Labor Exp % of Net Revenue	157.8%	0.0%	158.6%	0.0%	43.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	63.3%	32.3%	0.0%
<b><u>Patient Resource Management</u></b>														
Supply Expense % of Net Revenue	8.8%	0.0%	5.9%	0.0%	40.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	20.9%	0.0%

**Blue Ridge Medical Management Corporation**  
**Consolidated Statement of Revenue and Expense**  
**For the Three Months Ended September 30, 2016**

	Consolidated	Eliminations	MSMG	Admin/ Support	KDS	Synergy	Wellness	Mountain States Properties	Mediserve	Mountain States Pharmacy	HealthPro	PFUC	ETASC	Unconsolidated Subsidiaries
<b><i>Patient Revenue</i></b>														
Inpatient	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outpatient	59,968,775	0	47,191,738	0	9,668,865	0	0	0	0	0	0	521,611	2,586,561	0
	59,968,775	0	47,191,738	0	9,668,865	0	0	0	0	0	0	521,611	2,586,561	0
<b><i>Deductions from Revenue</i></b>														
Contractual Adjustment	38,544,685	0	28,206,980	0	8,447,147	0	0	0	0	0	0	236,262	1,654,296	0
Charity	478,371	0	477,795	0	0	0	0	0	0	0	0	576	0	0
Contra Revenue - Charity	1,871,018	0	1,838,993	0	16,246	0	0	0	0	0	0	15,779	0	0
Provision for Bad Debt	513,682	0	507,998	0	808	0	0	0	0	0	0	4,876	0	0
Uninsured Discounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deductions	41,407,756	0	31,031,766	0	8,464,201	0	0	0	0	0	0	257,493	1,654,296	0
<b>Net Patient Service Revenue</b>	<b>18,561,019</b>	<b>0</b>	<b>16,159,972</b>	<b>0</b>	<b>1,204,664</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>264,118</b>	<b>932,265</b>	<b>0</b>
Premium Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Operating Revenue	18,723,838	(1,029,352)	13,608,922	459,737	50	24,303	579,346	2,209,876	848,427	1,001,600	1,018,429	328	2,174	0
<b>Total Operating Revenue</b>	<b>18,723,838</b>	<b>(1,029,352)</b>	<b>13,608,922</b>	<b>459,737</b>	<b>50</b>	<b>24,303</b>	<b>579,346</b>	<b>2,209,876</b>	<b>848,427</b>	<b>1,001,600</b>	<b>1,018,429</b>	<b>328</b>	<b>2,174</b>	<b>0</b>
<b>Total Operating Revenue</b>	<b>37,284,857</b>	<b>(1,029,352)</b>	<b>29,768,894</b>	<b>459,737</b>	<b>1,204,714</b>	<b>24,303</b>	<b>579,346</b>	<b>2,209,876</b>	<b>848,427</b>	<b>1,001,600</b>	<b>1,018,429</b>	<b>264,445</b>	<b>934,439</b>	<b>0</b>
<b><i>Operating Expense</i></b>														
Salaries	7,433,996	(1,843,085)	4,648,282	1,816,113	331,483	(157)	209,326	113,097	471,895	599,698	794,792	52,112	240,441	0
Provider Salaries	16,263,427	0	16,192,808	69,856	0	0	0	0	0	0	763	0	0	0
Contract Labor - Providers	3,056,138	14,967,379	(11,911,241)	0	0	0	0	0	0	0	0	0	0	0
Contract Labor - Other	171,561	(54,783)	78,497	0	0	0	49,671	0	118	0	0	98,058	0	0
Employee Benefits	2,823,813	(942,436)	3,005,992	199,892	87,967	(23)	45,919	13,079	110,037	106,079	152,462	15,362	29,481	0
Fees	1,939,717	(1,326)	888,907	564,727	125,337	0	73,972	153,071	19,094	48,989	480	26,504	39,963	0
Supplies	1,692,845	0	1,001,120	25,101	388,073	0	19,528	1,634	3,947	21,998	166	6,276	225,004	0
Utilities	444,143	0	123,867	16,506	2,017	0	56,575	196,712	20,943	17,898	1,357	3,958	4,309	0
Other Expense	3,584,667	(963,044)	1,966,694	1,021,128	163,870	24,186	101,532	595,593	175,173	218,227	16,632	24,202	240,475	0
Medical Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	1,473,252	0	145,667	464,232	28,525	0	102,411	595,564	26,102	84,741	0	13,985	12,026	0
Amortization	2,063	0	0	2,063	0	0	0	0	0	0	0	0	0	0
Interest	247,881	0	(395,817)	95,056	10,146	0	0	529,559	13,903	(31,344)	0	7,465	18,911	0
<b>Total Operating Expense</b>	<b>39,133,502</b>	<b>11,162,704</b>	<b>15,744,777</b>	<b>4,274,673</b>	<b>1,137,419</b>	<b>24,006</b>	<b>658,933</b>	<b>2,198,308</b>	<b>841,213</b>	<b>1,066,286</b>	<b>966,651</b>	<b>247,922</b>	<b>810,610</b>	<b>0</b>
<b>Net Operating Inc before Support Alloc</b>	<b>(1,848,645)</b>	<b>(12,192,057)</b>	<b>14,024,118</b>	<b>(3,814,936)</b>	<b>67,295</b>	<b>296</b>	<b>(79,588)</b>	<b>11,568</b>	<b>7,215</b>	<b>(64,686)</b>	<b>51,778</b>	<b>16,524</b>	<b>123,829</b>	<b>0</b>
Support Alloc - Salaries, CL & Benefits	431,138	0	0	431,138	0	0	0	0	0	0	0	0	0	0
Support Allocation - Other	(322,728)	0	2,699,058	(3,602,856)	0	296	13,916	488,104	26,246	33,548	18,961	0	0	0
<b>Net Operating Inc after Support Alloc</b>	<b>(1,957,056)</b>	<b>(12,192,057)</b>	<b>11,325,060</b>	<b>(643,219)</b>	<b>67,295</b>	<b>(0)</b>	<b>(93,504)</b>	<b>(476,536)</b>	<b>(19,031)</b>	<b>(98,234)</b>	<b>32,817</b>	<b>16,524</b>	<b>123,829</b>	<b>0</b>
Non Operating Income / (Expense)	408,145	(207,713)	(20,363)	162,575	66	0	0	323,756	0	(1,595)	0	0	0	151,420
<b>Total Revenue Over Expense</b>	<b>(1,548,911)</b>	<b>(12,399,770)</b>	<b>11,304,697</b>	<b>(480,644)</b>	<b>67,361</b>	<b>(0)</b>	<b>(93,504)</b>	<b>(152,780)</b>	<b>(19,031)</b>	<b>(99,829)</b>	<b>32,817</b>	<b>16,524</b>	<b>123,829</b>	<b>151,420</b>
Change in FV of Derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Unreal Gain / (Loss) on Investments	1,869,079	0	0	500,982	0	0	0	1,368,097	0	0	0	0	0	0
Cumulative Effect of Change in Accounting Princip	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Increase in Unrestricted Net Assets</b>	<b>320,168</b>	<b>(12,399,770)</b>	<b>11,304,697</b>	<b>20,339</b>	<b>67,361</b>	<b>(0)</b>	<b>(93,504)</b>	<b>1,215,316</b>	<b>(19,031)</b>	<b>(99,829)</b>	<b>32,817</b>	<b>16,524</b>	<b>123,829</b>	<b>151,420</b>
<b>EBITDA</b>	<b>174,285</b>	<b>(12,399,770)</b>	<b>11,054,547</b>	<b>80,706</b>	<b>106,032</b>	<b>(0)</b>	<b>8,907</b>	<b>972,343</b>	<b>20,975</b>	<b>(46,432)</b>	<b>32,817</b>	<b>37,973</b>	<b>154,766</b>	<b>151,420</b>
<b>Budgeted EBITDA</b>	<b>1,639,060</b>	<b>(259,812)</b>	<b>(396,763)</b>	<b>135,914</b>	<b>219,049</b>	<b>0</b>	<b>10,295</b>	<b>696,950</b>	<b>425,834</b>	<b>275,367</b>	<b>65,279</b>	<b>33,301</b>	<b>116,647</b>	<b>316,999</b>

**Blue Ridge Medical Management Corporation**  
**Consolidated Statement of Revenue and Expense**  
**For the Three Months Ended September 30, 2016**

	Consolidated	Eliminations	MSMG	Admin/ Support	KDS	Synergy	Wellness	Mountain States Properties	Mediserve	Mountain States Pharmacy	HealthPro	PFUC	ETASC	Unconsolidated Subsidiaries
<b><u>Operating Statistics</u></b>														
Outpatient Visits	148,691	0	0	144,472	700	0	0	0	0	0	0	2,719	800	0
Urgent Care Visits	22,818	0	20,099	0	0	0	0	0	0	0	0	2,719	0	0
OP Surgery Cases	1,500	0	0	0	700	0	0	0	0	0	0	0	800	0
OP Revenue per Outpatient Visit	\$403	\$0	\$0	\$0	\$13,813	\$0	\$0	\$0	\$0	\$0	\$0	\$192	\$3,233	\$0
Net Revenue % of Gross Revenue	31.0%	0.0%	34.2%	0.0%	12.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.6%	36.0%	0.0%
<b><u>Labor Management</u></b>														
Employed Full Time Equivalents	720	(28)	353	157	24	(0)	22	9	45	42	68	6	22	0
Contract Full Time Equivalents	10	(2)	5	0	0	0	4	0	0	0	0	3	0	0
Total Full Time Equivalents (excl Providers)	731	(30)	359	157	24	(0)	26	9	45	42	68	9	22	0
Employed Provider Full Time Equivalents	233	(229)	461	2	0	0	0	0	0	0	0	0	0	0
Contract Provider Full Time Equivalents	34	0	34	0	0	0	0	0	0	0	0	0	0	0
Total Provider Full Time Equivalents	267	(229)	495	2	0	0	0	0	0	0	0	0	0	0
Total Full Time Equivalents	998	(260)	853	159	24	(0)	26	9	45	42	68	9	22	0
Provider FTEs			231.6											
Average Hourly Rate (excl Cont Lbr)	\$20.54	\$126.76	\$25.09	\$26.04	\$26.33	\$110.45	\$18.14	\$23.79	\$20.12	\$27.48	\$22.16	\$15.69	\$21.11	\$0.00
Salary Expense per FTE (excl Cont Lbr)	\$42,732	\$263,662	\$52,194	\$54,164	\$54,766	\$229,737	\$37,739	\$49,488	\$41,842	\$57,158	\$46,085	\$32,638	\$43,900	\$0
Provider Salary per Provider FTE			\$277,448											
Labor Exp % of Net Revenue	162.6%	0.0%	167.0%	0.0%	34.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	62.7%	29.0%	0.0%
<b><u>Patient Resource Management</u></b>														
Supply Expense % of Net Revenue	9.1%	0.0%	6.2%	0.0%	32.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	24.1%	0.0%

**Mountain States Home Health**  
**Key Operating Indicators**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
9,228	10,137	-9.0%	9,743	-5.3%
179	307	-41.7%	274	-34.7%
30.8%	46.7%	-15.9%	49.7%	-18.8%
51.2%	36.6%	14.7%	33.0%	18.2%
0.8%	0.0%	0.8%	0.2%	0.6%
6.3%	7.6%	-1.3%	9.5%	-3.2%
4.3%	3.8%	0.5%	3.6%	0.7%
0.1%	0.0%	0.1%	0.0%	0.1%
3.4%	2.7%	0.8%	2.6%	0.8%
2.3%	1.9%	0.3%	1.0%	1.3%
0.7%	0.7%	0.0%	0.3%	0.3%
100.0%	100.0%		100.0%	
\$168	\$199	-15.9%	\$179	-6.4%
73.8%	71.8%	2.8%	70.7%	4.4%
151	161	6.4%	180	16.1%
1	0	-498.6%	1	-15.9%
152	161	5.8%	181	15.9%
0	1	100.0%	0	0.0%
0	1	100.0%	0	0.0%
152	162	6.3%	181	15.9%
\$27.61	\$31.01	11.0%	\$27.00	-2.3%
\$57,422	\$64,498	11.0%	\$56,214	-2.1%
77.5%	73.3%	-5.7%	84.0%	7.7%
6.1%	4.8%	-28.2%	5.1%	-20.2%

**Operating Statistics (excl Long-Term Care)**

Outpatient Visits  
Home Health Episodes

**Revenue By Source**

Medicare  
Managed Medicare  
Medicaid  
TennCare  
Blue Cross  
United - River Valley  
Managed Care / Commercial  
Charity / Self Pay  
Other Patient Revenue

Total Gross Patient Revenue

**Operating Indicators (excl Long-Term Care)**

OP Revenue per Outpatient Visit  
Net Revenue % of Gross Revenue

**Labor Management (excl Long-Term Care)**

Employed Full Time Equivalents  
Contract Full Time Equivalents  
Total Full Time Equivalents (excl Providers)  
Employed Provider Full Time Equivalents  
Total Provider Full Time Equivalents  
Full Time Equivalents  
Average Hourly Rate (excl Providers & Cont Lbr)  
Salary Expense per FTE (excl Providers & Cont Lbr)  
Labor Exp % of Net Revenue

**Patient Resource Management**

Supply Expense % of Net Revenue

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
28,496	30,315	-6.0%	29,208	-2.4%
645	922	-30.0%	804	-19.8%
41.4%	46.7%	-5.3%	48.5%	-7.1%
41.6%	36.6%	5.1%	34.1%	7.5%
0.6%	0.0%	0.6%	0.2%	0.4%
7.5%	7.6%	-0.1%	8.8%	-1.4%
4.0%	3.8%	0.1%	3.4%	0.6%
0.2%	0.0%	0.2%	0.0%	0.2%
2.1%	2.7%	-0.5%	2.8%	-0.7%
2.0%	1.9%	0.1%	1.4%	0.6%
0.6%	0.7%	-0.1%	0.6%	0.0%
100.0%	100.0%		100.0%	
\$178	\$199	-10.5%	\$181	-2.0%
73.0%	71.8%	1.7%	73.2%	-0.2%
157	161	2.6%	178	11.9%
1	0	-144.4%	1	46.0%
157	161	2.4%	179	12.0%
0	1	100.0%	0	100.0%
0	1	100.0%	0	100.0%
157	162	2.8%	179	12.0%
\$27.45	\$31.02	11.5%	\$26.75	-2.6%
\$57,090	\$64,530	11.5%	\$55,709	-2.5%
75.4%	75.0%	-0.5%	80.6%	6.4%
5.4%	4.7%	-13.8%	4.9%	-10.2%

**Mountain States Home Health**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
1,546,639	2,019,353	-23.4%	1,743,834	-11.3%
1,546,639	2,019,353	-23.4%	1,743,834	-11.3%
412,880	554,031	25.5%	494,813	16.6%
11,721	5,173	-126.6%	9,307	-25.9%
(18,084)	9,329	293.8%	6,315	386.4%
(1,361)	751	281.2%	473	387.8%
0	0	0.0%	0	0.0%
405,157	569,284	28.8%	510,908	20.7%
1,141,482	1,450,069	-21.3%	1,232,926	-7.4%
550	463	18.8%	4,314	-87.3%
1,142,032	1,450,531	-21.3%	1,237,240	-7.7%
693,474	832,466	16.7%	806,365	14.0%
0	17,782	100.0%	0	0.0%
0	0	0.0%	0	0.0%
5,023	4,122	-21.9%	11,217	55.2%
151,379	178,886	15.4%	184,406	17.9%
42,861	102,059	58.0%	124,580	65.6%
69,800	69,177	-0.9%	62,720	-11.3%
3,012	3,340	9.8%	4,086	26.3%
55,128	65,922	16.4%	93,242	40.9%
0	0	0.0%	0	0.0%
14,207	12,891	-10.2%	22,056	35.6%
6,835	6,835	0.0%	6,835	0.0%
1,455	1,454	0.0%	1,882	22.7%
1,043,174	1,294,936	19.4%	1,317,389	20.8%
98,858	155,596	-36.5%	(80,149)	223.3%
34,675	30,210	-14.8%	33,377	-3.9%
19,207	19,822	3.1%	19,194	-0.1%
44,976	105,564	-57.4%	(132,720)	133.9%
0	10	-100.0%	5	-100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	1,000	-100.0%	5,279	-100.0%
0	1,010	-100.0%	5,283	-100.0%
44,976	106,574	-57.8%	(127,437)	135.3%
0	0	0.0%	0	0.0%
44,976	106,574	-57.8%	(127,437)	135.3%
0	0	0.0%	0	0.0%
44,976	106,574	-57.8%	(127,437)	135.3%
121,355	177,787	-31.7%	(44,093)	375.2%
53,883	50,032	7.7%	52,571	2.5%
67,472	127,755	-47.2%	(96,664)	169.8%

*Patient Revenue*  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

*Deductions from Revenue*  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

Other Operating Revenue

**Total Operating Revenue**

*Operating Expense*

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
Total Operating Expense

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
Total Non Operating Income / (Expense)

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

THREE MONTHS YEAR TO DATE				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
5,067,026	6,026,038	-15.9%	5,299,685	-4.4%
5,067,026	6,026,038	-15.9%	5,299,685	-4.4%
1,303,709	1,653,529	21.2%	1,405,856	7.3%
12,518	15,470	19.1%	16,402	23.7%
48,639	27,978	-73.8%	162	-
3,661	2,246	-63.0%	(9)	-
0	0	0.0%	0	0.0%
1,368,527	1,699,223	19.5%	1,422,411	3.8%
3,698,499	4,326,815	-14.5%	3,877,275	-4.6%
1,489	1,388	7.3%	12,281	-87.9%
3,699,987	4,328,203	-14.5%	3,889,556	-4.9%
2,195,678	2,547,297	13.8%	2,422,803	9.4%
0	36,034	100.0%	103	100.0%
0	0	0.0%	0	0.0%
14,387	13,755	-4.6%	31,136	53.8%
489,078	552,885	11.5%	569,702	14.2%
167,111	310,186	46.1%	266,166	37.2%
199,648	205,161	2.7%	189,912	-5.1%
9,194	10,051	8.5%	11,765	21.9%
173,446	197,729	12.3%	282,833	38.7%
0	0	0.0%	0	0.0%
42,683	38,653	-10.4%	35,118	-21.5%
20,506	20,506	0.0%	20,506	0.0%
4,722	4,460	-5.9%	5,772	18.2%
3,316,454	3,936,717	15.8%	3,835,816	13.5%
383,534	391,486	-2.0%	53,739	613.7%
88,067	93,446	5.8%	99,446	11.4%
51,719	58,015	10.9%	54,598	5.3%
243,748	240,026	1.6%	(100,305)	343.0%
8	30	-74.3%	6	28.7%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
5,000	3,000	66.7%	7,751	-35.5%
5,008	3,030	65.3%	7,757	-35.4%
248,756	243,056	2.3%	(92,548)	368.8%
0	0	0.0%	0	0.0%
248,756	243,056	2.3%	(92,548)	368.8%
0	0	0.0%	0	0.0%
248,756	243,056	2.3%	(92,548)	368.8%
456,452	458,136	-0.4%	122,892	271.4%
139,786	151,460	-7.7%	154,044	-9.3%
316,666	306,675	3.3%	(31,152)	1116.5%

THREE MONTHS YEAR TO DATE					
Actual	Budget	Bud Var	Prior Yr	PY Var	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
(0)	0	-	(0)	-	
(0)	0	-	(0)	-	
6,174,784	6,006,312	-2.8%	5,733,288	-7.7%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
54,106	23,141	-133.8%	26,124	-107.1%	
2,390,917	2,337,973	-2.3%	2,337,029	-2.3%	
1,617,749	1,557,951	-3.8%	1,504,971	-7.5%	
(70,633)	(80,414)	12.2%	(67,620)	-4.5%	
146,561	141,148	-3.8%	136,908	-7.1%	
2,434,184	2,420,248	-0.6%	2,430,546	-0.1%	
0	0	0.0%	0	0.0%	
1,474,629	1,782,109	17.3%	1,384,220	-6.5%	
299,004	299,116	0.0%	314,587	5.0%	
3,690,479	3,655,848	-0.9%	4,437,973	16.8%	
18,211,779	18,143,432	-0.4%	18,238,026	0.1%	
(18,211,779)	(18,143,432)	-0.4%	(18,238,026)	0.1%	
(8,320,524)	(8,050,418)	-3.4%	(7,811,376)	-6.5%	
(4,427,143)	(4,355,940)	-1.6%	(4,289,870)	-3.2%	
(5,464,112)	(5,737,074)	4.8%	(6,136,779)	11.0%	
1,941,262	583,114	232.9%	2,423,734	-19.9%	
46,888	0	100.0%	13,172	256.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
(354)	0	100.0%	0	100.0%	
(2,045,517)	(2,545,570)	19.6%	(1,319,770)	-55.0%	
(57,720)	(1,962,456)	97.1%	1,117,136	-105.2%	
(5,521,833)	(7,699,530)	28.3%	(5,019,643)	-10.0%	
1,269,542	0	100.0%	2,740,972	-53.7%	
(4,252,291)	(7,699,530)	44.8%	(2,278,672)	-86.6%	
6,544,718	0	100.0%	(10,082,995)	164.9%	
2,292,428	(7,699,530)	129.8%	(12,361,667)	118.5%	
(12,805,387)	(14,368,814)	10.9%	(10,984,110)	-16.6%	
(12,747,667)	(12,406,358)	-2.8%	(12,101,246)	-5.3%	
(57,720)	(1,962,456)	97.1%	1,117,137	-105.2%	

MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
(0)	0	-	0	-200.0%
(0)	0	-	0	-200.0%
1,988,354	1,961,090	-1.4%	1,892,349	-5.1%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
21,979	7,546	-191.3%	7,861	-179.6%
743,579	748,065	0.6%	783,619	5.1%
622,561	523,326	-19.0%	447,219	-39.2%
(28,305)	(30,782)	8.0%	(29,003)	2.4%
52,443	46,050	-13.9%	49,451	-6.1%
833,395	836,302	0.3%	860,572	3.2%
0	0	0.0%	0	0.0%
490,289	592,531	17.3%	483,916	-1.3%
99,040	99,077	0.0%	104,234	5.0%
1,214,161	1,186,420	-2.3%	1,453,210	16.4%
6,037,497	5,969,625	-1.1%	6,053,429	0.3%
(6,037,497)	(5,969,625)	-1.1%	(6,053,429)	0.3%
(2,658,248)	(2,609,610)	-1.9%	(2,587,796)	-2.7%
(1,575,758)	(1,481,986)	-6.3%	(1,424,274)	-10.6%
(1,803,490)	(1,878,029)	4.0%	(2,041,360)	11.7%
551,537	202,200	172.8%	813,733	-32.2%
17,234	0	100.0%	3,267	427.6%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
(345,077)	(848,949)	59.4%	(343,132)	-0.6%
223,695	(646,749)	134.6%	473,868	-52.8%
(1,579,796)	(2,524,778)	37.4%	(1,567,492)	-0.8%
(2,555,304)	0	100.0%	1,508,301	-269.4%
(4,135,100)	(2,524,778)	-63.8%	(59,191)	-6886.0%
1,308,845	0	100.0%	(2,818,374)	146.4%
(2,826,255)	(2,524,778)	-11.9%	(2,877,565)	1.8%
(4,010,312)	(4,738,346)	15.4%	(3,538,202)	-13.3%
(4,234,006)	(4,091,596)	-3.5%	(4,012,069)	-5.5%
223,695	(646,749)	134.6%	473,868	-52.8%

Patient Revenue  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

Deductions from Revenue  
Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

### Other Operating Revenue

**Total Operating Revenue**

Operating Expense  
Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Gain / (Loss) on Discontinued Operations  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

### Change in Fair Value of Interest Rate Swaps

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before**

**EBITDA before Support Allocation**

### Support Allocation

**EBITDA after Support Allocation**

0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%

0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
<u>0</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>
0	0	0.0%	0	0.0%

0	0	0.0%	0	0.0%
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503,523	493,974	1.9%	1,486,941	-66.1%
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503.523	493.974	1.9%	1.486.941	-66.1%
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529,636	557,756	5.0%	616,727	14.1%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
32,348	52,370	38.2%	258,025	87.5%
107,949	100,461	-7.5%	79,821	-35.2%
195,568	232,924	16.0%	905,568	78.4%
2,332	2,141	-9.0%	6,956	66.5%
7,252	7,727	6.2%	6,102	-18.8%
49,735	68,149	27.0%	180,831	72.5%
0	0	0.0%	(211,318)	100.0%
14,939	14,933	0.0%	17,394	14.1%
2,000	0	100.0%	2,000	0.0%
0	3,550	100.0%	40,106	100.0%
<u>941,760</u>	<u>1,040,011</u>	<u>9.4%</u>	<u>1,902,213</u>	<u>50.5%</u>

(438,237)	(546,037)	19.7%	(415,272)	-5.5%
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23,577	22,757	-3.6%	26,092	9.6%
20,434	19,508	-4.7%	25,298	19.2%
<u>(482,248)</u>	<u>(588,301)</u>	18.0%	<u>(466,662)</u>	-3.3%

(482,248)	(588,301)	18.0%	(466,662)	-3.3%
-----------	-----------	-------	-----------	-------

31,137	0	100.0%	0	100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
0	0	0.0%	(1,567,120)	100.0%
0	0	0.0%	0	0.0%
0	0	0.0%	0	0.0%
907	0	100.0%	(46,050)	102.0%
<u>32,045</u>	<u>0</u>	<u>100.0%</u>	<u>(1,613,170)</u>	<u>102.0%</u>

(450,203)	(588,301)	23.5%	(2,079,832)	78.4%
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0	0	0.0%	0	0.0%
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(450,203)	(588,301)	23.5%	(2,079,832)	78.4%
-----------	-----------	-------	-------------	-------

	4,710	0	100.0%	0	100.0%
	(445,493)	(588,301)	24.3%	(2,079,832)	78.6%

(389,253)	(527,555)	26.2%	(1,968,942)	80.2%
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44,011	42,264	4.1%	51,390	-14.4%
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(433,264)	(569,819)	24.0%	(2,020,332)	78.6%
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**Mountain States Health Foundation**  
**Statement of Revenue and Expense**  
**For the Period Ended September 30, 2016**

[illegible]

Patient Revenue  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

### Deductions from Revenue

Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**

### Other Operating Revenue

**Total Operating Revenue**

Operating Expense

Salaries  
Provider Salaries  
Contract Labor - Providers  
Contract Labor - Other  
Employee Benefits  
Fees  
Supplies  
Utilities  
Other Expense  
Medical Costs  
Depreciation  
Amortization  
Interest & Taxes  
**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) on Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**  
**Support Allocation**  
**EBITDA after Support Allocation**

[illegible]

	MONTH OF SEPTEMBER				
Actual	Budget	Bud Var	Prior Yr	PY Var	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
65,721	51,236	28.3%	63,718	3.1%	
65,721	51,236	28.3%	63,718	3.1%	
19,649	21,862	10.1%	21,159	7.1%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
354	470	24.6%	0	100.0%	
2,974	3,297	9.8%	2,908	-2.3%	
2,373	2,162	-9.7%	2,066	-14.8%	
1,104	870	-26.9%	475	-132.2%	
0	0	0.0%	0	0.0%	
3,880	3,493	-11.1%	3,411	-13.7%	
0	0	0.0%	0	0.0%	
4,247	4,417	3.8%	3,856	-10.1%	
156	156	0.0%	156	0.0%	
0	0	0.0%	0	0.0%	
34,737	36,727	5.4%	34,033	-2.1%	
30,985	14,509	113.6%	29,686	4.4%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
30,985	14,509	113.6%	29,686	4.4%	
1,205	125	865.9%	132	812.8%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
0	0	0.0%	0	0.0%	
(19,191)	(3,150)	-509.2%	(12,493)	-53.6%	
(17,986)	(3,025)	-494.5%	(12,361)	-45.5%	
12,999	11,484	13.2%	17,325	-25.0%	
0	0	0.0%	0	0.0%	
12,999	11,484	13.2%	17,325	-25.0%	
(1,175)	0	100.0%	0	100.0%	
11,824	11,484	3.0%	17,325	-31.8%	
17,402	16,057	8.4%	21,338	-18.4%	
0	0	0.0%	0	0.0%	
17,402	16,057	8.4%	21,338	-18.4%	

Patient Revenue  
Inpatient Revenue  
Outpatient Revenue  
Total Gross Patient Revenue

### Deductions from Revenue

Contractual Adjustments  
Charity  
Contra Revenue - Charity  
Provision for Bad Debt  
Uninsured Discount  
Total Deductions

**Net Patient Service Revenue**Other Operating Revenue

**Total Operating Revenue**

Operating Expense

- Salaries
- Provider Salaries
- Contract Labor - Providers
- Contract Labor - Other
- Employee Benefits
- Fees
- Supplies
- Utilities
- Other Expense
- Medical Costs
- Depreciation
- Amortization
- Interest & Taxes

**Total Operating Expense**

**Net Operating Income before Support Allocation**

Support Allocation - Salaries, Contract Labor & Benefits  
Support Allocation - Other  
**Net Operating Income after Support Allocation**

**Net Operating Income after Support Allocation**

Net Investment Income  
Realized Gain on Investments  
Gain / (Loss) from Affiliates  
Gain / (Loss) on Disposal  
Minority Interest  
Incentive Pay  
Other Non Operating Income / (Expense)  
**Total Non Operating Income / (Expense)**

**Total Non Operating Income / (Expense)**

**Total Revenue Over Expense Before CFV of Derivatives**

Change in Fair Value of Interest Rate Swaps  
**Total Excess Revenue Over Expense**

**Total Excess Revenue Over Expense**

Net Unrealized Gain / (Loss) on Investments  
**Increase in Unrestricted Net Assets Before**

**Increase in Unrestricted Net Assets Before Change in Accounting Principle**

**EBITDA before Support Allocation**

**Support Allocation**  
**EBITDA after Support Allocation**

[illegible]

**Mountain States Health Alliance**  
**Comparative Balance Sheet**

	September 30 2016	August 31 2016	Month Activity	June 30 2016	YTD Activity
<b><u>ASSETS</u></b>					
<b><u>CURRENT ASSETS</u></b>					
Cash and Cash Equivalents	92,917,023	54,974,121	37,942,901	89,753,181	3,163,842
Current Portion AWUIL	1,459,557	41,031	1,418,526	25,771,897	(24,312,340)
Accounts Receivable (Net)	157,005,447	157,415,059	(409,612)	155,001,743	2,003,705
Other Receivables	25,099,333	31,497,579	(6,398,246)	35,060,219	(9,960,886)
Due From Affiliates	408	481	(73)	1,435	(1,026)
Due From Third Party Payors	0	(0)	0	(0)	1
Inventories	28,162,892	27,719,085	443,807	26,630,407	1,532,485
Prepaid Expense	10,393,747	10,512,578	(118,831)	8,267,700	2,126,047
	<u>315,038,408</u>	<u>282,159,934</u>	<u>32,878,474</u>	<u>340,486,581</u>	<u>(25,448,173)</u>
<b><u>ASSETS WHOSE USE IS LIMITED</u></b>					
	<u>16,739,263</u>	<u>16,752,257</u>	<u>(12,994)</u>	<u>16,937,434</u>	<u>(198,171)</u>
<b><u>OTHER INVESTMENTS</u></b>					
	<u>628,962,244</u>	<u>625,299,747</u>	<u>3,662,498</u>	<u>608,885,873</u>	<u>20,076,371</u>
<b><u>PROPERTY, PLANT AND EQUIPMENT</u></b>					
Land, Buildings and Equipment	1,720,585,987	1,716,708,986	3,877,001	1,711,510,340	9,075,647
Less Allowances for Depreciation	896,483,584	890,990,331	5,493,252	880,656,949	15,826,635
	<u>824,102,403</u>	<u>825,718,654</u>	<u>(1,616,251)</u>	<u>830,853,391</u>	<u>(6,750,987)</u>
<b><u>OTHER ASSETS</u></b>					
Pledges Receivable	2,712,101	2,741,351	(29,250)	2,957,802	(245,701)
Long Term Compensation Investment	26,956,404	26,937,797	18,607	26,331,578	624,826
Investments in Unconsolidated Subsidiaries	7,202,523	7,149,290	53,233	7,249,898	(47,375)
Land / Equipment Held for Resale	7,495,973	7,495,973	0	7,495,973	0
Assets Held for Expansion	11,361,384	11,361,384	0	11,361,384	0
Goodwill	156,565,204	156,565,204	0	156,565,204	0
Deferred Charges and Other	21,689,763	21,801,112	(111,349)	22,023,693	(333,930)
	<u>233,983,353</u>	<u>234,052,111</u>	<u>(68,759)</u>	<u>233,985,533</u>	<u>(2,180)</u>
<b><u>TOTAL ASSETS</u></b>	<u>2,018,825,671</u>	<u>1,983,982,703</u>	<u>34,842,968</u>	<u>2,031,148,812</u>	<u>(12,323,141)</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b><u>CURRENT LIABILITIES</u></b>					
Accounts Payable and Accrued Expense	103,046,606	67,566,234	35,480,372	90,785,971	12,260,635
Accrued Salaries, Benefits, and PTO	48,586,606	60,280,081	(11,693,475)	68,722,074	(20,135,468)
Claims Payable	3,163,057	3,258,583	(95,527)	4,414,252	(1,251,195)
Accrued Interest	7,914,467	5,292,280	2,622,187	13,585,982	(5,671,515)
Due to Affiliates	0	(1)	1	(0)	1
Due to Third Party Payors	9,575,380	9,662,731	(87,351)	9,149,508	425,872
Current Portion of Long Term Debt	24,856,735	24,654,641	202,094	23,391,412	1,465,323
	<u>197,142,851</u>	<u>170,714,548</u>	<u>26,428,302</u>	<u>210,049,198</u>	<u>(12,906,348)</u>
<b><u>OTHER NON CURRENT LIABILITIES</u></b>					
Long Term Compensation Payable	13,385,845	13,367,237	18,607	12,760,043	625,801
Long Term Debt	940,122,195	939,879,237	242,959	963,878,806	(23,756,610)
Estimated Fair Value of Interest Rate Swaps	3,126,546	599,501	2,527,044	4,482,751	(1,356,205)
Deferred Income	12,071,718	11,104,172	967,546	10,476,431	1,595,287
Professional Liability Self-Insurance and Other	21,917,343	21,584,952	332,391	21,137,142	780,201
	<u>990,623,647</u>	<u>986,535,098</u>	<u>4,088,548</u>	<u>1,012,735,173</u>	<u>(22,111,527)</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>1,187,766,497</u>	<u>1,157,249,647</u>	<u>30,516,851</u>	<u>1,222,784,371</u>	<u>(35,017,874)</u>
<b><u>NET ASSETS</u></b>					
Restricted Net Assets	13,903,645	14,640,909	(737,264)	14,216,843	(313,198)
Unrestricted Net Assets	611,140,460	607,251,198	3,889,262	592,769,897	18,370,562
Noncontrolling Interests in Subsidiaries	206,015,070	204,840,949	1,174,120	201,377,701	4,637,369
	<u>831,059,174</u>	<u>826,733,056</u>	<u>4,326,118</u>	<u>808,364,441</u>	<u>22,694,733</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<u>2,018,825,671</u>	<u>1,983,982,703</u>	<u>34,842,968</u>	<u>2,031,148,812</u>	<u>(12,323,141)</u>

**Mountain States Health Alliance**  
**Statement of Cash Flows**  
**For the Period Ended September 30, 2016**

	Current Month	Three Months YTD	Projected			
			One Month 10/31/2016	Three Months 12/31/2016	Six Months 03/31/2017	One Year 09/30/2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>						
Increase / (Decrease) in Net Assets	3,151,997	18,236,364	3,262,500	9,787,500	19,574,000	39,148,000
<b><u>Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities</u></b>						
Provision for Depreciation	5,512,019	16,485,135	5,720,000	17,160,000	34,320,000	68,641,000
Provision for Amortization	114,140	344,304	116,200	348,600	697,200	1,394,600
Net Realized (Gain) / Loss on Sales of Securities	(82,631)	(124,159)	0	0	0	0
Net Loss on Early Extinguishment of Debt / Derivatives	0	0	0	0	0	0
Change in Estimated Fair Value of Derivatives	2,555,304	(1,269,542)	0	0	0	0
Equity in Net Income of Joint Ventures	(53,233)	(151,420)	0	0	0	0
(Gain) / Loss on Sale of Assets Held for Resale and Disposal of Assets	0	643	0	0	0	0
Net Amounts Received on Interest Rate Swap Settlements	(347,400)	(1,325,256)	(450,000)	(1,350,000)	(2,700,000)	(5,400,000)
Minority Interest in Consolidated Subsidiaries Income	1,174,120	4,681,505	(1,059,000)	(3,177,000)	(6,354,000)	(12,707,000)
Change in Net Unrealized (Gains) / Losses on Investments	(2,385,406)	(12,425,025)	0	0	0	0
Restricted Contributions	0	0	0	0	0	0
Increase / (Decrease) in Cash due to Change in:						
Net Patient Accounts Receivable	409,612	(2,003,704)	0	(3,000,000)	3,000,000	0
Other Receivables (Net)	6,398,246	9,874,887	0	0	0	0
Inventories and Prepaid Expenses	(324,976)	(3,658,531)	0	0	0	0
Other Assets	10,643	(379,125)	0	0	0	0
Accrued Interest Payable (incl Capital Appreciation Bond Accretion)	2,622,187	(5,671,516)	0	(10,088,450)	(14,519,000)	(26,550,000)
Accounts Payable and Accrued Expenses	35,384,845	11,009,440	(30,000,000)	20,000,000	20,000,000	20,000,000
Accrued Salaries, Compensated Absences, and Amounts Withheld	(11,693,475)	(20,135,468)	0	0	0	0
Estimated Amounts due from/to Third Party Payors (Net)	(87,351)	425,872	0	0	0	0
Other Long-Term Liabilities	986,154	2,221,088	0	0	0	0
Professional Liability Self Insurance and Other	332,391	780,201	250,000	500,000	750,000	1,000,000
Total Adjustments	40,525,189	(1,320,671)	(25,422,800)	20,393,150	35,194,200	46,378,600
Net Cash Provided by Operating Activities	43,677,186	16,915,693	(22,160,300)	30,180,650	54,768,200	85,526,600
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>						
Purchases of Property, Plant, and Equipment, Property Held for Resale, and Property Held for Expansion (Net)	(3,895,767)	(9,734,146)	(5,000,000)	(15,000,000)	(30,000,000)	(60,000,000)
Additions to Goodwill	0	0	0	0	0	0
Proceeds from Investment Maturities	0	0	0	0	0	0
Purchases of Investments (Net)	(1,225,438)	(7,562,185)	0	9,000,000	0	0
Net Decrease / (Increase) in Assets Limited as to Use	(1,405,532)	24,510,511	0	0	0	0
Net Sale or Distribution from Joint Ventures and Unconsolidated Affiliates	0	0	0	0	0	0
Proceeds from Sale of Property, Plant, and Equipment, and Property Held for Resale	0	0	0	0	0	0
Net Cash Used in Investing Activities	(6,526,738)	7,214,180	(5,000,000)	(6,000,000)	(30,000,000)	(60,000,000)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>						
Payments on Long-Term Debt and Capital Lease Obligations (incl Deposits to Escrow)	445,053	(22,291,287)	0	(21,603,750)	(22,240,000)	(37,797,500)
Payment of Acquisition and Financing Costs	0	0	0	0	0	0
Proceeds from Issuance of Long-Term Debt and Other Financing Arrangements	0	0	0	0	0	0
Net Amounts Received on Interest Rate Swap Settlements	347,400	1,325,256	450,000	1,350,000	2,700,000	5,400,000
Restricted Contributions Received / (Paid)	0	0	0	0	0	0
Distribution to Minority Shareholders and Other	0	0	0	0	0	0
Net Cash Used in Financing Activities	792,453	(20,966,031)	450,000	(20,253,750)	(19,540,000)	(32,397,500)
<b><u>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	37,942,902	3,163,842	(26,710,300)	3,926,900	5,228,200	(6,870,900)
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</u></b>	54,974,121	89,753,181	92,917,023	92,917,023	92,917,023	92,917,023
<b><u>CASH AND CASH EQUIVALENTS - END OF PERIOD</u></b>	92,917,023	92,917,023	66,206,723	96,843,923	98,145,223	86,046,123

**Mountain States Health Alliance**  
**Consolidated Balance Sheet**  
**At September 30, 2016**

	Consolidated	Eliminations	JCMC	FWCH	WOOD	IPMC	SSH	UC	JCCH
<b><u>ASSETS</u></b>									
<b><u>CURRENT ASSETS</u></b>									
Cash and Cash Equivalents	92,917,023	0	72,434	50,856	250	33,166	12,386	6,612	(5,355)
Current Portion AWUL	1,459,557	0	0	0	0	0	0	0	0
Accounts Receivable (Net)	157,005,447	0	65,411,470	11,708,184	2,740,299	11,417,290	6,104,641	1,742,246	507,040
Other Receivables	25,099,333	(6,933,000)	1,352,351	10,829	705,675	230,863	244,854	192,990	105,784
Due From Affiliates	408	(51,356,769)	8,169,056	2,831,558	348,344	476,192	170,827	2,035,661	23,924
Due From Third Party Payors	0	3,092,346	(5,047,466)	(12,924)	642,311	147,504	(30,756)	(216,873)	(1,516,370)
Inventories	28,162,892	0	11,580,698	1,951,046	149,915	2,617,352	1,286,739	319,787	106,827
Prepaid Expense	10,393,747	0	2,294,957	521,406	66,684	680,612	350,023	137,137	37,878
	<u>315,038,408</u>	<u>(55,197,423)</u>	<u>83,833,501</u>	<u>17,060,955</u>	<u>4,653,477</u>	<u>15,602,979</u>	<u>8,138,714</u>	<u>4,217,560</u>	<u>(740,271)</u>
<b><u>ASSETS WHOSE USE IS LIMITED</u></b>									
	<u>16,739,263</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>OTHER INVESTMENTS</u></b>									
	<u>628,962,244</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>PROPERTY, PLANT AND EQUIPMENT</u></b>									
Land, Buildings and Equipment	1,720,585,987	0	578,577,213	151,744,281	13,203,932	114,372,118	48,915,896	6,050,468	10,252,950
Less Allowances for Depreciation	<u>896,483,584</u>	<u>0</u>	<u>354,892,029</u>	<u>53,244,358</u>	<u>6,530,581</u>	<u>73,258,657</u>	<u>29,690,490</u>	<u>2,410,785</u>	<u>6,376,411</u>
	<u>824,102,403</u>	<u>0</u>	<u>223,685,183</u>	<u>98,499,923</u>	<u>6,673,352</u>	<u>41,113,461</u>	<u>19,225,406</u>	<u>3,639,683</u>	<u>3,876,540</u>
<b><u>OTHER ASSETS</u></b>									
Pledges Receivable	2,712,101	0	0	0	0	0	0	0	0
Long Term Compensation Investment	26,956,404	0	5,000	0	0	0	0	0	0
Investments in Unconsolidated Subsidiaries	7,202,523	0	0	0	0	0	0	0	0
Land / Equipment Held for Resale	7,495,973	0	4,574,324	0	0	0	0	0	0
Assets Held for Expansion	11,361,384	0	936,711	0	0	0	0	1,595,597	0
Investments in Subsidiaries	0	(427,422,063)	0	0	0	0	0	0	0
Goodwill	156,565,204	0	13,141,003	0	0	(1,442,410)	0	0	0
Deferred Charges and Other	21,689,763	0	141,182	120,767	0	0	865	0	0
	<u>233,983,353</u>	<u>(427,422,063)</u>	<u>18,798,219</u>	<u>120,767</u>	<u>0</u>	<u>(1,442,410)</u>	<u>865</u>	<u>1,595,597</u>	<u>0</u>
<b><u>TOTAL ASSETS</u></b>	<u>2,018,825,671</u>	<u>(482,619,486)</u>	<u>326,316,903</u>	<u>115,681,645</u>	<u>11,326,829</u>	<u>55,274,030</u>	<u>27,364,985</u>	<u>9,452,840</u>	<u>3,136,269</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>									
<b><u>CURRENT LIABILITIES</u></b>									
Accounts Payable and Accrued Expense	103,046,606	0	27,824,633	3,739,011	830,643	4,111,634	2,422,173	1,011,498	488,489
Accrued Salaries, Benefits, and PTO	48,586,606	0	11,119,321	1,587,152	624,168	2,339,944	1,377,001	466,982	313,986
Claims Payable	3,163,057	0	0	0	0	0	0	0	0
Accrued Interest	7,914,467	0	2,731,975	946,914	86,736	290,304	110,537	0	3,956
Due to Affiliates	0	(51,356,769)	1,897,104	763,279	93,625	4,296,660	1,056	3,427,860	272,881
Due to Third Party Payors	9,575,380	3,092,346	1,336,872	1,437	0	376,358	549,649	0	28,115
Current Portion of Long Term Debt	24,856,735	(6,933,000)	157,800	552,300	0	0	0	0	0
	<u>197,142,851</u>	<u>(55,197,423)</u>	<u>45,067,704</u>	<u>7,590,093</u>	<u>1,635,172</u>	<u>11,414,900</u>	<u>4,460,416</u>	<u>4,906,340</u>	<u>1,107,426</u>
<b><u>OTHER NON CURRENT LIABILITIES</u></b>									
Long Term Compensation Payable	13,385,845	0	0	0	0	0	0	0	0
Long Term Debt	940,122,195	0	2,647,376	10,069,276	0	0	0	0	0
Estimated Fair Value of Interest Rate Swaps	3,126,546	0	0	0	0	0	0	0	0
Deferred Income	12,071,718	0	0	0	0	0	(0)	(61,210)	241,226
Professional Liability Self-Insurance and Other	21,917,343	0	3,155,707	392,591	104,930	705,954	329,315	32,657	73,597
	<u>990,623,647</u>	<u>0</u>	<u>5,803,083</u>	<u>10,461,867</u>	<u>104,930</u>	<u>705,954</u>	<u>329,314</u>	<u>(28,553)</u>	<u>314,823</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>1,187,766,497</u>	<u>(55,197,423)</u>	<u>50,870,786</u>	<u>18,051,960</u>	<u>1,740,101</u>	<u>12,120,854</u>	<u>4,789,730</u>	<u>4,877,787</u>	<u>1,422,249</u>
<b><u>NET ASSETS</u></b>	<u>625,044,104</u>	<u>(674,363,218)</u>	<u>275,446,116</u>	<u>97,629,684</u>	<u>9,586,727</u>	<u>43,153,176</u>	<u>22,575,255</u>	<u>4,575,053</u>	<u>1,714,020</u>
<b><u>NONCONTROLLING INTERESTS IN SUBSIDIARIES</u></b>	<u>206,015,070</u>	<u>246,941,155</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<u>2,018,825,671</u>	<u>(482,619,486)</u>	<u>326,316,903</u>	<u>115,681,645</u>	<u>11,326,829</u>	<u>55,274,030</u>	<u>27,364,985</u>	<u>9,452,840</u>	<u>3,136,269</u>

**Mountain States Health Alliance**  
**Consolidated Balance Sheet (cont'd)**  
**At September 30, 2016**

	JMH	NC	SC	RC	BR Cons	MSHH	MSHA Corp	ISHN	Foundation	Auxiliary
<b><u>ASSETS</u></b>										
<b><u>CURRENT ASSETS</u></b>										
Cash and Cash Equivalents	11,158,733	5,937,884	3,409,447	72,081	7,909,204	300	44,892,399	10,108,413	8,981,527	276,684
Current Portion AWUIL	0	0	0	0	0	0	1,459,557	0	0	0
Accounts Receivable (Net)	22,210,195	11,412,341	6,895,074	4,136,641	9,844,531	2,875,497	0	0	0	0
Other Receivables	1,086,482	1,130,261	238,730	13,820	7,438,218	300,000	14,337,366	2,872,161	1,676,285	95,663
Due From Affiliates	597,873	33,430	1,711,164	295,465	7,634	1,481,244	18,357,863	14,520,966	215,660	80,315
Due From Third Party Payors	1,938,229	(0)	1,251,513	(247,514)	0	0	0	0	0	0
Inventories	3,184,875	1,660,035	856,491	315,878	3,449,736	0	0	0	0	683,514
Prepaid Expense	862,196	501,075	431,885	274,749	715,676	96,395	3,338,078	55,244	23,533	6,219
	41,038,582	20,675,026	14,794,304	4,861,121	29,364,999	4,753,436	82,385,263	27,556,785	10,897,006	1,142,394
<b><u>ASSETS WHOSE USE IS LIMITED</u></b>										
	0	0	163	0	990	0	14,685,759	2,052,350	0	0
<b><u>OTHER INVESTMENTS</u></b>										
	179,089,445	27,852,954	25,747,502	0	79,597,987	0	307,732,571	6,794,105	1,653,023	494,658
<b><u>PROPERTY, PLANT AND EQUIPMENT</u></b>										
Land, Buildings and Equipment	268,892,955	108,788,951	119,962,354	27,508,965	151,193,704	3,156,059	116,318,514	732,500	28,686	886,441
Less Allowances for Depreciation	116,009,324	57,651,190	56,839,558	15,077,078	67,239,249	2,174,855	53,866,498	581,616	12,386	628,519
	152,883,631	51,137,761	63,122,796	12,431,887	83,954,455	981,204	62,452,016	150,884	16,300	257,922
<b><u>OTHER ASSETS</u></b>										
Pledges Receivable	0	0	0	0	0	0	0	0	2,712,101	0
Long Term Compensation Investment	0	0	0	0	11,275,064	0	15,676,340	0	0	0
Investments in Unconsolidated Subsidiaries	142,230	0	60,396	0	7,954,117	0	(954,220)	0	0	0
Land / Equipment Held for Resale	0	0	0	0	57,635	0	2,864,014	0	0	0
Assets Held for Expansion	1,902,206	0	0	0	2,981,309	0	3,945,562	0	0	0
Investments in Subsidiaries	0	0	668,615	0	0	0	426,753,448	0	0	0
Goodwill	69,828	0	0	0	11,470,191	0	133,326,592	0	0	0
Deferred Charges and Other	198,607	200,090	125,119	0	1,281,585	430,740	18,902,050	162,666	125,000	1,094
	2,312,871	200,090	854,129	0	35,019,902	430,740	600,513,785	162,666	2,837,101	1,094
<b><u>TOTAL ASSETS</u></b>										
	375,324,528	99,865,831	104,518,894	17,293,008	227,938,333	6,165,381	1,067,769,394	36,716,791	15,403,431	1,896,067
<b><u>LIABILITIES AND NET ASSETS</u></b>										
<b><u>CURRENT LIABILITIES</u></b>										
Accounts Payable and Accrued Expense	7,387,256	4,652,868	2,240,292	1,276,005	8,987,294	801,179	35,298,914	1,805,540	0	169,178
Accrued Salaries, Benefits, and PTO	5,372,218	3,163,969	1,156,284	652,676	15,190,680	674,369	4,329,671	212,490	0	5,698
Claims Payable	0	0	0	0	0	0	0	3,163,057	0	0
Accrued Interest	21,185	18,043	14,633	66,375	44,514	4,462	3,574,834	0	0	0
Due to Affiliates	2,078,872	(735,951)	2,529,516	1,994,133	6,598,998	1,680,446	9,470,323	16,475,530	503,120	9,316
Due to Third Party Payors	2,261,850	565,324	1,289,874	0	73,556	0	0	0	0	0
Current Portion of Long Term Debt	1,249,876	334,334	406,692	0	381,859	0	21,773,874	6,933,000	0	0
	18,371,257	7,998,586	7,637,291	3,989,189	31,276,901	3,160,456	74,447,616	28,589,616	503,120	184,192
<b><u>OTHER NON CURRENT LIABILITIES</u></b>										
Long Term Compensation Payable	0	1,875	0	0	11,275,064	0	2,108,905	0	0	0
Long Term Debt	16,149,896	20,524,914	15,271,960	0	15,141,533	0	860,317,240	0	0	0
Estimated Fair Value of Interest Rate Swaps	0	0	0	0	0	0	3,126,546	0	0	0
Deferred Income	2,032,159	112,934	843,992	(0)	201,923	0	8,660,133	0	40,561	0
Professional Liability Self-Insurance and Other	1,009,351	11,896,206	440,665	232,964	1,541,205	5,004	1,997,198	0	0	0
	19,191,407	32,535,929	16,556,617	232,964	28,159,725	5,004	876,210,021	0	40,561	0
<b><u>TOTAL LIABILITIES</u></b>										
	37,562,664	40,534,515	24,193,908	4,222,153	59,436,627	3,165,460	950,657,637	28,589,616	543,681	184,192
<b><u>NET ASSETS</u></b>										
	337,093,249	59,331,316	80,324,986	13,070,855	165,096,407	2,999,920	162,111,757	8,127,175	14,859,750	1,711,876
<b><u>NONCONTROLLING INTERESTS IN SUBSIDIARIES</u></b>										
	668,615	0	0	0	3,405,300	0	(45,000,000)	0	0	0
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>										
	375,324,528	99,865,831	104,518,894	17,293,008	227,938,333	6,165,381	1,067,769,394	36,716,791	15,403,431	1,896,067

**Mountain States Health Alliance**  
**Consolidated Statement of Revenue and Expense**  
**For the Month Ended September 30, 2016**

	Consolidated	Eliminations	JCMC	FWCH	WOOD	IPMC	SSH	UC	JCCH
<b><u>Patient Revenue</u></b>									
Inpatient	219,973,322	(2,086,358)	128,431,041	15,360,509	6,392,443	19,726,943	7,934,679	1,299,786	37,352
Outpatient	251,343,149	(2,401,185)	84,104,841	24,306,496	40,320	25,784,621	14,220,671	3,707,724	2,281,267
	471,316,471	(4,487,543)	212,535,882	39,667,005	6,432,763	45,511,564	22,155,350	5,007,510	2,318,619
<b><u>Deductions from Revenue</u></b>									
Contractual Adjustment	355,815,557	(3,141,486)	165,718,803	31,045,556	3,576,614	35,873,859	17,210,644	3,641,018	1,589,695
Charity	6,088,087	0	1,832,095	160,222	1,442,004	424,955	147,634	0	12,401
Contra Revenue - Charity	7,380,056	0	2,319,874	487,591	42,279	762,946	363,826	10	66,591
Provision for Bad Debt	1,684,171	0	514,155	130,941	4,675	84,759	111,156	179,797	43,354
Uninsured Discounts	15,071,398	0	6,383,590	1,220,381	3,069	1,544,515	966,035	277,539	76,718
Total Deductions	386,039,269	(3,141,486)	176,768,517	33,044,691	5,068,641	38,691,034	18,799,296	4,098,364	1,788,759
<b>Net Patient Service Revenue</b>	<b>85,277,202</b>	<b>(1,346,057)</b>	<b>35,767,365</b>	<b>6,622,314</b>	<b>1,364,122</b>	<b>6,820,529</b>	<b>3,356,054</b>	<b>909,145</b>	<b>529,860</b>
Premium Revenue	0	0	0	0	0	0	0	0	0
Other Operating Revenue	2,193,799	(4,997,036)	171,464	9,115	204,441	16,359	43,408	12,761	13,940
<b>Total Operating Revenue</b>	<b>2,193,799</b>	<b>(4,997,036)</b>	<b>171,464</b>	<b>9,115</b>	<b>204,441</b>	<b>16,359</b>	<b>43,408</b>	<b>12,761</b>	<b>13,940</b>
<b>Total Operating Revenue</b>	<b>87,471,001</b>	<b>(6,343,093)</b>	<b>35,938,829</b>	<b>6,631,428</b>	<b>1,568,562</b>	<b>6,836,888</b>	<b>3,399,462</b>	<b>921,907</b>	<b>543,800</b>
<b><u>Operating Expense</u></b>									
Salaries	28,007,824	(5,904)	8,959,773	1,693,101	643,005	2,301,973	1,305,587	530,444	282,639
Provider Salaries	6,881,946	0	0	0	386	(8,635)	0	0	36,134
Contract Labor - Providers	919,386	0	0	0	0	0	0	0	0
Contract Labor - Other	273,480	(319,329)	318,995	13,407	11,895	18,604	17,288	11,392	1,105
Employee Benefits	5,761,091	(1,322,304)	2,011,114	366,177	136,249	481,982	322,767	110,532	67,963
Fees	9,909,728	(4,317,609)	5,191,296	602,177	383,113	1,519,098	543,463	239,311	123,786
Supplies	14,109,811	(14,543)	7,579,393	945,558	41,696	1,327,360	452,678	88,293	43,080
Utilities	1,478,269	(294)	471,332	121,222	13,683	113,244	68,894	45,884	12,406
Other Expense	7,414,617	(354,245)	2,099,960	360,912	57,706	657,888	288,130	281,465	62,599
Medical Costs	0	0	0	0	0	0	0	0	0
Depreciation	5,512,019	0	1,587,803	453,936	51,898	326,831	136,732	55,689	31,454
Amortization	114,140	0	3,966	602	0	0	0	0	0
Interest	3,235,559	0	1,346,973	324,308	23,708	84,458	33,159	(40)	1,289
<b>Total Operating Expense</b>	<b>83,617,870</b>	<b>(6,334,228)</b>	<b>29,570,606</b>	<b>4,881,400</b>	<b>1,363,339</b>	<b>6,822,802</b>	<b>3,168,698</b>	<b>1,362,970</b>	<b>662,453</b>
<b>Net Operating Income before Support Allocation</b>	<b>3,853,132</b>	<b>(8,865)</b>	<b>6,368,223</b>	<b>1,750,028</b>	<b>205,223</b>	<b>14,086</b>	<b>230,764</b>	<b>(441,064)</b>	<b>(118,653)</b>
Support Alloc - Salaries, Contract Labor & Benefits	0	0	1,012,880	223,799	66,196	268,285	128,783	61,223	30,956
Support Allocation - Other	(0)	0	586,684	120,910	33,027	148,527	81,979	29,788	28,989
<b>Net Operating Income after Support Allocation</b>	<b>3,853,132</b>	<b>(8,865)</b>	<b>4,768,659</b>	<b>1,405,320</b>	<b>106,000</b>	<b>(402,726)</b>	<b>20,002</b>	<b>(532,074)</b>	<b>(178,598)</b>
Non Operating Income / (Expense)	(626,733)	(1,182,717)	(92,964)	(34)	(6,935)	400	(22)	789	1,152
<b>Total Revenue Over Expense</b>	<b>3,226,399</b>	<b>(1,191,582)</b>	<b>4,675,695</b>	<b>1,405,285</b>	<b>99,065</b>	<b>(402,325)</b>	<b>19,980</b>	<b>(531,286)</b>	<b>(177,446)</b>
Change in Fair Value of Derivatives	(2,555,304)	0	0	0	0	0	0	0	0
Net Unrealized Gain / (Loss) on Investments	2,385,406	0	0	0	0	0	0	0	0
Cumulative Effect of Change in Accounting Principle	0	0	0	0	0	0	0	0	0
<b>Total Increase in Unrestricted Net Assets</b>	<b>3,056,501</b>	<b>(1,191,582)</b>	<b>4,675,695</b>	<b>1,405,285</b>	<b>99,065</b>	<b>(402,325)</b>	<b>19,980</b>	<b>(531,286)</b>	<b>(177,446)</b>
<b>EBITDA</b>	<b>12,088,116</b>	<b>(1,191,582)</b>	<b>7,614,437</b>	<b>2,184,132</b>	<b>174,671</b>	<b>8,964</b>	<b>189,870</b>	<b>(475,636)</b>	<b>(144,703)</b>

**Mountain States Health Alliance**  
**Consolidated Statement of Revenue and Expense (cont'd)**  
**For the Month Ended September 30, 2016**

	JMH	NC	SC	RC	BR Cons	Home Care	MSHA Corp	ISHN	Foundation	Auxiliary
<u>Patient Revenue</u>										
Inpatient	26,727,629	8,397,591	4,529,408	3,222,298	0	0	0	0	0	0
Outpatient	42,901,810	17,706,366	11,382,667	5,582,351	20,178,562	1,546,639	0	0	0	0
	69,629,440	26,103,957	15,912,075	8,804,650	20,178,562	1,546,639	0	0	0	0
<u>Deductions from Revenue</u>										
Contractual Adjustment	52,250,807	17,892,550	11,191,235	5,813,337	12,740,047	412,880	0	0	0	0
Charity	1,145,314	543,287	141,808	60,566	166,079	11,721	0	0	0	0
Contra Revenue - Charity	950,028	724,333	431,076	498,439	751,145	(18,084)	0	0	0	0
Provision for Bad Debt	141,938	133,103	57,288	45,097	239,269	(1,361)	0	0	0	0
Uninsured Discounts	1,936,145	1,439,256	471,820	752,330	0	0	0	0	0	0
Total Deductions	56,424,232	20,732,529	12,293,227	7,169,769	13,896,539	405,157	0	0	0	0
<b>Net Patient Service Revenue</b>	13,205,208	5,371,428	3,618,848	1,634,881	6,282,023	1,141,482	0	0	0	0
Premium Revenue	0	0	0	0	0	0	0	0	0	0
Other Operating Revenue	222,743	179,446	56,226	4,937	6,039,675	550	(0)	150,049	0	65,721
<b>Total Operating Revenue</b>	222,743	179,446	56,226	4,937	6,039,675	550	(0)	150,049	0	65,721
<b>Total Operating Revenue</b>	13,427,951	5,550,874	3,675,074	1,639,818	12,321,698	1,142,032	(0)	150,049	0	65,721
<u>Operating Expense</u>										
Salaries	3,106,484	1,959,377	1,282,010	641,024	2,434,074	693,474	1,988,354	172,759	0	19,649
Provider Salaries	741,374	590,441	19,755	8,186	5,494,305	0	0	0	0	0
Contract Labor - Providers	4,682	30,604	0	0	884,100	0	0	0	0	0
Contract Labor - Other	52,804	38,646	6,525	4,273	61,211	5,023	21,979	9,307	0	354
Employee Benefits	733,758	572,717	286,189	161,378	904,642	151,379	743,579	29,995	0	2,974
Fees	2,181,117	739,936	832,363	485,001	653,607	42,861	622,561	65,277	0	2,373
Supplies	1,878,219	623,205	396,875	155,059	550,139	69,800	(28,305)	202	0	1,104
Utilities	179,977	96,078	88,450	46,906	162,662	3,012	52,443	2,370	0	0
Other Expense	888,218	509,361	287,110	168,687	1,196,659	55,128	833,395	17,764	0	3,880
Medical Costs	0	0	0	0	0	0	0	0	0	0
Depreciation	985,258	403,155	357,412	129,803	478,603	14,207	490,289	4,701	0	4,247
Amortization	946	661	579	0	688	6,835	99,040	667	0	156
Interest	23,369	22,474	18,085	66,376	75,783	1,455	1,214,161	0	0	0
<b>Total Operating Expense</b>	10,776,205	5,586,655	3,575,353	1,866,694	12,896,473	1,043,174	6,037,497	303,042	0	34,737
<b>Net Operating Income before Support Allocation</b>	2,651,746	(35,781)	99,721	(226,876)	(574,775)	98,858	(6,037,497)	(152,993)	0	30,985
Support Alloc - Salaries, Contract Labor & Benefits	298,841	178,332	138,365	70,249	136,492	34,675	(2,658,248)	9,171	0	0
Support Allocation - Other	313,303	183,016	83,588	40,673	(100,869)	19,207	(1,575,758)	6,937	0	0
<b>Net Operating Income after Support Allocation</b>	2,039,602	(397,129)	(122,233)	(337,799)	(610,398)	44,976	(1,803,490)	(169,101)	0	30,985
Non Operating Income / (Expense)	60,748	29,126	143,134	135	186,920	0	223,695	12,969	14,856	(17,986)
<b>Total Revenue Over Expense</b>	2,100,351	(368,002)	20,902	(337,664)	(423,478)	44,976	(1,579,796)	(156,131)	14,856	12,999
Change in Fair Value of Derivatives	0	0	0	0	0	0	(2,555,304)	0	0	0
Net Unrealized Gain / (Loss) on Investments	472,248	128,197	117,525	0	346,828	0	1,308,845	3,614	9,325	(1,175)
Cumulative Effect of Change in Accounting Principle	0	0	0	0	0	0	0	0	0	0
<b>Total Increase in Unrestricted Net Assets</b>	2,572,599	(239,806)	138,427	(337,664)	(76,650)	44,976	(2,826,255)	(152,517)	24,181	11,824
<b>EBITDA</b>	3,109,923	58,289	396,978	(141,485)	131,596	67,472	223,695	(150,764)	14,856	17,402



**Mountain States Health Alliance**  
**Consolidated Statement of Revenue and Expense**  
**For the Three Months Ended September 30, 2016**

	Consolidated	Eliminations	JCMC	FWCH	WOOD	IPMC	SSH	UC	JCCH
<b><u>Patient Revenue</u></b>									
Inpatient	666,407,588	(7,663,143)	391,040,733	45,495,915	19,422,747	59,340,602	26,623,931	3,659,717	71,126
Outpatient	763,301,585	(8,818,228)	263,817,381	71,834,496	106,826	74,694,674	44,147,139	10,515,851	6,797,592
	1,429,709,173	(16,481,371)	654,858,115	117,330,411	19,529,573	134,035,276	70,771,070	14,175,568	6,868,718
<b><u>Deductions from Revenue</u></b>									
Contractual Adjustment	1,075,982,211	(11,928,899)	512,563,305	91,007,315	10,841,480	104,625,662	54,309,821	10,660,586	4,578,753
Charity	22,348,564	0	9,159,622	578,565	4,341,534	1,088,930	577,349	0	36,648
Contra Revenue - Charity	25,371,151	0	8,846,654	1,941,126	274,280	2,344,492	1,549,797	31	235,008
Provision for Bad Debt	4,573,522	0	1,583,330	303,291	19,786	286,072	313,866	295,301	80,122
Uninsured Discounts	44,996,435	0	17,183,750	4,277,406	31,200	4,601,286	3,214,148	622,698	264,243
Total Deductions	1,173,271,883	(11,928,899)	549,336,661	98,107,702	15,508,280	112,946,443	59,964,982	11,578,617	5,194,774
<b>Net Patient Service Revenue</b>	256,437,289	(4,552,472)	105,521,454	19,222,709	4,021,293	21,088,833	10,806,088	2,596,951	1,673,944
Premium Revenue	0	0	0	0	0	0	0	0	0
Other Operating Revenue	6,756,895	(15,705,960)	704,617	29,138	745,847	80,641	142,053	55,649	33,082
<b>Total Operating Revenue</b>	6,756,895	(15,705,960)	704,617	29,138	745,847	80,641	142,053	55,649	33,082
<b>Total Operating Revenue</b>	263,194,184	(20,258,431)	106,226,070	19,251,846	4,767,140	21,169,474	10,948,141	2,652,600	1,707,026
<b><u>Operating Expense</u></b>									
Salaries	86,659,553	(11,664)	28,059,788	5,066,185	1,973,485	7,063,667	4,024,090	1,620,062	864,834
Provider Salaries	20,651,334	0	0	145	386	8,788	0	0	124,240
Contract Labor - Providers	3,193,762	0	0	0	0	0	0	0	0
Contract Labor - Other	1,028,972	(930,879)	1,028,148	51,007	42,986	62,948	59,966	29,938	5,625
Employee Benefits	17,646,176	(4,515,718)	6,305,222	1,123,413	426,024	1,491,734	983,340	340,756	212,205
Fees	29,811,741	(13,683,737)	16,414,283	1,467,860	1,159,955	5,046,783	1,599,070	854,158	436,336
Supplies	43,592,979	(40,964)	23,364,201	2,830,901	145,138	3,947,428	1,446,480	224,073	133,270
Utilities	4,457,688	(881)	1,510,469	382,156	41,370	324,322	210,616	119,385	37,989
Other Expense	21,829,377	(1,057,999)	6,059,853	1,148,235	169,899	1,873,548	856,349	554,740	204,867
Medical Costs	0	0	0	0	0	0	0	0	0
Depreciation	16,485,134	0	4,780,465	1,358,888	153,316	939,544	410,061	157,602	93,000
Amortization	344,303	0	11,897	1,807	0	0	0	0	0
Interest	9,819,504	0	4,115,417	986,296	73,216	209,698	103,706	(62)	3,955
<b>Total Operating Expense</b>	255,520,524	(20,241,841)	91,649,743	14,416,894	4,185,774	20,968,460	9,693,680	3,900,651	2,116,321
<b>Net Operating Income before Support Allocation</b>	7,673,661	(16,590)	14,576,327	4,834,953	581,366	201,014	1,254,462	(1,248,051)	(409,295)
Support Alloc - Salaries, Contract Labor & Benefits	0	0	3,130,321	685,248	202,166	844,238	421,566	158,868	95,386
Support Allocation - Other	(0)	0	1,653,990	328,503	90,031	421,846	230,055	80,005	76,477
<b>Net Operating Income after Support Allocation</b>	7,673,661	(16,590)	9,792,017	3,821,201	289,169	(1,065,069)	602,841	(1,486,925)	(581,159)
Non Operating Income / (Expense)	(3,809,023)	(4,583,085)	(64,174)	4,740	(22,424)	(22,202)	1,054	(421)	(245)
<b>Total Revenue Over Expense</b>	3,864,638	(4,599,675)	9,727,843	3,825,941	266,745	(1,087,271)	603,896	(1,487,346)	(581,404)
Change in Fair Value of Derivatives	1,269,542	0	0	0	0	0	0	0	0
Net Unrealized Gain / (Loss) on Investments	12,425,025	0	0	0	0	0	0	0	0
Cumulative Effect of Change in Accounting Principle	0	0	0	0	0	0	0	0	0
<b>Total Increase in Unrestricted Net Assets</b>	17,559,204	(4,599,675)	9,727,843	3,825,941	266,745	(1,087,271)	603,896	(1,487,346)	(581,404)
<b>EBITDA</b>	30,513,579	(4,599,675)	18,635,622	6,172,932	493,276	61,972	1,117,663	(1,329,807)	(484,448)

**Mountain States Health Alliance**  
**Consolidated Statement of Revenue and Expense (cont'd)**  
**For the Three Months Ended September 30, 2016**

	JMH	NC	SC	RC	BR Cons	Home Care	MSHA Corp	ISHN	Foundation	Auxiliary
<b><u>Patient Revenue</u></b>										
Inpatient	81,047,121	22,777,843	13,965,119	10,625,877	0	0	0	0	0	0
Outpatient	131,944,961	52,234,110	34,262,171	16,728,810	59,968,775	5,067,026	0	0	0	0
	212,992,082	75,011,953	48,227,289	27,354,687	59,968,775	5,067,026	0	0	0	0
<b><u>Deductions from Revenue</u></b>										
Contractual Adjustment	156,777,534	50,424,810	33,510,680	18,762,772	38,544,685	1,303,709	0	0	0	0
Charity	3,843,572	1,232,902	734,534	264,021	478,371	12,518	0	0	0	0
Contra Revenue - Charity	3,656,293	2,234,362	1,207,323	1,162,126	1,871,018	48,639	0	0	0	0
Provision for Bad Debt	481,437	369,352	171,663	151,960	513,682	3,661	0	0	0	0
Uninsured Discounts	7,236,200	4,029,896	1,652,529	1,883,078	0	0	0	0	0	0
Total Deductions	171,995,036	58,291,321	37,276,728	22,223,956	41,407,756	1,368,527	0	0	0	0
<b>Net Patient Service Revenue</b>	40,997,047	16,720,632	10,950,561	5,130,731	18,561,019	3,698,499	0	0	0	0
Premium Revenue	0	0	0	0	0	0	0	0	0	0
Other Operating Revenue	514,610	588,093	133,870	14,318	18,723,838	1,489	(0)	503,523	0	192,088
<b>Total Operating Revenue</b>	514,610	588,093	133,870	14,318	18,723,838	1,489	(0)	503,523	0	192,088
<b>Total Operating Revenue</b>	41,511,656	17,308,725	11,084,431	5,145,050	37,284,857	3,699,987	(0)	503,523	0	192,088
<b><u>Operating Expense</u></b>										
Salaries	9,789,108	5,870,201	3,941,642	1,999,452	7,433,996	2,195,678	6,174,784	529,636	0	64,608
Provider Salaries	2,383,185	1,781,191	64,777	25,194	16,263,427	0	0	0	0	0
Contract Labor - Providers	4,682	132,943	0	0	3,056,138	0	0	0	0	0
Contract Labor - Other	184,439	138,454	46,894	34,760	171,561	14,387	54,106	32,348	0	2,285
Employee Benefits	2,317,140	1,709,013	943,509	488,536	2,823,813	489,078	2,390,917	107,949	0	9,246
Fees	6,422,217	2,256,238	2,436,515	1,475,477	1,939,717	167,111	1,617,749	195,568	0	6,442
Supplies	6,470,935	1,629,595	1,078,495	536,279	1,692,845	199,648	(70,633)	2,332	0	2,954
Utilities	536,130	290,619	267,512	130,851	444,143	9,194	146,561	7,252	0	0
Other Expense	2,743,674	1,488,034	924,695	610,352	3,584,667	173,446	2,434,184	49,735	0	11,097
Medical Costs	0	0	0	0	0	0	0	0	0	0
Depreciation	2,885,545	1,223,399	1,073,737	391,226	1,473,252	42,683	1,474,629	14,939	0	12,847
Amortization	2,838	1,984	1,736	0	2,063	20,506	299,004	2,000	0	469
Interest	66,428	71,566	52,902	193,299	247,881	4,722	3,690,479	0	0	0
<b>Total Operating Expense</b>	33,806,322	16,593,236	10,832,413	5,885,428	39,133,502	3,316,454	18,211,779	941,760	0	109,948
<b>Net Operating Income before Support Allocation</b>	7,705,334	715,490	252,018	(740,379)	(1,848,645)	383,534	(18,211,779)	(438,237)	0	82,140
Support Alloc - Salaries, Contract Labor & Benefits	1,072,555	539,743	410,010	217,642	431,138	88,067	(8,320,524)	23,577	0	0
Support Allocation - Other	941,705	505,280	233,321	116,505	(322,728)	51,719	(4,427,143)	20,434	0	0
<b>Net Operating Income after Support Allocation</b>	5,691,074	(329,533)	(391,312)	(1,074,525)	(1,957,056)	243,748	(5,464,112)	(482,248)	0	82,140
Non Operating Income / (Expense)	313,867	65,227	167,909	(3,966)	408,145	5,008	(57,720)	32,045	(21,909)	(30,872)
<b>Total Revenue Over Expense</b>	6,004,941	(264,306)	(223,404)	(1,078,492)	(1,548,911)	248,756	(5,521,833)	(450,203)	(21,909)	51,268
Change in Fair Value of Derivatives	0	0	0	0	0	0	1,269,542	0	0	0
Net Unrealized Gain / (Loss) on Investments	2,661,659	651,654	634,625	0	1,869,079	0	6,544,718	4,710	54,203	4,376
Cumulative Effect of Change in Accounting Principle	0	0	0	0	0	0	0	0	0	0
<b>Total Increase in Unrestricted Net Assets</b>	8,666,600	387,348	411,222	(1,078,492)	320,168	248,756	2,292,428	(445,493)	32,295	55,644
<b>EBITDA</b>	8,959,752	1,032,643	904,971	(493,966)	174,285	316,666	(57,720)	(433,264)	(21,909)	64,584

**Mountain States Health Alliance**  
**Financial Performance Indicators**  
**September 2016**

	2016 Fitch Median <sup>1</sup>	2016 S&P Median <sup>2</sup>	2016 Moody's Median <sup>3</sup>	2020 System Targets <sup>4</sup>	2017 System Targets <sup>5</sup>	MSHA	
						YTD	September

**Profitability Ratios**

Total Margin <sup>6</sup>	4.2%	3.4%	5.5%	6.3%	3.6%	1.5%	3.7%
Operating Margin	2.0%	0.8%	3.2%	6.1%	3.8%	2.9%	4.4%
EBITDA to Revenue	11.1%	8.7%	9.3%	14.4%	13.6%	11.6%	13.8%

**Liquidity Ratios**

Current Ratio	N/A	N/A	2.2	1.6	1.6	1.6	
Days in Patient A/R	48.0	47.6	48.6	59.6	60.1	56.2	
Avg Payment Period	67.4	N/A	60.3	72.8	77.2	76.0	
Total Days Cash on Hand	162.8	148.7	171.3	281.2	271.8	278.2	

**Capital Ratios**

LT Debt to Capitalization	49.2%	37.1%	38.8%	40.0%	54.9%	53.5%	
Cash Flow to Total Debt <sup>7</sup>	28.2%	N/A	34.5%	18.3%	10.4%	8.5%	
Debt Service Coverage	2.8	2.5	4.1	2.5	2.4	2.2	

**Other Ratios**

FTEs per AOB <sup>8</sup>	N/A	N/A	N/A	4.37	4.66	4.56	4.47
Labor Exp / Net Patient Rev <sup>9</sup>	53.5%	61.1%	N/A	50.4%	50.7%	51.0%	49.5%

**NOTES**

<sup>1</sup> Source: Fitch - Median Ratios for Nonprofit Hospitals and Healthcare Systems (September 2016)

<sup>2</sup> Source: S&P - US Not-for-Profit Health Care System Median Ratios (September 2016)

<sup>3</sup> Source: Moody's - Not-for-Profit Hospital Medians (September 2016)

<sup>4</sup> Source: MSHA 2016-2020 Financial Plan

<sup>5</sup> Source: MSHA 2017 Budget & MSHA 2016-2020 Financial Plan

<sup>6</sup> Excludes Loss on Extinguishment of LTD

<sup>7</sup> Excludes Loss on Extinguishment of LTD

<sup>8</sup> Includes Contract Labor and Excludes Nursing Homes

<sup>9</sup> Excludes Nursing Homes

**Mountain States Health Alliance**  
**EBITDA & Net Accounts Receivable by Facility**

	10/2015	11/2015	12/2015	01/2016	02/2016	03/2016	04/2016	05/2016	06/2016	07/2016	08/2016	09/2016	Avg / Ttl
<b>EBITDA</b>													
Johnson City Medical Center	3,928,409	4,861,610	6,468,559	3,510,780	4,301,041	7,421,162	6,179,453	4,184,403	11,249,694	4,907,516	6,113,669	7,614,437	70,740,733
Franklin Woods Community Hospital	1,501,231	1,147,178	2,424,686	1,252,231	1,458,288	1,795,069	2,624,711	1,369,829	2,930,385	1,470,469	2,518,332	2,184,132	22,676,540
Woodridge Psychiatric Hospital	245,670	110,743	(111,590)	7,824	(43,261)	45,323	(51,125)	(73,444)	2,703,711	4,227	314,379	174,671	3,327,126
Washington County Market Total	5,675,310	6,119,530	8,781,655	4,770,835	5,716,069	9,261,553	8,753,038	5,480,788	16,883,790	6,382,211	8,946,379	9,973,240	96,744,399
Johnston Memorial Consolidated	3,409,303	3,791,036	3,679,779	2,107,310	3,021,274	3,522,214	1,735,336	2,819,953	4,235,068	1,616,032	4,233,797	3,109,923	37,281,026
Smyth County Consolidated	440,501	(203,482)	1,195,508	82,772	144,058	894,024	38,456	(246,362)	1,032,366	183,959	324,035	396,978	4,282,812
Russell County Medical Center	(36,602)	(143,822)	34,983	25,706	(456,071)	(99,673)	(317,657)	(131,454)	551,497	(240,095)	(112,387)	(141,485)	(1,067,060)
Northeast Market Total	3,813,201	3,443,732	4,910,270	2,215,789	2,709,261	4,316,564	1,456,135	2,442,137	5,818,931	1,559,896	4,445,445	3,365,416	40,496,777
Indian Path Medical Center	681,647	570,606	1,672,764	416,747	475,265	446,735	(401,867)	(110,213)	367,372	(269,345)	322,353	8,964	4,181,028
Norton Community Consolidated	553,892	665,469	625,756	(290,312)	174,417	727,113	407,099	532,063	897,078	341,922	632,432	58,289	5,325,219
Northwest Market Total	1,235,540	1,236,075	2,298,520	126,435	649,682	1,173,848	5,233	421,850	1,264,450	72,577	954,785	67,253	9,506,247
Sycamore Shoals Hospital	(166,184)	734,533	745,663	316,590	301,234	443,159	321,357	(53,923)	1,735,039	392,670	535,123	189,870	5,495,132
Unicoi County Consolidated	(568,928)	(29,975)	(494,782)	(338,979)	(497,773)	39,474	(319,290)	(505,518)	20,861	(337,376)	(516,794)	(475,636)	(4,024,719)
Johnson County Community Hospital	(141,179)	(185,159)	(89,664)	(174,542)	(109,870)	18,644	(148,552)	(187,014)	527,017	(143,330)	(196,415)	(144,703)	(974,767)
Southeast Market Total	(876,292)	519,399	161,216	(196,931)	(306,409)	501,278	(146,486)	(746,455)	2,282,917	(88,036)	(178,086)	(430,470)	495,646
Blue Ridge Consolidated	345,085	325,000	926,316	460,861	194,319	686,941	(22,864)	(295,054)	2,475,028	(101,739)	144,427	131,596	5,269,919
Mountain States Home Health	23,901	(124,342)	33,009	(105,283)	18,869	34,690	(101,577)	(56,554)	(599,288)	131,247	117,947	67,472	(559,909)
MSHA Corporate	178,434	153,796	2,259,000	163,490	339,626	(31,699)	(602,291)	(946,021)	7,126,970	(145,341)	(136,073)	223,695	8,583,584
Integrated Solutions Health Network	(952,795)	(836,494)	(1,040,809)	(748,959)	(839,850)	(1,211,985)	(707,943)	177,885	3,788,886	(118,258)	(164,242)	(150,764)	(2,805,327)
Other Operations Total	(405,376)	(482,039)	2,177,517	(229,891)	(287,036)	(522,054)	(1,434,675)	(1,119,743)	12,791,597	(234,091)	(37,942)	271,999	10,488,266
Mountain States Health Foundation	(3,027)	573,290	46,138	85,506	104,930	109,011	(106,365)	317,022	(503,858)	(71,480)	34,716	14,856	600,739
MSHA Auxiliary	23,824	22,699	29,556	11,139	20,756	19,056	12,561	17,067	17,113	21,158	26,023	17,402	238,355
Eliminations	(2,982,683)	(1,355,839)	266,259	1,276,476	(596,020)	(3,487,484)	(653,020)	(971,327)	(1,764,859)	(1,568,215)	(1,839,582)	(1,191,582)	(14,868,173)
TOTAL	6,480,497	10,076,847	18,671,131	8,059,357	8,011,233	11,371,772	7,886,421	5,841,340	36,790,079	6,074,020	12,351,443	12,088,116	143,702,256
<b>Net Accounts Receivable</b>													
Johnson City Medical Center	70,848,157	70,207,378	68,385,437	69,490,368	70,408,073	67,449,467	68,370,383	67,087,564	64,266,491	65,386,966	63,800,102	65,411,470	67,592,655
Franklin Woods Community Hospital	11,072,655	10,784,837	11,080,406	11,201,291	10,875,105	10,704,171	11,809,698	11,691,969	11,617,355	11,682,106	11,920,029	11,708,184	11,345,650
Woodridge Psychiatric Hospital	3,145,753	3,343,665	3,074,046	3,307,554	3,077,524	2,883,307	2,853,014	2,751,898	2,703,901	2,745,462	2,755,441	2,740,299	2,948,489
Washington County Market Total	85,066,564	84,335,880	82,539,889	83,999,213	84,360,702	81,036,945	83,033,096	81,531,431	78,587,747	79,814,534	78,475,572	79,859,952	81,886,794
Johnston Memorial Consolidated	23,302,322	22,969,032	21,503,329	22,816,834	23,088,978	22,563,226	23,091,977	23,169,431	21,633,231	22,100,196	22,705,270	22,210,195	22,596,168
Smyth County Consolidated	6,995,724	6,781,702	6,556,332	6,755,291	6,804,993	7,031,941	7,102,737	6,876,736	6,560,667	6,923,052	6,884,644	6,895,074	6,847,408
Russell County Medical Center	4,238,340	4,347,731	4,094,616	4,316,567	4,009,850	4,296,160	4,277,165	4,293,112	3,869,751	4,180,062	4,291,813	4,136,641	4,195,984
Northeast Market Total	34,536,387	34,098,465	32,154,278	33,888,692	33,903,821	33,891,327	34,471,879	34,339,279	32,063,649	33,203,310	33,881,727	33,241,909	33,639,560
Indian Path Medical Center	14,581,049	13,980,892	13,547,815	13,831,157	14,186,758	13,232,744	13,340,264	12,779,900	11,396,654	11,842,591	11,777,034	11,417,290	12,992,846
Norton Community Consolidated	12,944,033	12,700,024	11,881,498	12,259,749	12,363,733	12,043,427	12,142,420	11,905,053	10,690,629	11,199,331	11,249,740	11,412,341	11,899,332
Northwest Market Total	27,525,083	26,680,916	25,429,313	26,090,906	26,550,492	25,276,171	25,482,685	24,684,953	22,087,283	23,041,922	23,026,774	22,829,631	24,892,177
Sycamore Shoals Hospital	6,378,434	6,754,931	6,771,236	6,734,820	7,061,558	6,815,015	6,761,287	6,103,902	6,104,999	6,343,102	6,290,500	6,104,641	6,518,702
Unicoi County Consolidated	3,416,762	3,489,017	2,966,607	2,708,150	2,240,939	2,271,386	2,354,221	2,235,734	1,968,246	2,035,722	1,781,830	1,742,246	2,434,238
Johnson County Community Hospital	1,190,071	1,162,193	1,170,083	1,360,256	1,310,983	1,364,840	1,337,827	854,097	645,115	745,860	663,528	507,040	1,025,991
Southeast Market Total	10,985,267	11,406,141	10,907,926	10,803,225	10,613,480	10,451,241	10,453,335	9,193,733	8,718,361	9,124,684	8,735,858	8,353,927	9,978,931
Blue Ridge Consolidated	12,222,807	11,826,024	11,906,552	12,635,292	13,265,290	12,602,418	12,797,814	12,509,130	10,478,717	10,001,459	10,103,250	9,844,531	11,682,774
Mountain States Home Health	4,334,330	4,200,390	4,312,761	4,109,684	4,264,736	4,108,985	3,863,966	3,846,356	3,065,986	3,259,480	3,191,878	2,875,497	3,786,171
Integrated Solutions Health Network	(1,698)	(1,798)	(1,896)	(1,896)	(1,896)	0	0	0	0	0	0	0	(765)
Other Operations Total	16,555,438	16,024,617	16,217,417	16,743,080	17,528,130	16,711,403	16,661,780	16,355,486	13,544,703	13,260,939	13,295,128	12,720,028	15,468,179
TOTAL	174,668,739	172,546,018	167,248,822	171,525,116	172,956,624	167,367,087	170,102,774	166,104,881	155,001,743	158,445,389	157,415,059	157,005,447	165,865,642

**Mountain States Health Alliance**  
**Full Time Equivalents by Facility**

	10/2015	11/2015	12/2015	01/2016	02/2016	03/2016	04/2016	05/2016	06/2016	07/2016	08/2016	09/2016	Avg / Ttl
<b><u>Full Time Equivalents (incl Providers and Cont Lbr)</u></b>													
Johnson City Medical Center	2,521	2,462	2,487	2,520	2,484	2,521	2,462	2,524	2,531	2,477	2,455	2,371	2,485
Franklin Woods Community Hospital	498	499	501	514	503	513	521	510	496	419	434	423	486
Woodridge Psychiatric Hospital	215	218	223	219	214	221	222	219	214	209	205	201	215
Washington County Market Total	3,234	3,179	3,210	3,252	3,202	3,255	3,206	3,254	3,241	3,105	3,094	2,995	3,186
Johnston Memorial Consolidated	928	928	919	928	934	946	936	938	974	938	931	885	932
Smyth County Consolidated	286	276	275	280	275	286	280	285	281	267	260	248	275
Francis Marion Manor	85	81	81	84	83	87	85	84	80	76	77	78	82
Russell County Medical Center	170	169	169	173	171	185	178	183	176	176	168	166	174
Northeast Market Total	1,469	1,455	1,443	1,465	1,463	1,503	1,479	1,490	1,511	1,457	1,436	1,378	1,462
Indian Path Medical Center	649	661	668	656	650	649	650	642	636	619	602	596	640
Norton Community Consolidated	600	606	602	598	599	604	611	593	594	586	584	593	597
Northwest Market Total	1,249	1,267	1,271	1,254	1,249	1,252	1,261	1,235	1,230	1,205	1,185	1,189	1,237
Sycamore Shoals Hospital	381	384	384	399	385	409	395	402	378	364	341	339	380
Unicoi County Consolidated	128	121	121	118	122	117	114	115	102	97	97	99	113
Unicoi County Nursing Home	55	61	63	60	57	59	61	62	49	49	48	46	56
Johnson County Community Hospital	84	85	86	84	86	84	87	86	82	81	79	77	83
Southeast Market Total	648	651	654	661	650	669	656	664	611	591	565	561	632
Blue Ridge Consolidated	1,009	997	1,030	1,001	1,050	1,041	1,032	1,037	976	984	1,007	1,003	1,014
Mountain States Home Health	176	180	176	171	172	174	179	181	172	159	160	152	171
MSHA Corporate	(0)	0	(0)	(0)	0	0	(0)	(0)	0	(0)	(0)	(0)	0
Integrated Solutions Health Network	52	55	54	55	60	57	54	51	43	35	32	32	48
Other Operations Total	1,237	1,232	1,260	1,228	1,283	1,272	1,265	1,269	1,190	1,178	1,200	1,187	1,233
Auxiliary	10	10	10	10	10	11	11	11	11	11	11	9	10
Eliminations	(54)	(50)	(55)	(62)	(65)	(65)	(59)	(60)	(56)	(51)	(56)	(55)	(57)
TOTAL	7,793	7,743	7,794	7,808	7,792	7,897	7,819	7,863	7,737	7,497	7,435	7,263	7,704

**FTEs per Adjusted Occupied Bed**

Johnson City Medical Center	4.38	4.14	4.14	4.27	4.18	4.09	4.11	4.40	4.49	4.35	4.33	4.25
Franklin Woods Community Hospital	2.80	2.84	2.71	2.92	2.86	2.69	2.80	2.85	2.98	3.48	3.09	3.17
Woodridge Psychiatric Hospital	2.88	2.98	3.26	2.92	2.89	2.92	2.93	2.84	2.87	2.71	2.72	2.67
Washington County Market Total	3.80	3.68	3.68	3.77	3.72	3.60	3.64	3.81	3.90	3.86	3.81	3.75
Johnston Memorial Consolidated	4.29	4.47	4.44	4.49	4.09	4.08	4.07	4.30	4.44	4.26	4.16	3.91
Smyth County Consolidated	4.47	4.34	4.73	4.39	4.99	3.95	4.70	5.03	5.34	4.39	3.92	4.06
Russell County Medical Center	3.04	3.00	2.91	2.90	3.00	2.82	2.84	2.99	2.88	3.07	2.61	2.67
Indian Path Medical Center	5.06	5.09	4.87	4.32	4.95	4.98	5.26	5.23	5.26	5.23	4.61	4.63
Norton Community Consolidated	5.39	5.52	5.70	5.86	5.06	5.06	5.17	5.46	5.49	5.75	4.85	4.85
Sycamore Shoals Hospital	3.47	3.71	3.55	3.73	3.55	3.32	3.43	3.48	3.48	3.28	3.08	3.28
Unicoi County Consolidated	4.01	4.72	4.69	4.36	4.39	4.52	5.27	5.29	4.83	3.74	3.41	3.64
Johnson County Community Hospital	2.43	3.92	2.70	4.02	4.54	3.66	5.66	4.05	4.24	3.96	3.79	3.72
TOTAL	4.58	4.57	4.54	4.54	4.52	4.33	4.48	4.65	4.71	4.67	4.52	4.47

**FTEs per Adjusted Admission**

Johnson City Medical Center	0.70	0.69	0.68	0.76	0.76	0.69	0.74	0.74	0.71	0.72	0.70	0.70
Franklin Woods Community Hospital	0.43	0.48	0.42	0.51	0.45	0.42	0.46	0.45	0.43	0.40	0.37	0.38
Woodridge Psychiatric Hospital	0.51	0.55	0.56	0.55	0.50	0.49	0.51	0.51	0.50	0.50	0.46	0.47
Washington County Market Total	0.61	0.63	0.60	0.67	0.66	0.59	0.64	0.65	0.62	0.62	0.59	0.60
Johnston Memorial Consolidated	0.46	0.50	0.51	0.56	0.53	0.48	0.50	0.49	0.54	0.53	0.46	0.47
Smyth County Consolidated	0.56	0.60	0.59	0.62	0.69	0.56	0.65	0.64	0.59	0.55	0.58	0.50
Russell County Medical Center	0.42	0.45	0.41	0.44	0.49	0.41	0.44	0.49	0.46	0.47	0.37	0.41
Indian Path Medical Center	0.66	0.69	0.61	0.70	0.71	0.63	0.70	0.65	0.62	0.63	0.57	0.61
Norton Community Consolidated	0.65	0.70	0.66	0.70	0.64	0.65	0.70	0.68	0.68	0.70	0.58	0.60
Sycamore Shoals Hospital	0.52	0.60	0.50	0.63	0.53	0.54	0.57	0.52	0.50	0.45	0.46	0.47
Unicoi County Consolidated	0.45	0.41	0.49	0.53	0.54	0.53	0.48	0.56	0.44	0.45	0.38	0.36
Johnson County Community Hospital	0.22	0.26	0.17	0.30	0.39	0.20	0.00	0.20	0.35	0.34	0.24	0.31
TOTAL	0.67	0.70	0.67	0.74	0.73	0.66	0.72	0.71	0.69	0.69	0.65	0.66

**Mountain States Health Alliance**  
**Revenue Deductions by Facility**

	10/2015	11/2015	12/2015	01/2016	02/2016	03/2016	04/2016	05/2016	06/2016	07/2016	08/2016	09/2016	Avg / Ttl
<b><u>Bad Debt</u></b>													
Johnson City Medical Center	700,943	512,265	669,706	509,770	881,087	1,108,565	514,300	909,929	694,685	568,128	501,046	514,155	8,084,580
Franklin Woods Community Hospital	77,240	143,553	112,085	103,917	98,362	132,770	65,851	127,004	130,986	93,827	78,523	130,941	1,295,060
Woodridge Psychiatric Hospital	9,385	4,495	15,200	599	42,768	9,899	3,601	22,588	5,870	8,651	6,460	4,675	134,192
Washington County Market Total	787,568	660,314	796,992	614,286	1,022,217	1,251,234	583,752	1,059,521	831,541	670,606	586,029	649,771	9,513,831
Johnston Memorial Consolidated	152,251	173,277	207,864	165,104	201,194	62,567	116,379	172,434	153,391	190,799	148,700	141,938	1,885,897
Smyth County Consolidated	63,522	42,319	45,306	57,069	48,406	55,676	56,868	61,201	46,259	61,820	52,554	57,288	648,288
Russell County Medical Center	39,406	79,493	69,261	57,809	87,698	64,583	57,618	50,104	49,160	40,567	66,296	45,097	707,092
Northeast Market Total	255,179	295,088	322,431	279,981	337,299	182,826	230,865	283,738	248,810	293,186	267,551	244,323	3,241,277
Indian Path Medical Center	133,326	143,301	127,176	96,225	111,687	159,389	108,221	137,061	352,241	130,299	71,014	84,759	1,654,699
Norton Community Consolidated	111,439	178,021	138,306	151,487	148,328	114,689	158,332	102,466	126,970	112,534	123,714	133,103	1,599,391
Northwest Market Total	244,765	321,323	265,482	247,712	260,015	274,078	266,554	239,527	479,211	242,833	194,729	217,862	3,254,090
Sycamore Shoals Hospital	135,452	54,952	154,756	127,997	101,623	290,361	(44,469)	90,297	87,649	38,420	164,290	111,156	1,312,484
Unicoi County Consolidated	(333,684)	395,874	305,568	101,916	50,836	129,256	186,078	90,868	4,912	(4,239)	119,744	179,797	1,226,926
Johnson County Community Hospital	63,117	17,845	47,374	15,583	52,258	6,398	6,886	7,623	12,217	12,653	24,114	43,354	309,422
Southeast Market Total	(135,115)	468,671	507,697	245,495	204,716	426,015	148,496	188,789	104,778	46,834	308,149	334,307	2,848,833
Blue Ridge Consolidated	104,533	134,287	103,368	147,907	592,345	(306,979)	114,524	124,614	131,061	246,497	27,917	239,269	1,659,342
Mountain States Home Health	(74)	748	41	1,425	2,673	2,018	(510)	1,379	462,093	5,070	(48)	(1,361)	473,454
Other Operations Total	104,459	135,035	103,409	149,331	595,018	(304,961)	114,014	125,993	593,154	251,567	27,869	237,908	2,132,796
TOTAL	1,256,855	1,880,431	1,996,011	1,536,807	2,419,265	1,829,192	1,343,681	1,897,568	2,257,494	1,505,025	1,384,326	1,684,171	20,990,826
<b><u>Contra Revenue - Self Pay</u></b>													
Johnson City Medical Center	4,568,871	3,301,029	3,311,778	3,156,008	4,140,780	3,313,866	2,964,480	2,910,476	4,220,705	3,702,768	2,824,012	2,319,874	40,734,647
Franklin Woods Community Hospital	780,345	1,036,756	702,686	776,285	681,811	553,606	106,446	564,944	705,829	938,041	515,493	487,591	7,849,835
Woodridge Psychiatric Hospital	11,096	90,702	79,151	124,009	84,813	108,160	73,065	128,313	50,646	128,310	103,690	42,279	1,024,236
Washington County Market Total	5,360,312	4,428,487	4,093,616	4,056,302	4,907,404	3,975,632	3,143,992	3,603,732	4,977,180	4,769,120	3,443,196	2,849,744	49,608,718
Johnston Memorial Consolidated	1,879,352	1,754,959	1,753,498	1,479,926	1,500,201	1,563,986	885,789	1,712,737	2,052,772	2,148,127	558,138	950,028	18,239,514
Smyth County Consolidated	273,347	317,701	386,395	363,408	448,081	427,011	141,338	422,197	430,715	459,582	316,665	431,076	4,417,518
Russell County Medical Center	381,623	364,885	290,193	475,511	451,541	458,364	294,075	415,341	420,494	400,982	262,705	498,439	4,714,154
Northeast Market Total	2,534,323	2,437,545	2,430,086	2,318,846	2,399,824	2,449,362	1,321,202	2,550,275	2,903,981	3,008,691	1,137,508	1,879,543	27,371,186
Indian Path Medical Center	1,000,179	846,618	734,346	764,608	531,867	771,219	748,731	877,752	897,336	832,551	748,995	762,946	9,517,149
Norton Community Consolidated	752,597	862,603	881,457	793,583	454,733	672,864	1,037,611	652,138	741,875	747,638	762,391	724,333	9,083,822
Northwest Market Total	1,752,776	1,709,221	1,615,804	1,558,191	986,599	1,444,083	1,786,342	1,529,890	1,639,211	1,580,189	1,511,386	1,487,280	18,600,971
Sycamore Shoals Hospital	679,356	426,203	594,112	689,095	604,320	659,598	309,572	564,277	816,419	512,347	673,624	363,826	6,892,749
Unicoi County Consolidated	260	446	181	251	537	364	256	307	581	21	0	10	3,214
Johnson County Community Hospital	98,037	69,404	157,124	44,566	166,520	(36,016)	97,516	114,752	94,941	52,599	115,819	66,591	1,041,853
Southeast Market Total	777,652	496,053	751,418	733,912	771,377	623,946	407,344	679,336	911,940	564,966	789,443	430,428	7,937,816
Blue Ridge Consolidated	498,688	645,735	515,818	742,077	216,074	1,217,054	609,808	548,789	540,713	577,036	542,837	751,145	7,405,774
Mountain States Home Health	(867)	9,952	903	19,120	35,511	27,010	(6,756)	18,323	28,169	67,359	(636)	(18,084)	180,004
Other Operations Total	497,820	655,687	516,721	761,197	251,584	1,244,064	603,052	567,112	568,882	644,395	542,201	733,061	7,585,778
TOTAL	10,922,883	9,726,994	9,407,644	9,428,448	9,316,788	9,737,088	7,261,932	8,930,346	11,001,194	10,567,361	7,423,735	7,380,056	111,104,468

**Mountain States Health Alliance**  
**Revenue Deductions by Facility (continued)**

	10/2015	11/2015	12/2015	01/2016	02/2016	03/2016	04/2016	05/2016	06/2016	07/2016	08/2016	09/2016	Avg / Ttl
<b><u>Charity</u></b>													
Johnson City Medical Center	3,216,746	1,194,073	3,445,461	3,259,881	3,897,611	4,666,424	3,117,885	3,125,347	1,965,550	2,484,535	4,842,992	1,832,095	37,048,599
Franklin Woods Community Hospital	244,326	286,413	291,742	390,201	300,090	430,017	218,561	472,571	188,553	77,577	340,766	160,222	3,401,038
Woodridge Psychiatric Hospital	1,229,579	559,528	1,105,275	952,377	1,125,673	1,110,985	1,311,613	1,331,510	1,310,053	1,449,002	1,450,529	1,442,004	14,378,128
Washington County Market Total	4,690,651	2,040,013	4,842,478	4,602,459	5,323,374	6,207,426	4,648,058	4,929,429	3,464,156	4,011,113	6,634,287	3,434,321	54,827,765
Johnston Memorial Consolidated	775,271	576,563	941,168	471,824	648,177	684,133	791,488	543,015	1,177,639	852,189	1,846,068	1,145,314	10,452,850
Smyth County Consolidated	297,402	169,152	149,964	155,177	40,604	228,530	153,020	220,542	134,643	130,193	462,533	141,808	2,283,567
Russell County Medical Center	134,762	31,945	95,766	31,657	94,036	52,898	86,776	47,067	51,945	113,234	90,221	60,566	890,873
Northeast Market Total	1,207,434	777,659	1,186,898	658,658	782,817	965,561	1,031,283	810,624	1,364,228	1,095,616	2,398,822	1,347,688	13,627,289
Indian Path Medical Center	145,875	184,769	325,852	291,233	534,483	313,816	234,532	230,607	237,438	279,280	384,695	424,955	3,587,535
Norton Community Consolidated	146,463	209,408	157,268	258,183	909,216	588,381	198,176	480,697	274,641	217,800	471,815	543,287	4,455,336
Northwest Market Total	292,338	394,177	483,121	549,416	1,443,699	902,197	432,709	711,304	512,079	497,080	856,510	968,242	8,042,870
Sycamore Shoals Hospital	102,124	175,448	114,353	356,176	118,274	370,642	342,227	231,512	65,922	269,050	160,665	147,634	2,454,027
Johnson County Community Hospital	10,054	6,767	19,959	19,474	8,711	17,025	9,276	12,890	23,463	15,698	8,549	12,401	164,267
Southeast Market Total	112,178	182,215	134,313	375,650	126,985	387,668	351,503	244,402	89,384	284,748	169,214	160,036	2,618,295
Blue Ridge Consolidated	183,513	133,031	112,904	110,177	112,976	162,466	132,998	123,359	94,388	114,962	197,330	166,079	1,644,182
Mountain States Home Health	2,206	0	(1)	11,302	6,195	12,913	8,609	1,466	17,103	(234)	1,030	11,721	72,311
Other Operations Total	185,719	133,031	112,903	121,479	119,171	175,378	141,607	124,825	111,490	114,728	198,361	177,800	1,716,493
TOTAL	6,488,321	3,527,096	6,759,713	6,307,662	7,796,047	8,638,230	6,605,160	6,820,582	5,541,337	6,003,285	10,257,193	6,088,087	80,832,712
<b><u>Self Pay Discount</u></b>													
Johnson City Medical Center	7,791,076	7,671,791	5,408,991	5,499,002	4,201,634	3,722,009	6,092,516	5,380,384	7,375,964	5,367,620	5,432,541	6,383,590	70,327,117
Franklin Woods Community Hospital	1,482,156	829,223	843,060	1,296,486	1,192,230	1,039,306	939,439	1,421,524	929,716	1,372,239	1,684,786	1,220,381	14,250,547
Woodridge Psychiatric Hospital	(20,689)	(3,340)	28,897	29,948	36,589	28,199	(7,265)	(10,041)	16,140	9,942	18,189	3,069	129,639
Washington County Market Total	9,252,544	8,497,674	6,280,948	6,825,436	5,430,453	4,789,514	7,024,690	6,791,867	8,321,820	6,749,801	7,135,516	7,607,040	84,707,303
Johnston Memorial Consolidated	2,447,605	2,218,611	3,071,310	1,738,292	2,424,371	2,428,298	1,741,142	2,915,408	2,795,035	3,033,036	2,267,020	1,936,145	29,016,273
Smyth County Consolidated	567,952	453,652	542,007	365,725	627,043	506,769	486,954	738,473	556,887	676,088	504,620	471,820	6,497,990
Russell County Medical Center	663,557	553,645	537,970	607,816	759,664	780,378	527,727	722,998	628,404	704,347	426,401	752,330	7,665,237
Northeast Market Total	3,679,114	3,225,907	4,151,287	2,711,833	3,811,078	3,715,445	2,755,824	4,376,879	3,980,327	4,413,471	3,198,041	3,160,295	43,179,500
Indian Path Medical Center	1,385,126	1,520,566	1,230,455	678,975	1,113,198	1,300,979	1,303,525	1,005,278	1,132,149	1,681,180	1,375,592	1,544,515	15,271,538
Norton Community Consolidated	1,311,311	1,418,113	1,466,715	829,562	1,346,918	1,032,196	1,300,126	1,119,595	1,174,465	1,286,500	1,304,139	1,439,256	15,028,897
Northwest Market Total	2,696,438	2,938,678	2,697,170	1,508,537	2,460,116	2,333,175	2,603,652	2,124,873	2,306,614	2,967,680	2,679,731	2,983,771	30,300,435
Sycamore Shoals Hospital	899,128	676,629	835,008	918,432	1,213,431	1,079,404	884,746	753,423	1,187,589	1,085,957	1,162,156	966,035	11,661,937
Unicoi County Consolidated	428,015	136,997	234,789	130,096	58,945	132,423	134,663	122,958	167,343	81,405	263,754	277,539	2,168,928
Johnson County Community Hospital	90,249	71,656	105,941	74,008	66,437	79,097	79,986	74,049	87,084	90,470	97,055	76,718	992,749
Southeast Market Total	1,417,391	885,281	1,175,739	1,122,536	1,338,814	1,290,923	1,099,395	950,430	1,442,016	1,257,832	1,522,965	1,320,293	14,823,614
TOTAL	17,045,486	15,547,541	14,305,145	12,168,341	13,040,460	12,129,057	13,483,561	14,244,049	16,050,776	15,388,785	14,536,252	15,071,398	173,010,851

**Mountain States Health Alliance**  
**Investments / Assets Whose Use is Limited**  
**For the Period Ended September 30, 2016**

			Market			Income	
	Cost	Unrealized Gain / (Loss)	September 30 2016	August 31 2016	Month Activity	Current Month	Year to Date
<b><u>INVESTMENTS</u></b>							
Intermediate Fixed Income	\$ 104,788,848	\$ 2,453,963	\$ 107,242,811	\$ 107,171,294	\$ 71,517	\$ 178,666	\$ 535,954
Short Term Fixed Income	32,133,882	221,513	32,355,394	32,319,263	36,131	39,999	125,790
Hold to Maturity	33,058,995	-	33,058,995	32,971,580	87,414	67,748	201,228
MSHA Fixed Income	5,151,623	-	5,151,623	5,152,649	(1,025)	20,471	63,568
Real Estate - UBS	72,188,590	13,585,095	85,773,686	84,572,132	1,201,554	-	32
US Equities	71,937,074	25,156,810	97,093,884	96,920,263	173,621	65,095	71,761
International Equities	92,656,328	(2,305,796)	90,350,532	88,881,053	1,469,480	-	48,523
Opportunistic Fixed	18,734,473	(860,598)	17,873,875	17,760,278	113,598	23,608	80,659
Opportunistic Alpha	85,856,973	(2,150,947)	83,706,026	83,533,040	172,986	44,057	190,661
Money Market Funds	229,796	-	229,796	138,327	91,469	18	67
Enhanced Cash	19,428,000	3,330	19,431,330	19,449,843	(18,513)	26,528	60,910
	<u>\$ 536,164,582</u>	<u>\$ 36,103,370</u>	<u>\$ 572,267,952</u>	<u>\$ 568,869,721</u>	<u>\$ 3,398,231</u>	<u>\$ 466,190</u>	<u>\$ 1,379,153</u>
US Govt / Other Securities (Mtn States Properties)	44,263,070	3,984,094	48,247,164	48,008,431	238,732	114,297	352,379
US Govt / Other Securities (ISHN)	6,919,794	(125,689)	6,794,105	6,780,407	13,699	1,977	5,770
US Govt / Other Securities (Foundation)	1,653,023	-	1,653,023	1,641,187	11,836	990	2,459
<b><u>TOTAL INVESTMENTS</u></b>	<b><u>\$ 589,000,469</u></b>	<b><u>\$ 39,961,776</u></b>	<b><u>\$ 628,962,244</u></b>	<b><u>\$ 625,299,747</u></b>	<b><u>\$ 3,662,498</u></b>	<b><u>\$ 583,454</u></b>	<b><u>\$ 1,739,762</u></b>
Operating Cash / CDs	\$ 92,917,023	\$ -	\$ 92,917,023	\$ 54,974,121	\$ 37,942,901	\$ 550	\$ 1,519
<b><u>TOTAL UNRESTRICTED CASH AND INVESTMENTS</u></b>	<b><u>\$ 681,917,492</u></b>	<b><u>\$ 39,961,776</u></b>	<b><u>\$ 721,879,267</u></b>	<b><u>\$ 680,273,868</u></b>	<b><u>\$ 41,605,399</u></b>	<b><u>\$ 584,005</u></b>	<b><u>\$ 1,741,281</u></b>



**Mountain States Health Alliance**  
**Investments / Assets Whose Use is Limited**  
**For the Period Ended September 30, 2016**

			Market			Income	
	Cost	Unrealized Gain / (Loss)	September 30 2016	August 31 2016	Month Activity	Current Month	Year to Date
<u>ASSETS WHOSE USE IS LIMITED</u>							
<u>BOND FUNDS</u>							
Debt Service Reserve Fund	\$ 7,061,059	\$ -	\$ 7,061,059	\$ 7,059,696	\$ 1,363	\$ 821	\$ 5,906
Principal & Interest Fund	1,459,557	-	1,459,557	41,031	1,418,526	18	1,052
Sinking Fund	11,423	-	11,423	11,421	2	2	672
Workers Comp - Hold to Maturity	7,592,147	-	7,592,147	7,608,236	(16,089)	7,801	23,719
Other	22,284	-	22,284	22,281	2	0	1,548
	<u>\$ 16,146,470</u>	<u>\$ -</u>	<u>\$ 16,146,470</u>	<u>\$ 14,742,665</u>	<u>\$ 1,403,805</u>	<u>\$ 8,643</u>	<u>\$ 32,898</u>
US Govt / Other Securities	2,052,350	-	2,052,350	2,050,623	1,727	10,066	29,822
<u>TOTAL ASSETS WHOSE USE IS LIMITED</u>	<u>\$ 18,198,820</u>	<u>\$ -</u>	<u>\$ 18,198,820</u>	<u>\$ 16,793,288</u>	<u>\$ 1,405,532</u>	<u>\$ 18,709</u>	<u>\$ 62,720</u>
<u>TOTAL UNRESTRICTED CASH AND INVESTMENTS AND ASSETS WHOSE USE IS LIMITED</u>							
	<u>\$ 700,116,312</u>	<u>\$ 39,961,776</u>	<u>\$ 740,078,088</u>	<u>\$ 697,067,156</u>	<u>\$ 43,010,931</u>	<u>\$ 602,714</u>	<u>\$ 1,804,001</u>
Other Income						\$ 41,228	\$ 137,076
Interest Rate Swaps						347,400	1,325,257
<u>TOTAL INVESTMENT INCOME</u>						<u>\$ 991,342</u>	<u>\$ 3,266,334</u>
Less: Investment Fees						\$ 79,670	\$ 277,268
<u>NET INVESTMENT INCOME</u>						<u>\$ 911,672</u>	<u>\$ 2,989,066</u>

**Mountain States Health Alliance**  
**Derivatives**  
**For the Period Ended September 30, 2016**

	Mark to Market		
	September 30 2016	August 31 2016	Month Activity
<b><u>FAIR VALUE OF INTEREST RATE SWAPS</u></b>			
CMS Basis Swap (\$173 million notional)	(1,365,860)	(2,179,498)	813,638
CMS Basis Swap (\$170 million notional)	(1,600,727)	(2,129,194)	528,467
CMS Basis Swap (\$95 million notional)	(905,710)	(1,200,679)	294,969
Total Return Swap (\$17 million notional - 2001)	(159,925)	(119,732)	(40,193)
Total Return Swap (\$119 million notional - 2016)	(1,071,183)	(813,056)	(258,127)
Basis Swap (\$82 million notional)	6,697,475	6,031,745	665,730
Basis Swap (\$50 million notional)	1,532,476	1,009,916	522,560
<b><u>TOTAL FAIR VALUE OF INTEREST RATE SWAPS</u></b>	<b><u>\$ 3,126,546</u></b>	<b><u>\$ 599,501</u></b>	<b><u>\$ 2,527,044</u></b>

	Income	
	Current Month	Year to Date
<b><u>INTEREST RATE SWAP INCOME</u></b>		
CMS Basis Swap (\$173 million notional)	26,836	148,806
CMS Basis Swap (\$170 million notional)	26,614	147,066
CMS Basis Swap (\$95 million notional)	14,683	81,599
Total Return Swap (\$17 million notional - 2001)	40,193	132,017
Total Return Swap (\$119 million notional - 2016)	233,229	795,801
Basis Swap (\$82 million notional)	3,723	11,417
Basis Swap (\$50 million notional)	2,122	8,551
<b><u>TOTAL INTEREST RATE SWAP INCOME</u></b>	<b><u>\$ 347,400</u></b>	<b><u>\$ 1,325,257</u></b>

**Mountain States Health Alliance**  
**Gain / Loss From Affiliates**  
**For the Period Ended September 30, 2016**

MONTH OF SEPTEMBER		
Actual	Budget	Bud Var
4,127	43,216	-90.4%
39,808	38,760	2.7%
(8,333)	(8,333)	0.0%
17,631	32,023	-44.9%
0	66,667	-100.0%
<b>53,233</b>	<b>172,333</b>	<b>-69.1%</b>

Company or Entity:

	<u>% Own</u>
Quillen Rehabilitation Hospital of Johnson City, LLC	49.9%
Blue Ridge/USP Surgery Centers, LLC	49.9%
Signature Health	44.5%
Johnson City Eye Surgery Center	20.0%
Johnston Memorial Cath Lab	25.0%

**Total Gain (Loss) from Affiliates**

THREE MONTHS YEAR TO DATE		
Actual	Budget	Bud Var
373	129,649	-99.7%
150,887	116,281	29.8%
(25,000)	(25,000)	0.0%
25,160	96,069	-73.8%
0	0	100.0%
<b>151,420</b>	<b>316,999</b>	<b>-52.2%</b>

**Mountain States Health Alliance**  
**Percent Operating EBITDA to Operating Revenue**  
**For the Period Ended September 30, 2016**

	MONTH OF SEPTEMBER			YEAR TO DATE		
	Actual	Budget	Prior Yr	Actual	Budget	Prior Yr
Johnson City Medical Center	21.45%	20.19%	17.37%	17.60%	17.96%	17.63%
Franklin Woods Community Hospital	32.94%	30.04%	22.01%	32.04%	28.86%	25.48%
Woodridge Psychiatric Hospital	11.58%	12.03%	-4.57%	10.82%	9.75%	5.13%
Johnston Memorial Consolidated	22.71%	20.24%	23.20%	20.83%	20.03%	17.73%
Smyth County Consolidated	6.91%	6.97%	0.93%	6.65%	6.95%	-1.37%
Russell County Consolidated	-8.64%	2.87%	-21.50%	-9.52%	2.36%	-12.27%
Indian Path Medical Center	0.13%	12.65%	-2.53%	0.40%	10.65%	5.74%
Norton Community Consolidated	0.53%	11.47%	12.33%	5.59%	9.18%	11.46%
Sycamore Shoals Hospital	5.59%	12.14%	14.49%	10.20%	10.67%	10.00%
Unicoi County Consolidated	-51.68%	-44.81%	-38.02%	-50.12%	-43.16%	-55.24%
Johnson County Community Hospital	-26.82%	-10.76%	-17.61%	-28.37%	-11.83%	-14.18%
MSHA Total (hospital facilities only)	16.02%	16.94%	13.54%	14.32%	15.38%	13.57%

Form

**990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2012****Open to Public Inspection****A** For the 2012 calendar year, or tax year beginning **07/01/12**, and ending **06/30/13****B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization**MOUNTAIN STATES HEALTH ALLIANCE**

Doing Business As

**JOHNSON CITY MEDICAL CENTER;**

Number and street (or P.O. box if mail is not delivered to street address)

**400 N. STATE OF FRANKLIN ROAD**

City, town or post office, state, and ZIP code

**JOHNSON CITY TN 37604****F** Name and address of principal officer:

**ALAN LEVINE**  
**303 MED TECH PARKWAY, STE. 300**  
**JOHNSON CITY TN 37604**

**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** Are all affiliates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

**G** Gross receipts \$ **718,141,895****I** Tax-exempt status:☒ 501(c)(3)☐ 501(c) ( )

(insert no.)

☐ 4947(a)(1) or☐ 527**J** Website: ▶**WWW.MSHA.COM****H(c)** Group exemption number ▶**K** Form of organization:☒ Corporation☐ Trust☐ Association☐ Other ▶**L** Year of formation: **1945****M** State of legal domicile: **TN****Part I Summary****1** Briefly describe the organization's mission or most significant activities:**SEE SCHEDULE O****2** Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.**3** Number of voting members of the governing body (Part VI, line 1a) **14****4** Number of independent voting members of the governing body (Part VI, line 1b) **7****5** Total number of individuals employed in calendar year 2012 (Part V, line 2a) **9102****6** Total number of volunteers (estimate if necessary) **2897****7a** Total unrelated business revenue from Part VIII, column (C), line 12 **1,245,620****7b** Net unrelated business taxable income from Form 990-T, line 34 **160,672****8** Contributions and grants (Part VIII, line 1h) **2,745,426****9** Program service revenue (Part VIII, line 2g) **697,705,296****10** Investment income (Part VIII, column (A), lines 3, 4, and 7d) **24,259,649****11** Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) **10,171,526****12** Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) **734,881,897****13** Grants and similar amounts paid (Part IX, column (A), lines 1-3) **990,095****14** Benefits paid to or for members (Part IX, column (A), line 4) **0****15** Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) **309,796,341****16a** Professional fundraising fees (Part IX, column (A), line 11e) **0****b** Total fundraising expenses (Part IX, column (D), line 25) ▶ **1,478,925****17** Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) **372,114,544****18** Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) **682,900,980****19** Revenue less expenses. Subtract line 18 from line 12 **51,980,917****20** Total assets (Part X, line 16) **1517954041****21** Total liabilities (Part X, line 26) **1169345060****22** Net assets or fund balances. Subtract line 21 from line 20 **348,608,981**

Prior Year

Current Year

Beginning of Current Year

End of Year

Activities &amp; Governance

Revenue

Expenses

Net Assets or Fund Balances

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer

Date

**MARVIN EICHORN****SENIOR VP & CFO**

Type or print name and title

**Paid****Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if PTIN self-employed

Firm's name ▶

**THIS TAX RETURN**

Firm's EIN ▶

Firm's address ▶

**PREPARED BY A****NON-PAID PREPARER.**

Phone no.

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ NoFor Paperwork Reduction Act Notice, see the separate Instructions.  
DAAMSHA6976 Form **990** (2012)

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III

☒**1** Briefly describe the organization's mission:**SEE SCHEDULE O****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code: ) (Expenses \$ **568,045,112** including grants of \$ **405,051** ) (Revenue \$ **674,348,316** )  
**SEE ATTACHED DOCUMENT: MSHA - PROGRAM SERVICE ACCOMPLISHMENTS****FOR GUIDESTAR READERS, OUR PROGRAM SERVICE ACCOMPLISHMENTS MAY BE FOUND AT THE END.****4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses **568,045,112**

**FORM 990, PART III, LINE 1: STATEMENT OF PROGRAM  
SERVICE ACCOMPLISHMENTS**

MOUNTAIN STATES HEALTH ALLIANCE (MSHA) WAS CREATED IN SEPTEMBER 1998 AS A PRIVATE, LOCALLY OWNED, TAX-EXEMPT, REGIONAL HEALTHCARE SYSTEM. MSHA IS A 1,200 BED TERTIARY-CARE AND REFERRAL HOSPITAL SYSTEM, THE REGION'S LARGEST BY BED COUNT AND VOLUMES. FOR THE YEAR ENDING JUNE 30, 2013, MSHA RECORDED 45,377 INPATIENT ADMISSIONS, AND PROVIDED FOR 717,987 OUTPATIENT VISITS. THERE WERE 159,372 EMERGENCY VISITS AND 146,429 HOME HEALTH VISITS.

THE ALLIANCE IS COMPOSED OF 9 HOSPITALS, AN OUTPATIENT SURGERY CENTER, AN OUTPATIENT RADIATION ONCOLOGY CENTER AND TWO OUTPATIENT REHABILITATION THERAPY CENTERS. IT ALSO HAS SERVICES FOR HOME HEALTH, HOSPICE AND PARISH NURSING. BLUE RIDGE MEDICAL MANAGEMENT CORPORATION, SOLELY OWNED BY MSHA, PROVIDES DURABLE MEDICAL EQUIPMENT, INFUSION THERAPY, PHARMACY, AND PHYSICIAN SERVICES.

MSHA ENTITIES, IN CONCERT WITH THE MOUNTAIN STATES HEALTHCARE NETWORK OF MORE THAN 50 AFFILIATED HOSPITALS AND NURSING HOMES, PROVIDE AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE TO RESIDENTS ACROSS A WIDESPREAD, PREDOMINANTLY RURAL 29-COUNTY AREA OF APPALACHIA. THE SERVICE AREA INCLUDES PARTS OF NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, SOUTHEAST KENTUCKY AND WESTERN NORTH CAROLINA. ALL 9 MSHA HOSPITALS ARE LOCATED IN NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA. JOHNSON CITY MEDICAL CENTER, THE COMPANY'S FLAGSHIP FACILITY, IS HOME TO MANY OF THE REGION'S CRITICALLY NEEDED PROGRAMS.

MSHA ALSO HAS A MAJORITY OWNERSHIP IN SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) LOCATED IN MARION, VA, NORTON COMMUNITY HOSPITAL (NCH), LOCATED IN NORTON, VA, DICKENSON COMMUNITY HOSPITAL (DCH), LOCATED IN CLINTWOOD, VA, AND JOHNSTON MEMORIAL HOSPITAL (JMH), LOCATED IN ABINGDON, VA. BECAUSE JMH, NCH, DCH AND SCCH ARE PARTIALLY OWNED ENTITIES, THEIR DATA ARE EXCLUDED FROM THIS DOCUMENT AND EACH OF THESE HOSPITALS FILE A SEPARATE FORM 990.

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**WASHINGTON COUNTY, TN JOHNSON CITY MEDICAL CENTER (JCMC) FLAGSHIP FACILITY:**

- TEACHING HOSPITAL AFFILIATED WITH QUILLEN COLLEGE OF MEDICINE AT EAST TENNESSEE STATE UNIVERSITY (ETSU)
- THE SECOND HOSPITAL BUILT IN TENNESSEE
- LEVEL I TRAUMA CENTER – ONE OF ONLY SIX IN TENNESSEE
- HOME OF THE REGIONAL CANCER CENTER
- HOME TO NISWONGER CHILDREN’S HOSPITAL (NSCH), WHICH ALSO OFFERS THE ST. JUDE TRI-CITIES AFFILIATE CLINIC, ONE OF ONLY FIVE SUCH CLINICS IN THE COUNTRY, WORKING WITH THE MEMPHIS FACILITY TO TREAT PEDIATRIC PATIENTS IN OUR REGION; AND, THE REGION’S ONLY NACHRI-AFFILIATED CHILDREN’S HOSPITAL. NSCH PROVIDES COMPREHENSIVE PEDIATRIC SERVICES WITH ACCESS TO MORE THAN 20 PEDIATRIC SPECIALTIES.
- THE CHILDREN’S EMERGENCY DEPARTMENT AT JCMC IS THE ONLY PEDIATRIC-SPECIFIC EMERGENCY DEPARTMENT IN THE REGION OFFERING 24-HOUR EMERGENCY CARE BY SPECIALLY TRAINED PERSONNEL FOCUSED ON PROVIDING CARE TO PATIENTS FROM BIRTH TO 18 YEARS OF AGE.
- THE NE TN REGIONAL PERINATAL CENTER LOCATED AT JCMC IS ONE OF FIVE STATE DESIGNATED TERTIARY CENTERS FOR HIGH-RISK MATERNAL



FETAL CARE. STATE DESIGNATION IS BASED ON GUIDELINES FOR THE SERVICE PROVISIONS AND DESIGNATIONS OF LEVELS OF CARE GOVERNED AND REVIEWED BY A STATE APPOINTED COMMITTEE THROUGH TN DEPARTMENT OF HEALTH.

- HOME OF THE REGION'S LARGEST AIR AMBULANCE FLEET, WINGS AIR RESCUE
- 2001-2013 CONSUMER'S CHOICE AWARD FOR THE REGION THROUGH AN INDEPENDENT SURVEY CONDUCTED BY THE NATIONAL RESEARCH COUNCIL: BEST OVERALL QUALITY, BEST DOCTORS, BEST NURSES, MOST PERSONALIZED CARE AND HAVING THE BEST REPUTATION

OTHER JCMC HOSPITALS; **JAMES H. & CECILE C. QUILLEN REHABILITATION HOSPITAL** (CARF-ACCREDITED) AND **WOODRIDGE HOSPITAL FOR BEHAVIORAL HEALTH SERVICES**.

**FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH)** OPENED ITS DOORS IN THE SUMMER OF 2010 AS A REPLACEMENT HOSPITAL FOR 2 AGING WASHINGTON COUNTY FACILITIES. FWCH WAS THE FIRST "LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN" (LEED) CERTIFIED HOSPITAL IN TENNESSEE AND HAS SET THE PRECEDENT FOR ENVIRONMENTALLY FRIENDLY DESIGNS.

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**SULLIVAN COUNTY, TN INDIAN PATH MEDICAL CENTER**

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**CARTER COUNTY, TN SYCAMORE SHOALS HOSPITAL**

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**JOHNSON COUNTY, TN JOHNSON COUNTY COMMUNITY HOSPITAL**, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES, A MEDICALLY UNDERSERVED AREA

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**RUSSELL COUNTY, VA RUSSELL COUNTY MEDICAL CENTER**, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL LOCATED IN A MEDICALLY UNDERSERVED AREA.

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MSHA WAS NAMED THE WINNER OF THE NATIONAL QUALITY FORUM'S 2012 NATIONAL QUALITY HEALTHCARE AWARD. NATIONAL QUALITY FORUM (NQF) PRESENTS THE AWARD ANNUALLY TO AN EXEMPLARY HEALTHCARE ORGANIZATION THAT HAS ACHIEVED A NUMBER OF QUALITY FOCUSED GOALS AND ACHIEVEMENTS. MSHA IS THE FIRST HEALTHCARE ORGANIZATION IN TENNESSEE TO RECEIVE THE AWARD. THE AWARD RECIPIENT IS SELECTED THROUGH A BLINDED REVIEW BY A PANEL OF JURORS COMPOSED OF NATIONAL HEALTHCARE EXPERTS WHO REPRESENT PURCHASERS, GOVERNMENT, HEALTH SYSTEMS, CLINICIANS, AND CONSUMERS. ACCORDING TO NQF, THE 2012 AWARD FOCUS WAS THE EXTENT TO WHICH AN ORGANIZATION IS PROVIDING PATIENT-CENTERED CARE AND ACHIEVING BETTER HEALTH OUTCOMES AT LOWER PER-CAPITA COSTS.

AARP RECOGNIZED MSHA AS ONE OF THE 50 BEST EMPLOYERS IN THE NATION FOR WORKERS OVER 50. MSHA WAS THE ONLY COMPANY IN TENNESSEE TO RECEIVE THE HONOR IN 2013. CANDIDATES ARE VETTED TO ENSURE THAT PRACTICES MEET THE NEEDS OF MATURE WORKERS, AND APPLICATIONS ARE REVIEWED BY AN INDEPENDENT PANEL OF JUDGES COMPOSED OF PRIVATE SECTOR, NON-PROFIT AND GOVERNMENT LABOR EXPERTS. AREAS OF CONSIDERATION INCLUDE RECRUITING PRACTICES; OPPORTUNITIES FOR TRAINING, EDUCATION AND CAREER DEVELOPMENT; WORKPLACE ACCOMMODATIONS; ALTERNATIVE WORK OPTIONS, SUCH AS FLEXIBLE SCHEDULING, JOB SHARING AND PHASED RETIREMENT; EMPLOYEE HEALTH AND PENSION BENEFITS; AND BENEFITS FOR RETIREES.

MOUNTAIN STATES HEALTH ALLIANCE RECEIVED THE TENNESSEE CENTER FOR PERFORMANCE EXCELLENCE (TNCPE) 2013 EXCELLENCE AWARD, THE HIGHEST HONOR FOR PERFORMANCE EXCELLENCE. TNCPE IS TENNESSEE'S ONLY STATE-WIDE QUALITY PROGRAM PATTERNED ON THE NATIONAL BALDRIGE PERFORMANCE EXCELLENCE PROGRAM, WHICH WAS ESTABLISHED IN 1987 BY PRESIDENT RONALD REAGAN. THE ANNUAL EXCELLENCE AWARD RECIPIENT IS

DETERMINED BY A PANEL OF JUDGES TO BE A HIGH-PERFORMANCE ORGANIZATION, EXHIBITING CONTINUOUS IMPROVEMENT AND BEST PRACTICE PROCESSES THAT SERVE AS A ROLE MODEL FOR OTHER ORGANIZATIONS. SINCE THE PROGRAM WAS FOUNDED IN 1993, ONLY 22 ORGANIZATIONS HAVE ATTAINED THE EXCELLENCE DESIGNATION AND MOUNTAIN STATES HEALTH ALLIANCE HAS EARNED THE HONOR THREE TIMES (2005, 2009, AND 2013). THE 2013 BOARD OF EXAMINERS WAS MADE UP OF OVER 200 EXPERTS IN BUSINESS, EDUCATION, HEALTH CARE AND GOVERNMENT. EXAMINERS SPENT MORE THAN 15,000 HOURS ASSESSING THE 2013 APPLICANTS IN SEVEN CATEGORIES: LEADERSHIP; STRATEGIC PLANNING; CUSTOMER FOCUS; MEASUREMENT, ANALYSIS AND KNOWLEDGE MANAGEMENT; WORKFORCE FOCUS; OPERATIONS FOCUS; AND RESULTS. THE PANEL OF JUDGES IS COMPOSED OF EXPERTS SELECTED FROM ALL INDUSTRY SECTORS AND REPRESENTS EACH DIVISION OF THE STATE.

MSHA WAS THE RECIPIENT OF THE 2012 U.S. SENATE PRODUCTIVITY AND QUALITY AWARD FOR VIRGINIA (VA SPQA). MSHA RECEIVED THE MEDALLION PERFORMANCE EXCELLENCE AWARD, VA SPQA'S HIGHEST AWARD. RECEIVING THE SPQA MEDALLION IS RECOGNITION OF BEING AMONG THE BEST PERFORMING ORGANIZATIONS IN THE COMMONWEALTH OF VIRGINIA AND THE DISTRICT OF COLUMBIA. THE AWARD RECIPIENT OF THE COVETED MEDALLION AWARD IS BELIEVED TO BE THE BEST IN THEIR CLASS WHEN COMPARED TO THE NATION'S STANDARD FOR EXCELLENCE – THE BALDRIGE CRITERIA FOR PERFORMANCE EXCELLENCE.

MOUNTAIN STATES HEALTH ALLIANCE HAS BEEN INCLUDED AMONG THE NATION'S "100 INTEGRATED HEALTH SYSTEMS TO KNOW" IN THE 2013 EDITION OF BECKER'S HOSPITAL REVIEW. THE LIST RECOGNIZES HEALTH SYSTEMS THAT FOCUS ON THE CONTINUUM OF CARE, FROM WELLNESS AND PREVENTIVE SERVICES TO URGENT CARE, INPATIENT CARE, OUTPATIENT CARE, HOSPICE, HEALTH PLAN OFFERINGS AND MORE. THE CHOSEN HEALTH SYSTEMS HAVE ALSO DEMONSTRATED INNOVATION THROUGH THEIR PARTICIPATION IN CARE AND PAYMENT REFORM INITIATIVES, SUCH AS ACCOUNTABLE CARE

ORGANIZATIONS. FRANKLIN WOODS COMMUNITY HOSPITAL AND MSHA CHIEF FINANCIAL OFFICER MARVIN EICHORN WERE ALSO RECOGNIZED ON OTHER NATIONAL BECKER'S LISTS. FRANKLIN WOODS COMMUNITY HOSPITAL WAS LISTED AMONG THE "100 GREAT COMMUNITY HOSPITALS IN AMERICA" AND EICHORN WAS NAMED AS ONE OF THE "125 HOSPITAL AND HEALTH SYSTEM CHIEF FINANCIAL OFFICERS TO KNOW". THE "100 GREAT COMMUNITY HOSPITALS" LIST WAS BASED ON HOSPITALS' QUALITY OF CARE AND SERVICE TO COMMUNITY. THE CFO LIST IS BASED ON SEVERAL RESOURCES INCLUDING INPUT FROM INDUSTRY EXPERTS.

MSHA WAS NAMED A 2013 "100 MOST WIRED HOSPITALS" WINNER. TOP 100 HOSPITALS/ HEALTH SYSTEMS SHOW BETTER OUTCOMES IN FOUR KEY AREAS: MORTALITY RATES, PATIENT SAFETY MEASURES FROM THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY (AHRQ), CORE MEASURES FROM HOSPITAL COMPARISONS AND AVERAGE LENGTH OF STAY. THE SURVEY IS CONDUCTED BY THE AMERICAN HOSPITAL ASSOCIATION, THE COLLEGE OF HEALTHCARE INFORMATION MANAGEMENT EXECUTIVES, AT&T AND MCKESSON AND PUBLISHED IN HOSPITALS & HEALTH NETWORKS. THE ANNUAL SURVEY POLLED 1,713 HOSPITALS (ROUGHLY ONE-THIRD OF THOSE IN THE U.S.). THE SURVEY, WHICH IS AN INDUSTRY-STANDARD BENCHMARK STUDY ANALYZES SURVEY RESULTS OF THE MOST WIRED DATA AND DEVELOPS BENCHMARKS THAT ARE BECOMING THE INDUSTRY STANDARD FOR MEASURING IT ADOPTION FOR OPERATIONAL, FINANCIAL AND CLINICAL PERFORMANCE IN HEALTH CARE DELIVERY SYSTEMS. MSHA WAS ONE OF FOUR ORGANIZATIONS IN TENNESSEE TO BE RECOGNIZED AND THE ONLY HOSPITAL TO MAKE THE LIST IN OUR REGION.

JOHNSON CITY MEDICAL CENTER AND INDIAN PATH MEDICAL CENTER WERE RECOGNIZED BY U.S. NEWS AND WORLD REPORT IN THE BEST HOSPITALS 2012 AND 2013 RANKINGS. THE RECOGNITION IS BROKEN DOWN BY SPECIALTIES AND RECOGNIZES HIGH PERFORMERS IN EACH CATEGORY.

THE NATIONAL RESEARCH CORPORATION ANNUALLY PROVIDES CONSUMER CHOICE AWARDS FOR THE MOST-PREFERRED HOSPITALS IN MARKETS ACROSS THE U.S. WINNERS, NAMED IN MODERN HEALTHCARE MAGAZINE, ARE SELECTED FROM THE NATION'S MOST COMPREHENSIVE, NATIONWIDE CONSUMER HEALTH CARE PROFILE, THE NATIONAL RESEARCH CORPORATION HEALTHCARE MARKET GUIDE. THE AWARD IDENTIFIES THE TOP HOSPITALS THAT HEALTHCARE CONSUMERS HAVE CHOSEN AS HAVING THE HIGHEST QUALITY AND IMAGE IN MARKETS THROUGHOUT THE UNITED STATES. JOHNSON CITY MEDICAL CENTER WAS ONE OF ONLY SIX HOSPITALS IN THE STATE OF TENNESSEE RECEIVING THIS RECOGNITION.

MSHA IS ONE OF EIGHT HEALTH CARE SYSTEMS NATIONWIDE TO WIN THE 2013 EMERGENCY CARE RESEARCH INSTITUTE (ECRI) SUPPLY CHAIN AWARD. ECRI IS AN INDEPENDENT, NON-PROFIT ORGANIZATION THAT RESEARCHES THE BEST APPROACHES TO IMPROVING PATIENT CARE. THE AWARD HONORS HEALTHCARE ORGANIZATIONS THAT DEMONSTRATE EXCELLENCE IN OVERALL SPEND MANAGEMENT BY FINDING THE BEST DEALS WHILE ALSO FINDING THE BEST QUALITY SUPPLIES TO BENEFIT PATIENTS.

THREE MSHA FACILITIES – FRANKLIN WOODS COMMUNITY HOSPITAL, SYCAMORE SHOALS HOSPITAL AND SMYTH COUNTY COMMUNITY HOSPITAL – WERE RECOGNIZED THIS YEAR BY THE PREMIER HEALTHCARE ALLIANCE FOR SEVERAL KEY QUALITY MEASURES, INCLUDING LOW MORTALITY, POSITIVE PATIENT EXPERIENCE, AND LOW COST OF CARE. THE QUEST HIGH PERFORMING HOSPITALS COLLABORATIVE ALLOWS HOSPITALS NATIONWIDE TO SHARE BEST PRACTICES AND COMPARE DATA ON PATIENT SAFETY, CLINICAL OUTCOMES, COST OF CARE, AND PATIENT SATISFACTION, WITH THE GOAL OF IMPROVING ALL METRICS FOR THE BENEFIT OF THE PATIENT.

THE VIRGINIA HEALTH QUALITY CENTER (VHQC), A NON-PROFIT HEALTH QUALITY CONSULTING COMPANY, SELECTED WINNERS IN SIX CATEGORIES FOR THEIR CONTRIBUTIONS TO

IMPROVING HEALTH CARE FOR PATIENTS IN VIRGINIA. MSHA'S FIVE VIRGINIA HOSPITALS, INCLUDING RUSSELL COUNTY MEDICAL CENTER, WERE AMONG THE RECIPIENTS. VHQC STATED (OF MSHA) "BY ESTABLISHING 10 GUIDING PRINCIPLES AND INCORPORATING THEM INTO EACH HOSPITAL'S OPERATIONS, THIS ORGANIZATION HAS SIGNIFICANTLY IMPROVED PATIENT-PROVIDER RELATIONSHIPS, ENVIRONMENTS AND SERVICE DELIVERY."

THE AMERICAN HEART ASSOCIATION AND AMERICAN STROKE ASSOCIATION RECOGNIZED JCMC AS A GOLD PLUS ACHIEVEMENT AWARD HOSPITAL. THIS AWARD IS GIVEN TO HOSPITALS FOR ACHIEVING 85% OR HIGHER ADHERENCE TO ALL "GET WITH THE GUIDELINES®" HEART FAILURE ACHIEVEMENT INDICATORS FOR TWO OR MORE CONSECUTIVE 12-MONTH INTERVALS AND AT LEAST 12 CONSECUTIVE MONTHS OF 75% OR HIGHER COMPLIANCE WITH 4 OF 10 "GET WITH THE GUIDELINES®" HEART FAILURE QUALITY MEASURES TO IMPROVE QUALITY OF PATIENT CARE AND OUTCOMES. INDIAN PATH MEDICAL CENTER WAS AWARDED THE SILVER ACHIEVEMENT AWARD FROM THE AMERICAN HEART ASSOCIATION.

SYCAMORE SHOALS HOSPITAL AND JOHNSON COUNTY COMMUNITY HOSPITAL WERE NAMED 2013 GUARDIAN OF EXCELLENCE AWARD WINNERS BY PRESS GANEY ASSOCIATES, INC. FOR THEIR STRONG PHYSICIAN ENGAGEMENT. THE GUARDIAN OF EXCELLENCE AWARD USES SURVEY RESULTS TO RECOGNIZE TOP-PERFORMING FACILITIES THAT CONSISTENTLY ACHIEVED THE 95<sup>TH</sup> PERCENTILE AS COMPARED TO OTHER FACILITIES ACROSS THE NATION. BOTH HOSPITALS RATED IN THE 99<sup>TH</sup> PERCENTILE, MEANING THEY HAD A HIGHER LEVEL OF PHYSICIAN PARTNERSHIP THAN 99 PERCENT OF THE FACILITIES IN PRESS GANEY'S DATABASE. MORE THAN 10,000 HEALTH CARE FACILITIES ARE INCLUDED IN THE PRESS GANEY DATABASE, REPRESENTING MORE THAN HALF OF ALL U.S. HOSPITALS.

SYCAMORE SHOALS HOSPITAL (SSH) RECEIVED NATIONAL RECOGNITION FOR AN INNOVATIVE HAND HYGIENE PROGRAM

CALLED “BUMMER” THAT HAS BEEN AWARDED AN HONORABLE MENTION AND A CASH PRIZE IN THE SPIRIT OF EXCELLENCE AWARDS, CO-SPONSORED BY SODEXO HEALTH CARE SERVICES AND MODERN HEALTHCARE MAGAZINE. “BUGS UNDER MEDICAL MANAGEMENT TO ELIMINATE RESISTANCE” (BUMMER) IS A CAMPAIGN DESIGNED TO INCREASE COMPLIANCE IN HAND HYGIENE AND USE OF PERSONAL PROTECTIVE EQUIPMENT. AFTER IMPLEMENTATION OF THE BUMMER PROGRAM, COMPLIANCE RATES ARE NOW CLOSE TO 100 PERCENT. THE 20 YEAR OLD SPIRIT OF EXCELLENCE AWARDS PROGRAM IS DESIGNED TO HONOR HEALTH CARE ORGANIZATIONS AND INDIVIDUALS FOR CREATIVE PROGRAMS THAT SERVE PATIENTS AND COMMUNITIES.

MSHA ESTABLISHED “MOUNTAIN STATES EARTH CARE” TO INCREASE TEAM MEMBER AWARENESS AND INVOLVEMENT ACROSS THE ORGANIZATION OF INITIATIVES DEVELOPED TO PROTECT THE ENVIRONMENT. CONSISTENT WITH THE MSHA PATIENT CENTERED CARE PRINCIPLE THAT CARE IS PROVIDED IN A HEALING ENVIRONMENT OF COMFORT, PEACE AND SUPPORT, OUR GREEN PRINCIPLES DEMONSTRATE OUR COMMITMENT TO PROTECT AND PRESERVE THE ENVIRONMENT. MSHA PROTECTS THE ENVIRONMENT BY PROMOTING COST-EFFECTIVE BUSINESS PRACTICES CONSISTENT WITH MSHA’S 11 “GREEN GUIDING PRINCIPLES”.

MSHA CONTINUES THE LEADERSHIP SYSTEM CALLED THE VALUE OPTIMIZATION SYSTEM (VOS) TO TRAIN AND PROVIDE TOOLS TO REDUCE WASTE, PROVIDE A “WOW” CUSTOMER EXPERIENCE WHILE ACHIEVING WORLD CLASS OUTCOMES. THIS SYSTEM ALSO ALLOWS MSHA TO CONTINUOUSLY IMPROVE AND PROVIDE MORE VALUE TO TEAM MEMBERS, PHYSICIANS, AND COMMUNITIES. VOS IDENTIFIES WHICH PARTS OF THE SYSTEM DELIVER VALUE AND WHICH PARTS ARE WASTE SO THAT THE SYSTEM MAY BE REDESIGNED TO REDUCE WASTE AND TO DELIVER THE BEST VALUE TO MEET CUSTOMER DEMAND.

AUDIT AND COMPLIANCE PRACTICES: MSHA IS GOVERNED BY A BOARD OF DIRECTORS, WHOSE MEMBERS ARE FROM THE

COMMUNITIES MSHA SERVES. THE CORPORATE BOARD INCLUDES A LONGSTANDING AUDIT AND COMPLIANCE COMMITTEE. ALL AUDITORS AND COMPLIANCE SPECIALISTS, INTERNAL AND EXTERNAL, REPORT DIRECTLY TO THE AUDIT AND COMPLIANCE COMMITTEE AS A WAY TO ENSURE THE AUDIT AND COMPLIANCE PROCESS IS INDEPENDENT.

- MSHA'S COMPLIANCE PLAN ENSURES THE ORGANIZATION CONDUCTS BUSINESS IN AN APPROPRIATE MANNER AND IN ACCORDANCE WITH LOCAL, STATE AND FEDERAL LAWS AND REGULATIONS. THE PLAN ADDRESSES FISCAL ACCOUNTABILITY AND TRANSPARENCY OF OPERATIONS THROUGH THE REVIEW AND USE OF INDEPENDENT AUDITS BY EXTERNAL AUDITORS AND RATING AGENCIES.
- UPON EMPLOYMENT, MSHA TEAM MEMBERS RECEIVE A COPY OF THE BOOKLET *CODE OF ETHICS AND BUSINESS CONDUCT*, DETAILING REQUIRED STANDARDS OF BEHAVIOR. YEARLY, TEAM MEMBERS RECEIVE REFRESHER EDUCATION ON THEIR OBLIGATIONS UNDER THE CODE OF ETHICS AND BUSINESS CONDUCT.
- ANNUALLY, DEPARTMENT DIRECTORS, EXECUTIVE OFFICERS AND BOARD MEMBERS ARE REQUIRED TO SIGN MSHA'S CONFLICT OF INTEREST POLICY. BY SIGNING THIS POLICY, THEY AFFIRM THEIR KNOWLEDGE AND UNDERSTANDING OF THE POLICY AND ALSO HAVE THE OPPORTUNITY TO DISCLOSE ANY CONFLICT OF INTEREST THEY MAY HAVE. ALL TEAM MEMBERS ARE REQUIRED BY POLICY TO IMMEDIATELY DISCLOSE SITUATIONS THAT MAY CONSTITUTE CONFLICTS OF INTEREST WHEN THEY ARISE.
- MSHA IS FULLY COMPLIANT WITH REGULATORY AND LEGAL REQUIREMENTS, AND ITS HOSPITALS ARE ACCREDITED BY THE JOINT COMMISSION.
- MSHA HAS A NO-RETALIATION AND NO-RETRIBUTION POLICY FOR THE PROTECTION OF INDIVIDUALS WHO, IN GOOD FAITH, REPORT LEGAL OR ETHICAL CONCERNS. TEAM MEMBERS ARE REQUIRED TO REPORT CONCERNS TO APPROPRIATE PERSONS FOR INVESTIGATION OR FOLLOW-UP. *ALERTLINE* IS A CONFIDENTIAL, RISK-FREE



HOTLINE FOR REPORTING SUSPECTED ILLEGAL BEHAVIOR, ETHICAL VIOLATIONS OR SAFETY RISKS AND IS AVAILABLE TO ALL TEAM MEMBERS VIA A TOLL-FREE NUMBER.

## **MEDICAL EDUCATION AND RESEARCH**

A TRAUMATIC INJURY IS SOMETHING THAT CAN STRIKE ANYONE, ANYTIME AND JUST ABOUT ANYWHERE. IT IS THE LEADING CAUSE OF DEATH FOR AGES 1 TO 44 IN THE NATION. THAT'S WHY MSHA/JCMC HOSTED THE FOURTH ANNUAL TRAUMA CONFERENCE. THE EVENT WAS OPEN TO ANYONE INVOLVED IN TREATING TRAUMA – EMERGENCY PERSONNEL, PHYSICIANS, NURSES, REHAB SPECIALISTS AND OTHERS. THE CONFERENCE LOOKED AT THE MANY ASPECTS OF TRAUMA, WITH A FOCUS ON DEALING WITH TRAUMA IN A RURAL AREA. RURAL TRAUMA IS OFTEN DIFFERENT FROM WHAT IS COMMON IN A LARGER CITY. OUR REGION RECEIVES 85 TO 90 PERCENT BLUNT TRAUMA, WHILE IN LARGE INNER-CITY SETTINGS, THERE MAY BE A HIGHER INCIDENCE OF PENETRATING TRAUMA. RURAL TRAUMA IS MORE LIKELY TO BE FROM ACCIDENTS RELATED TO HIKING, HORSEBACK RIDING, FARMING, USE OF FOUR-WHEELERS, ETC. AND THE PATIENTS HURT IN RURAL AREAS MAY EXTEND TIMES FOR RESCUE, PLUS PHYSICAL AND GEOGRAPHICAL CHALLENGES ARE OFTEN INVOLVED. THE CONFERENCE PROMOTED BEST PRACTICES AND NATIONAL GUIDELINES IN TRAUMA CARE. MSHA IS THE FIRST TO PROVIDE A TRAUMA CONFERENCE THAT IS OPEN TO EVERYONE AS AN OUTREACH TO OUR ENTIRE REGION AND NOT JUST SPECIFIC TO OUR TEAM MEMBERS. THE CONFERENCE GOAL IS TO IMPROVE THE TRAUMA EDUCATION FOR CARE PROVIDERS IN NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, WESTERN NORTH CAROLINA AND SOUTHEASTERN KENTUCKY, AND TO IMPROVE OUTCOMES FOR TRAUMA PATIENTS IN THIS REGION. MSHA INCURRED UNREIMBURSED COSTS RELATED TO THE CONFERENCE OF \$25,491.

MSHA PROVIDES CLINICAL EXPERIENCE TO MEDICAL STUDENTS AND RESIDENTS OF THE JAMES H. QUILLEN COLLEGE OF MEDICINE AT ETSU. MSHA CONTRIBUTED AN

UNREIMBURSED COST AMOUNT OF \$5,948,457 TO THE RESIDENCY PROGRAM IN FY13.

MSHA FACILITIES SERVE AS CLINICAL TRAINING AREAS FOR HEALTH PROFESSIONAL EDUCATION STUDENTS. MSHA HAS DEDICATED STAFF TO WORK WITH REGIONAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTHCARE PROFESSIONAL STUDENTS AS PART OF THEIR EDUCATIONAL CURRICULUM. MANY OF THE HEALTH CARE STUDENTS ENTERING OUR SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING.

INCLUDED IN THE PARTICIPANTS RECEIVING CLINICAL EXPERIENCE AT MSHA WERE 1,859 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROGRAMS. THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE MSHA NURSING STAFF INVOLVEMENT AT FIVE MSHA FACILITIES. THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST MSHA \$3,810,059.

MSHA PROVIDED A CLINICAL SETTING FOR ANOTHER 874 STUDENTS TRAINING IN HEALTH-RELATED PROGRAMS SUCH AS RADIOLOGY, PHARMACY, LABORATORY, PHYSICAL THERAPY AND OTHER ALLIED-HEALTH DISCIPLINES. THESE ADDITIONAL CLINICAL STUDENTS COST MSHA \$843,428.

MSHA PROVIDED ASSISTANCE TO 631 HIGH SCHOOL AND COLLEGE STUDENTS WHO WERE CONSIDERING A HEALTHCARE CAREER PATH BY ALLOWING THEM TO OBSERVE LICENSED MSHA CLINICAL PROFESSIONALS. THE SHADOWING OF CLINICAL STAFF BY THESE STUDENTS COST MSHA \$14,311.

MSHA'S LEARNING RESOURCE CENTER (LRC) IS A MEDICAL LIBRARY THAT PROVIDES ACCESS TO MEDICAL DATABASES, VARIOUS PAPER PUBLICATIONS AND FACILITATES INTER-LIBRARY JOURNAL LOANS TO INCREASE LIBRARY RESOURCES. THE LRC SUBSCRIBES TO SEVERAL ONLINE MEDICAL DATABASES AS WELL AS PRINTED MEDICAL EDUCATION MATERIALS. THE LRC IS UTILIZED BY MEDICAL RESIDENTS, PHARMACY, NURSING AND PHYSICAL THERAPY STUDENTS.

THIS SERVICE IS ALSO USED BY OTHER HEALTH PROFESSION EDUCATION STUDENTS, PHYSICIANS AND STAFF, AND IS OPEN TO THE COMMUNITY. MORE THAN 3,000 ARTICLE REQUESTS ARE FILLED EVERY YEAR. THE FY13 COST OF PROVIDING THIS SERVICE WAS \$286,839.

CLINICAL RESEARCH IS A VITAL COMPONENT OF MODERN MEDICINE. THE DEVELOPMENT OF SAFE AND EFFECTIVE PHARMACEUTICALS, BIOLOGICS AND MEDICAL DEVICES EMERGES FROM CONTROLLED CLINICAL TRIALS. MSHA SUPPORTS MSHA PHYSICIANS AND NURSES, AS WELL AS ETSU FACULTY, RESIDENTS AND FELLOWS, IN CONDUCTING RESEARCH TRIALS AND BRINGING INNOVATIVE CARE TO OUR PATIENTS. MSHA'S RESEARCH DEPARTMENT PROVIDES DIFFERENT LEVELS OF SUPPORT TO TRIALS, INCLUDING, BUT NOT LIMITED TO, ADMINISTRATIVE, LEGAL, AND EDUCATIONAL SUPPORT, BUDGETARY EVALUATION, AND OBTAINING AND MAINTAINING IRB APPROVALS. MSHA REPORTED \$134,204 IN UNREIMBURSED RESEARCH EXPENSE DURING FY13.

MSHA'S RESEARCH DEPARTMENT HOSTED ITS 8<sup>TH</sup> ANNUAL EVIDENCE-BASED PRACTICE AND RESEARCH CONFERENCE FOR NURSES AND OTHER DISCIPLINES IN THE RESEARCH FIELD. CONFERENCE TOPICS INCLUDED STAFF VS. STAPH, SAFE SLEEP STRATEGIES IN NICU, NURSE RESIDENTS' EVIDENCE BASED PRACTICE PROJECT: ICU OPEN VISITATION, AMONG OTHER TOPICS. OVER 40 PROFESSIONALS ATTENDED THE CONFERENCE, AT A COST OF \$5,590 TO MSHA.

MSHA PRESENTED THE 19<sup>TH</sup> ANNUAL PULMONARY CRITICAL CARE HEALTH SYMPOSIUM WITH A NET UNREIMBURSED COST OF ALMOST \$3,000. THIS TWO DAY SYMPOSIUM IS DESIGNED TO ENHANCE THE EDUCATION OF PHYSICIANS, RESPIRATORY THERAPISTS, NURSES, SLEEP TECHNOLOGISTS AND OTHER ALLIED HEALTH CARE PROFESSIONALS IN THE MOST RECENT SCIENTIFIC ADVANCEMENTS INVOLVING MANAGEMENT OF PULMONARY PATIENTS AND FUTURISTIC TRENDS.

WINGS AIR RESCUE PROVIDES AEROMEDICAL TRANSPORTATION OF CRITICALLY ILL OR INJURED PATIENTS. IMPORTANT TO THE EFFICIENT AND SAFE OPERATION OF THE AIR AMBULANCE IS A CLEAR UNDERSTANDING OF HOW TO CLEAR AND PREPARE LANDING ZONES AND APPROPRIATE METHODS FOR COMMUNICATING WITH AIR HELICOPTER PILOTS AT ACCIDENT SCENES AND TRANSPORT SITES. DURING FY13, WINGS AIR RESCUE MADE 158 TRAINING RUNS TO AREA EMERGENCY MEDICAL SERVICE FACILITIES AND EMERGENCY DEPARTMENTS TO PERFORM TRAINING OF EMS AND EMERGENCY DEPARTMENT PERSONNEL.

### **PATIENT CARE SERVICES**

DATA SHOWS THAT THE HEALTH STATUS OF MSHA'S SERVICE AREA IS GENERALLY POOR. MSHA'S PRIMARY SERVICE AREA CONSISTS OF COUNTIES IN TENNESSEE AND SOUTHWEST VIRGINIA. AMONG THE 50 STATES, TENNESSEE RANKS 42ND AND VIRGINIA RANKS 26TH IN TERMS OF HEALTH STATUS. HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA (WHERE SOME OF MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE. SOME OF THE OVERWHELMING HEALTH ISSUES IN OUR SERVICE AREA INCLUDE:

1. HIGH PREVALENCE OF OBESITY
2. POOR CARDIOVASCULAR HEALTH
3. HIGH RATE OF CIGARETTE SMOKING
4. POOR AIR QUALITY
5. LOW RATE OF DIABETIC CARE
6. HIGH RATE OF UNINSURED
7. LOW LEVEL OF EDUCATION
8. HIGH RATE OF DEATHS DUE TO CARDIOVASCULAR CONDITIONS, CANCER AND DIABETES

GIVEN THIS HEALTH PROFILE, MSHA EXISTS TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF ALL INDIVIDUALS AND COMMUNITIES IN THE REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH. MSHA LIVES ITS MISSION TO BRING LOVING CARE TO HEALTH

CARE IN OUR REGION. MSHA OPERATES ON A NON-DISCRIMINATORY BASIS, PROVIDING QUALITY HEALTH CARE TO ALL PATIENTS REGARDLESS OF RACE, RELIGION, GENDER, ETHNICITY, DISABILITY, AGE OR ABILITY TO PAY.

MSHA ADDED A HOSPITAL-BASED PHARMACY PROGRAM IN 2012. A YEAR LATER, AFTER SOME GROWING PAINS, THE PHARMACY IS 95% DEPLOYED AT JCMC. THIS COMPREHENSIVE SERVICE FOR PATIENTS ASSISTS THEM WITH INSURANCE AND PAYMENT OPTIONS AND ASSURES THEY HAVE ALL THE MEDICATIONS THEY NEED UPON DISCHARGE. THE MAIN REASON FOR ADDING THIS SERVICE WAS TO PROVIDE SAFER AND MORE EFFICIENT PATIENT CARE AS PATIENTS TRANSITION FROM HOSPITAL TO HOME. ONE OF THE PRIMARY REASONS FOR HOSPITAL READMISSION IS MEDICATION MISMANAGEMENT ONCE A PATIENT GOES HOME. PATIENTS CAN NOW LEAVE THE HOSPITAL WITH MEDICATIONS IN HAND AND AFTER RECEIVING CLEAR INSTRUCTION FROM A TRANSITION SPECIALIST THROUGHOUT THEIR HOSPITAL STAY. THE NEW PHARMACY HAS BEEN SUCCESSFUL WITH ITS GOAL OF LOWERING READMISSIONS – THE READMISSION RATE FOR PATIENTS WHO USE THE PHARMACY IS ABOUT 31% LOWER THAN FOR PATIENTS WHO DON'T USE IT. THE MSHA PHARMACY OFFERS AN OPTION FOR PATIENTS LEAVING LATE IN THE DAY, PATIENTS THAT ARE TIRED AND WANT TO GO STRAIGHT HOME; OR, THE PATIENT'S PHARMACY DOESN'T HAVE A NEEDED MEDICATION IN STOCK CAUSING A DELAY IN STARTING THE DRUG. PATIENTS ARE APPRECIATIVE OF THE CONVENIENCE THIS PHARMACY OPTION GIVES THEM. FOR EXAMPLE, A SAME-DAY SURGERY PATIENT THAT CHOOSES THIS PHARMACY OPTION WILL HAVE EVERYTHING READY FOR THEM BEFORE THEY ARE DISCHARGED.

BOTH IPMC AND JCMC EARNED CERTIFICATION BY THE JOINT COMMISSION AS CENTERS OF EXCELLENCE. IPMC'S CERTIFICATION WAS THE FIRST SUCH HONOR IN THE AREA, FOLLOWED CLOSELY BY JCMC. THERE ARE NO OTHER CERTIFIED JOINT REPLACEMENT CENTERS WITHIN A 75-MILE RADIUS TO THE TRI-CITIES. THE CERTIFICATION VALIDATES A COMMITMENT TO A HIGHER STANDARD OF SERVICE, PROVIDES

A FRAMEWORK FOR ORGANIZATIONAL STRUCTURE AND MANAGEMENT, ENHANCES STAFF RECRUITMENT AND DEVELOPMENT, AND IS RECOGNIZED BY INSURERS AND OTHER THIRD PARTIES.

AT THE END OF AUGUST, 2012, JCMC OPENED A CONGESTIVE HEART FAILURE CLINIC TO HELP PATIENTS MANAGE THEIR DISEASE. THE CLINIC IS STAFFED BY A NURSE PRACTITIONER WHO WORKS IN COLLABORATION WITH A CARDIOLOGIST. THE CLINIC IS PROVIDED FREE OF CHARGE. THE CLINIC'S PRIMARY FOCUS IS ON EVALUATION AND EDUCATION, TO PREVENT THE LIKELIHOOD OF ACUTE EPISODES OF HEART FAILURE AND TO HELP PEOPLE MANAGE HEART FAILURE AND IMPROVE THEIR CARDIAC FUNCTION. THE CLINIC'S MISSION IS TO PROVIDE CARE THAT WILL REDUCE THE NUMBER OF HOSPITALIZATIONS FOR PATIENTS WITH CONGESTIVE HEART FAILURE (CHF) THROUGH OUTPATIENT MANAGEMENT IN THE HEART FAILURE CLINIC. PATIENTS DISCHARGED FROM A MSHA HOSPITAL WILL HAVE A SCHEDULED APPOINTMENT WITH THE CLINIC AND CONTINUED FOLLOW-UP CARE WILL CONTINUE AS LONG AS THE INDIVIDUAL NEEDS IT. THE COST TO MSHA OF PROVIDING THIS FREE CLINIC WAS \$84,034 DURING FY13 AND 270 PATIENTS WERE SEEN DURING THE FIRST 10 MONTHS THE CLINIC WAS OPEN.

AS HOSPITALS ACROSS THE NATION LOOK FOR NEW AND INNOVATIVE WAYS TO BATTLE DEADLY PATHOGENS AND KILL MULTI-DRUG RESISTANT ORGANISMS THAT PUT PATIENTS AT RISK, JCMC HAS TAKEN A LEAP INTO THE FUTURE WITH THE INSTALLATION OF TWO ROBOTS THAT ELIMINATE HARD-TO-KILL BUGS IN HARD-TO-CLEAN PLACES. THE TWO XENEX ROBOTS USE PULSED XENON ULTRAVIOLET LIGHT THAT IS 25,000 TIMES MORE POWERFUL THAN THE SUN TO DESTROY HARMFUL BACTERIA, VIRUSES, FUNGI, AND EVEN BACTERIAL SPORES. THE SYSTEM IS EFFECTIVE AGAINST EVEN THE MOST DANGEROUS PATHOGENS, INCLUDING CLOSTRIDIUM DIFFICILE, NOROVIRUS, INFLUENZA, AND STAPH BACTERIA, INCLUDING METHICILLIN-RESISTANT STAPHYLOCOCCUS AUREUS, BETTER KNOWN AS MRSA.

THE ROBOTS CAN DISINFECT A ROOM IN MINUTES AND ARE EASILY PORTABLE. JCMC IS THE FIRST HOSPITAL IN TENNESSEE TO IMPLEMENT THE XENEX SYSTEM.

#### CHARITY AND UNREIMBURSED COSTS

CHARITY CARE: WHILE REIMBURSEMENT FOR HEALTHCARE SERVICES RENDERED IS CRITICAL TO THE OPERATION AND SUSTAINABILITY OF THE ORGANIZATION, MSHA RECOGNIZES ITS OBLIGATION TO PROVIDE CARE TO INDIVIDUALS WHO CANNOT AFFORD ESSENTIAL MEDICAL SERVICES, INCLUDING EMERGENCY CARE. A PATIENT IS CLASSIFIED AS A CHARITY PATIENT BY REFERENCE TO ESTABLISHED POLICIES OF MSHA AND GUIDELINES OUTLINED BY THE FEDERAL GOVERNMENT. HOWEVER, FINANCIAL ASSISTANCE DECISIONS ARE NOT SOLELY BASED ON INCOME. UNIQUE FINANCIAL CIRCUMSTANCES ARE WEIGHED WITH VERIFIED PATIENT ASSETS WHICH CAN DETERMINE FINANCIAL ASSISTANCE ELIGIBILITY. IT IS NOT UNTIL AFTER VERIFICATION OF INCOME AND ASSETS THAT A DECISION AS TO THE AMOUNT OF WRITE-OFF WILL BE MADE. IN FISCAL YEAR 2013, MSHA INCURRED A LOSS OF \$17,191,567 ATTRIBUTABLE TO THE PROVISION OF FREE CARE TO INDIGENT PATIENTS.

GOVERNMENTAL PROGRAM ENROLLEES: MSHA PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS, INCLUDING MEDICARE AND MEDICAID AND STATE-FUNDED TENNCARE. IN FY13, THE UNREIMBURSED COST OF SERVICES PROVIDED TO THIS PATIENT POPULATION WAS \$5,715,993 (MEDICARE, BASED ON MEDICARE ALLOWABLE COSTS), \$5,400,422 (MEDICAID) AND \$23,779,759 (TENNCARE).

BAD DEBT: MSHA PROVIDES AN INCREASING LEVEL OF SERVICE TO SELF-PAY PATIENTS FOR WHICH IT RECEIVES LITTLE OR NO PAYMENT. DURING FY13, BAD DEBTS RESULTED IN BAD DEBT WRITE-OFFS OF \$72,662,827. MSHA BELIEVES MANY OF THE ACCOUNTS CLASSIFIED AS BAD DEBT WOULD HAVE QUALIFIED FOR FINANCIAL ASSISTANCE IF THE PATIENTS ASSOCIATED WITH THESE ACCOUNTS HAD PROVIDED FINANCIAL DOCUMENTATION TO OUR HOSPITALS. EVEN WHEN MSHA HOSPITAL TEAM MEMBERS ENCOURAGE PATIENTS AND

TELL THEM IT IS LIKELY THEY WILL QUALIFY FOR ASSISTANCE, MANY PATIENTS REMAIN UNWILLING TO PROVIDE THE INFORMATION WE NEED TO DETERMINE ELIGIBILITY. THE VAST MAJORITY OF PATIENTS THAT SUPPLY FINANCIAL INFORMATION TO US DO, IN FACT, RECEIVE EITHER A COMPLETE ACCOUNT WRITE-OFF TO CHARITY OR A PARTIAL WRITE-OFF.

### PROMOTE COMMUNITY HEALTH

MSHA OFFERS MANY REDUCED PRICE OR FREE SERVICES AND PROGRAMS YEAR-ROUND IN CARE SETTINGS THAT IT ESTABLISHED TO ACCOMMODATE THE WIDELY SCATTERED, AGING AND SOCIOECONOMICALLY DISADVANTAGED POPULATION. SUCH PROGRAMS SERVE BONA FIDE COMMUNITY HEALTH NEEDS AND RESULT IN FINANCIAL LOSSES TO THE ORGANIZATION.

WINGS AIR RESCUE (WINGS), THE REGION'S ONLY EMERGENCY MEDICAL HELICOPTER SERVICE, IS CONSIDERED BY MSHA TO BE A REGIONAL ASSET. LICENSED IN THE STATE OF TENNESSEE AND THE COMMONWEALTHS OF KENTUCKY AND VIRGINIA, WINGS PROVIDED AIR TRANSPORT OF CRITICALLY ILL AND INJURED PATIENTS TO THE CLOSEST TERTIARY FACILITIES, INCLUDING NON-MSHA FACILITIES. 40% OF THEIR PATIENTS ARE TRAUMA PATIENTS FROM SCENES OR EMERGENCY DEPARTMENTS TO TERTIARY CARE CENTERS, WITH OTHERS BEING CARDIAC, OB, PEDIATRIC AND MEDICAL. DURING FY13, WINGS TRANSPORTED 1,375 PATIENTS AND MADE 2 SEARCH AND RESCUE FLIGHTS AT A NET OPERATING LOSS OF \$1,257,736. IN ADDITION TO AIR TRANSPORT SERVICE, WINGS DISPATCH SERVES AS THE STATE DESIGNATED REGIONAL MEDICAL COMMUNICATIONS CENTER FOR TENNESSEE REGION 1. THE COMMUNICATION CENTER IS OPERATIONAL 24 HOURS DAILY AND PROVIDES COMMUNICATION SERVICES TO BOTH AIR AND GROUND EMERGENCY TRANSPORT SYSTEMS IN THE REGION.

OUTLYING FACILITIES CALL MSHA FOR NEONATAL/PEDIATRIC PATIENT TRANSFERS. MSHA RESPONDS WITH NO-CHARGE GROUND AMBULANCE SERVICE TO PICK UP THE BABY/CHILD.



IN ADDITION TO THE EMT DRIVER, MSHA PROVIDES A REGISTERED NURSE AND RESPIRATORY THERAPIST FOR EACH TRANSPORT. THERE WERE 124 FREE NEONATAL/PEDIATRIC TRANSPORTS PROVIDED BY MSHA DURING FY13. THE COST FOR THIS SERVICE TO MSHA WAS \$67,123.

NURSE LINK MEDICAL CALL CENTER IS A 24-HOUR TOLL-FREE MEDICAL INFORMATION PHONE LINE. EXPERIENCED REGISTERED NURSES SPEAK WITH CALLERS TO PROVIDE INVALUABLE CONFIDENTIAL HEALTH INFORMATION AND TRIAGE UTILIZING PHYSICIAN-APPROVED GUIDELINES. IN FY13, NURSELINK HANDLED 36,055 CALLS. MSHA INCURRED AN EXPENSE OF \$367,761 TO PROVIDE THIS SERVICE AT NO COST TO THE COMMUNITY.

THE HEALTH RESOURCES CENTER (HRC) IS A COMMUNITY OUTREACH SERVICE PROVIDED BY MSHA. THE HRC LOCATED IN JOHNSON CITY IS CONVENIENTLY LOCATED IN THE REGION'S LARGEST SHOPPING MALL AND THE HRC IN KINGSPORT IS LOCATED IN THE KINGSPORT TOWN CENTER. THE HRC OFFERS FREE CLASSES, BLOOD PRESSURE CHECKS, INFORMATIONAL MATERIALS AND RESOURCES AS WELL AS A NUMBER OF OTHER SERVICES IN AN EFFORT TO MEET COMMUNITY MEMBERS' HEALTH AND HEALTH EDUCATION NEEDS. THE JOHNSON CITY HRC HAD 25,316 VISITS TO THEIR OFFICE AND PERFORMED 1,749 HEALTH SCREENINGS. THIS HRC ALSO HOSTED MORE THAN 7,946 ATTENDEES WHO PARTICIPATED IN MONTHLY HEALTH EDUCATION PROGRAMS. THE HRC ALSO PROVIDES OUTREACH SERVICES WHERE THEY REACHED AN ADDITIONAL 6,695 COMMUNITY MEMBERS. THE UNCOMPENSATED COST OF THE JOHNSON CITY HRC WAS \$369,592. THE HRC IN KINGSPORT HAD 14,250 VISITS TO THE OFFICE AND PERFORMED 403 HEALTH SCREENINGS. THIS HRC HOSTED 3,498 ATTENDEES AT MONTHLY HEALTH EDUCATION PROGRAMS AND PROVIDED OUTREACH SERVICES TO ANOTHER 4,485 COMMUNITY MEMBERS. THE KINGSPORT HRC'S UNCOMPENSATED COST IN FY13 WAS \$310,055.

MSHA'S MOUNTAIN STATES MOBILE HEALTH UNIT IS A MOBILE CARDIOVASCULAR SCREENING CENTER THAT IS OFFERED IN

EAST TENNESSEE AND SOUTHWEST VIRGINIA. DURING FY13, THE MOBILE UNIT PROVIDED 1,270 CARDIOVASCULAR SCREENINGS. 365 OF THESE SCREENINGS HAD ABNORMAL RESULTS FOR CARDIOVASCULAR ISSUES, GLUCOSE, BLOOD PRESSURE AND RESPONSES TO SLEEP QUESTIONNAIRES. THE STAFF OF THE MOBILE UNIT WAS ABLE TO PROVIDE REFERRALS FOR APPROPRIATE FOLLOW UP REGARDING PARTICIPANTS' CONDITIONS. IN FY13, THE MOBILE UNIT HAD UNREIMBURSED EXPENSES OF \$212,933. THE MOBILE UNIT PROVIDED 45 FREE SCREENINGS AT A REMOTE AREA MEDICAL (RAM) CLINIC IN WISE COUNTY VIRGINIA. RAM, A KNOXVILLE, TN BASED CHARITABLE ORGANIZATION, PROVIDES FREE MEDICAL CARE TO PEOPLE IN REMOTE AREAS AND MSHA WAS PLEASED TO OFFER THE SERVICES OF OUR MOBILE UNIT TO THE RAM CLINIC.

BASED ON COMMUNITY NEEDS, MSHA INCURRED \$125,456 OF PHYSICIAN RECRUITMENT EXPENSE TO PROVIDE PHYSICIAN SERVICES FOR A MEDICALLY UNDERSERVED AND FEDERALLY DESIGNATED CRITICAL ACCESS AREA. MSHA INCURRED AN ADDITIONAL EXPENSE OF \$1,810,681 TO RECRUIT PHYSICIANS INTO OTHER CLINICAL/GEOGRAPHIC AREAS. ALL PHYSICIAN RECRUITMENT ACTIVITIES ARE BASED ON DOCUMENTED COMMUNITY NEED.

JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH) IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS FACILITY IS LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES AND PROVIDES EMERGENCY, INPATIENT AND OUTPATIENT CARE TO THE COUNTY'S RESIDENTS, MANY OF WHOM ARE OVER 65 YEARS OLD. JCCH INCURRED A LOSS OF \$445,296 DURING FY13, WHICH INCLUDES A LOSS OF \$55,015 FOR A PHYSICIAN CLINIC LOCATED INSIDE THE HOSPITAL. JCCH CONTINUES TO BE DESIGNATED AS A PHYSICIAN SHORTAGE AREA FOR MANY SPECIALTIES. TO ADDRESS THIS ISSUE, JCCH OPERATES THE PHYSICIAN SPECIALTY CLINIC INSIDE THE HOSPITAL. THE SPECIALTY CLINIC INCLUDES GENERAL SURGERY, PODIATRY, CARDIOLOGY AND OTHER SPECIALTY SERVICES. THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY AIDING WITH

TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE LOCATED MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION. RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS SUCH AS FARMING, WHICH INCREASES THE RISK FOR CHRONIC RESPIRATORY DISEASES AND CANCER-RELATED ILLNESSES CAUSED BY FERTILIZATION AND OTHER CHEMICALS. THIS RURAL POPULATION HAS A HIGHER INCIDENCE OF CARDIOVASCULAR DISEASE DUE TO DIET AND GENETIC PREDISPOSITION. GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY. MSHA REMAINS FIRM IN THE BELIEF THAT FINANCIALLY SUPPORTING THE SERVICES OF JCCH AND THE SPECIALTY CLINIC TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT.

MSHA OPERATES A RURAL HEALTH CLINIC LOCATED IN ST. PAUL, VA ON THE BORDER OF WISE AND RUSSELL COUNTIES. THE ST. PAUL CLINIC FIRST OPENED IN 1991 TO PROVIDE PRIMARY CARE SERVICES TO THIS ELDERLY, UNDERSERVED POPULATION. THE CLINIC HAD 2,496 OUTPATIENT VISITS DURING THE YEAR. THE LARGEST PAYER IS MEDICARE, WHICH ACCOUNTS FOR 51% OF THE CLINIC'S REVENUE. RCMC PROVIDED A \$221,246 SUBSIDY TO SUPPORT THE CLINIC'S FY13 OPERATIONS.

MSHA ALSO GIFTS A LAND LEASE TO THE RONALD MCDONALD HOUSE AT A FAIR MARKET VALUE OF \$60,000. THE RONALD MCDONALD HOUSE IS LOCATED ON THE CAMPUS OF NISWONGER CHILDREN'S HOSPITAL AND JOHNSON CITY MEDICAL CENTER.

IN MARCH 2013 THE JOHNSON CITY MEDICAL CENTER (JCMC) FAMILY BIRTH CENTER WAS A RECIPIENT OF THE BREASTFEEDING SUPPORT FUNDING OPPORTUNITY GRANT THROUGH THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES OFFICE ON WOMEN'S HEALTH. THE GOAL OF THIS

PROGRAM IS TO INCREASE BREASTFEEDING RATES BY GIVING EXPECTANT MOTHERS MORE EDUCATION ABOUT THE BENEFITS OF BREASTFEEDING BEFORE THEY COME TO THE HOSPITAL FOR DELIVERY. THE TRIAL PROGRAM BEGAN IN MARCH WITH JCMC PROVIDING A LACTATION CONSULTANT AT TWO AREA OB/GYN PRACTICES TWICE A WEEK FOR A TOTAL OF SIX HOURS. AFTER ACHIEVING A 16.42 PERCENT INCREASE DURING THE FIVE MONTH FUNDING PERIOD IN THE NUMBER OF MOTHERS WHO EXCLUSIVELY BREASTFED THEIR INFANTS UPON DISCHARGE, JCMC DECIDED TO CONTINUE TO PROVIDE SALARY SUPPORT IN THE PROVISION OF LACTATION CONSULTANTS IN THESE OB/GYN PRACTICES.

MSHA OFFERS A VARIETY OF SCREENINGS, SUPPORT GROUPS, HEALTH EDUCATION, AND HEALTH FAIRS ON AN ONGOING BASIS THROUGHOUT THE YEAR. MOST OF THESE WERE FREE OF CHARGE. THE FEW THAT IMPOSED A CHARGE SET A LOW FEE OF \$5 - \$10. SOME OF THE FREE CLASSES AND SUPPORT GROUPS OFFERED TO THE PUBLIC BY MSHA INCLUDE: SMOKING CESSATION PROGRAMS; A VARIETY OF CLASSES FOR DIABETES EDUCATION AND MANAGEMENT; NUTRITION AND COOKING CLASSES; CPR CLASSES; CANCER EDUCATION CLASSES AND SUPPORT GROUPS; HEART HEALTH CLASSES; RELAXATION TRAINING; SAFE BABYSITTING TRAINING; BREASTFEEDING; BALANCE AND FALLS PREVENTION; MANY PROGRAMS AND CLASSES FOR CHILD ILLNESSES AND SPECIAL NEEDS; WEIGHT LOSS AND SUPPORT GROUPS; CLASSES TO EXPLAIN MEDICARE FOR SENIORS TURNING 65; SENIOR CAREGIVER SUPPORT GROUP; MANY OTHER DISEASE SPECIFIC CLASSES AND SUPPORT GROUPS; AND, MANY GENERAL HEALTH CLASSES.

THE HOSPICE PROGRAM OFFERS EXTENDED 13-MONTH BEREAVEMENT SUPPORT RATHER THAN THE REQUIRED 12-MONTH PERIOD, THUS SUPPORTING FAMILIES DURING THE ANNIVERSARY MONTH OF THE PATIENT'S DEATH, WHICH CAN BE A CHALLENGING TIME. ALSO PROVIDED IS A CELEBRATION OF LIFE PROGRAM FOR FAMILIES OF FORMER HOSPICE PATIENTS AND THE COMMUNITY AT LARGE.

THE PARISH NURSE PROGRAM IS SPONSORED BY MSHA'S HOME HEALTH ORGANIZATION, WITH GOALS OF RECRUITING AREA CHURCHES AND REGISTERED NURSES TO THE PROGRAM AND PROVIDING PARTICIPANTS WITH EDUCATION ABOUT PARISH NURSING. PARISH NURSING IS AN AMALGAM OF SOCIAL WORK, GOOD NEIGHBORING AND NURSING. THE PARISH NURSE PROVIDES SUPPORT, HEALTH EDUCATION AND COUNSELING TO THOSE WITH HEALTHCARE NEEDS WITHIN THEIR PLACE OF WORSHIP. OTHER SERVICES PROVIDED BY THE PARISH NURSE INCLUDE BLOOD DRIVES, HEALTH SCREENINGS, HEALTH FAIRS AND MONTHLY BLOOD PRESSURE CLINICS. THE NURSE ALSO MAINTAINS AN ACTIVE VISITATION TO PARISHIONERS WHO ARE HOMEBOUND, HOSPITALIZED, OR IN LONG TERM CARE FACILITIES. SEVERAL OF THE NURSES ARE CERTIFIED TO TEACH CPR AND FIRST AID AT NO COST TO PARISHIONERS. MSHA PROVIDES THE PARISH NURSE PROGRAM WITH A COORDINATOR, SPONSORED ORIENTATION, MONTHLY EDUCATIONAL PROGRAMS AND OTHER SUPPORT FUNCTIONS. CURRENTLY, THERE ARE 25 CHURCHES IN TENNESSEE AND FOUR IN SOUTHWEST VIRGINIA WITH PARISH NURSES ON STAFF. MSHA'S FY13 COST FOR THE PARISH NURSE PROGRAM WAS \$56,947.

THE RESPOND DEPARTMENT AT WOODRIDGE HOSPITAL OFFERS ASSESSMENTS AND REFERRALS FOR INDIVIDUALS DEALING WITH MENTAL HEALTH ISSUES AND SUBSTANCE ABUSE. PROFESSIONAL STAFF INCLUDES BEHAVIORAL HEALTH COUNSELORS AND RNS WHO ARE AVAILABLE 24 HOURS A DAY, SEVEN DAYS A WEEK TO ANSWER CALLS FROM THE COMMUNITY CONCERNING TREATMENT. THROUGHOUT THE ASSESSMENT PROCESS, RESPOND COLLABORATES WITH A PSYCHIATRIST TO DETERMINE THE MOST APPROPRIATE LEVEL OF CARE. THE RESPOND DEPARTMENT INCURRED UNREIMBURSED COSTS OF \$732,798 DURING FY13.

## **COMMUNITY CONTRIBUTIONS**

AS THE SECOND LARGEST EMPLOYER IN THE REGION, MSHA IS ONE OF THE AREA'S PRINCIPAL BENEFACTORS AND HAS MADE CORPORATE CITIZENSHIP AN INTEGRAL PART OF ITS CULTURE.

FROM SYSTEM-WIDE INITIATIVES TO INDIVIDUAL EFFORTS OF CARING TEAM MEMBERS, ITS AIM IS TO ENRICH THE COMMUNITIES THAT THE ORGANIZATION SERVES. MSHA'S COMMITMENT INCLUDES FINANCIAL CONTRIBUTIONS, IN-KIND (NON-CASH) CONTRIBUTIONS AND LEADERSHIP RESOURCES WITHIN THREE BROAD CATEGORIES OF GIVING:

- 1) DIRECT CONTRIBUTIONS THAT SUPPORT COMMUNITY HEALTHCARE NEEDS AND THOSE NON-PROFIT AGENCIES THAT ADVOCATE THE HEALTH AND WELL-BEING OF COMMUNITY MEMBERS;
- 2) MSHA-RUN AND MSHA-SUPPORTED PROGRAMS THAT CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS; AND
- 3) EDUCATION/TRAINING; BOTH AS A COMMUNITY CITIZEN AND AS AN EMPLOYER.

1.) DIRECT CONTRIBUTIONS – IN-KIND AND CASH

MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS. SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS. MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTH CARE AND EDUCATION.

**SUMMARY LIST OF CHARITABLE GIVING:**

IN FY13, MSHA PROVIDED CASH AND IN-KIND SUPPORT TO NUMEROUS HEALTH AND HUMAN SERVICE ORGANIZATIONS, SOCIAL AND WELL-BEING NON-PROFITS, AND OTHERS WITHIN OUR SERVICE AREA:

- ETSU FOUNDATION FOR AN ECONOMIC DEVELOPMENT PROGRAM– \$10,000

- NORTHEAST STATE COMMUNITY COLLEGE MEDICAL LAB - \$11,000
- JOHNSON CITY PARKS & RECREATION FOUNDATION - \$5,405
- VARIOUS DONATIONS TO THE ARTS - \$43,193
- BRISTOL FAMILY YMCA - \$5,000
- DONATIONS TO RESCUE SQUADS - \$5,423
- SYCAMORE SHOALS STATE HISTORIC AREA - \$4,237
- FRIENDS OF WARRIORS PATH STATE PARK - \$1,000
- RUSSELL COUNTY CAREER & TECHNOLOGY CENTER (MEDICAL SUPPLIES) - \$549
- KINGSPORT CHAMBER FOUNDATION FOR GREENBELT CLEAN-UP - \$500
- LOCAL CHURCHES - \$3,327
- VARIOUS ORGANIZATIONS TO ASSIST THOSE WITH LOW INCOMES AND THE POOR - \$15,717
- OTHER HEALTH AND LITERACY PROGRAMS - \$1,196

MSHA, IN COLLABORATION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY AND PUBLICITY; PROVIDE SPACE; OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES.

THROUGHOUT THE YEAR, MSHA MAKES CONTRIBUTIONS TO LOCAL SCHOOLS AND ORGANIZATIONS THAT PROVIDE EDUCATIONAL, HEALTH, AND SOCIAL SUPPORT FOR YOUNG PEOPLE. THE SIGNIFICANT MAJORITY OF OUR DONATIONS ARE DIRECTED TO PROGRAMS THAT FOCUS ON REDUCING CHILDHOOD OBESITY. SOME OF THE CONTRIBUTIONS TO YOUTH PROGRAMS INCLUDE:

- ETSU FIT KIDS PROGRAM - \$11,500
- GRANTS TO AREA SCHOOLS FOR PROGRAMS THAT FOCUS ON CHILDHOOD OBESITY - \$24,000
- OTHER LOCAL ORGANIZATIONS FOR PROGRAMS THAT FOCUS ON REDUCING CHILDHOOD OBESITY - \$11,000
- COALITION FOR KIDS - \$7,600

- KINGSFORT INITIATIVE FOR TRAINING & EMPLOYMENT (EXPAND A NUTRITION PROGRAM FOR KIDS LIVING IN PUBLIC HOUSING TO INCLUDE PHYSICAL ACTIVITY; PURCHASING BALLS, BATS, BASES, ETC.) - \$2,000
- CLINCH VALLEY COMMUNITY ACTION (TEACH YOUNG CHILDREN ABOUT FOOD AND PROVIDE PLAYGROUND EQUIPMENT) - \$5,000
- BRISTOL FAMILY YMCA (CHILDHOOD OBESITY PROGRAM) - \$2,000
- KINGSFORT BALLET (TARGET AT-RISK YOUTH FOR FITNESS, AGILITY AND NUTRITION TRAINING) - \$2,000
- JASON WITTEN SCORE FOUNDATION - \$3,500
- KERMIT TIPTON SCHOLARSHIP FOUNDATION - \$2,200
- JUNIOR ACHIEVEMENT OF TRI-CITIES - \$1,093
- GIRLS, INCORPORATED - \$726

MSHA CONTRIBUTES ANNUALLY TO LOCAL CHAPTERS OF SEVERAL NATIONAL NON-PROFIT ORGANIZATIONS WHOSE RESEARCH FOCUSES ON THOSE DISEASES AND CONDITIONS MOST PREVALENT IN THE REGION.

FY13:

- AMERICAN HEART ASSOCIATION - \$66,952
- MARCH OF DIMES - \$15,000
- SUSAN G. KOMEN BREAST CANCER FOUNDATION - \$5,590
- AMERICAN CANCER SOCIETY - \$20,100
- UNITED WAY - \$2,394
- DOCTORS WITHOUT BORDERS USA - \$500
- HEART & STROKE FOUNDATION - \$205
- ALZHEIMER'S ASSOCIATION - \$41

## 2.) COMMUNITY PROGRAMS

DEMOGRAPHIC ANALYSES INDICATE THE NECESSITY OF HAVING A WIDE ARRAY OF FREE AND PRICE-REDUCED SERVICES THAT ARE WELL-SITUATED FOR EASY ACCESS FROM RURAL, MOUNTAINOUS AREAS.



AMONG INITIATIVES AND ONGOING SERVICES THAT PROMOTE COMMUNITY HEALTH AND SOCIAL WELLBEING ARE DISEASE MANAGEMENT, WELLNESS PROGRAMS, HEALTH-RELATED EDUCATION SESSIONS BY MSHA NURSES, STAFF PHYSICIANS, NUTRITIONISTS, AND OTHER SPECIALISTS, HEALTH SCREENINGS AND SUPPORT. MSHA ALSO OFFERS SPECIAL PROGRAMS FOR YOUTH, THE ELDERLY, THE DISABLED AND THE MEDICALLY UNDERSERVED.

MSHA CONTINUED THE LARGEST COMMUNITY HEALTH NEEDS ASSESSMENT PERFORMED BY THE ORGANIZATION IN 2011 AND 2012 IN AN EFFORT TO PROFILE THE HEALTH OF THE RESIDENTS WITHIN THE LOCAL REGION. THIS ASSESSMENT SPECIFICALLY FOCUSED ON MSHA'S 13-COUNTY CORE SERVICE AREA, WHICH INCLUDES, BUT IS NOT LIMITED TO, ALL THE COUNTIES IN WHICH MSHA HAS A FACILITY. THE SEVEN TENNESSEE COUNTIES INCLUDED IN THIS NEEDS ASSESSMENT WERE: CARTER COUNTY; GREENE COUNTY; HAWKINS COUNTY; JOHNSON COUNTY; SULLIVAN COUNTY; UNICOI COUNTY; AND, WASHINGTON COUNTY. THE SIX VIRGINIA COUNTIES ARE LOCATED IN SOUTHWEST VIRGINIA AND INCLUDE: DICKENSON COUNTY; RUSSELL COUNTY; SMYTH COUNTY; BRISTOL CITY/WASHINGTON COUNTY; SCOTT COUNTY; AND, NORTON/WISE COUNTY. AFTER ANALYZING THE MANY HEALTH DISPARITIES IN THE REGION, MSHA CHOSE CHILDHOOD OBESITY AS ITS HEALTH PRIORITY.

MSHA COLLABORATED WITH EAST TENNESSEE STATE UNIVERSITY'S COLLEGE OF PUBLIC HEALTH TO DEVELOP THE MSHA-ETSU OBESITY COLLABORATIVE. THE FOCUS OF THIS COLLABORATIVE IS TO PULL TOGETHER MANY PARTNERS AND ORGANIZATIONS TO REDUCE THE LEVEL OF CHILDHOOD OBESITY THROUGHOUT NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA. MSHA AND ETSU NAMED THE OBESITY COLLABORATIVE "HEAL APPALACHIA" - HEAL, STANDING FOR "HEALTHY EATING ACTIVE LIVING".

MSHA PROVIDED FUNDING OF \$50,000 FOR 19 COMMUNITY GRANTS OF \$2,000 AND \$5,000 EACH TO LOCAL COMMUNITY ORGANIZATIONS SUCH AS CHURCHES, COMMUNITY GROUPS,

SCHOOLS AND EMPLOYERS THAT WANT TO EXPLORE CHILDHOOD OBESITY REDUCTION EFFORTS. ANOTHER \$10,420 WAS AWARDED TO TWO SCHOOLS, EACH FOR \$5,210. THE GRANT AMOUNT REPRESENTING: 5 OR MORE SERVINGS OF FRUITS OR VEGETABLES, 2 HOURS OR LESS OF RECREATIONAL SCREEN TIME, 1 HOUR OR MORE OF VIGOROUS EXERCISE, AND 0 SUGARY DRINKS, AND MORE WATER AND LOW-FAT MILK. THE TWO SCHOOLS ARE USING THE GRANTS TO HELP WITH THEIR REDESIGN OF THE CAFETERIA MENUS TO PROMOTE HEALTHFUL FOODS THAT HAVE BEEN TASTE-TESTED AND APPROVED BY THEIR STUDENTS. OTHER CHANGES INCLUDE A SCHOOL-BASED GARDEN, REDUCTION OF SCREEN TIME AND ADDITIONAL SUPPORT OF THE "KIDS RUN THE NATION" STUDENT RUNNING PROGRAM. ONE OF THE SCHOOLS HAS PARTNERED WITH ITS LOCAL FARMERS MARKET TO PROVIDE WORKSHOPS ON CONTAINER GARDENING AND PREPARING HEALTHY FOODS FOR BOTH THE STUDENTS AND THEIR FAMILIES.

MANY INNOVATIVE PROGRAMS HAVE BEEN AIDED BY THE HEAL GRANTS. FOR EXAMPLE, PROGRAMS SUCH AS EDUCATION FOR YOUNG PARENTS AND THEIR CHILDREN TO FACILITATE NUTRITION AND WELLNESS AS WELL AS THE IMPORTANCE OF PLAY TIME WITH CHILDREN. OTHER POPULAR PROGRAMS INVOLVE VEGETABLE GARDENING; BEGINNING WITH PLANTING, THEN HARVESTING, AND ON TO COOKING AND EATING THE FRESH PRODUCE. THE "GROWING RESOURCES FOR OUTDOOR WELLNESS", OR G.R.O.W. PROGRAM, HAS BENEFITED FROM HEAL FUNDING. THE PROGRAM IS A COLLABORATION OF VARIOUS AGENCIES AND INCLUDES MASTER GARDENERS FROM THE UNIVERSITY OF TENNESSEE. KIDS MEET WITH A MASTER GARDENER TWICE A MONTH. RECIPES USE AS FEW INGREDIENTS AS POSSIBLE, MAKING FOR AN EASY RECIPE FOR KIDS TO TRY AT HOME. THE GOAL OF THE PROGRAM, LIKE MOST OF THESE PROGRAMS, IS TO ENGAGE KIDS IN HEALTHY LIFESTYLE CHOICES BY GETTING OUTDOORS AND LEARNING HOW FUN AND DELICIOUS FRESH FOODS CAN BE.

IN FY13, MSHA RECEIVED OVER 100 APPLICATIONS FOR THE COMMUNITY GRANTS. THE APPLICANTS AWARDED THE HEAL GRANTS WERE ANNOUNCED AT A REGIONAL HEALTH SYMPOSIUM FOCUSING ON OBESITY. THE HEAL APPALACHIA OBESITY SYMPOSIUM HELD DURING FY13 BROUGHT TOGETHER OVER 200 PEOPLE FROM NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA TO HEAR REGIONAL AND NATIONAL EXPERTS SPEAK. THE SYMPOSIUM IS A DAY OF LEARNING AND SHARING SUCCESSES IN HOW TO FIGHT CHILDHOOD OBESITY. MSHA'S COST TO ORGANIZE AND PRODUCE THE SYMPOSIUM AND TO COORDINATE THE HEAL PROGRAM WAS \$36,434.

THE HEAL APPALACHIA COMMITTEE EVALUATES LOCAL PROGRAM GRANT RECIPIENTS AS TO THEIR ABILITY TO MAKE A MEASURABLE IMPACT ON THE LEVEL OF CHILDHOOD OBESITY THROUGHOUT THE REGION. THIS COMMITTEE THEN MAKES RECOMMENDATIONS TO EXECUTIVE LEADERSHIP AS TO HOW MSHA SHOULD DIRECT FINANCIAL SUPPORT FOR SUCCESSFUL PROGRAMS.

IN ADDITION TO THE HEAL APPALACHIA GRANTS AND SYMPOSIUM, MSHA DONATED \$11,500 TO ETSU'S FIT KIDS PROGRAM, ANOTHER PROGRAM WITH A FOCUS ON REDUCING CHILDHOOD OBESITY AND IMPROVING THE HEALTH OF CHILDREN.

#### PROGRAMS FOR SPECIAL POPULATIONS

DUE TO THE USE OF EMERGENCY DEPARTMENTS AS WALK-IN CLINICS BY THE POOR AND UNDERSERVED, MSHA HAS HELPED ESTABLISH AND FINANCE ALTERNATIVE CARE SETTINGS SUCH AS THE ETSU COLLEGE OF NURSING'S JOHNSON CITY COMMUNITY HEALTH CENTER (JCCHC). THE JCCHC IS DEDICATED TO SERVING THE PRIMARY NEEDS OF THE HOMELESS, INDIGENT AND UNINSURED POPULATIONS, PROVIDING THEM WITH FREE LABORATORY TESTING AND ASSISTANCE WITH THEIR DIAGNOSIS AND TREATMENTS. MSHA GIFTS THE JCCHC RENT FOR THEIR DAY CENTER, A SATELLITE CLINIC OF THE JCCHC, LOCATED IN DOWNTOWN JOHNSON CITY, WHICH IS VALUED AT \$35,000 ANNUALLY. MSHA ALSO

PROCESSED LAB SPECIMENS FOR THE JCCHC, MOSTLY FREE OF CHARGE, DURING FY13. THE UNREIMBURSED COST TO MSHA FOR THESE LAB TESTS WAS \$125,060.

IN ADDITION TO CLINICAL WORK FOR THE JCCHC, JCMC PROVIDED LAB SERVICES TO OTHER ORGANIZATIONS THAT PROVIDE HEALTH SERVICES TO THE POOR. MSHA WROTE OFF \$202,998 IN LAB CHARGES FOR THESE LAB TESTS.

WHEN A CHILD LOSES A LOVED ONE, THE GRIEVING PROCESS CAN BE COMPLEX AND SOMETIMES VERY DIFFERENT FROM THE WAY ADULTS COPE. TO HELP CHILDREN AND TEENS WHO HAVE RECENTLY LOST A LOVED ONE, MSHA OFFERED A FREE ONE-DAY CAMP. THE PROGRAM USED STORYTELLING, GAMES, ART AND RELAXATION TO HELP KIDS WORK THROUGH THEIR FEELINGS. THE CAMP COUNSELORS HELP THE KIDS TO EXPRESS THEIR EMOTIONS THROUGH DRAWINGS AND OTHER EXPRESSIVE MEDIA. PARENTS RECEIVED A TAKE-HOME PACKET WITH A LETTER DESCRIBING WHAT THEIR CHILD EXPERIENCED THAT DAY AND CONTACT INFORMATION FOR VARIOUS RESOURCES THAT CAN HELP WITH ONGOING COUNSELING IF NECESSARY. THE CAMP WAS LED BY PROFESSIONAL GRIEF COUNSELORS AND TRAINED PROFESSIONALS INCLUDING SOCIAL WORKERS, CHILD LIFE SPECIALISTS AND SPIRITUAL COUNSELORS.

DURING FY13, MSHA OPERATED A SATELLITE DISPENSARY OF HOPE. THE DISPENSARY OF HOPE PROVIDES PRESCRIPTION DRUGS TO THOSE WHO MAY NOT HAVE OTHERWISE BEEN ABLE TO AFFORD NEEDED MEDICATIONS. THE SITE HAS ITS OWN PHARMACIST AND PHARMACY TECH. THE LOCAL DISPENSARY OF HOPE IS STAFFED, IN PART, BY VOLUNTEER PHARMACISTS FROM THE COMMUNITY AND SERVES AS A TRAINING SITE FOR THE BILL GATTON COLLEGE OF PHARMACY AT EAST TENNESSEE STATE UNIVERSITY. DURING FY13, MSHA INCURRED UNREIMBURSED EXPENSES OF \$169,971 FOR THIS PROGRAM.

MSHA ASSISTED SOME PATIENTS THAT COULD NOT PAY FOR THEIR PRESCRIPTIONS UPON DISCHARGE FROM THE HOSPITAL.

DURING FY13 MSHA'S UNREIMBURSED COST FOR THESE PRESCRIPTIONS WAS \$4,554.

MSHA HAS PARTNERED WITH THE COMPANY, FIRSTSOURCE SOLUTIONS USA, TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. DURING FY13, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT ALL MSHA FACILITIES. FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (TENNCARE OR MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. DURING FY13, 3,254 PATIENTS WERE APPROVED FOR COVERAGE. ONCE A PERSON IS APPROVED FOR TENNCARE OR MEDICAID THROUGH THIS PROGRAM OFFERED THROUGH MSHA, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. FIRSTSOURCE IS COMPENSATED BY MSHA. DURING FY13, MSHA'S COST FOR THIS PROGRAM WAS \$701,718.

MSHA'S SERVICE AREA COMPRISES A STABLE, AGING POPULATION, SO THE ORGANIZATION HAS ESTABLISHED A NUMBER OF PROGRAMS TO SERVE THE NEEDS OF SENIOR CITIZENS. AN EXAMPLE OF A SENIOR PROGRAM IS THE PINNACLE CLUB – A COMMUNITY OUTREACH PROGRAM FOR SERVICE-AREA SENIORS. DURING FY13, MSHA INCURRED A NET OPERATING LOSS OF \$5,088 ATTRIBUTABLE TO ITS SUPPORT OF THE PROGRAM. ANOTHER \$2,658 IN FREE LAB TESTING WAS PERFORMED FOR PINNACLE CLUB MEMBERS.

## COMMUNITY HEALTH EDUCATIONAL PROGRAMS

MSHA PROVIDED A VARIETY OF WELLNESS AND HEALTH INFORMATION TO HELP EDUCATE AREA RESIDENTS ABOUT COMMUNITY-SPECIFIC HEALTH ISSUES. INFORMATION WAS PROVIDED THROUGH PRINTED MATERIALS, SPEAKING ENGAGEMENTS, RADIO AND TELEVISION INTERVIEWS, AND HEALTH FAIRS AND EXPOS.

OUR NISWONGER CHILDREN'S HOSPITAL PRESENTED THEIR ANNUAL SCHOOL HEALTH CONFERENCE. THE TITLE THIS YEAR WAS "CRISIS AND LOSS IN THE SCHOOLS: IDENTIFYING

CHILDREN AT-RISK AND FACILITATING COPING". CHILDREN ARE EXPOSED TO MANY CRISIS SITUATIONS, SUCH AS THE DEATH OF A PARENT, BULLYING AND EXPOSURE TO UNHEALTHY CHOICES, SUCH AS DRUGS. WHILE A SCHOOL'S PRIMARY OBJECTIVE IS TO FACILITATE LEARNING, IT OFTEN IS THE FIRST PLACE THAT STUDENTS AND PARENTS TURN TO WHEN IN NEED OF SUPPORT. PREVENTING OR IDENTIFYING RISK SIGNS OF CHILDREN AT RISK AND KNOWING THE MOST APPROPRIATE WAY TO ADDRESS A CRISIS SITUATION WITH STUDENTS CAN MAKE A GREAT IMPACT IN HELPING THEM THROUGH DIFFICULT TIMES AND HELP THEM BACK ON A PATH TO LEARNING. NISWONGER CHILDREN'S HOSPITAL AND THE ETSU COLLEGE OF NURSING PRODUCED THIS CONFERENCE FOR ALL PROFESSIONALS WHO WORK WITH CHILDREN IN A LEARNING CAPACITY. THE CONFERENCE WAS HELD AT NISWONGER CHILDREN'S HOSPITAL WITH OVER 100 ATTENDEES, AT A COST TO THE HOSPITAL OF APPROXIMATELY \$2,500.

MSHA'S AMERICAN HEART ASSOCIATION (AHA) TRAINING CENTER OFFERED SEVERAL COURSES TO HEALTHCARE PROVIDERS AND TO THE PUBLIC IN AN EFFORT TO EXPAND THE OUTREACH OF THE AMERICAN HEART ASSOCIATION AND MSHA IN PROMOTING WELLNESS AND SAVING LIVES. PROGRAMS INCLUDE: ADVANCED CARDIAC LIFE SUPPORT, BASIC CARDIAC LIFE SUPPORT, PEDIATRIC ADVANCED LIFE SUPPORT, FIRST AID AND LIFE SUPPORT INSTRUCTOR TRAINING. THE TRAINING CENTER RECORDED 7,410 COURSE ATTENDEES FROM THE COMMUNITY. THE FY13 UNREIMBURSED COST TO PROVIDE THE EDUCATIONAL COURSES TO THE PUBLIC WAS \$232,812.

MSHA ALSO PROVIDES ACCESS TO SEVERAL ONLINE HEALTH INFORMATION SERVICES. "MY HEALTH NEWS" ALLOWS ACCESS TO HEALTH INFORMATION TOPICS AND SERVICES THAT MATTER TO THE USER. THIS SERVICE SENDS UP-TO-DATE INFORMATION FROM NATIONAL HEALTH RESOURCES TAILORED TO THE INDIVIDUAL'S NEEDS AND IS FREE OF CHARGE. MSHA PAYS \$24,000 YEARLY FOR MY HEALTH NEWS. MSHA PROVIDES ACCESS TO "KIDSHEALTH", A SERVICE THAT PROVIDES PRACTICAL PARENTING INFORMATION AND NEWS.

THIS SERVICE ALSO PROVIDES HOMEWORK HELP FOR KIDS AND STRAIGHT TALK ANSWERS FOR TEENS. MSHA PAYS \$15,750 ANNUALLY TO PROVIDE KIDSHEALTH. OTHER HEALTH INFORMATION LINKS ARE PROVIDED TO THE PUBLIC ON OUR WEBSITE, INCLUDING "VIRTUAL WOMEN'S CENTER" AND MANY OTHERS.

IN ADDITION, WE PROVIDE "YOUR HEALTH MATTERS" TELEVISION HEALTH NEWS FOR A COST OF APPROXIMATELY \$13,000.

THE HEALTH RESOURCES CENTER HOSTED THREE MINUTE SEGMENTS COVERING VARIOUS HEALTH TOPICS WHICH AIRED THREE TIMES A WEEK ON LOCAL TV AND CONTRACTED FOR 30-SECOND ANNOUNCEMENTS TO INFORM THE PUBLIC ABOUT THE HRC CALENDAR EACH WEEK, MONDAY-SUNDAY. THE COST OF THE PROGRAMMING WAS \$17,680.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<b>X</b>	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<b>X</b>	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		<b>X</b>
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	<b>X</b>	
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		<b>X</b>
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		<b>X</b>
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		<b>X</b>
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		<b>X</b>
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		<b>X</b>
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		<b>X</b>
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	<b>X</b>	
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		<b>X</b>
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	<b>X</b>	
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	<b>X</b>	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	<b>X</b>	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	<b>X</b>	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		<b>X</b>
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	<b>X</b>	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		<b>X</b>
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		<b>X</b>
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		<b>X</b>
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		<b>X</b>
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		<b>X</b>
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		<b>X</b>
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		<b>X</b>
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		<b>X</b>
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	<b>X</b>	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>X</b>	



**Part IV Checklist of Required Schedules (continued)**

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	<b>X</b>	
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		<b>X</b>
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	<b>X</b>	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	<b>X</b>	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	<b>X</b>	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		<b>X</b>
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		<b>X</b>
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<b>X</b>
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	<b>X</b>	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		<b>X</b>
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	<b>X</b>	
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	<b>X</b>	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	<b>X</b>	
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		<b>X</b>
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		<b>X</b>
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		<b>X</b>
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		<b>X</b>
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		<b>X</b>
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, or IV, and Part V, line 1	<b>X</b>	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>X</b>	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	<b>X</b>	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		<b>X</b>
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		<b>X</b>
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	<b>X</b>	

**Part V** **Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response to any question in this Part V ☐

		Yes	No		
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	665		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	9102		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X		
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	X		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X	
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X	
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X	
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		X	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations. Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		X	
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b			

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI ☒

**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	<b>1a</b> 14	
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent	<b>1b</b> 7	
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	<b>2</b>	<input checked="" type="checkbox"/>
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	<b>3</b>	<input checked="" type="checkbox"/>
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	<b>4</b> <input checked="" type="checkbox"/>	
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?	<b>5</b>	<input checked="" type="checkbox"/>
<b>6</b> Did the organization have members or stockholders?	<b>6</b> <input checked="" type="checkbox"/>	
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	<b>7a</b> <input checked="" type="checkbox"/>	
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<b>7b</b> <input checked="" type="checkbox"/>	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body?	<b>8a</b> <input checked="" type="checkbox"/>	
<b>b</b> Each committee with authority to act on behalf of the governing body?	<b>8b</b> <input checked="" type="checkbox"/>	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	<b>9</b>	<input checked="" type="checkbox"/>

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates?	<b>10a</b> <input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	<b>10b</b> <input checked="" type="checkbox"/>	
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<b>11a</b> <input checked="" type="checkbox"/>	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13	<b>12a</b> <input checked="" type="checkbox"/>	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<b>12b</b> <input checked="" type="checkbox"/>	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	<b>12c</b> <input checked="" type="checkbox"/>	
<b>13</b> Did the organization have a written whistleblower policy?	<b>13</b> <input checked="" type="checkbox"/>	
<b>14</b> Did the organization have a written document retention and destruction policy?	<b>14</b> <input checked="" type="checkbox"/>	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b> The organization's CEO, Executive Director, or top management official	<b>15a</b> <input checked="" type="checkbox"/>	
<b>b</b> Other officers or key employees of the organization	<b>15b</b> <input checked="" type="checkbox"/>	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<b>16a</b> <input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	<b>16b</b> <input checked="" type="checkbox"/>	

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed ► **VA**

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

**19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **MARVIN EICHORN** **303 MED TECH PARKWAY; SUITE 300**  
**JOHNSON CITY** **TN 37604** **423-302-3372**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII

☒**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
  - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organizations compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DENNIS VONDERFECHT	57.00									
CEO	3.00	X		X				3,163,747	0	42,698
(2) JEFF FARROW, M.D.	5.00									
DIRECTOR	0.00	X						41,413	0	0
(3) CLEM WILKES, JR.	11.00									
CHAIR	3.00	X						0	0	0
(4) GARY PEACOCK	7.00									
DIRECTOR	1.00	X						0	0	0
(5) SANDRA BROOKS, M.D.	6.00									
DIRECTOR	2.00	X						0	0	0
(6) RICK STOREY	6.00									
DIRECTOR	0.00	X						0	0	0
(7) THOMAS FOWLKES	5.00									
DIRECTOR	1.00	X						0	0	0
(8) LINDA GARCEAU	6.00									
DIRECTOR	0.00	X						0	0	0
(9) DONALD JEANES	1.00									
PAST CHAIR	0.00	X						0	0	0
(10) JOANNE GILMER	9.00									
VICE CHAIR	1.00	X						0	0	0
(11) DAVID MAY, M.D.	8.00									
DIRECTOR	0.00	X						0	0	0

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) ROBERT FEATHERS	6.00									
PAST CHAIR	3.00	X						0	0	0
(13) MICHAEL CHRISTIAN	10.00									
TREASURER	0.00	X						0	0	0
(14) BARBARA ALLEN	8.00									
SECRETARY	0.00	X						0	0	0
(15) MARVIN EICHORN	58.00									
SENIOR VP/CFO	2.00			X				620,102	0	39,538
(16) CANDACE JENNINGS	60.00									
SR. VP TN OPERATIONS	0.00				X			504,935	0	77,850
(17) ANN FLEMING	53.50									
SR. VP	6.50				X			426,280	0	66,282
(18) DAVID NICELY	55.00									
VP/CEO WASHINGTON CO	0.00				X			355,009	0	54,424
(19) MONTY MCLAURIN	55.00									
VP/IPMC CEO	0.00				X			326,159	0	58,687
<b>1b Sub-total</b>								<b>5,437,645</b>		<b>339,479</b>
<b>c Total from continuation sheets to Part VII, Section A</b>								<b>3,459,707</b>		<b>407,314</b>
<b>d Total (add lines 1b and 1c)</b>								<b>8,897,352</b>		<b>746,793</b>

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **200**

3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

	Yes	No
3	X	
4	X	
5		X

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
SKANSKA USA BUILDING, INC. 1633 LITTLETON ROAD PARSIPPANY NJ 07054	CONSTRUCTION	14,766,320
BTSU COLLEGE OF MEDICINE BOX 70732 JOHNSON CITY TN 37614	PRIMARILY PHYS.	9,545,066
MORRISON MANAGEMENT SPECIALISTS P.O. BOX 102289 ATLANTA GA 30368	DIETARY SERVICE	5,877,388
ANESTHESIA & PAIN CONSULTANTS STE. 4, 1113 SUNSET DRIVE JOHNSON CITY TN 37605	PHYSICIAN SVC.	4,768,017
HOSPITAL HOUSEKEEPING SYSTEMS LTD P.O. BOX 826 SAN ANTONIO TX 78293	HOUSEKEEPING	3,769,628

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

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**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) LYNN KRUTAK	55.00									
VP/CORP. CFO	0.00				X			252,982	0	34,227
(13) SHANE HILTON	55.00									
VP/TN CFO	0.00				X			239,117	0	36,111
(14) MORRIS SELIGMAN, M.D.	60.00									
SR. VP/CMO	0.00					X		547,923	0	93,706
(15) DOUGLAS EDEMA	55.00									
VP PRES./CEO MSPG	0.00					X		408,337	0	56,282
(16) JAMES PASKERT, M.D.	55.00									
VP/CMO WASHINGTON CO	0.00					X		403,873	0	55,967
(17) JOHN SCHARIO	57.00									
SVP	3.00					X		401,522	0	31,188
(18) KATHERINE BALL	50.00									
FORMER VP/CMIO	0.00					X		398,795	0	21,625
(19) DALE CLAYTORE	55.00									
VP	0.00						X	231,575	0	13,855
<b>1b Sub-total</b>								<b>2,884,124</b>		<b>342,961</b>
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization

**3** Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

**4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

**5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		
4		
5		

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

MSHA7017

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) PAT NIDAY	55.00									
FORMER CNO WASH. CO.	0.00						X	196,642	0	33,699
(13) BRAD NURKIN	55.00									
FORMER CEO JCMC	0.00						X	141,265	0	8,180
(14) CYNTHIA SALYER	0.00									
VP/CARDIO-PULMONARY	0.00						X	237,676	0	22,474
(15)										
(16)										
(17)										
(18)										
(19)										
<b>1b Sub-total</b>								<b>575,583</b>		<b>64,353</b>
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization

**3** Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

**4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

**5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		
4		
5		

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

MSHA7018

**Part VIII Statement of Revenue**Check if Schedule O contains a response to any question in this Part VIII. ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	1,599,266			
	e Government grants (contributions)	1e	760,280			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	114,793			
	g Noncash contributions included in lines 1a-1f: \$					
	<b>h Total. Add lines 1a-1f.</b>		<b>2,474,339</b>			
<b>Program Service Revenue</b>	2a PATIENT REVENUE-OTHER	Busn. Code 622110	651,506,371	651,506,371		
	b WELLNESS PROGRAMS	622110	20,670,478	20,670,478		
	c P/S PROG. SERV. INCOME	622110	1,820,608	1,820,608		
	d LAB UBI REVENUE	622110	313,011		313,011	
	e PREMIER PYMT D'S BOARD SERVICE	541610	62,256		62,256	
	f All other program service revenue					
	<b>g Total. Add lines 2a-2f.</b>		<b>674,372,724</b>			
	<b>Other Revenue</b>	3 Investment income (including dividends, interest, and other similar amounts)		15,341,173		
4 Income from investment of tax-exempt bond proceeds			173,144			173,144
5 Royalties						
6a Gross rents		(i) Real 192,727 (ii) Personal				
b Less: rental exps.		107,960				
c Rental inc. or (loss)		84,767				
<b>d Net rental income or (loss)</b>			<b>84,767</b>		<b>40,519</b>	<b>44,248</b>
7a Gross amount from sales of assets other than inventory		(i) Securities 16,185,475 (ii) Other 126,692				
b Less: cost or other basis & sales exps.		150,981				
c Gain or (loss)		16,185,475 -24,289				
<b>d Net gain or (loss)</b>			<b>16,161,186</b>	<b>-24,408</b>		<b>16,185,594</b>
8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18		a				
b Less: direct expenses		b				
<b>c Net income or (loss) from fundraising events</b>						
9a Gross income from gaming activities. See Part IV, line 19		a				
b Less: direct expenses		b				
<b>c Net income or (loss) from gaming activities</b>						
10a Gross sales of inventory, less returns and allowances		a				
b Less: cost of goods sold	b					
<b>c Net income or (loss) from sales of inventory</b>						
<b>Miscellaneous Revenue</b>		<b>Busn. Code</b>				
11a CAFE SALES	722210	4,331,346			4,331,346	
b DIETARY, SECURITY, ENGIN., ETC.	541900	3,104,282			3,104,282	
c DAY CARE	624410	1,010,159			1,010,159	
d All other revenue		829,834		829,834		
<b>e Total. Add lines 11a-11d</b>		<b>9,275,621</b>				
<b>12 Total revenue. See instructions.</b>		<b>717,882,954</b>	<b>673,973,049</b>	<b>1,245,620</b>	<b>40,189,946</b>	



**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

☒ X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	405,051	405,051		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	6,462,311		6,462,311	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	233,351,875	224,273,412	8,239,250	839,213
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	11,164,364	10,670,589	453,847	39,928
9 Other employee benefits	35,505,904	31,443,556	4,027,745	34,603
10 Payroll taxes	18,572,983	16,436,281	2,087,586	49,116
11 Fees for services (non-employees):				
a Management				
b Legal	1,391,092		1,391,092	
c Accounting	291,270		291,270	
d Lobbying	139,937	139,937		
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	1,157,590		1,157,590	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	92,184,405	84,136,191	7,818,901	229,313
12 Advertising and promotion	2,824,684	2,192,837	618,937	12,910
13 Office expenses	8,187,946	8,071,791	27,997	88,158
14 Information technology	16,859,971	11,389,567	5,470,404	
15 Royalties				
16 Occupancy	14,034,081	11,033,941	2,938,607	61,533
17 Travel	2,102,709	1,509,361	560,910	32,438
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	198,260	131,485	62,957	3,818
20 Interest	41,651,661		41,651,661	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	51,656,821	27,443,317	24,208,361	5,143
23 Insurance	791,103	2,777	788,326	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a MEDICAL SUPPLIES & DRUGS	120,184,686	119,991,972	190,589	2,125
b REPAIRS & MAINTENANCE	15,057,143	14,296,334	716,244	44,565
c DUES & SUBSCRIPTIONS	4,256,550	1,254,923	2,998,415	3,212
d ALL OTHER EXPENSES	1,954,364	1,942,493	-8,466	20,337
e All other expenses	1,916,977	1,279,297	625,167	12,513
25 Total functional expenses. Add lines 1 through 24e	682,303,738	568,045,112	112,779,701	1,478,925
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**Check if Schedule O contains a response to any question in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash—non-interest bearing		1	
	2 Savings and temporary cash investments	39,216,743	2	53,114,956
	3 Pledges and grants receivable, net	248,258	3	96,609
	4 Accounts receivable, net	103,299,284	4	117,265,071
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	6,806,393	5	8,492,454
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	15,373,693	7	17,189,476
	8 Inventories for sale or use	15,480,550	8	15,873,411
	9 Prepaid expenses and deferred charges	3,139,089	9	4,850,577
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 998,845,770		
	b Less: accumulated depreciation	10b 480,937,560	10c	517,908,210
	11 Investments—publicly traded securities	271,118,030	11	285,653,065
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11	307,033,212	13	313,693,918
	14 Intangible assets	143,276,118	14	144,707,541
	15 Other assets. See Part IV, line 11	118,937,105	15	120,631,703
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	1517954041	16	1599476991	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	85,554,685	17	69,022,047
	18 Grants payable		18	
	19 Deferred revenue	2,928,666	19	2,130,026
	20 Tax-exempt bond liabilities	813,947,753	20	882,984,693
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	177,320,621	23	145,411,405
	24 Unsecured notes and loans payable to unrelated third parties	4,437,945	24	2,319,713
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	85,155,390	25	100,026,944
	26 <b>Total liabilities.</b> Add lines 17 through 25	1169345060	26	1201894828
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	348,411,488	27	397,408,151
	28 Temporarily restricted net assets	197,493	28	174,012
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 <b>Total net assets or fund balances</b>	348,608,981	33	397,582,163	
34 <b>Total liabilities and net assets/fund balances</b>	1517954041	34	1599476991	

Form 990 (2012)

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	717,882,954
2	Total expenses (must equal Part IX, column (A), line 25)	2	682,303,738
3	Revenue less expenses. Subtract line 2 from line 1	3	35,579,216
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	348,608,981
5	Net unrealized gains (losses) on investments	5	15,510,418
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-2,116,452
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	397,582,163

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

☐

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	X	

**SCHEDULE A**  
**(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

**2012**Open to Public  
Inspection

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 ☐ A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 ☒ A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 ☐ A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: .....
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 ☐ A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I      b ☐ Type II      c ☐ Type III—Functionally integrated      d ☐ Type III—Non-functionally integrated
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? .....
- (ii) A family member of a person described in (i) above? .....
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? .....
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see Instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions	<input type="checkbox"/>	

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.  
If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

**SCHEDULE C**  
**(Form 990 or 990-EZ)****Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2012****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
 ▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.  
 ▶ See separate instructions.

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ▶ \$
- 3 Volunteer hours

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a Was a correction made? ☐ Yes ☐ No
- b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file Form 1120-POL for this year? ☐ Yes ☐ No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

**Limits on Lobbying Expenditures**  
 (The term "expenditures" means amounts paid or incurred.)

	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....														
<b>d</b> Other exempt purpose expenditures .....														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....														
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....														
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....														
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No												

**4-Year Averaging Period Under Section 501(h)**  
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					



**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	X		
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		250,140
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?		X	
j Total. Add lines 1c through 1i			250,140
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) if Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

**Part IV** Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

**SCHEDULE C, PART II-B, LINE 1**

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR THE DEPARTMENT'S  
MANAGER OR DIRECTOR ATTENDED THE FOLLOWING LEGISLATIVE CONFERENCES:

- PREMIER FEDERAL AFFAIRS NETWORK MEETING
- AMERICAN HOSPITAL ASSOCIATION ANNUAL MEETING
- TENNESSEE HOSPITAL ASSOCIATION LEGISLATIVE ADVOCACY DAY

**Part IV** Supplemental Information (continued)

- TENNESSEE HOSPITAL ASSOCIATION ANNUAL MEETING
- HOSPITAL ALLIANCE OF TENNESSEE ANNUAL MEETING
- NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS AND RELATED INSTITUTIONS VIP ADVOCACY DAY
- TENNESSEE PUBLIC & TEACHING HOSPITALS ASSOCIATION ANNUAL MEETING
- VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION LEGISLATIVE ISSUES CONFERENCE
- ASSOCIATION OF AMERICAN MEDICAL COLLEGES GOVERNMENT RELATIONS MEETING

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR DEPARTMENTAL STAFF ALSO CONTACTED CONGRESSIONAL OFFICES CONCERNING THE FOLLOWING ISSUES:

- SUPPORT FOR PROVISIONS TO EXPAND INSURANCE COVERAGE (HEALTH INSURANCE EXCHANGES AND MEDICAID EXPANSION)
- SUPPORT FOR INITIATIVES TO IMPROVE PAYMENT DELIVERY REDESIGN; SUCH AS ACCOUNTABLE CARE ORGANIZATION DEVELOPMENT
- SUPPORT FOR CONTINUATION OF TENNESSEE MEDICAID DISPROPORTIONATE SHARE HOSPITAL PAYMENTS
- OPPOSITION TO ADDITIONAL CUTS IN MEDICARE/MEDICAID
- SUPPORT FOR REAUTHORIZATION AND FUNDING OF CHILDREN'S HOSPITAL GRADUATE MEDICAL EDUCATION
- SUPPORT FEDERAL FUNDING FOR TRAUMA CARE
- SUPPORT CONTINUATION OF GRADUATE MEDICAL EDUCATIONAL FUNDING
- SUPPORT OF STATE MEDICAID PROVIDER TAX PROVISIONS
- SUPPORT OF MEDICARE DEPENDENT HOSPITAL AND LOW-VOLUME DESIGNATIONS

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR THE DEPARTMENTAL DIRECTOR OR MANAGER RESPONDED VIA LETTER, PHONE, OR IN PERSON TO THE

**Part IV** Supplemental Information (continued)

## FOLLOWING TENNESSEE AND VIRGINIA LEGISLATIVE ISSUES:

- SUPPORT OF MEDICAID EXPANSION - TENNESSEE AND VIRGINIA
- SUPPORT OF STRONG CERTIFICATE OF NEED PROGRAMS IN TENNESSEE AND VIRGINIA
- SUPPORT FOR CONTINUATION OF HOSPITAL ASSESSMENT FEE IN TENNESSEE
- SUPPORT OF FUNDING FOR PERINATAL CENTERS IN TENNESSEE
- SUPPORT OF SAFETY NET FUNDING FOR PROJECT ACCESS
- SUPPORT OF STABLE MEDICAID RATES IN VIRGINIA
- SUPPORT "SAFE HARBOR" LEGISLATION FOR DRUG ADDICTED PREGNANT WOMEN
- SUPPORT HELMET REQUIREMENT FOR MOTORCYCLISTS

**SCHEDULE D  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
► Attach to Form 990. ► See separate instructions.

OMB No. 1545-0047

**2012**Open to Public  
Inspection

Name of the organization

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <span style="float:right"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <span style="float:right"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>		

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► .....

4 Number of states where property subject to conservation easement is located ► .....

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ► .....

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(I) Revenues included in Form 990, Part VIII, line 1 .....	► \$ .....
(II) Assets included in Form 990, Part X .....	► \$ .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 .....	► \$ .....
b Assets included in Form 990, Part X .....	► \$ .....

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

**3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

**a** ☐ Public exhibition

**d** ☐ Loan or exchange programs

**b** ☐ Scholarly research

**e** ☐ Other .....

**c** ☐ Preservation for future generations

**4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

**5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.**

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

**b** If "Yes," explain the arrangement in Part XIII and complete the following table:

**c** Beginning balance .....

**d** Additions during the year .....

**e** Distributions during the year .....

**f** Ending balance .....

	Amount
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**2a** Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

**Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.**

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance .....					
<b>b</b> Contributions .....					
<b>c</b> Net investment earnings, gains, and losses .....					
<b>d</b> Grants or scholarships .....					
<b>e</b> Other expenditures for facilities and programs .....					
<b>f</b> Administrative expenses .....					
<b>g</b> End of year balance .....					

**2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

**a** Board designated or quasi-endowment ▶ ..... %

**b** Permanent endowment ▶ ..... %

**c** Temporarily restricted endowment ▶ ..... %  
The percentages in lines 2a, 2b, and 2c should equal 100%.

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations .....

(ii) related organizations .....

**b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? ☐

	Yes	No
<b>3a(i)</b>		
<b>3a(ii)</b>		
<b>3b</b>		

**4** Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.**

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land .....		43,542,989		43,542,989
<b>b</b> Buildings .....		514,167,381	158,971,778	355,195,603
<b>c</b> Leasehold improvements .....		952,503	482,065	470,438
<b>d</b> Equipment .....		440,182,897	321,483,717	118,699,180
<b>e</b> Other .....				
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				517,908,210

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.)		

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) INVESTMENT IN JMH	132,000,000	COST
(2) INVESTMENT IN BRMMC	100,273,634	COST
(3) INVESTMENT IN SCCH	67,400,494	COST
(4) INVESTMENT IN ISHN	14,387,897	COST
(5) INVESTMENT IN OTHER	-368,107	MARKET
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.)	313,693,918	

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) AWUL-UNDER BOND INDENTURE AGREEMENT	70,092,718
(2) AWUL - CURRENT	20,386,338
(3) DEFERRED CHARGES AND OTHER	17,755,375
(4) LONG TERM COMPENSATION INVESTMENT	12,397,272
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.)	120,631,703

**Part X Other Liabilities.** See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ACCRUED SALARIES, ABSENCES & W/H	40,208,513
(3) DUE TO THIRD-PARTY PAYERS	25,496,463
(4) ACCRUED INTEREST	19,498,959
(5) EST. FAIR VALUE OF INT. RATE SWAP	8,219,935
(6) OTHER LONG-TERM LIABILITIES	6,603,074
(7)	
(8)	
(9)	
(10)	
(11)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	100,026,944

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements		1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d		2e
3	Subtract line 2e from line 1		3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b		4c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements		1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d		2e
3	Subtract line 2e from line 1		3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b		4c
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5

**Part XIII Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X - FIN 48 FOOTNOTE**

"THE ALLIANCE IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS FOR THE ALLIANCE AND ITS TAX-EXEMPT SUBSIDIARIES. TAXABLE ENTITIES ACCOUNT FOR INCOME TAXES IN ACCORDANCE WITH FASB ASC740, "INCOME TAXES" (NOTE L). THE ALLIANCE HAS NO UNCERTAIN TAX POSITIONS AT JUNE 30, 2013 AND 2012. TAX RETURNS FOR FISCAL YEARS 2009 THROUGH 2013 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE".

**SCHEDULE H  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Hospitals**

- Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.

OMB No. 1545-0047

**2012**Open to Public  
Inspection

Employer identification number

62-0476282

**MOUNTAIN STATES HEALTH ALLIANCE****Part I Financial Assistance and Certain Other Community Benefits at Cost****1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a

	Yes	No
<b>1a</b>	X	

**b** If "Yes," was it a written policy?

<b>1b</b>	X	
-----------	---	--

**2** If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.

- ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities  
☐ Generally tailored to individual hospital facilities

**3** Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.**a** Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:

- ☐ 100% ☐ 150% ☒ 200% ☐ Other \_\_\_\_\_ %

<b>3a</b>	X	
-----------	---	--

**b** Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:

- ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other \_\_\_\_\_ %

<b>3b</b>	X	
-----------	---	--

**c** If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.**4** Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?

<b>4</b>	X	
----------	---	--

**5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

<b>5a</b>	X	
-----------	---	--

**b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?

<b>5b</b>		X
-----------	--	---

**c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?

<b>5c</b>		
-----------	--	--

**6a** Did the organization prepare a community benefit report during the tax year?

<b>6a</b>	X	
-----------	---	--

**b** If "Yes," does the organization make it available to the public?

<b>6b</b>	X	
-----------	---	--

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

**7 Financial Assistance and Certain Other Community Benefits at Cost**

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheet 1)			17,191,567		17,191,567	2.52
<b>b</b> Medicaid (from Worksheet 3, column a)			21,036,012	15,635,590	5,400,422	0.79
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)			76,753,019	52,973,261	23,779,758	3.49
<b>d</b> Total Financial Assistance and Means-Tested Government Programs			114,980,598	68,608,851	46,371,747	6.80
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)			4,884,433	447,464	4,436,969	0.65
<b>f</b> Health professions education (from Worksheet 5)			14,369,294	3,753,039	10,616,255	1.56
<b>g</b> Subsidized health services (from Worksheet 6)			17,414,583	7,191,389	10,223,194	1.50
<b>h</b> Research (from Worksheet 7)			347,164	212,960	134,204	0.02
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)			186,718		186,718	0.03
<b>j</b> Total Other Benefits			37,202,192	11,604,852	25,597,340	3.75
<b>k</b> Total. Add lines 7d and 7j			152,182,790	80,213,703	71,969,087	10.55



**Part II**

**Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other			229,332		229,332	0.03
10 Total			229,332		229,332	0.03

**Part III****Bad Debt, Medicare, & Collection Practices****Section A. Bad Debt Expense**

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1** Yes **X** No

2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount

2 72,662,827

3 Enter the estimated amount of the organization's bad debt expense attributable to patents eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit

3 55,223,749

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME)

5 178,094,047

6 Enter Medicare allowable costs of care relating to payments on line 5

6 183,810,040

7 Subtract line 6 from line 5. This is the surplus (or shortfall)

7 -5,715,993

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

☐ Cost accounting system ☐ Cost to charge ratio ☒ Other

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year?

9a X

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI

9b X

**Part IV****Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 MED'L SPEC OF JC LLC	MEDICAL SERVICES	51		49
2 EMMAUS COMM HLTHCR	MEDICAL SERVICES	75		25
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				



**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group JOHNSON CITY MEDICAL CENTERFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply):	<b>X</b>	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA: <u>20 11</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>X</b>	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	<b>X</b>	
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	<b>X</b>	
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		<b>X</b>
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		<b>X</b>
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ <u>                    </u>		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)


**21** During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

If "Yes," explain in Part VI.

<b>21</b>		<b>X</b>

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Part VI.

<b>22</b>		<b>X</b>
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**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group INDIAN PATH MEDICAL CENTERFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 2**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

- 1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 ..... **1**
- If "Yes," indicate what the CHNA report describes (check all that apply):
- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Part VI)
- 2 Indicate the tax year the hospital facility last conducted a CHNA: 20 11
- 3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted ..... **3**
- 4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI ..... **4**
- 5 Did the hospital facility make its CHNA report widely available to the public? ..... **5**
- If "Yes," indicate how the CHNA report was made widely available (check all that apply):
- a ☒ Hospital facility's website
- b ☒ Available upon request from the hospital facility
- c ☐ Other (describe in Part VI)
- 6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):
- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☒ Execution of the implementation strategy
- c ☒ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☒ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Part VI)
- 7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs ..... **7**
- 8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? ..... **8a**
- b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? ..... **8b**
- c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

	Yes	No
<b>1</b>	<b>X</b>	
<b>3</b>	<b>X</b>	
<b>4</b>	<b>X</b>	
<b>5</b>	<b>X</b>	
<b>7</b>		<b>X</b>
<b>8a</b>		<b>X</b>
<b>8b</b>		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)


**21** During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

If "Yes," explain in Part VI.

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Part VI.



**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group FRANKLIN WOODS COMMUNITY HOSPITALFor single facility filers only: Line number of hospital facility (from Schedule H, Part V, Section A) 3**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

	Yes	No	
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply):	1	X	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs			
j <input type="checkbox"/> Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>11</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	X	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	5	X	
a <input checked="" type="checkbox"/> Hospital facility's website			
b <input checked="" type="checkbox"/> Available upon request from the hospital facility			
c <input type="checkbox"/> Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):			
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b <input checked="" type="checkbox"/> Execution of the implementation strategy			
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan			
d <input type="checkbox"/> Participation in the execution of a community-wide plan			
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans			
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA			
g <input checked="" type="checkbox"/> Prioritization of health needs in its community			
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		X
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$			

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information (continued)**

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
19	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

21		X

If "Yes," explain in Part VI.

22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? .....

22		X
----	--	---

If "Yes," explain in Part VI.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group SYCAMORE SHOALS HOSPITALFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 4**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

	Yes	No
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply):	X	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>11</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	X	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	X	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		X
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)**

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	X	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	X	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>Billing and Collections</b>			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged:		X
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		

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**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)

**21** During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
<b>21</b>		<b>X</b>
<b>22</b>		<b>X</b>

If "Yes," explain in Part VI.

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Part VI.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group RUSSELL COUNTY MEDICAL CENTERFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 5**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

	Yes	No
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply):	<b>X</b>	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA: <u>20 11</u>		
<b>3</b> In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>X</b>	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	<b>X</b>	
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	<b>X</b>	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		<b>X</b>
<b>8a</b> Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		<b>X</b>
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	9 X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	10 X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	11 X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	12 X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
13 Explained the method for applying for financial assistance? .....	13 X	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	14 X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	15 X	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? .....	17	X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		

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**Part V Facility Information (continued)**

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
19	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
20		
21		X
22		X

If "Yes," explain in Part VI.

22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Part VI.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group JOHNSON COUNTY COMMUNITY HOSPITALFor single facility filers only: Line number of hospital facility (from Schedule H, Part V, Section A) 6

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply):	X	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>20 11</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	X	
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	X	
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		X
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		

Part V	Facility Information (continued)
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18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

### Policy Relating to Emergency Medical Care

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

	Yes	No
19	X	

### Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

If "Yes," explain in Part VI.

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Part VI.

[illegible]

**Part V Facility Information** (continued)**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 10

Name and address	Type of Facility (describe)
<b>1</b> JCMC AMBULATORY SURGERY CENTER 400 N. STATE OF FRANKLIN ROAD  JOHNSON CITY TN 37604	   LICENSED AMBULATORY SURGERY CENTER
<b>2</b> MOUNTAIN STATES IMAGING CENTER 301 MED TECH PARKWAY, SUITE 100  JOHNSON CITY TN 37604	   LICENSED OUTPATIENT DIAGNOSTIC CENTER
<b>3</b> PRINCETON TRANSITIONAL CARE 401 PRINCETON ROAD  JOHNSON CITY TN 37601	   LICENSED SKILLED NURSING FACILITY
<b>4</b> INDIAN PATH TRANSITIONAL CARE 2000 BROOKSIDE DRIVE  KINGSPORT TN 37660	   LICENSED SKILLED NURSING FACILITY
<b>5</b> MEDICAL CNTR HOME CARE-JOHNSON CITY 101 MED TECH PARKWAY, SUITE 100  JOHNSON CITY TN 37604	   LICENSED HOME HEALTH AGENCY
<b>6</b> MEDICAL CNTR HOME CARE-KINGSPORT 2020 BROOKSIDE DRIVE, #28  KINGSPORT TN 37660	   LICENSED HOME HEALTH AGENCY
<b>7</b> RUSSELL CO. MEDICAL CNTR HOME HLTH 116 FLANNAGAN AVENUE  LEBANON VA 24266	   LICENSED HOME HEALTH AGENCY
<b>8</b> MEDICAL CENTER HOSPICE 101 MED TECH PARKWAY, SUITE 100  JOHNSON CITY TN 37604	   LICENSED HOSPICE AGENCY
<b>9</b> JOHNSON COUNTY HOME HEALTH 1987 SOUTH SHADY STREET  MOUNTAIN CITY TN 37683	   LICENSED HOME HEALTH AGENCY
<b>10</b> RUSSELL COUNTY MEDICAL CNTR HOSPICE 116 FLANNAGAN AVENUE  LABANON VA 24266	   LICENSED HOSPICE AGENCY

Schedule H (Form 990) 2012

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

**PART I, LINE 6A - RELATED ORGANIZATION INFORMATION**

MOUNTAIN STATES HEALTH ALLIANCE HAS PREPARED AND MADE PUBLIC A COMMUNITY BENEFIT REPORT TO INCLUDE INFORMATION FOR ALL OF THE HOSPITALS WITHIN THE HEALTH SYSTEM.

**PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION**

A COST TO CHARGE RATIO WAS USED TO CALCULATE LINES 7A AND B UTILIZING THE SCHEDULE H APPLICABLE WORKSHEETS, INCLUDING WORKSHEET 2, A "RATIO OF PATIENT CARE COST TO CHARGES". LINES 7E, F, G, AND H USED DIRECT COSTS OF SPECIFIC PROGRAMS. LINE 7I REFLECTS CHARITABLE CONTRIBUTIONS AT COST. WE SUBTRACTED LINES 7E-I, COLUMN (C) EXPENSE FROM WORKSHEET 2, LINE 4 SO THAT THE EXPENSE WOULD NOT BE DUPLICATED.

**PART I, LINE 7G:**

JOHNSON COUNTY COMMUNITY HOSPITAL, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL, OPERATES A PHYSICIAN SPECIALTY CLINIC, WHICH INCURRED AN OPERATING LOSS OF \$55,015 FOR THE TWELVE MONTHS ENDING JUNE 30, 2013. THE SPECIALTY CLINIC INCLUDES CARDIOLOGY, GENERAL SURGERY, PODIATRY AND OTHER SPECIALTY SERVICES. THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE

**Part VI Supplemental Information**

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RESIDENTS OF THE AREA BY AIDING WITH TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION.

RUSSELL COUNTY MEDICAL CENTER OPERATES A RURAL HEALTH CLINIC LOCATED IN ST. PAUL, VA, ON THE BORDER OF WISE AND RUSSELL COUNTIES. RIVERSIDE CLINIC FIRST OPENED IN 1991 TO PROVIDE PRIMARY CARE SERVICES TO THIS ELDERLY UNDERSERVED POPULATION. THE CLINIC'S LARGEST PAYOR IS MEDICARE, WHICH ACCOUNTS FOR 51% OF PATIENT SERVICES. DURING FY13, THE CLINIC INCURRED UNREIMBURSED EXPENSES OF \$221,246. SOME OTHER SUBSIDIZED SERVICES WITHIN MSHA INCLUDE SKILLED NURSING FACILITIES WITHIN TWO HOSPITALS, OUR AIR TRANSPORT SERVICE ("WINGS"), BABY/CHILD GROUND TRANSPORT AND MENTAL HEALTH.

## PART II - COMMUNITY BUILDING ACTIVITIES

MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS. SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF

**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS. MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTHCARE AND EDUCATION. SOME OF THESE TEAM MEMBERS DEVOTE TWO WEEKS OF NORMAL WORK TIME TO OUTSIDE CHARITABLE ACTIVITIES.

MSHA, IN COLLABORATION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY AND PUBLICITY; PROVIDE SPACE; OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES.

MSHA INCURRED EXPENSES OF ALMOST \$2 MILLION ON PHYSICIAN RECRUITMENT TO REPLACE PHYSICIANS RETIRING OR LEAVING OUR SERVICE AREAS, INCLUDING RECRUITMENT TO ONE OF OUR FEDERALLY DESIGNATED UNDERSERVED COMMUNITIES. WITHOUT MSHA'S DEDICATION TO RURAL HEALTH, THERE WOULD NOT BE AN ADEQUATE NUMBER OF PHYSICIANS TO SERVE THIS PATIENT POPULATION.

MSHA SUPPORTS THE ECONOMIC DEVELOPMENT OF THE REGION BY PROVIDING FINANCIAL SUPPORT TO ECONOMIC DEVELOPMENT PROGRAMS. EVIDENCE SHOWS THAT A HEALTHY ECONOMY RELATES TO A HEALTHIER POPULATION.



**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**PART III, LINE 4 - BAD DEBT EXPENSE EXPLANATION**

OUR VICE PRESIDENT OF PATIENT FINANCIAL SERVICES ESTIMATES THAT 76% OF BAD DEBT EXPENSE WAS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE. WE HAVE MANY INSTANCES DURING THE YEAR OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE. ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION, MANY WILL NOT DO SO. EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE, THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION.

REGARDING LINE 3, IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF MSHA'S BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT. WE ARE UNABLE TO DETERMINE OUR PATIENTS' FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US. WE CAN ASSERT THAT MORE THAN 97% OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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THE FOLLOWING TEXT IS INCLUDED IN MSHA'S FY13 AUDITED FINANCIAL STATEMENTS:

"FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE ALLIANCE ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLE ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT PAID OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY. FOR RECEIVABLES ASSOCIATED WITH PATIENTS, WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLES AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL, THE ALLIANCE RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE".

THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENTS REPORT THE AMOUNT OF ESTIMATED UNCOLLECTIBLE SELF-PAY AND EXPLAIN THAT UNCOLLECTIBLE PATIENT ACCOUNTS RECEIVABLE ESTIMATED RESERVES ARE BASED UPON PRIOR COLLECTION

**Part VI Supplemental Information**

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**HISTORY FOR GROUPS OF RECEIVABLES, KNOWN COLLECTION RISKS AND OTHER ENVIRONMENTAL FACTORS, INCLUDING THE AGE OF THE RECEIVABLES.**

**PART III, LINE 8 - MEDICARE EXPLANATION**

MEDICARE ALLOWABLE COSTS WERE REPORTED USING MSHA'S FILED MEDICARE COST REPORT (C/R). THE C/R USES A COST TO CHARGE RATIO BASED ON A STEP-DOWN ALLOCATION METHODOLOGY. IN CARING FOR THE PATIENT, THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NON-ALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT, COMFORT ITEMS TO INCLUDE A TELEVISION, MAGAZINES, OR A TELEPHONE. ADDITIONAL NON-ALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS, PHYSICIAN GUARANTEES AND A PORTION OF THE BAD DEBT (12%) ASSOCIATED WITH THE CARE OF THE PATIENT.

MEDICARE LOSSES, INCLUDING SOME NON-ALLOWABLE COSTS, SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION. AS A NOT-FOR-PROFIT ORGANIZATION, WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF THE COMMUNITY AND THE INDIVIDUAL WHILE MAINTAINING A HIGH LEVEL OF HEALTH CARE SERVICES WITHOUT LOSSES. SINCE LOSSES DO OCCUR THROUGH THE CMS SYSTEM OF REIMBURSEMENT, THESE LOSSES ARE A

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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

COST OF DOING BUSINESS FOR OUR COMMUNITY AND SHOULD BE CONSIDERED A  
COMMUNITY BENEFIT.

AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM, MSHA IS REQUIRED TO  
PROVIDE THE FULL REGIMEN OF CARE FOR OUR MEDICARE POPULATION. THERE ARE A  
NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT  
LEVELS BELOW OUR COST. THEREFORE IT IS ONLY LOGICAL TO ALLOW MSHA TO  
REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT ON THIS  
DOCUMENT. BY MAKING THIS CHANGE, NON-PROFIT PROVIDERS WILL BE ENCOURAGED  
TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE  
OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS.

**PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION**

MSHA FOLLOWS A STRONG COLLECTION PROGRAM THAT COMMUNICATES  
FINANCIAL RESPONSIBILITY TO THE PATIENT. COLLECTION  
PRACTICES APPLY TO ALL PATIENTS, CHARITY AND NON-CHARITY  
CARE. IN ROUTINE CIRCUMSTANCES WHEN IT IS DETERMINED THAT  
A PATIENT HAS NOT RESPONDED TO REQUESTS FOR PAYMENT AND  
HAS NOT PROVIDED INFORMATION TO ASCERTAIN ABILITY TO PAY,

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
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AN ACCOUNT CAN BE REFERRED TO AN OUTSIDE COLLECTION AGENCY

FOR COLLECTION ASSISTANCE. MSHA ENSURES THAT OUTSIDE

COLLECTION AGENCIES FOLLOW HOSPITAL BILLING AND COLLECTION

GUIDELINES. ONCE A DELINQUENT PATIENT ACCOUNT HAS BEEN

SUBMITTED TO AN OUTSIDE AGENCY, IT CAN BE ADJUSTED TO

CHARITY IF THE DETERMINATION IS LATER MADE THAT THE

PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE. ALL REQUESTS

FOR FINANCIAL ASSISTANCE MUST BE ACCOMPANIED BY A

COMPLETED FINANCIAL ASSESSMENT FORM AND SUPPORTING

DOCUMENTATION.

JOHNSON CITY MEDICAL CENTER, LINE NUMBER 1 - PART V, LINE 3

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL

FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED

WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP

CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY

DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL

REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS.

PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY IMPLEMENTATION PLAN.

JOHNSON CITY MEDICAL CENTER, LINE NUMBER 1 - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. WE SURVEYED 21 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES. JCMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

JOHNSON CITY MEDICAL CENTER, LINE NUMBER 1 - PART V, LINE 7

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF  
FY12. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012.  
AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S  
BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE  
2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR  
EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE  
UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

JOHNSON CITY MEDICAL CENTER, LINE NUMBER 1 - PART V, LINE 14G  
THE MOUNTAIN STATES FINANCIAL ASSISTANCE POLICY HAS BEEN APPROVED BY THE  
BOARD OF DIRECTORS AND APPLIES TO ALL MSHA HOSPITALS. DURING THE ADMISSION  
PROCESS, PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE  
POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISES THEM OF THE  
POLICY. BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY  
BE AVAILABLE. A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A  
FINANCIAL ASSISTANCE POLICY.

JOHNSON CITY MEDICAL CENTER, LINE NUMBER 1 - PART V, LINE 20D  
UNINSURED PATIENTS RECEIVE A 62% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

INDIAN PATH MEDICAL CENTER, LINE NUMBER 2 - PART V, LINE 3

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN

HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990)

LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH

GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS,

COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL

REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS.

PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS

RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR

IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN

PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE

SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY

IMPLEMENTATION PLAN.

INDIAN PATH MEDICAL CENTER, LINE NUMBER 2 - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS

THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED.



**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY

HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. WE SURVEYED 21

INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES.

IPMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN

WOODS COMMUNITY HOSPITAL, JCMC, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY

COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL

HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND

DICKENSON COMMUNITY HOSPITAL.

INDIAN PATH MEDICAL CENTER, LINE NUMBER 2 - PART V, LINE 7

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF

FY12. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012.

AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S

BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE

2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR

EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE

UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

INDIAN PATH MEDICAL CENTER, LINE NUMBER 2 - PART V, LINE 14G

**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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DURING THE ADMISSION PROCESS, PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISES THEM OF THE POLICY. BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE. A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY.

INDIAN PATH MEDICAL CENTER, LINE NUMBER 2 - PART V, LINE 20D  
UNINSURED PATIENTS RECEIVE A 62% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

FRANKLIN WOODS COMMUNITY HOSPITAL, LINE NUMBER 3 - PART V, LINE 3  
MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN  
 PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE  
 SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY  
 IMPLEMENTATION PLAN.

FRANKLIN WOODS COMMUNITY HOSPITAL, LINE NUMBER 3 - PART V, LINE 4  
 EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS  
 THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED.  
 FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY  
 HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. WE SURVEYED 21  
 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES.  
 FWCH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: JCMC, INDIAN  
 PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY  
 HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH  
 COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON  
 COMMUNITY HOSPITAL.

FRANKLIN WOODS COMMUNITY HOSPITAL, LINE NUMBER 3 - PART V, LINE 7  
 MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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FY12. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012.

AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

FRANKLIN WOODS COMMUNITY HOSPITAL, LINE NUMBER 3 - PART V, LINE 14G DURING THE ADMISSION PROCESS, PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISES THEM OF THE POLICY. BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE. A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY.

FRANKLIN WOODS COMMUNITY HOSPITAL, LINE NUMBER 3 - PART V, LINE 20D UNINSURED PATIENTS RECEIVE A 62% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

SYCAMORE SHOALS HOSPITAL, LINE NUMBER 4 - PART V, LINE 3

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY IMPLEMENTATION PLAN.

SYCAMORE SHOALS HOSPITAL, LINE NUMBER 4 - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. WE SURVEYED 21 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

SSH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN  
WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, JCMC, JOHNSON COUNTY  
COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL  
HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND  
DICKENSON COMMUNITY HOSPITAL.

SYCAMORE SHOALS HOSPITAL, LINE NUMBER 4 - PART V, LINE 7  
MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF  
FY12. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012.  
AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S  
BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE  
2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR  
EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE  
UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

SYCAMORE SHOALS HOSPITAL, LINE NUMBER 4 - PART V, LINE 14G  
DURING THE ADMISSION PROCESS, PATIENTS ARE TOLD THAT THE HOSPITAL HAS A  
FINANCIAL ASSISTANCE POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT  
ADVISES THEM OF THE POLICY. BILLING CORRESPONDENCE ALSO ADVISES THAT

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**FINANCIAL ASSISTANCE MAY BE AVAILABLE. A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY.**

**SYCAMORE SHOALS HOSPITAL, LINE NUMBER 4 - PART V, LINE 20D**

**UNINSURED PATIENTS RECEIVE A 62% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.**

**RUSSELL COUNTY MEDICAL CENTER, LINE NUMBER 5 - PART V, LINE 3**

**MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY**

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**IMPLEMENTATION PLAN.**

RUSSELL COUNTY MEDICAL CENTER, LINE NUMBER 5 - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. WE SURVEYED 21 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES. RCMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, JCMC, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

RUSSELL COUNTY MEDICAL CENTER, LINE NUMBER 5 - PART V, LINE 7

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF FY12. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE



**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

RUSSELL COUNTY MEDICAL CENTER, LINE NUMBER 5 - PART V, LINE 14G

THE MOUNTAIN STATES FINANCIAL ASSISTANCE POLICY HAS BEEN APPROVED BY THE BOARD OF DIRECTORS AND APPLIES TO ALL MSHA HOSPITALS. DURING THE ADMISSION PROCESS, PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISES THEM OF THE POLICY. BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE. A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY.

RUSSELL COUNTY MEDICAL CENTER, LINE NUMBER 5 - PART V, LINE 20D

UNINSURED PATIENTS RECEIVE A 62% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

JOHNSON COUNTY COMMUNITY HOSPITAL, LINE NUMBER 6 - PART V, LINE 3

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY IMPLEMENTATION PLAN.

JOHNSON COUNTY COMMUNITY HOSPITAL, LINE NUMBER 6 - PART V, LINE 4  
EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. WE SURVEYED 21 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES. JCCH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN

**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS  
HOSPITAL, JCMC, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL,  
SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON  
COMMUNITY HOSPITAL.

JOHNSON COUNTY COMMUNITY HOSPITAL, LINE NUMBER 6 - PART V, LINE 7  
MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF  
FY12. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012.  
AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S  
BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE  
2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR  
EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE  
UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

JOHNSON COUNTY COMMUNITY HOSPITAL, LINE NUMBER 6 - PART V, LINE 14G  
THE MOUNTAIN STATES FINANCIAL ASSISTANCE POLICY HAS BEEN APPROVED BY THE  
BOARD OF DIRECTORS AND APPLIES TO ALL MSHA HOSPITALS. DURING THE ADMISSION  
PROCESS, PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE  
POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISES THEM OF THE

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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POLICY. BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE. A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY.

JOHNSON COUNTY COMMUNITY HOSPITAL, LINE NUMBER 6 - PART V, LINE 20D  
UNINSURED PATIENTS RECEIVE A 62% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

**NEEDS ASSESSMENT****PART VI, LINE 2**

MSHA INCLUDED AMERICA'S HEALTH RANKINGS (AHR) IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES.

TENNESSEE RANKS 42ND AND VIRGINIA RANKS 26TH; HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA (WHERE SOME OF MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE. AMERICA'S HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH FACTORS. A SURVEY WAS GIVEN TO 67 INDIVIDUALS REPRESENTING THE NINE COUNTIES IN WHICH MSHA OWNS A FACILITY. THESE INDIVIDUALS INCLUDED PHYSICIANS, PUBLIC HEALTH LEADERS, NON-PROFIT DIRECTORS, SCHOOL NURSES AND

**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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OFFICIALS, AND BUSINESS LEADERS. A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA, THE HEALTH STATUS, HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS. OTHER RESPONSES INCLUDED: MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM, IMPROVE NATURAL TRAILS AND WALKWAYS, INCREASE COMMUNITY SUPPORT FOR SMOKE-FREE AREAS, PARTNER WITH LOCAL FARMER'S MARKETS, SHARE HEALTH INFORMATION BETWEEN PHARMACIES, NETWORK WITH SMALL BUSINESSES AND NON-PROFITS IN ORDER TO AVOID DUPLICATING RESOURCES, AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED. OVERALL, THE COMMUNITY MEMBERS GAVE MSHA'S CORE SERVICE AREA A HEALTH STATUS RANKING OF 4.24 OUT OF 10 (1 BEING THE LOWEST, 10 BEING THE HIGHEST). ALSO, ALL 67 PARTICIPANTS AGREED THAT OBESITY, CANCER, HEART DISEASE AND DIABETES WERE THE TOP HEALTH PRIORITIES IN EACH COUNTY. AHR REPORTS THAT TENNESSEE AND VIRGINIA BOTH SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS. TENNESSEE ALSO RANKS 44TH FOR CARDIOVASCULAR DISEASE AND 45TH FOR CANCER DEATHS AND 46TH FOR DIABETES. VIRGINIA OVERALL HAS A BETTER RANKING IN THESE THREE CATEGORIES, BUT AS STATED EARLIER, SOUTHWEST VIRGINIA CLOSELY RESEMBLES TENNESSEE. SINCE COMPLETION OF THE CHNA AND ITS

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

IMPLEMENTATION PLAN, MSHA HAS PARTNERED WITH SCHOOLS, NON-PROFIT AGENCIES AND OTHERS ON VARIOUS INITIATIVES TO ADDRESS HEALTH ISSUES; CHILDHOOD OBESITY, IN PARTICULAR.

**PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE****PART VI, LINE 3**

MSHA PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF THE HOSPITALS SUCH AS ADMITTING AND THE EMERGENCY DEPARTMENTS. PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENT'S PAPERWORK. POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH. ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON MSHA'S FINANCIAL ASSISTANCE POLICY. MSHA ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO MSHA PATIENTS REGARDING MSHA'S FINANCIAL ASSISTANCE POLICY. THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS TNCARE/MEDICAID. IN ADDITION, MSHA CONTRACTS WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. FIRSTSOURCE

**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

SOLUTIONS DETERMINES A PATIENT'S ELIGIBILITY IN MEDICAL COVERAGE OPTIONS AND ASSISTS WITH THEIR ENROLLMENT. MSHA BEARS THE COST FOR THE FIRSTSOURCE SOLUTIONS PROGRAM.

COMMUNITY INFORMATION

PART VI, LINE 4:

MSHA SERVES THE HEALTHCARE NEEDS OF 29 APPALACHIAN COUNTIES IN TENNESSEE, SOUTHWEST VIRGINIA, KENTUCKY AND NORTH CAROLINA. SOME OF THE COUNTIES MSHA SERVES ARE FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS. MSHA OPERATES 2 CRITICAL ACCESS HOSPITALS: DICKENSON COMMUNITY HOSPITAL IN VIRGINIA AND JOHNSON COUNTY COMMUNITY HOSPITAL IN TENNESSEE. THESE TWO FACILITIES OPERATE IN FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS.

THE HEALTH STATUS OF THE POPULATION IN MSHA'S SERVICE AREA IS GENERALLY POOR. THE SERVICE AREA EXTENDS TO SOME OF THE POOREST RURAL COUNTIES IN THE REGION WITH A POVERTY RATE OF ALMOST 30%. SOME OF THE MOST WELL OFF COUNTIES IN MSHA'S SERVICE AREA STILL HAVE A MEDIAN HOUSEHOLD INCOME LOWER THAN STATE AND NATIONAL AVERAGES. RURAL SERVICE AREA COUNTIES SHARE COMMON CHALLENGES OF:

**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

**1. HIGH RATES OF UNINSURED****2. HIGH PREVALENCE OF OBESITY****3. HIGH PREVALENCE OF DIABETES****HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE****PART VI, LINE 5**

MSHA IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED.

MSHA'S LEADERSHIP REMAINS MINDFUL OF MANAGING THE ALLIANCE'S LIMITED

RESOURCES SO THAT ADEQUATE FACILITIES AND EQUIPMENT ARE AVAILABLE FOR THE

CARE OF OUR PATIENTS. VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO

ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE

REASONABLE AND NECESSARY. SURPLUS FUNDS ARE INVESTED IN IMPROVING

HEALTHCARE WITHIN OUR COMMUNITIES.

THE MAJORITY OF MSHA'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN

THE ORGANIZATION'S PRIMARY SERVICE AREA.

PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALLED ARE

EXTENDED PRIVILEGES BY MSHA.



**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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**AFFILIATED HEALTH CARE INFORMATION**


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**PART VI, LINE 6:**


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MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY AND NORTH CAROLINA. EACH HOSPITAL IS FULLY ACCREDITED, MOST BY THE JOINT COMMISSION.

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MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 13 HOSPITALS. NINE FACILITIES ARE WHOLLY-OWNED FACILITIES: 8 FACILITIES IN TENNESSEE AND 1 IN VIRGINIA. EACH FACILITY IN THIS FORM 990 IS ACCREDITED BY THE JOINT COMMISSION WITH THE EXCEPTION OF JCCH. JCCH RECEIVES CERTIFICATION THROUGH THE STATE OF TENNESSEE SINCE IT IS A CRITICAL ACCESS HOSPITAL.

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IN ADDITION TO THE WHOLLY-OWNED HOSPITALS WITHIN THIS FORM 990, MSHA ALSO HAS MAJORITY OWNERSHIP IN 4 HOSPITALS IN SOUTHWEST VIRGINIA. IN ADDITION TO OUR ACUTE CARE HOSPITALS, OUR SYSTEM ALSO INCLUDES SUCH SERVICES AS: PRIMARY/SPECIALTY PHYSICIAN PRACTICES, URGENT CARE CENTERS, EMERGENCY DEPARTMENTS, OCCUPATIONAL MEDICINE, REHABILITATION, OUTREACH LABORATORY,

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**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

MENTAL HEALTH, NEONATAL INTENSIVE CARE, A NACHRI-AFFILIATED CHILDREN'S HOSPITAL, RENAL DIALYSIS, ST. JUDE'S ONCOLOGY, INPATIENT/OUTPATIENT SURGERY, SKILLED NURSING, HOME HEALTH, AIR AMBULANCE TRANSPORT AND MORE.

WITH THESE ADDITIONAL FACILITIES AND SERVICES, MSHA EXTENDS A HIGHLY EFFECTIVE HEALTH CARE DELIVERY SYSTEM. SINCE OUR SYSTEM IS BOTH HORIZONTALLY AND VERTICALLY INTEGRATED, PATIENTS CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES. OUR FLAGSHIP FACILITY, JOHNSON CITY MEDICAL CENTER IS AT THE CORE OF OUR SYSTEM OFFERING FULL SERVICE TERTIARY CARE.

IN ADDITION TO OUR HOSPITALS, MSHA IS THE SOLE MEMBER OF BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC). MSHA EXTENDS AN INTEGRATED HEALTHCARE DELIVERY SYSTEM THROUGH BRMMC TO INCLUDE MULTIPLE PRIMARY AND SPECIALTY CARE PATIENT ACCESS CENTERS AND NUMEROUS OUTPATIENT CARE SITES, INCLUDING URGENT CARE CENTERS, OCCUPATIONAL MEDICINE SERVICES, A SAME DAY SURGERY CENTER AND OUTPATIENT REHABILITATION.

MSHA COUNTY-SPECIFIC OPERATIONS ARE GOVERNED BY A COMMUNITY BOARD OF

**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

DIRECTORS. COUNTY BOARDS REPORT TO A SYSTEM LEVEL BOARD OF DIRECTORS. ALL  
BOARDS ARE PRIMARILY COMPOSED OF LOCAL COMMUNITY RESIDENTS.

PART VI, LINE 8

MSHA SUBMITS COMMUNITY BENEFIT DATA TO THE VIRGINIA HEALTH AND HOSPITAL  
ASSOCIATION (VHHA) AND THE HOSPITAL ALLIANCE OF TENNESSEE (HAT). VHHA  
COMBINES DATA FROM ALL SOURCES TO DEMONSTRATE THE COMMUNITY BENEFITS  
PROVIDED BY BOTH FOR-PROFIT AND NOT-FOR-PROFIT HOSPITALS AND HEALTH SYSTEMS  
TO THE STATE OF VIRGINIA. HAT PROVIDES ITS MEMBERS AND TENNESSEE  
LEGISLATORS WITH COMMUNITY BENEFIT DATA IN AN EFFORT TO PROVIDE A CLEAR  
PICTURE OF NOT-FOR-PROFIT HEALTH SYSTEMS' INVESTMENT IN THE COMMUNITIES  
THEY SERVE.

LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED

TENNESSEE, VIRGINIA

**SCHEDULE I  
(Form 990)****Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0047

**2012****Open to Public  
Inspection**

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	AMERICAN CANCER SOCIETY 508 PRINCETON RD., SUITE 102 JOHNSON CITY TN 37601	64-0329009	501C3	20,100				PROGRAM SUPPORT
(2)	AMERICAN HEART ASSOCIATION 208 SUNSET DRIVE. JOHNSON CITY TN 37604	13-5613797	501C3	66,250	702		PRINTING	PROGRAM SUPPORT
(3)	BARTER THEATRE P.O. BOX 867 ABINGDON VA 24212	54-6000120	501C3	19,000			PRINTING	CONTRIBUTION
(4)	BRISTOL FAMILY YMCA 400 ML KING JR. BLVD. BRISTOL TN 37620	62-0521204	501C3	7,000				PROGRAM SUPPORT
(5)	COALITION FOR KIDS, INC. P.O. BOX 3156 JOHNSON CITY TN 37602	62-1765487	501C3	2,000	5,601		PRINTING	FIGHT CHILD OBESITY
(6)	EAST TENNESSEE STATE UNIVERSITY P.O. BOX 70732 JOHNSON CITY TN 37614	62-6021046	501C3	11,500				SUPPORT FIT KIDS
(7)	ETSU FOUNDATION P.O. BOX 70721 JOHNSON CITY TN 37614	23-7092731	501C3	10,000				ECONOMIC DEVELOPMENT
(8)	GOOD SAMARITAN MINISTRY 100 NORTH ROAN STREET JOHNSON CITY TN 37601	62-1233320	501C3		5,657		PRINTING	PROGRAM SUPPORT
(9)	JOHNSON CITY PARKS & RECREATION P.O. BOX 1535 JOHNSON CITY TN 37605	62-6000320	501C3	5,000	405		PRINTING	SPONSORSHIP

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **16**3 Enter total number of other organizations listed in the line 1 table **1**

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2012)

**SCHEDULE I  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.

OMB No. 1545-0047

**2012****Open to Public  
Inspection**

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	JOHNSON CITY SYMPHONY ORCHESTRA P.O. BOX 533 JOHNSON CITY TN 37605	62-0910261	501C3		5,897		PRINTING	PROGRAM SUPPORT
(2)	MARCH OF DIMES 2313 BROWNS MILL ROAD JOHNSON CITY TN 37604	13-1846366	501C3	15,000				PROGRAM SUPPORT
(3)	MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD, SUITE 101 JOHNSON CITY TN 37604	58-1418862	501C3	59,500				PROGRAM SUPPORT
(4)	NORTHEAST STATE COMMUNITY COLLEGE 2425 HIGHWAY 75 BLOUNTVILLE TN 37617	62-1265326	501C3		11,000		LAB EQUIPMENT	
(5)	PREMIER PURCHASING 13034 BALLANTYNE CORPORATE PLACE CHARLOTTE NC 28277	33-0387407	501C3	61,052				SUPPORT
(6)	SUSAN KOMEN BREAST CANCER FOUND. P.O. BOX 5835 KINGSPORT TN 37663	84-1689067	501C3	5,000	590		PRINTING	SPONSORSHIP
(7)	TOWN OF JONESBOROUGH 123 BOONE STREET JONESBOROUGH TN 37659	62-6000322	501C3		10,069		PRINTING	CONTRIBUTION
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Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

Enter total number of other organizations listed in the line 1 table

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2012)

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						

**Part IV** Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

PART I, LINE 2 - PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS

MSHA ADHERED TO THE FOLLOWING CRITERIA FOR OUR CONTRIBUTIONS TO

ORGANIZATIONS IN THE REGION:

HEALTHCARE: THE ORGANIZATION ENHANCED OR IMPROVED ACCESS FOR THE UNINSURED OR UNDERINSURED POPULATION OR SUPPORTED A PROGRAM TO IMPROVE THE HEALTH OF OUR CHILDREN (I.E., CHILDHOOD OBESITY PREVENTION).

EDUCATION: THE ORGANIZATION PROVIDED A PROGRAM TO IMPROVE EDUCATION OF THE RESIDENTS IN OUR REGION ALL THE WAY TO COLLEGE AGE STUDENTS (SUCH AS RN

**Part III**

**Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
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**Part IV**

**Supplemental Information.** Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

NURSING AND LAB TECHNOLOGY PROGRAMS).

QUALITY OF LIFE: THE ORGANIZATION SUPPORTED PROGRAMS TO ENHANCE THE QUALITY OF LIFE, WHICH IS IMPORTANT IN THE RECRUITMENT EFFORTS OF BUSINESSES IN THE REGION AS WE WORK TO ATTRACT AND RETAIN THE BEST TALENT.

FOR THE SUPPORTED PROGRAMS, METRICS WERE ESTABLISHED TO DETERMINE THE SUCCESS (OR FAILURE) OF EACH PROGRAM TO WHICH MSHA CONTRIBUTES. AS DOWNWARD REIMBURSEMENT CONTINUED DURING FY13, THE CRITERIA USED IN THE DECISION MAKING PROCESS FOR LARGER DONATIONS WAS REVISED TO SUPPORT THOSE PROGRAMS

**Part III****Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
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**Part IV****Supplemental Information.** Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

WHICH FOCUSED ON HEALTH AND WELLNESS INITIATIVES, PARTICULARLY THOSE

FIGHTING CHILDHOOD OBESITY.

MSHA7091

DAA



**SCHEDULE J**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Compensation Information**For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees▶ Complete if the organization answered "Yes" to Form 990,  
Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**Open to Public  
Inspection**MOUNTAIN STATES HEALTH ALLIANCE**Employer identification number  
**62-0476282****Part I** Questions Regarding Compensation**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> First-class or charter travel  | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?**3** Indicate which, if any, of the following the filing organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b X

2 X

4a X

4b X

4c X

5a X

5b X

6a X

6b X

7 X

8 X

9

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2012

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 DENNIS VONDERFECHT CEO	(i) 777,545 (ii) 0	(i) 1,900,431 (ii) 0	(iii) 485,771 (ii) 0	20,000	22,698	3,206,445	125,000
2 MARVIN EICHORN SENIOR VP/CFO	(i) 447,614 (ii) 0	(i) 94,466 (ii) 0	(iii) 78,022 (ii) 0	15,000	24,538	659,640	0
CANDACE JENNINGS 3 SR. VP TN OPERATIONS	(i) 402,118 (ii) 0	(i) 82,014 (ii) 0	(iii) 20,803 (ii) 0	53,557	24,293	582,785	0
ANN FLEMING 4 SR. VP	(i) 351,697 (ii) 0	(i) 51,836 (ii) 0	(iii) 22,747 (ii) 0	48,425	17,857	492,562	0
DAVID NICELY 5 VP/CEO WASHINGTON CO	(i) 291,022 (ii) 0	(i) 52,219 (ii) 0	(iii) 11,768 (ii) 0	28,073	26,351	409,433	0
MONTY MCLAURIN 6 VP/IPMC CEO	(i) 260,109 (ii) 0	(i) 51,174 (ii) 0	(iii) 14,876 (ii) 0	28,444	30,243	384,846	0
LYNN KRUTAK 7 VP/CORP. CFO	(i) 213,083 (ii) 0	(i) 37,903 (ii) 0	(iii) 1,996 (ii) 0	15,089	19,138	287,209	0
SHANE HILTON 8 VP/TN CFO	(i) 198,625 (ii) 0	(i) 36,612 (ii) 0	(iii) 3,880 (ii) 0	12,794	23,317	275,228	0
MORRIS SELIGMAN, M.D. 9 SR. VP/CMO	(i) 421,443 (ii) 0	(i) 82,938 (ii) 0	(iii) 43,542 (ii) 0	55,862	37,844	641,629	0
DOUGLAS EDEMA 10 VP PRES./CEO MSPG	(i) 327,718 (ii) 0	(i) 62,141 (ii) 0	(iii) 18,478 (ii) 0	29,188	27,094	464,619	0
JAMES PASKERT, M.D. 11 VP/CMO WASHINGTON CO	(i) 342,153 (ii) 0	(i) 49,161 (ii) 0	(iii) 12,559 (ii) 0	29,961	26,006	459,840	0
JOHN SCHARIO 12 SVP	(i) 326,339 (ii) 0	(i) 68,681 (ii) 0	(iii) 6,502 (ii) 0	6,630	24,558	432,710	0
KATHERINE BALL 13 FORMER VP/CMIO	(i) 124,094 (ii) 0	(i) 41,113 (ii) 0	(iii) 233,588 (ii) 0	4,897	16,728	420,420	0
DALE CLAYTORE 14 VP	(i) 175,520 (ii) 0	(i) 34,278 (ii) 0	(iii) 21,777 (ii) 0	10,531	3,324	245,430	0
PAT NIDAY 15 FORMER CNO WASH. CO.	(i) 152,049 (ii) 0	(i) 26,352 (ii) 0	(iii) 18,241 (ii) 0	7,985	25,714	230,341	0
BRAD NURKIN 16 FORMER CEO JCMC	(i) 0 (ii) 0	(i) 0 (ii) 0	(iii) 141,265 (ii) 0	0	8,180	149,445	0

Schedule J (Form 990) 2012

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
<b>CYNTHIA SALYER</b>							
1 VP/CARDIO-PULMONARY	(i) 63,790	(ii) 19,891	(iii) 153,995	4,206	18,268	260,150	0
	(ii) 0	0	0	0	0	0	0
2							
3							
4							
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15							
16							

**Part III** Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

**PART I, LINE 1A - FRINGE OR EXPENSE EXPLANATION**

BOARD MEMBERS AND TEAM MEMBERS OF MSHA ARE NOT PERMITTED TO TRAVEL

FIRST-CLASS WITH THE EXCEPTION OF MSHA'S CEO. AS SANCTIONED BY MSHA'S BOARD

OF DIRECTORS, MSHA'S CEO IS PERMITTED TO TRAVEL FIRST-CLASS WHEN THE

FLIGHT'S DURATION IS GREATER THAN TWO HOURS. DUE TO THE LENGTH OF SUCH

FLIGHTS, THE BOARD BELIEVES IT IS IN THE BEST INTEREST OF MSHA FOR THE CEO

TO TRAVEL FIRST-CLASS. CHARTER TRAVEL IS LIMITED TO MSHA BUSINESS TRIPS

THAT INCLUDE NUMEROUS TRAVELERS AND WHICH CAN BE JUSTIFIED BASED UPON

FINANCIAL AND/OR ESSENTIAL TIME SAVINGS. CHARTER FLIGHTS MUST BE APPROVED

BY THE CEO PRIOR TO BOOKING THE FLIGHT.

**PART I, LINE 4 - SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS**

## SEVERANCE NONQUALIFIED EQUITY-BASED

CANDACE JENNINGS	0	41,057	0
ANN FLEMING	0	35,925	0
DAVID NICELY	0	14,885	0
MONTY MCCLAURIN	0	13,518	0
MORRIS SELIGMAN, M.D.	0	43,110	0

**Part II** Supplemental information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

DOUGLAS EDEMA

0 16,778

0

JAMES PASKERT, M.D.

0 17,385

0

**PART III - OTHER ADDITIONAL INFORMATION****PART I, LINE 4B:**

DENNIS VONDERFECHT RECEIVED PAYMENT OF \$1,683,614 DURING THE REPORTING

PERIOD FROM A 457(F) DEFERRED COMPENSATION PLAN THAT SPANNED A NUMBER OF

YEARS. MR. VONDERFECHT MET THE CONDITIONS FOR PAYOUT FROM THE AT-RISK PLAN

AND MSHA WITHHELD FEDERAL, STATE AND LOCAL TAXES AS REQUIRED BY LAW. MR.

VONDERFECHT SERVED AS MSHA'S CEO FOR 24 YEARS AND RETIRED AT THE END OF

2013.

THE FOLLOWING EXECUTIVES LISTED IN SCHEDULE J, PART II PARTICIPATED IN A  
457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA):

DENNIS VONDERFECHT, ANN FLEMING, CANDACE JENNINGS, MONTY MCLAURIN, CINDY  
SALYER, MORRIS SELIGMAN, FRANK LAURO, DAVID NICELY, JAMES PASKERT, DOUGLAS  
EDEMA, AND CARL KILGORE. THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED

COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE

**Part III** Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE". IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS. (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN.) THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24 MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.



**SCHEDULE K**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information on Tax-Exempt Bonds**

► Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

► Attach to Form 990. ► See separate instructions.

OMB No. 1545-0047

**2012**Open to Public  
Inspection

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**Employer identification number  
**62-0476282****Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A HLTH & EDU. FACILITIES BD. 2006A	62-1464028	478271GX1	02/14/06	178,614,171	CONSTRUCTION & EQUIP		X		X		X
B HLTH & EDU. FACILIL. BD. 2012A&B&C	62-1464028	478271JV2	09/18/12	94,745,050	CONSTRUCTION & EQUIP		X		X		X
C											
D											

**Part II Proceeds**

	A		B		C		D
	Yes	No	Yes	No	Yes	No	
1 Amount of bonds retired							
2 Amount of bonds legally defeased							
3 Total proceeds of issue							
4 Gross proceeds in reserve funds							
5 Capitalized interest from proceeds							
6 Proceeds in refunding escrows							
7 Issuance costs from proceeds							
8 Credit enhancement from proceeds							
9 Working capital expenditures from proceeds							
10 Capital expenditures from proceeds							
11 Other spent proceeds							
12 Other unspent proceeds							
13 Year of substantial completion							

	A		B		C		D
	Yes	No	Yes	No	Yes	No	
14 Were the bonds issued as part of a current refunding issue?	X			X			No
15 Were the bonds issued as part of an advance refunding issue?	X			X			
16 Has the final allocation of proceeds been made?	X			X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X				

**Part III Private Business Use**

	A		B		C		D
	Yes	No	Yes	No	Yes	No	
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X			No
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X			

For Paperwork Reduction Act Notice, see the Instructions for Form 990.



**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X		X	
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X		X	
c Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								X
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Does the bond issue meet the private security or payment test?		X		X		X		X
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T?								
2 If "No" to line 1, did the following apply?		X		X		X		X
a Rebate not due yet?	X		X		X		X	
b Exception to rebate?		X		X		X		X
c No rebate due?		X		X		X		X
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?	X			X		X		X
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
MSHA Name of provider							MERRILL LYNCH	
Term of hedge								30.4
19 Was the hedge superintegrated?								X
e Was the hedge terminated?								X

**Part III Private Business Use (Continued)**

	A		B		C		D
	Yes	No	Yes	No	Yes	No	
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X						
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X						
c Are there any research agreements that may result in private business use of bond-financed property?		X		X			
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?							
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%				%	%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%				%	%
6 Total of lines 4 and 5		%				%	%
7 Does the bond issue meet the private security or payment test?		X		X			
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X			
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%				%	%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?							
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X				

**Part IV Arbitrage**

	A		B		C		D
	Yes	No	Yes	No	Yes	No	
1 Has the issuer filed Form 8038-T?							
2 If "No" to line 1, did the following apply?							
a Rebate not due yet?		X		X			
b Exception to rebate?		X		X			
c No rebate due?	X			X			
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed							
3 Is the bond issue a variable rate issue?		X		X			
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X			
4b Name of provider		MERRILL LYNCH,					
4c Term of hedge		0.2					
5 Was the hedge superintegrated?		X					
6 Was the hedge terminated?		X					

**Part IV Arbitrage (Continued)****5a** Were gross proceeds invested in a guaranteed investment contract (GIC)?**b** Name of provider**c** Term of GIC**d** Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?**6** Were any gross proceeds invested beyond an available temporary period?**7** Has the organization established written procedures to monitor the requirements of section 148?**Part V Procedures To Undertake Corrective Action**

Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?

**Part VI Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions).**SCHEDULE K - PURPOSE OF ISSUE DESCRIPTION**

HLTH &amp; EDU. FACIL. BD. 2011A&amp;B&amp;C&amp;D

(LINE A) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING TAXABLE DEBT RELATING THERETO, REFUND BONDS ISSUED 12/01/2001; REFINANCING LOANS AND EQUIPMENT LEASES.

HLTH &amp; EDU. FACILITIES BD. 2010A&amp;B

(LINE B) PARTIAL REFUNDING OF BONDS ISSUED 12/14/2007 (2007A) AND (2007C) AND 2/20/2008 (2008A).

HLTH &amp; EDU. FACILIT. BD. 2009A,B&amp;C

(LINE C) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF TAXABLE INDEBTEDNESS RELATING THERETO.

HLTH &amp; EDU. FACILITIES BD. 2008A&amp;B

(LINE D) ACQUIRE, CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF TAXABLE INDEBTEDNESS RELATING THERETO AND WORKING CAPITAL EXPENDITURES RELATING TO CAPITAL EXPENDITURES.

HLTH &amp; EDU. FACILITIES BD. 2006A

(LINE E) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING

TAXABLE DEBT RELATING THERETO, AND COST OF INTEREST RATE HEDGE, REFUND

BONDS ISSUED 3/28/01, 7/01/03, 7/08/04, 11/23/04, 9/7/05 AND 11/23/05.

HLTH &amp; EDU. FACILIT. BD. 2012A&amp;B&amp;C

(LINE F) CONSTRUCT AND EQUIP SURGERY CENTER AT JCMC; CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF INDEBTEDNESS RELATING

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?								
<b>b</b> Name of provider	J. P. MORGAN							
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?	X			X				
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X					

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X					

**Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).**

**Part VI Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions) (Continued)

THERETO.

**SCHEDULE K - DATE REBATE COMPUTATION PERFORMED**

HLTH &amp; EDU. FACILITIES BD. 2008A&amp;B 02/20/13

HLTH &amp; EDU. FACILITIES BD. 2006A 02/17/10

**SCHEDULE K - ADDITIONAL INFORMATION**

HLTH &amp; EDU. FACILITIES BD. 2006A

**SCHEDULE K PART VI:**

1. COMMENT ON SCHEDULE K, PART I, LINES A, B, C, D, AND F. MOUNTAIN STATES HEALTH ALLIANCE OWNS AND/OR OPERATES HOSPITALS IN A NUMBER OF DIFFERENT LOCATIONS BOTH IN TENNESSEE AND IN VIRGINIA. AS A RESULT, MOUNTAIN STATES HEALTH ALLIANCE MUST UTILIZE CONDUIT GOVERNMENTAL BOND ISSUERS IN A NUMBER OF JURISDICTIONS IN ORDER TO FINANCE IMPROVEMENTS TO ITS HOSPITAL FACILITIES. IN 2008, 2009, 2010, 2011 AND 2012, MOUNTAIN STATES HEALTH ALLIANCE WAS THE CONDUIT BORROWER OF TAX-EXEMPT BONDS ISSUED BY MULTIPLE ISSUERS IN TENNESSEE AND VIRGINIA. FOR FEDERAL TAX PURPOSES, EVEN THOUGH DIFFERENT GOVERNMENT ISSUERS WERE INVOLVED, THESE MULTIPLE ISSUES IN EACH YEAR WERE REQUIRED TO BE TREATED, AND WERE TREATED, AS A SINGLE "ISSUE" BECAUSE THEY MET THE SINGLE "ISSUE" TEST UNDER THE APPLICABLE FEDERAL TAX REGULATIONS. THEREFORE, MULTIPLE ISSUERS ARE LISTED UNDER LINES A, B, C, D AND F BECAUSE THE BONDS THAT WERE ISSUED WERE PART OF A SINGLE "ISSUE" FOR FEDERAL TAX PURPOSES.

2. COMMENT ON SCHEDULE K, PART II. LINE 3 FOR THE BOND ISSUES LISTED IN LINES B, C, D, E AND F DOES NOT MATCH THE APPLICABLE ISSUE PRICE FOR EACH SUCH BOND ISSUE BECAUSE OF INTEREST EARNINGS EARNED ON THE SALE PROCEEDS OF EACH SERIES OF BONDS.

3. COMMENT ON SCHEDULE K, PART II, LINES 9 THROUGH 11. THE INSTRUCTIONS ARE UNCLEAR AS TO WHETHER AMOUNTS USED TO REFINANCE SHORT-TERM TAXABLE LOANS INCURRED TO TEMPORARILY FINANCE ELIGIBLE COSTS SHOULD BE SHOWN AS CAPITAL EXPENDITURES AND WORKING CAPITAL (LINES 9 AND 10) OR AS OTHER SPENT PROCEEDS (LINE 11). BASED UPON A REVIEW OF OTHER 990 FILINGS, IT APPEARS THAT MOST REPORTING ENTITIES HAVE LISTED THE APPLICATION OF PROCEEDS FOR SUCH PURPOSE UNDER OTHER SPENT PROCEEDS (LINE 11). THIS FILING TAKES THAT APPROACH.

A

4. COMMENT ON SCHEDULE K, PART II, LINE 12. IT IS UNCLEAR UNDER THE INSTRUCTIONS WHETHER TRANSFERRED PROCEEDS SHOULD BE TREATED AS OTHER UNSPENT PROCEEDS FOR REPORTING PURPOSES ON LINE 12. AS AN ABUNDANCE OF CAUTION, TRANSFERRED PROCEEDS HAVE BEEN INCLUDED ON LINE 12 FOR EACH ISSUE

DAA

**Part VI Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions) (Continued)

TO THE EXTENT APPLICABLE. DURING THE FISCAL YEAR AS TO WHICH THIS SCHEDULE RELATES, MOUNTAIN STATES HEALTH ALLIANCE WAS ABLE TO REMOVE THE REQUIREMENT THAT CERTAIN DEBT SERVICE RESERVE FUNDS BE MAINTAINED. AS A RESULT, MOUNTAIN STATES HEALTH ALLIANCE WAS ABLE TO TRANSFER PROCEEDS FROM DEBT SERVICE RESERVE FUNDS FOR CERTAIN ISSUES TO BOND SINKING FUNDS FOR THOSE ISSUES TO PAY PRINCIPAL ON THE ISSUE AND TO REDUCE THE AMOUNT OF TAX-EXEMPT BONDS OUTSTANDING IN THE MARKET. AS A RESULT, UNSPENT PROCEEDS HAVE INCREASED FOR CERTAIN ISSUES WHILE SUCH FUNDS ARE HELD IN THE BOND SINKING FUNDS, AND THE AMOUNTS PREVIOUSLY HELD IN DEBT SERVICE RESERVE FUNDS FOR SUCH ISSUES HAVE BEEN REDUCED. MOUNTAIN STATES HEALTH ALLIANCE IS USING SUCH PROCEEDS TO PAY PRINCIPAL AS QUICKLY ON THOSE ISSUES AS THE BOND DOCUMENTS PERMIT.

5. COMMENT ON SCHEDULE K, PART IV, LINE 1. PRIOR TO JUNE 30, 2013 THE REPORTING DATE OF THE 990, THE ONLY ARBITRAGE REBATE CALCULATIONS THAT WERE REQUIRED RELATED TO THE BONDS DESCRIBED IN LINES D AND E OF PART I (THE SERIES 2006 AND 2008 BONDS). MOUNTAIN STATES HEALTH ALLIANCE RETAINED A REBATE CALCULATION AGENT TO CALCULATE WHETHER ANY ARBITRAGE REBATE WAS DUE WITH RESPECT TO THOSE BONDS, AND THERE WAS NEGATIVE ARBITRAGE REBATE LIABILITY IN A SIGNIFICANT AMOUNT. THEREFORE, NO FORM 8038-T WAS REQUIRED TO BE FILED WITH RESPECT TO THOSE BOND ISSUES.

6. COMMENT ON SCHEDULE K, PART IV, LINE 4D. PART IV, LINE 4D RELATIVE TO THE BOND ISSUE DESCRIBED ON LINE E SHOWS THAT THE REGULATORY SAFE HARBOR FOR ESTABLISHING FAIR MARKET VALUE OF THE GIC DESCRIBED IN LINE 4A WAS NOT SATISFIED. DUE TO MARKET CONDITIONS AT THE TIME, MOUNTAIN STATES HEALTH ALLIANCE DID NOT RECEIVE THREE BIDS FOR THIS GIC. HOWEVER, THE YIELD ON THE GIC WAS SO SUBSTANTIALLY BELOW THE YIELD ON THE RELEVANT BONDS THAT THERE WAS NO DOUBT THAT THE YIELD ON THE GIC DID NOT EXCEED THE APPROPRIATE YIELD ON THE RELEVANT BONDS.

7. COMMENT ON SCHEDULE K, PART IV, LINE 5. THE BOND ISSUES DESCRIBED IN LINES B, C AND D OF PART I FINANCED SIGNIFICANT CAPITAL IMPROVEMENTS TO HOSPITAL FACILITIES. THERE HAVE BEEN UNEXPECTED DELAYS IN THE CONSTRUCTION AND EQUIPPING OF CERTAIN OF THESE HOSPITAL FACILITIES, AND THEREFORE NOT ALL OF THE BOND PROCEEDS WERE SPENT WITHIN THE THREE-YEAR TEMPORARY PERIOD RELATIVE TO CONSTRUCTION PROJECTS. HOWEVER, MOUNTAIN STATES HEALTH ALLIANCE HAS YIELD RESTRICTED THESE PROCEEDS AFTER THE END OF THE APPLICABLE TEMPORARY PERIOD AND/OR WILL BE MAKING A YIELD REDUCTION PAYMENT WITH RESPECT TO THOSE PROCEEDS, IF REQUIRED

**SCHEDULE L****(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Transactions With Interested Persons**

► **Complete if the organization answered**  
**"Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c,**  
**or Form 990-EZ, Part V, line 38a or 40b.**

► **Attach to Form 990 or Form 990-EZ.**► **See separate instructions.**

OMB No. 1545-0047

**2012**Open To Public  
Inspection

Name of the organization

Employer identification number

MOUNTAIN STATES HEALTH ALLIANCE

62-0476282

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ..... ► \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ..... ► \$

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the org.?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
DENNIS VONDERFECHT												
(1) SPLIT \$ LIFE INSUR. LOAN, INCL. PR. YRS			X		6,444,805	7,367,035		X	X		X	
MARVIN EICHORN												
(2) SPLIT DOLLAR LIFE INSURANCE LOAN			X		350,000	360,710		X	X		X	
MARVIN EICHORN												
(3) SPLIT DOLLAR LIFE INSURANCE LOAN			X		304,332	304,332		X	X		X	
MARVIN EICHORN												
(4) SPLIT DOLLAR LIFE INSURANCE LOAN			X		272,483	272,483		X	X		X	
MARVIN EICHORN												
(5) SPLIT DOLLAR LIFE INSURANCE LOAN			X		91,682	93,947		X	X		X	
MARVIN EICHORN												
(6) SPLIT DOLLAR LIFE INSURANCE LOAN			X		91,682	93,947		X	X		X	
(7)												
(8)												
(9)												
(10)												
<b>Total</b>						8,492,454						

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of org. revenues?	
				Yes	No
(1) WATAUGA PATHOLOGY ASSOC., P.C.	M.D. SERVICES	340,304	SEE PART V		X
(2) MATTHEW MARTIN	FAMILY MEMBER	18,268	SEE PART V		X
(3) MITCH HATHAWAY	FAMILY MEMBER	98,315	SEE PART V		X
(4) SYCAMORE SHOALS ANESTHESIA ASSOC.	M.D. SERVICES	819,996	SEE PART V		X
(5) PAULA CLAYTORE	FAMILY MEMBER	272,107	SEE PART V		X
(6) CLEM WILKES, III	FAMILY MEMBER	65,040	SEE PART V		X
(7) JAMES TEIXEIRA	FAMILY MEMBER	76,017	SEE PART V		X
(8) WORKSPACE INTERIORS, INC.	VENDOR	645,484	SEE PART V		X
(9)					
(10)					

**Part V Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

**SCHEDULE L, PART V - ADDITIONAL INFORMATION**

(1) SANDRA BROOKS, M.D., MSHA BOARD MEMBER, IS A PARTNER WITH OWNERSHIP INTEREST IN WATAUGA PATHOLOGY ASSOCIATES, P.C., WATAUGA PATHOLOGY ASSOCIATES, P.C. PROVIDES MEDICAL SERVICES TO MSHA.

(2) JOANNE GILMER, VICE-CHAIR MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF MATTHEW MARTIN, AN EMPLOYEE OF MSHA.

(3) JOANNE GILMER, VICE-CHAIR MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF MITCH HATHAWAY, AN EMPLOYEE OF MSHA.

(4) DAVID MAY, M.D., MSHA BOARD MEMBER, SERVES AS BOARD CHAIR FOR SYCAMORE SHOALS ANESTHESIA ASSOCIATES, P.C., AND HAS AN OWNERSHIP SHARE IN THE PROFESSIONAL CORPORATION. SYCAMORE SHOALS ANESTHESIA ASSOCIATES, P.C. PROVIDES MEDICAL SERVICES TO MSHA.

(5) DALE CLAYTORE, FORMER KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF PAULA CLAYTORE, AN EMPLOYEE OF MSHA.

(6) CLEM WILKES, JR., TREASURER OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF CLEM WILKES III, AN EMPLOYEE OF MSHA.

(7) PAT NIDAY, FORMER KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF JAMES TEIXEIRA, AN EMPLOYEE OF MSHA.

(8) ROBERT FEATHERS, MSHA BOARD MEMBER, IS OWNER OF WORKSPACE INTERIORS, INC. WHICH PROVIDES COMMERCIAL FURNISHINGS AND DESIGN SERVICES TO MSHA.



**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of org. revenues?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

**TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH.**

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

 Department of the Treasury  
 Internal Revenue Service

Name of the organization

**Supplemental Information to Form 990 or 990-EZ**

 Complete to provide information for responses to specific questions on  
 Form 990 or 990-EZ or to provide any additional information.

► Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

**2012**

 Open to Public  
 Inspection

Employer identification number

62-0476282

**MOUNTAIN STATES HEALTH ALLIANCE**
**DOING BUSINESS AS - ADDITIONAL NAMES**

NISWONGER CHILDREN'S HOSPITAL;

QUILLEN REHABILITATION HOSPITAL;

FRANKLIN WOODS COMMUNITY HOSPITAL;

INDIAN PATH MEDICAL CENTER;

SYCAMORE SHOALS HOSPITAL;

WOODRIDGE HOSPITAL FOR BEHAVIORAL

HEALTH SERVICES;

JOHNSON COUNTY COMMUNITY HOSPITAL;

RUSSELL COUNTY MEDICAL CENTER

**FORM 990 - ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES**

PART I, LINE 1: MOUNTAIN STATES HEALTH ALLIANCE (MSHA) IS COMMITTED TO OUR MISSION OF BRINGING LOVING CARE TO HEALTH CARE. WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN THE 29-COUNTY AREA WE SERVE, HELPING THEM ATTAIN THEIR HIGHEST LEVEL OF HEALTH. MSHA DELIVERS THIS CARE THROUGH THE PHILOSOPHY OF PATIENT-CENTERED CARE, AND THE DEVELOPMENT OF COMPREHENSIVE STRATEGIC PLANNING AND IMPLEMENTATION.

FORM 990, PART VI, LINE 4 - SIGNIFICANT CHANGES TO ORGANIZATIONAL DOCUMENTS BY OPERATION OF THE CHARTER OF THE ORGANIZATION, THE VOTING MEMBERSHIP OF THE ORGANIZATION CEASED TO EXIST DURING THIS FISCAL YEAR. AS A RESULT OF THIS OCCURRENCE, THE ORGANIZATION BECAME A NON-MEMBERSHIP CORPORATION UNDER TENNESSEE LAW, AND THE BOARD OF DIRECTORS BECAME A SELF PERPETUATING BOARD. AS A RESULT, THE CHARTER AND BYLAWS OF THE ORGANIZATION WERE

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

MODIFIED TO REFLECT THE CURRENT STRUCTURE OF THE ORGANIZATION.

FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS

DURING A PORTION OF THIS FISCAL YEAR, THE ORGANIZATION DID HAVE MEMBERS, BUT THE MEMBERSHIP CEASED TO EXIST DURING THE YEAR, AND THE ORGANIZATION BECAME A NON-MEMBERSHIP CORPORATION.

FORM 990, PART VI, LINE 7A - ELECTION OF MEMBERS AND THEIR RIGHTS

DURING A PORTION OF THE YEAR, THE ORGANIZATION HAD MEMBERS. AS A RESULT, THE ANSWER TO THIS QUESTION IS YES, BUT FOR ONLY A PORTION OF THE YEAR. DURING THE PERIOD WHEN MSHA HAD MEMBERS, THE CLASS A MEMBERS ANNUALLY ELECTED MEMBERS TO THE BOARD OF DIRECTORS.

FORM 990, PART VI, LINE 7B - DECISIONS SUBJECT TO APPROVAL OF MEMBERS

DURING A PORTION OF THE YEAR, THE ORGANIZATION HAD MEMBERS. CERTAIN DECISIONS OF THE BOARD ARE, PURSUANT TO TENNESSEE STATUTE, SUBJECT TO APPROVAL BY THE CLASS A MEMBERS. THESE DECISIONS INCLUDE: DISSOLUTION OF THE CORPORATION; MERGER OF THE CORPORATION; NON-ORDINARY COURSE OF BUSINESS SALE OF ASSETS, ETC. NO ORDINARY DAY-TO-DAY DECISIONS ARE SUBJECT TO MEMBER APPROVAL.

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990

THE CFO AND SENIOR VP REVIEWED THE FORM 990 WITH THE BOARD OF DIRECTORS PRIOR TO FILING AND THE RETURN WAS MADE AVAILABLE TO EACH BOARD MEMBER IN AN ELECTRONIC FORMAT PRIOR TO THE REVIEW.

FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

ANNUALLY, THE CORPORATE AUDIT AND COMPLIANCE DEPARTMENT OF MSHA FORWARDS THE CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM TO ALL MSHA MANAGEMENT TEAM MEMBERS AND BOARD MEMBERS. EMPLOYEES AND BOARD MEMBERS MUST NOTE ANY CONFLICTS OR ATTEST THEY HAVE "NONE", AND RETURN THE FORM TO THE AUDIT AND COMPLIANCE DEPARTMENT. ANY NOTED DISCLOSURES ARE FORWARDED TO THE APPROPRIATE MANAGEMENT OR BOARD PERSONNEL TO EVALUATE AND UTILIZE WHEN A TRANSACTION INVOLVING A CONFLICTED PERSON ARISES. ADDITIONALLY, PERSONNEL WHO HAVE A CONFLICT ARISE BETWEEN THE ANNUAL DISTRIBUTION OF THE POLICY AND FORMS ARE REQUIRED TO DISCLOSE THE CONFLICT AND WOULD BE DISCIPLINED IN ANY INSTANCE WHERE THEY HAVE NOT DISCLOSED AND ENGAGED IN A CONFLICTED TRANSACTION.

FORM 990, PART VI, LINE 15A - COMPENSATION PROCESS FOR TOP OFFICIAL  
THE CEO'S COMPENSATION AND BENEFITS ARE SUBJECT TO THE EXECUTIVE COMPENSATION POLICY OF MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE POLICY WAS ESTABLISHED BY MSHA'S BOARD OF DIRECTORS AND IS ALLIGNED WITH THE MSHA MISSION, VISION, AND VALUES, SUPPORTING THE ACHIEVEMENT OF THE HEALTH SYSTEM'S STRATEGIC PLANS AND ANNUAL GOALS AND OBJECTIVES. THE POLICY ENSURES THAT MSHA'S EXECUTIVE COMPENSATION IS COMPLIANT WITH THE LEGAL, REGULATORY, AND STATUTORY ENVIRONMENT AFFECTING COMPENSATION.

MSHA'S PRESIDENT AND CEO MAKES RECOMMENDATIONS TO THE EXECUTIVE COMMITTEE OF THE MSHA BOARD FOR ALL ELEMENTS OF COMPENSATION FOR THE SENIOR MANAGEMENT TEAM. THE BOARD OF DIRECTORS MONITORS THE PERFORMANCE OF THE SENIOR MANAGEMENT TEAM ON AN ONGOING BASIS, BUT AT LEAST ANNUALLY.

FORM 990, PART VI, LINE 15B - COMPENSATION PROCESS FOR OFFICERS

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

SIMILAR TO THE CEO'S COMPENSATION, THE CFO RECEIVES COMPENSATION AND BENEFITS THAT COMPLY WITH MSHA'S SALARY POLICY. HIS PAY IS SET AT A MARKET PERCENTILE SPECIFIC TO HIS POSITION.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION  
GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM. FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM, AND THEY ARE MADE AVAILABLE TO THOSE PARTIES WHO OWN INDEBTEDNESS OF THE COMPANY ON A QUARTERLY BASIS.

FORM 990, PART VII - GROUP RETURN EXPLANATION

OFFICER, KEY EMPLOYEE & HIGHEST PAID COMPENSATION:

LYNN KRUTAK, CFO AND MSHA KEY EMPLOYEE, IS PAID BY MSHA. BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC) REIMBURSES MSHA FOR 50% OF KRUTAK'S SALARY AND BENEFITS. MSHA IS THE SOLE MEMBER OF BRMMC. KRUTAK DEVOTES AN EQUAL AMOUNT OF TIME BETWEEN MSHA AND BRMMC. DR. DOUGLAS EDEMA, REPORTABLE AS A HIGHEST COMPENSATED EMPLOYEE, IS PAID BY MSHA AND HIS SALARY AND BENEFITS ARE FULLY REIMBURSED TO MSHA BY BRMMC. CERTAIN EXECUTIVES OF THE ORGANIZATION, SUCH AS THE CEO AND SR VP/CFO, PROVIDE SERVICES TO SOME OR ALL OF THE ORGANIZATIONS RELATED TO MSHA.

FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES

DESCRIPTION

PROGRAM SERVICE

MGT & GENERAL

FUNDRAISING

\$ 84,136,191

\$ 7,818,901

\$ 229,313

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

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62-0476282

## FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS EXPLANATION

PARTNERSHIP CHARITABLE CONTRIBUTION NOT ON BOOKS \$ 61,080

PORTFOLIO EXPENSES NOT ON BOOKS \$ 5

PARTNERSHIP GAIN NOT ON BOOKS \$ -119

CHANGE IN FAIR VALUE OF DERIVATIVES \$ -29,805

P/S ORDINARY INCOME/LOSS-NOT ON BOOKS \$ -2,104,308

P/S INTEREST INCOME-NOT ON BOOKS \$ -19,823

TEMPORARILY RESTRICTED GRANTS \$ 23,482

TOTAL TO FORM 990, PART XI, LINE 9 \$ -2,116,452

**SCHEDULE R**  
**(Form 990)****Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number  
62-0476282

OMB No. 1545-0047

**2012****Open to Public  
Inspection****Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	JOHNSTON MEMORIAL HOSPITAL 16000 JOHNSTON MEMORIAL DRIVE ABINGDON VA 24211 54-0544705	HOSPITAL	VA	501C3	3	N/A		X
(2)	ABINGDON PHYSICIAN PARTNERS 16000 JOHNSTON MEMORIAL DRIVE ABINGDON VA 24211 20-5485346	MED. SERV.	VA	501C3	11A	JMH		X
(3)	APPALACHIAN EMERGENCY PHYSICIANS 1021 W. OAKLAND AVENUE; STE. 207 JOHNSON CITY TN 37604 80-0592504	MED. SERV	VA	501C3	11A	N/A		X
(4)								
(5)								

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2012

DAA

**SCHEDULE R**  
**(Form 990)****Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**Employer identification number  
**62-0476282**

OMB No. 1545-0047

**2012****Open to Public Inspection****Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	DICKENSON COMMUNITY HOSPITAL ONE HOSPITAL DRIVE CLINTWOOD VA 24228 77-0599553	HOSPITAL	VA	501C3	3	NCH		X
(2)	MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD, STE. 101 JOHNSON CITY TN 37604 58-1418862	FUNDRAISER	TN	501C3	11A	N/A		X
(3)	MSHA AUXILIARY 400 N. STATE OF FRANKLIN ROAD JOHNSON CITY TN 37604 58-1418345	SUPPORT	TN	501C3	11A	N/A		X
(4)	SMYTH COUNTY COMMUNITY HOSPITAL 245 MEDICAL PARK DRIVE MARION VA 24354 54-0794913	HOSPITAL	VA	501C3	3	MSHA		X
(5)	NORTON COMMUNITY HOSPITAL 100 15TH STREET NW NORTON VA 24273 54-0566029	HOSPITAL	VA	501C3	3	N/A		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule R (Form 990) 2012



**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.? Yes No		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes No		(k) Percentage ownership
(1) INTEGRATED SOLUTIONS HEALTH NETWORK 400 N. STATE OF FRANKLIN ROAD JOHNSON CITY TN 37604 62-17111997	INVESTMENT	TN	N/A	EXCLUDED	-17,985	5,942,091	X			X		99.17
(2) EMMAUS COMMUNITY HEALTHCARE, LLC 6070 HWY 11E PINEY FLATS TN 37686 20-0577483	MED. SERV.	TN	N/A				X					
(3) MEDICAL SPECIALISTS OF J.C., LLC 2528 WESLEY STREET, SUITE. 2 JOHNSON CITY TN 37601 27-2199037	MED. SERV.	TN	N/A	EXCLUDED	-234,419	81,508	X			X		51.00
(4) .....												

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes No	
(1) BLUE RIDGE MEDICAL MANAGEMENT CORP. 1021 W. OAKLAND AVENUE, STE. 207 JOHNSON CITY TN 37604 62-1490616	MED. SERV.	TN	N/A	C	105,058,961	203,141,889	100.000000		X
(2) MEDISERVE MEDICAL EQUIPMENT 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1212286	DME	TN	BRMMC	C	5,065,565	4,279,186	100.000000		X
(3) MOUNTAIN STATES PROPERTIES 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1845895	PROP. MGMT	TN	BRMMC	C	14,786,575	149,156,249	100.000000		X
(4) MOUNTAIN STATES PHYSICIAN GROUP 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1700412	MED. SERV.	TN	BRMMC	C	59,446,917	6,131,411	100.000000		X

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.? <small>Yes No</small>		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? <small>Yes No</small>		(k) Percentage ownership
(1) .....												
(2) .....												
(3) .....												
(4) .....												

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? <small>Yes No</small>	
(1) COMMUNITY HOME CARE INC. 1460 PARK AVENUE NORTON VA 24273 54-1453810	DME	VA	NCH	C	375,002	382,370	50.100000	X	
(2) SOUTHWEST COMMUNITY HEALTH SERV. P.O. BOX 880 MARION VA 24354 54-1460695	MED. SERV.	VA	SCCH	C	190,852	1,098,214	80.000000	X	
(3) WILSON PHARMACY, INC. P.O. BOX 5289 JOHNSON CITY TN 37604 62-0329587	PHARMACY	TN	BRMMC	C	4,782,181	2,903,651	100.000000	X	
(4) CRESTPOINT HEALTH INSURANCE COMPANY 208 SUNSET DRIVE, SUITE 101 JOHNSON CITY TN 37604 62-0381170	INSURANCE	TN	ISHN	C			99.170000	X	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		
<b>b</b> Gift, grant, or capital contribution to related organization(s)		
<b>c</b> Gift, grant, or capital contribution from related organization(s)		
<b>d</b> Loans or loan guarantees to or for related organization(s)		
<b>e</b> Loans or loan guarantees by related organization(s)		
<b>f</b> Dividends from related organization(s)		
<b>g</b> Sale of assets to related organization(s)		
<b>h</b> Purchase of assets from related organization(s)		
<b>i</b> Exchange of assets with related organization(s)		
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)		
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)		
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)		
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)		
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		
<b>o</b> Sharing of paid employees with related organization(s)		
<b>p</b> Reimbursement paid to related organization(s) for expenses		
<b>q</b> Reimbursement paid by related organization(s) for expenses		
<b>r</b> Other transfer of cash or property to related organization(s)		
<b>s</b> Other transfer of cash or property from related organization(s)		

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	MSHA AUXILIARY	P	71,464	
(2)	MSHA AUXILIARY	Q	279,988	
(3)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	L	10,728,044	
(4)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	M	37,124,494	
(5)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	O	1,980,659	
(6)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	Q	8,844,230	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?**a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity**b** Gift, grant, or capital contribution to related organization(s)**c** Gift, grant, or capital contribution from related organization(s)**d** Loans or loan guarantees to or for related organization(s)**e** Loans or loan guarantees by related organization(s)**f** Dividends from related organization(s)**g** Sale of assets to related organization(s)**h** Purchase of assets from related organization(s)**i** Exchange of assets with related organization(s)**j** Lease of facilities, equipment, or other assets to related organization(s)**k** Lease of facilities, equipment, or other assets from related organization(s)**l** Performance of services or membership or fundraising solicitations for related organization(s)**m** Performance of services or membership or fundraising solicitations by related organization(s)**n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)**o** Sharing of paid employees with related organization(s)**p** Reimbursement paid to related organization(s) for expenses**q** Reimbursement paid by related organization(s) for expenses**r** Other transfer of cash or property to related organization(s)**s** Other transfer of cash or property from related organization(s)**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	HEALTH PLUS	J	57,281	
(2)	HEALTHPLUS	L	408,335	
(3)	HEALTHPLUS	M	332,150	
(4)	HEALTHPLUS	O	103,659	
(5)	HEALTHPLUS	P	68,399	
(6)	HEALTHPLUS	Q	12,333,583	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(1)	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	HEALTHPLUS	R	621,612	
(2)	MEDISERVE	K	179,587	
(3)	MEDISERVE	L	169,719	
(4)	MEDISERVE	O	53,550	
(5)	MEDISERVE	P	193,553	
(6)	MEDISERVE	Q	2,441,200	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-e)	(c) Amount involved	(d) Method of determining amount involved
(1)	MOUNTAIN STATES PROPERTIES	G	941,514	
(2)	MOUNTAIN STATES PROPERTIES	K	2,070,952	
(3)	MOUNTAIN STATES PROPERTIES	L	249,140	
(4)	MOUNTAIN STATES PROPERTIES	O	73,430	
(5)	MOUNTAIN STATES PROPERTIES	Q	745,635	
(6)	MOUNTAIN STATES PROPERTIES	R	736,347	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?

		Yes	No
<b>a</b>	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		
<b>b</b>	Gift, grant, or capital contribution to related organization(s)	1a	X
<b>c</b>	Gift, grant, or capital contribution from related organization(s)	1b	X
<b>d</b>	Loans or loan guarantees to or for related organization(s)	1c	X
<b>e</b>	Loans or loan guarantees by related organization(s)	1d	X
<b>f</b>	Dividends from related organization(s)	1e	X
<b>g</b>	Sale of assets to related organization(s)	1f	X
<b>h</b>	Purchase of assets from related organization(s)	1g	X
<b>i</b>	Exchange of assets with related organization(s)	1h	X
<b>j</b>	Lease of facilities, equipment, or other assets to related organization(s)	1i	X
<b>k</b>	Lease of facilities, equipment, or other assets from related organization(s)	1j	X
<b>l</b>	Performance of services or membership or fundraising solicitations for related organization(s)	1k	X
<b>m</b>	Performance of services or membership or fundraising solicitations by related organization(s)	1l	X
<b>n</b>	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	X
<b>o</b>	Sharing of paid employees with related organization(s)	1n	X
<b>p</b>	Reimbursement paid to related organization(s) for expenses	1o	X
<b>q</b>	Reimbursement paid by related organization(s) for expenses	1p	X
<b>r</b>	Other transfer of cash or property to related organization(s)	1q	X
<b>s</b>	Other transfer of cash or property from related organization(s)	1r	X
<b>1s</b>			X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1)	MOUNTAIN STATES FOUNDATION	B	58,000	
(2)	MOUNTAIN STATES FOUNDATION	C	1,513,427	
(3)	NORTON COMMUNITY HOSPITAL	D	21,238,380	
(4)	NORTON COMMUNITY HOSPITAL	L	5,850,147	
(5)	NORTON COMMUNITY HOSPITAL	N	482,656	
(6)	NORTON COMMUNITY HOSPITAL	P	6,856,647	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Gift, grant, or capital contribution to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c Gift, grant, or capital contribution from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d Loans or loan guarantees to or for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e Loans or loan guarantees by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f Dividends from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g Sale of assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h Purchase of assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
i Exchange of assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
j Lease of facilities, equipment, or other assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
k Lease of facilities, equipment, or other assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
l Performance of services or membership or fundraising solicitations for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
m Performance of services or membership or fundraising solicitations by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
o Sharing of paid employees with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
p Reimbursement paid to related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
q Reimbursement paid by related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
r Other transfer of cash or property to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
s Other transfer of cash or property from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	NORTON COMMUNITY HOSPITAL	Q	691,339	
(2)	DICKENSON COMMUNITY HOSPITAL	P	982,689	
(3)	ISHN	A	50,000	
(4)	ISHN	B	6,882,150	
(5)	ISHN	L	232,591	
(6)	ISHN	M	2,158,748	



**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		1a X
b Gift, grant, or capital contribution to related organization(s)		1b X
c Gift, grant, or capital contribution from related organization(s)		1c X
d Loans or loan guarantees to or for related organization(s)		1d X
e Loans or loan guarantees by related organization(s)		1e X
f Dividends from related organization(s)		1f X
g Sale of assets to related organization(s)		1g X
h Purchase of assets from related organization(s)		1h X
i Exchange of assets with related organization(s)		1i X
j Lease of facilities, equipment, or other assets to related organization(s)		1j X
k Lease of facilities, equipment, or other assets from related organization(s)		1k X
l Performance of services or membership or fundraising solicitations for related organization(s)		1l X
m Performance of services or membership or fundraising solicitations by related organization(s)		1m X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		1n X
o Sharing of paid employees with related organization(s)		1o X
p Reimbursement paid to related organization(s) for expenses		1p X
q Reimbursement paid by related organization(s) for expenses		1q X
r Other transfer of cash or property to related organization(s)		1r X
s Other transfer of cash or property from related organization(s)		1s X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	ISHN	P	133,333	
(2)	ISHN	Q	1,351,630	
(3)	SMYTH COUNTY COMMUNITY HOSPITAL	D	16,208,216	
(4)	SMYTH COUNTY COMMUNITY HOSPITAL	L	4,757,932	
(5)	SMYTH COUNTY COMMUNITY HOSPITAL	Q	67,367	
(6)	JOHNSTON MEMORIAL HOSPITAL	L	10,436,254	

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-e)	(c) Amount involved	(d) Method of determining amount involved
(1)	JOHNSTON MEMORIAL HOSPITAL	O	887,811	
(2)	JOHNSTON MEMORIAL HOSPITAL	P	72,637	
(3)	JOHNSTON MEMORIAL HOSPITAL	R	216,014	
(4)	APP	M	1,078,900	
(5)	APP	L	1,927,539	
(6)				

**Part VI** Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(1) Name, address, and EIN of entity	(2) Primary activity	(3) Legal domicile (state or foreign country)	(4) Predominant income (related, unrelated, excluded from tax under section 512-514)	(5) Are all partners section 501(c)(3) organizations?		(6) Share of total income	(7) Share of end-of-year assets	(8) Disproportionate allocations?		(9) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(10) General or managing partner?		(11) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) .....													
(2) .....													
(3) .....													
(4) .....													
(5) .....													
(6) .....													
(7) .....													
(8) .....													
(9) .....													
(10) MSHA .....													
(11) 126 .....													

**Part VII** Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Form

**990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter Social Security numbers on this form as it may be made public.  
▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public Inspection****A** For the 2013 calendar year, or tax year beginning **07/01/13**, and ending **06/30/14****B** Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Terminated  
☐ Amended return  
☐ Application pending

**C** Name of organization**MOUNTAIN STATES HEALTH ALLIANCE**

Doing Business As

**JOHNSON CITY MEDICAL CENTER;**

Number and street (or P.O. box if mail is not delivered to street address)

**400 N. STATE OF FRANKLIN ROAD**

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

**JOHNSON CITY TN 37604****D** Employer identification number**62-0476282****E** Telephone number**423-302-3372****G** Gross receipts \$ **707,518,372****F** Name and address of principal officer:

**ALAN LEVINE**  
**303 MED TECH PARKWAY, STE. 300**  
**JOHNSON CITY TN 37604**

**H(a)** Is this a group return for subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: **WWW.MSHA.COM****H(c)** Group exemption number ▶**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: **1945****M** State of legal domicile: **TN****Part I Summary**

Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>SEE SCHEDULE O</b>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>13</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>6</b>
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a)	<b>5</b>	<b>8659</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>2619</b>
		<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34		<b>7b</b>	<b>222,370</b>
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	<b>2,474,339</b>	<b>4,260,554</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>674,372,724</b>	<b>670,231,172</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>31,675,503</b>	<b>28,617,401</b>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>9,360,388</b>	<b>4,204,431</b>
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>717,882,954</b>	<b>707,313,558</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	<b>405,051</b>	<b>705,491</b>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		<b>0</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	<b>305,057,437</b>	<b>295,522,740</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>1,088,082</b>		<b>0</b>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>376,841,250</b>	<b>378,145,629</b>
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>682,303,738</b>	<b>674,373,860</b>
Net Assets or Fund Balances	<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<b>35,579,216</b>	<b>32,939,698</b>
	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>21</b> Total liabilities (Part X, line 26)	<b>1599476991</b>	<b>1603260990</b>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<b>1201894828</b>	<b>1166845910</b>
		<b>397,582,163</b>	<b>436,415,080</b>

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer

Date

**LYNN KRUTAK****SENIOR VP & CFO**

Type or print name and title

**Paid**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if PTIN  
self-employed**Preparer Use Only**

Firm's name

**THIS TAX RETURN**

Firm's EIN ▶

Firm's address

**PREPARED BY A**  
**NON-PAID PREPARER.**

Phone no.

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

DAA

MSHA7128 Form **990** (2013)

**Part III** **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

☒ **X****1** Briefly describe the organization's mission:**SEE SCHEDULE O****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?☐ Yes ☒ **X** No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?☐ Yes ☒ **X** No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ **552,836,339** including grants of \$ **705,491** ) (Revenue \$ **675,626,593** )  
**SEE ATTACHED DOCUMENT: MSHA - PROGRAM SERVICE ACCOMPLISHMENTS**  
**FOR GUIDESTAR READERS, OUR PROGRAM SERVICE ACCOMPLISHMENTS MAY BE FOUND AT**  
**THE END.**

**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4d** Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses **552,836,339**

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<b>X</b>	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<b>X</b>	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		<b>X</b>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	<b>X</b>	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		<b>X</b>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		<b>X</b>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		<b>X</b>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		<b>X</b>
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		<b>X</b>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		<b>X</b>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	<b>X</b>	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		<b>X</b>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	<b>X</b>	
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	<b>X</b>	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	<b>X</b>	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	<b>X</b>	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		<b>X</b>
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	<b>X</b>	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		<b>X</b>
14a Did the organization maintain an office, employees, or agents outside of the United States?		<b>X</b>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		<b>X</b>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		<b>X</b>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		<b>X</b>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		<b>X</b>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		<b>X</b>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		<b>X</b>
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	<b>X</b>	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>X</b>	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	<b>X</b>	
22 Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		<b>X</b>
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	<b>X</b>	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	<b>X</b>	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	<b>X</b>	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		<b>X</b>
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		<b>X</b>
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<b>X</b>
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II	<b>X</b>	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		<b>X</b>
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	<b>X</b>	
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	<b>X</b>	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	<b>X</b>	
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		<b>X</b>
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		<b>X</b>
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		<b>X</b>
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		<b>X</b>
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		<b>X</b>
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, or IV, and Part V, line 1	<b>X</b>	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>X</b>	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	<b>X</b>	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		<b>X</b>
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		<b>X</b>
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	<b>X</b>	

Form **990** (2013)



**Part V** Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	637	
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	8659	
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	X	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
<b>b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		X
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		X
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?		
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations. Enter:</b>		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations. Enter:</b>		
<b>a</b>	Gross income from members or shareholders		
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
<b>c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		X
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☒

**Section A. Governing Body and Management**

	1a	13	1b	6	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year		13				
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			1b	6		
b Enter the number of voting members included in line 1a, above, who are independent						
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2			X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?			3			X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			4			X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?			5			X
6 Did the organization have members or stockholders?			6			X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			7a			X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			7b			X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:						
a The governing body?			8a		X	
b Each committee with authority to act on behalf of the governing body?			8b		X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O			9			X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	10a	10b	11a	12a	12b	12c	13	14	15a	15b	16a	16b	Yes	No
10a Did the organization have local chapters, branches, or affiliates?			10a										X	
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?			10b										X	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?			11a										X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.														
12a Did the organization have a written conflict of interest policy? If "No," go to line 13			12a										X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?			12b										X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done													X	
13 Did the organization have a written whistleblower policy?			13										X	
14 Did the organization have a written document retention and destruction policy?			14										X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?														
a The organization's CEO, Executive Director, or top management official			15a										X	
b Other officers or key employees of the organization			15b										X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).														
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?			16a										X	
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?			16b										X	

**Section C. Disclosure**

17 List the states with which a copy of this Form 990 is required to be filed **VA**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **LYNN KRUTAK**  
**303 MED TECH PARKWAY**  
**TN 37604**  
**JOHNSON CITY**

**423-302-3374**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☒**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's current key employees, if any. See instructions for definition of "key employee."

- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organizations compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DENNIS VONDERFECHT	51.00									
CEO	9.00	X		X				1,058,195	0	68,381
(2) JEFF FARROW, M.D.	4.00									
DIRECTOR	0.00	X						36,835	475	0
(3) CLEM WILKES, JR.	8.00									
CHAIR	0.50	X						0	0	0
(4) GARY PEACOCK	5.00									
DIRECTOR	8.00	X						0	0	0
(5) SANDRA BROOKS, M.D.	4.50									
DIRECTOR	1.00	X						0	0	0
(6) RICK STOREY	5.00									
DIRECTOR	0.00	X						0	0	0
(7) THOMAS FOWLKES	4.50									
DIRECTOR	6.00	X						0	0	0
(8) LINDA GARCEAU	5.00									
DIRECTOR	0.00	X						0	0	0
(9) JOANNE GILMER	6.00									
VICE CHAIR	13.00	X						0	0	0
(10) DAVID MAY, M.D.	5.50									
DIRECTOR	0.00	X						0	0	0
(11) ROBERT FEATHERS	6.00									
PAST CHAIR	0.50	X						0	0	0

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) MICHAEL CHRISTIAN	4.50									
TREASURER	0.00	X						0	0	0
(13) BARBARA ALLEN	7.00									
SECRETARY	4.00	X						0	0	0
(14) ALAN LEVINE	60.00									
PRESIDENT & CEO	0.00	X		X				0	0	0
(15) MARVIN EICHORN	59.00									
SENIOR VP/CFO	1.00			X				626,635	0	47,303
(16) ANN FLEMING	45.00									
SR. VP	15.00				X			753,909	0	73,411
(17) CANDACE JENNINGS	60.00									
SR. VP TN OPERATIONS	0.00				X			523,529	0	85,889
(18) DAVID NICELY	55.00									
VP/CEO WASHINGTON CO	0.00				X			342,553	0	54,931
(19) MONTY MCLAURIN	55.00									
VP/IPMC CEO	0.00				X			317,642	0	57,151
1b Sub-total								3,659,298	475	387,066
c Total from continuation sheets to Part VII, Section A								3,704,782		450,772
d Total (add lines 1b and 1c)								7,364,080	475	837,838

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **195**

- 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3	X	
4	X	
5		X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
SKANSKA USA BUILDING INC FRANKLIN TN 37067	5000 MERIDIAN BLVD., SUITE 100 CONSTRUCTION	27,432,371
ANESTHESIA & PAIN CONSULTANTS JOHNSON CITY TN 37602-3727	STE. 4, 1113 SUNSET DR. PO BOX 3727 PHYSICIAN SVCS.	4,571,599
PREMIER ANESTHESIA SERVICES JOHNSON CITY TN 37602-4653	P.O. BOX 4653 PHYSICIAN SVCS.	2,845,186
PHILIPS HEALTHCARE ATLANTA GA 30384	P.O. BOX 100355 EQUIPMENT SVCS.	2,695,286
CROTHALL SERVICES EAST TN CHICAGO IL 60693	13028 COLLECTIONS CENTER DRIVE LAUNDRY SVCS.	2,674,201

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **108**

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) TONY BENTON	55.00									
INTERIM CEO WASH. CO	0.00				X			299,304	0	37,624
(13) SHANE HILTON	55.00									
VP/TN CFO	0.00				X			286,898	0	38,039
(14) LYNN KRUTAK	55.00									
VP/CORP. CFO	0.00				X			265,010	0	36,445
(15) PATRICK BOLANDER	55.00									
JCMC CFO	0.00				X			206,144	0	28,052
(16) STEVE SAWYER	0.00									
IPMC CFO	55.00				X			153,220	0	21,317
(17) MORRIS SELIGMAN, M.D.	60.00									
SR. VP/CMO	0.00					X		533,796	0	84,703
(18) BERT SMITH, M.D.	55.00									
VP HOSP. PRGM.	0.00					X		395,458	0	22,368
(19) DOUGLAS EDEMA	55.00									
VP PRES./CEO MSPG	0.00					X		391,873	0	36,180
<b>1b Sub-total</b>								<b>2,531,703</b>		<b>304,728</b>
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) STEVE KILGORE	54.00					X		377,168	0	55,429
PRESIDENT BRMMC	1.00									
(13) MARK WILKINSON	55.00					X		371,159	0	37,078
CMO	0.00									
(14) DALE CLAYTORE	55.00						X	233,706	0	13,560
VP	0.00									
(15) PAT NIDAY	55.00						X	191,046	0	39,977
FORMER CNO WASH. CO.	0.00									
(16)										
(17)										
(18)										
(19)										
1b Sub-total								1,173,079		146,044
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	3,515,325			
	e	Government grants (contributions)	1e	667,665			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	77,564			
	g	Noncash contributions included in lines 1a-1f: \$					
	h	<b>Total. Add lines 1a-1f</b>		4,260,554			
	<b>Program Service Revenue</b>	2a	PATIENT REVENUE-OTHER	Busn. Code 622110	648,737,836	648,737,836	
b		WELLNESS PROGRAMS	622110	18,193,332	18,193,332		
c		P/S INCOME PREMIER-ISHN-MSJC	900099	3,107,986	3,136,588	-28,602	
d		LAB UBI REVENUE	621500	177,267		177,267	
e		RENTAL TO EXEMPT AFFILIATE	531120	14,751	14,751		
f		All other program service revenue					
g		<b>Total. Add lines 2a-2f</b>		670,231,172			
3		Investment income (including dividends, interest, and other similar amounts)		13,157,320		21,781	13,135,539
4		Income from investment of tax-exempt bond proceeds		227,071			227,071
<b>Other Revenue</b>	5	Royalties					
	6a	Gross rents	(i) Real 213,236				
	b	Less: rental exps.	83,196				
	c	Rental inc. or (loss)	130,040				
	d	<b>Net rental income or (loss)</b>		130,040	42,772	87,268	
	7a	Gross amount from sales of assets other than inventory	(i) Securities 9,837,589	(ii) Other 5,517,039			
	b	Less: cost or other basis & sales exps.		121,618			
	c	Gain or (loss)	9,837,589	5,395,421			
	d	<b>Net gain or (loss)</b>		15,233,010	5,395,421	9,837,589	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
	b	Less: direct expenses	b				
	c	<b>Net income or (loss) from fundraising events</b>					
	9a	Gross income from gaming activities. See Part IV, line 19	a				
	b	Less: direct expenses	b				
c	<b>Net income or (loss) from gaming activities</b>						
10a	Gross sales of inventory, less returns and allowances	a					
b	Less: cost of goods sold	b					
c	<b>Net income or (loss) from sales of inventory</b>						
<b>Miscellaneous Revenue</b>			Busn. Code				
11a	CAFE SALES	722210	3,943,462			3,943,462	
b	PREMIER IPO VENDOR INCENTIVE	900099	2,202,302			2,202,302	
c	DAY CARE	624410	1,080,183			1,080,183	
d	All other revenue		-3,151,556		703,018	-3,854,574	
e	<b>Total. Add lines 11a-11d</b>		4,074,391				
12	<b>Total revenue. See instructions.</b>		707,313,558	675,477,928	916,236	26,658,840	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

☒**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>1</b> Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	705,491	705,491		
<b>2</b> Grants and other assistance to individuals in the U.S. See Part IV, line 22				
<b>3</b> Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees	5,535,708	38,163	5,497,545	
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b> Other salaries and wages	227,756,974	215,290,820	11,677,610	788,544
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	9,821,500	9,365,543	421,656	34,301
<b>9</b> Other employee benefits	34,490,957	31,001,196	3,480,662	9,099
<b>10</b> Payroll taxes	17,917,601	15,610,114	2,262,804	44,683
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management				
<b>b</b> Legal	1,606,661		1,606,661	
<b>c</b> Accounting	312,624	5,100	288,404	19,120
<b>d</b> Lobbying	147,043	147,043		
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees	966,844		966,844	
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	93,864,907	83,187,817	10,670,853	6,237
<b>12</b> Advertising and promotion	2,312,231	121,029	2,183,296	7,906
<b>13</b> Office expenses	6,415,775	6,258,731	139,107	17,937
<b>14</b> Information technology	20,867,730	12,775,200	8,092,530	
<b>15</b> Royalties				
<b>16</b> Occupancy	14,843,361	11,311,738	3,466,484	65,139
<b>17</b> Travel	1,850,759	1,347,658	501,750	1,351
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings	81,434	61,345	19,465	624
<b>20</b> Interest	42,471,912		42,471,912	
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	43,713,910	24,394,217	19,314,751	4,942
<b>23</b> Insurance	2,714,095	2,114	2,711,981	
<b>24</b> Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
<b>a</b> MEDICAL SUPPLIES & DRUGS	123,908,206	123,590,299	317,907	
<b>b</b> REPAIRS & MAINTENANCE	15,117,008	14,004,298	1,071,399	41,311
<b>c</b> DUES & SUBSCRIPTIONS	3,927,018	1,533,282	2,390,539	3,197
<b>d</b> UBI TAXES	77,000	0	77,000	0
<b>e</b> All other expenses	2,947,111	2,085,141	818,279	43,691
<b>25</b> Total functional expenses. Add lines 1 through 24e	674,373,860	552,836,339	120,449,439	1,088,082
<b>26</b> Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				



**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash—non-interest bearing		1	
	2 Savings and temporary cash investments	53,114,956	2	78,251,832
	3 Pledges and grants receivable, net	96,609	3	99,629
	4 Accounts receivable, net	117,265,071	4	111,736,791
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	8,492,454	5	8,988,974
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	17,189,476	7	29,866,592
	8 Inventories for sale or use	15,873,411	8	15,723,351
	9 Prepaid expenses and deferred charges	4,850,577	9	4,344,835
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1043477462		
	b Less: accumulated depreciation	10b 516,925,448		
		517,908,210	10c	526,552,014
	11 Investments—publicly traded securities	285,653,065	11	261,766,810
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11	313,693,918	13	324,481,069
	14 Intangible assets	144,707,541	14	144,707,541
15 Other assets. See Part IV, line 11	120,631,703	15	96,741,552	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	1599476991	16	1603260990	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	69,022,047	17	63,659,832
	18 Grants payable		18	
	19 Deferred revenue	2,130,026	19	1,273,627
	20 Tax-exempt bond liabilities	882,984,693	20	981,126,646
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	145,411,405	23	25,846,994
	24 Unsecured notes and loans payable to unrelated third parties	2,319,713	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	100,026,944	25	94,938,811
	26 <b>Total liabilities.</b> Add lines 17 through 25	1201894828	26	1166845910
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	397,408,151	27	436,180,033
	28 Temporarily restricted net assets	174,012	28	235,047
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 <b>Total net assets or fund balances</b>	397,582,163	33	436,415,080
	34 <b>Total liabilities and net assets/fund balances</b>	1599476991	34	1603260990

Form **990** (2013)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	707,313,558
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	674,373,860
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	32,939,698
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	397,582,163
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	12,207,644
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-6,314,425
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	436,415,080

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

**1** Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

**2a** Were the organization's financial statements compiled or reviewed by an independent accountant? \_\_\_\_\_  
 If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:

☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

**b** Were the organization's financial statements audited by an independent accountant? \_\_\_\_\_  
 If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:

☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis

**c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? \_\_\_\_\_  
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

**3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? \_\_\_\_\_

**b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits. \_\_\_\_\_

	Yes	No
<b>2a</b>		<b>X</b>
<b>2b</b>	<b>X</b>	
<b>2c</b>	<b>X</b>	
<b>3a</b>	<b>X</b>	
<b>3b</b>	<b>X</b>	

Form **990** (2013)

**SCHEDULE A**  
**(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Public Charity Status and Public Support**Complete if the organization is a section 501(c)(3) organization or a section  
4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 ☐ A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 ☒ A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 ☐ A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: .....
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 ☐ A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I      b ☐ Type II      c ☐ Type III—Functionally integrated      d ☐ Type III—Non-functionally integrated
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? .....
- (ii) A family member of a person described in (i) above? .....
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? .....
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

For Paperwork Reduction Act Notice, see the Instructions for  
Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2013

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.  
If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6</b> Total. Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8</b> Public support (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13</b> Total support. (Add lines 9, 10c, 11, and 12.)						
<b>14</b> First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <span style="float: right;">► <input type="checkbox"/></span>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	%
<b>16</b> Public support percentage from 2012 Schedule A, Part III, line 15	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	%
<b>18</b> Investment income percentage from 2012 Schedule A, Part III, line 17	<b>18</b>	%

- 19a** 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► ☐
- b** 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► ☐
- 20** Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

**SCHEDULE C**  
**(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Political Campaign and Lobbying Activities**

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below.

▶ Attach to Form 990 or Form 990-EZ.

▶ See separate instructions.

▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public Inspection**

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ▶ \$

3 Volunteer hours

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$

4 Did the filing organization file Form 1120-POL for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2013

**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....			
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....			
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....			
<b>d</b> Other exempt purpose expenditures .....			
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....			
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.			
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>		
Not over \$500,000	20% of the amount on line 1e.		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.		
Over \$17,000,000	\$1,000,000.		
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....			
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....			
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....			
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....			

☐ Yes ☐ No
**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2013

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	X		
<b>c</b> Media advertisements?		X	
<b>d</b> Mailings to members, legislators, or the public?		X	
<b>e</b> Publications, or published or broadcast statements?		X	
<b>f</b> Grants to other organizations for lobbying purposes?		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	X		258,825
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities?		X	
<b>j</b> Total. Add lines 1c through 1i			258,825
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?		
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
<b>3</b> Did the organization agree to carry over lobbying and political expenditures from the prior year?		

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	5	

**Part IV** Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

**SCHEDULE C, PART II-B, LINE 1**

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR THE DEPARTMENT'S MANAGER OR DIRECTOR ATTENDED THE FOLLOWING LEGISLATIVE CONFERENCES:

- PREMIER FEDERAL AFFAIRS NETWORK MEETING
- AMERICAN HOSPITAL ASSOCIATION ANNUAL MEETING
- TENNESSEE HOSPITAL ASSOCIATION LEGISLATIVE ADVOCACY DAY



**Part IV** Supplemental Information (continued)

- HOSPITAL ALLIANCE OF TENNESSEE ANNUAL MEETING
- TENNESSEE PUBLIC & TEACHING HOSPITALS ASSOCIATION ANNUAL MEETING
- VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION LEGISLATIVE ISSUES CONFERENCE

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR DEPARTMENTAL STAFF ALSO CONTACTED CONGRESSIONAL OFFICES CONCERNING THE FOLLOWING ISSUES:

- SUPPORT FOR PROVISIONS TO EXPAND INSURANCE COVERAGE (HEALTH INSURANCE EXCHANGES AND MEDICAID EXPANSION)
- SUPPORT FOR INITIATIVES TO IMPROVE PAYMENT DELIVERY REDESIGN; SUCH AS ACCOUNTABLE CARE ORGANIZATION DEVELOPMENT
- SUPPORT FOR CONTINUATION OF TENNESSEE MEDICAID DISPROPORTIONATE SHARE HOSPITAL PAYMENTS
- OPPOSITION TO ADDITIONAL CUTS IN MEDICARE/MEDICAID
- SUPPORT FOR REAUTHORIZATION AND FUNDING OF CHILDREN'S HOSPITAL GRADUATE MEDICAL EDUCATION
- SUPPORT FEDERAL FUNDING FOR TRAUMA CARE
- SUPPORT CONTINUATION OF GRADUATE MEDICAL EDUCATIONAL FUNDING
- SUPPORT OF STATE MEDICAID PROVIDER TAX PROVISIONS
- SUPPORT CHANGES TO MEDICARE WAGE INDEX
- SUPPORT CHANGES TO TWO MIDNIGHT RULE
- SUPPORT RECOVERY AUDIT CONTRACTOR REFORM
- SUPPORT OF MEDICARE DEPENDENT HOSPITAL AND LOW-VOLUME DESIGNATIONS

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR THE DEPARTMENTAL DIRECTOR RESPONDED VIA LETTER, PHONE, OR IN PERSON TO THE FOLLOWING TENNESSEE AND VIRGINIA LEGISLATIVE ISSUES:

**Part IV** Supplemental Information (continued)

- MEDICAID EXPANSION - TENNESSEE AND VIRGINIA
- STRONG CERTIFICATE OF NEED PROGRAMS IN TENNESSEE AND VIRGINIA
- CONTINUATION OF HOSPITAL ASSESSMENT FEE IN TENNESSEE
- FUNDING FOR PERINATAL CENTERS IN TENNESSEE
- SAFETY NET FUNDING FOR PROJECT ACCESS
- STABLE MEDICAID RATES IN VIRGINIA
- LEGISLATION THAT ADDRESSES DRUG ADDICTED PREGNANT WOMEN AND THEIR BABIES  
(NEONATAL ABSTINENCE SYNDROME)
- HELMET REQUIREMENT FOR MOTORCYCLISTS

**SCHEDULE D  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**▶ Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

▶ Attach to Form 990.

▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection

Name of the organization

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Part II Conservation Easements.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ .....

4 Number of states where property subject to conservation easement is located ▶ .....

6 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ .....
(ii) Assets included in Form 990, Part X .....	▶ \$ .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ .....
b Assets included in Form 990, Part X .....	▶ \$ .....

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition  
 b ☐ Scholarly research  
 c ☐ Preservation for future generations

- d ☐ Loan or exchange programs  
 e ☐ Other .....

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

- c Beginning balance .....  
 d Additions during the year .....  
 e Distributions during the year .....  
 f Ending balance .....

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**Part V Endowment Funds.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment ▶ ..... %  
 b Permanent endowment ▶ ..... %  
 c Temporarily restricted endowment ▶ ..... %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations .....  
 (ii) related organizations .....

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? .....

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		50,465,142		50,465,142
b Buildings		518,039,628	170,607,620	347,432,008
c Leasehold improvements		950,676	528,730	421,946
d Equipment		474,022,016	345,789,098	128,232,918
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶ 526,552,014

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) INVESTMENT IN JMH	132,000,000	COST
(2) INVESTMENT IN BRMMC	100,273,634	COST
(3) INVESTMENT IN SCCH	67,400,494	COST
(4) INVESTMENT IN ISHN	25,579,937	COST
(5) INVESTMENT IN OTHER	-772,996	MARKET
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		324,481,069

**Part IX Other Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description		(b) Book value
(1)	AWUL-UNDER BOND INDENTURE AGREEMENT	43,890,111
(2)	AWUL - CURRENT	25,028,568
(3)	DEFERRED CHARGES AND OTHER	14,755,160
(4)	LONG TERM COMPENSATION INVESTMENT	13,067,713
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)		96,741,552

**Part X Other Liabilities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

line 25.

1.	(a) Description of liability	(b) Book value
(1)	Federal income taxes	
(2)	ACCRUED SALARIES, ABSENCES & W/H	45,491,008
(3)	ACCRUED INTEREST	18,527,828
(4)	EST. FAIR VALUE OF INT. RATE SWAP	10,665,808
(5)	OTHER LONG-TERM LIABILITIES	10,324,133
(6)	DUE TO THIRD-PARTY PAYERS	9,930,034
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶		94,938,811

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d		2e
3	Subtract line 2e from line 1		3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b		4c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d		2e
3	Subtract line 2e from line 1		3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b		4c
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5

**Part XIII Supplemental Information**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X - FIN 48 FOOTNOTE**

THE ALLIANCE IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS FOR THE ALLIANCE AND ITS TAX-EXEMPT SUBSIDIARIES. THE ALLIANCE'S TAXABLE SUBSIDIARIES ARE DISCUSSED IN NOTE L. THE ALLIANCE HAS NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2014 AND 2013. AT JUNE 30, 2014, TAX RETURNS FOR 2010 THROUGH 2013 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE.

**SCHEDULE H  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Hospitals**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.

▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****Part I Financial Assistance and Certain Other Community Benefits at Cost**

- 1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
- b** If "Yes," was it a written policy?
- 2** If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.
- ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities
- ☐ Generally tailored to individual hospital facilities
- 3** Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.
- a** Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:
- ☐ 100% ☐ 150% ☒ 200% ☐ Other \_\_\_\_\_%
- b** Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:
- ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other \_\_\_\_\_%
- c** If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.
- 4** Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?
- 5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
- b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
- c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
- 6a** Did the organization prepare a community benefit report during the tax year?
- b** If "Yes," did the organization make it available to the public?
- Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

	Yes	No
<b>1a</b>	<b>X</b>	
<b>1b</b>	<b>X</b>	
<b>3a</b>	<b>X</b>	
<b>3b</b>	<b>X</b>	
<b>4</b>	<b>X</b>	
<b>5a</b>	<b>X</b>	
<b>5b</b>	<b>X</b>	
<b>5c</b>		<b>X</b>
<b>6a</b>		<b>X</b>
<b>6b</b>		

**7 Financial Assistance and Certain Other Community Benefits at Cost**

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheet 1)			16,107,968		16,107,968	2.39
<b>b</b> Medicaid (from Worksheet 3, column a)			22,007,589	17,414,212	4,593,377	0.68
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)			78,916,606	59,293,227	19,623,379	2.91
<b>d</b> Total Financial Assistance and Means-Tested Government Programs			117,032,163	76,707,439	40,324,724	5.98
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)			4,528,009	595,650	3,932,359	0.58
<b>f</b> Health professions education (from Worksheet 5)			11,534,585	3,168,169	8,366,416	1.24
<b>g</b> Subsidized health services (from Worksheet 6)			24,141,775	14,904,595	9,237,180	1.37
<b>h</b> Research (from Worksheet 7)			258,391	31,886	226,505	0.03
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)			468,791		468,791	0.07
<b>j</b> Total, Other Benefits			40,931,551	18,700,300	22,231,251	3.30
<b>k</b> Total. Add lines 7d and 7j			157,963,714	95,407,739	62,555,975	9.28

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing			8,062		8,062	
2 Economic development						
3 Community support			17,635		17,635	
4 Environmental improvements						
5 Leadership development and training for community members			1,000		1,000	
6 Coalition building			2,420		2,420	
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total			29,117		29,117	

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1** Yes **X** No

2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount **2** 85,394,567

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit **3** 65,753,817

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) **5** 174,151,296

6 Enter Medicare allowable costs of care relating to payments on line 5 **6** 175,918,898

7 Subtract line 6 from line 5. This is the surplus (or shortfall) **7** -1,767,602

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year? **9a** Yes **X** No

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI **9b** Yes **X** No

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	MED'L SPEC OF JC LLC	MEDICAL SERVICES	51		49
2	EMMAUS COMM HLTHCR	MEDICAL SERVICES	75		25
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					



**Part V Facility Information****Section A. Hospital Facilities**

(list in order of size, from largest to smallest—see instructions)  
 How many hospital facilities did the organization operate during the tax year? 7

Name, address, primary website address, and state license number

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER/24 hours	ER-other	Other (describe)	Facility reporting group
<b>1 JOHNSON CITY MEDICAL CENTER</b>										
400 N. STATE OF FRANKLIN ROAD										
JOHNSON CITY TN 37604										
	X	X	X	X		X	X		REHABILITATION & MENTAL HEALTH	
<b>2 INDIAN PATH MEDICAL CENTER</b>										
2000 BROOKSIDE DRIVE										
KINGSPORT TN 37660										
	X	X		X			X			
<b>3 FRANKLIN WOODS COMMUNITY HOSPITAL</b>										
300 MED TECH PARKWAY										
JOHNSON CITY TN 37604										
	X	X					X			
<b>4 SYCAMORE SHOALS HOSPITAL</b>										
1501 W. ELK AVENUE										
ELIZABETHTON TN 37643										
	X	X					X			
<b>5 RUSSELL COUNTY MEDICAL CENTER</b>										
58 CARROLL STREET										
LEBANON VA 24266										
	X	X					X			
<b>6 JOHNSON COUNTY COMMUNITY HOSPITAL</b>										
16901 S. SHADY STREET										
MOUNTAIN CITY TN 37683										
	X				X		X			
<b>7 UNICOI COUNTY MEMORIAL HOSPITAL</b>										
100 GREENWAY CIRCLE										
ERWIN TN 37650										
	X	X					X			

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group JOHNSON CITY MEDICAL CENTERIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9

If "Yes," indicate what the CHNA report describes (check all that apply):

- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)

2 Indicate the tax year the hospital facility last conducted a CHNA: 20 12

3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C

5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):

- a ☒ Hospital facility's website (list url): WWW.MSHA.COM/JCMC
- b ☐ Other website (list url):
- c ☒ Available upon request from the hospital facility
- d ☐ Other (describe in Section C)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):

- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☒ Execution of the implementation strategy
- c ☒ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☒ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Section C)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs

8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

	Yes	No
1	X	
3	X	
4	X	
5	X	
7		X
8a		X
8b		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information (continued)**

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

**21** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

<b>21</b>		<b>X</b>
<b>22</b>		<b>X</b>

If "Yes," explain in Section C.

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group INDIAN PATH MEDICAL CENTERIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 2**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

- 1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 ..... **1**
- If "Yes," indicate what the CHNA report describes (check all that apply):
- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)
- 2 Indicate the tax year the hospital facility last conducted a CHNA: 20 12
- 3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted ..... **3**
- 4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C ..... **4**
- 5 Did the hospital facility make its CHNA report widely available to the public? ..... **5**
- If "Yes," indicate how the CHNA report was made widely available (check all that apply):
- a ☒ Hospital facility's website (list url): WWW.MSHA.COM/IPMC
- b ☐ Other website (list url): \_\_\_\_\_
- c ☒ Available upon request from the hospital facility
- d ☐ Other (describe in Section C)
- 6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):
- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☒ Execution of the implementation strategy
- c ☒ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☒ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Section C)
- 7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs ..... **7**
- 8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? ..... **8a**
- b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? ..... **8b**
- c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ \_\_\_\_\_

	Yes	No
<b>1</b>	<b>X</b>	
<b>3</b>	<b>X</b>	
<b>4</b>	<b>X</b>	
<b>5</b>	<b>X</b>	
<b>7</b>		<b>X</b>
<b>8a</b>		<b>X</b>
<b>8b</b>		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

Schedule H (Form 990) 2013

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

	Yes	No
<b>19</b>	<b>X</b>	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

**21** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

If "Yes," explain in Section C.

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Section C.

	Yes	No
<b>20</b>		
<b>21</b>		<b>X</b>
<b>22</b>		<b>X</b>

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group FRANKLIN WOODS COMMUNITY HOSPITALIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 3**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9

If "Yes," indicate what the CHNA report describes (check all that apply):

- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)

2 Indicate the tax year the hospital facility last conducted a CHNA: 20 12

3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C

5 Did the hospital facility make its CHNA report widely available to the public?

If "Yes," indicate how the CHNA report was made widely available (check all that apply):

- a ☒ Hospital facility's website (list url): WWW.MSHA.COM/FWCH
- b ☐ Other website (list url):
- c ☒ Available upon request from the hospital facility
- d ☐ Other (describe in Section C)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):

- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☒ Execution of the implementation strategy
- c ☒ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☒ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Section C)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs

8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

	Yes	No
1	X	
2		
3	X	
4	X	
5	X	
6		
7		X
8a		X
8b		
8c		



**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
19	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

**21** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

21		X

If "Yes," explain in Section C.

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

22		X
----	--	---

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group SYCAMORE SHOALS HOSPITALIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 4**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

- 1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 ..... **1** **X**
- If "Yes," indicate what the CHNA report describes (check all that apply):
- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)
- 2 Indicate the tax year the hospital facility last conducted a CHNA: 20 12
- 3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted ..... **3** **X**
- 4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C ..... **4** **X**
- 5 Did the hospital facility make its CHNA report widely available to the public? ..... **5** **X**
- If "Yes," indicate how the CHNA report was made widely available (check all that apply):
- a ☒ Hospital facility's website (list url): WWW.MSHA.COM/SSH
- b ☐ Other website (list url): \_\_\_\_\_
- c ☒ Available upon request from the hospital facility
- d ☐ Other (describe in Section C)
- 6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):
- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☒ Execution of the implementation strategy
- c ☒ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☒ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Section C)
- 7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs ..... **7** **X**
- 8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? ..... **8a** **X**
- b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? ..... **8b**
- c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ \_\_\_\_\_

	Yes	No
1	X	
3	X	
4	X	
5	X	
7		X
8a		X
8b		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	<b>X</b>	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance? .....	<b>X</b>	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	<b>X</b>	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

**21** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
<b>20</b>		
<b>21</b>		<b>X</b>
<b>22</b>		<b>X</b>

If "Yes," explain in Section C.

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group RUSSELL COUNTY MEDICAL CENTERIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 5**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

- 1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9  
If "Yes," indicate what the CHNA report describes (check all that apply):
- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)
- 2 Indicate the tax year the hospital facility last conducted a CHNA: 20 12
- 3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted
- 4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C
- 5 Did the hospital facility make its CHNA report widely available to the public?  
If "Yes," indicate how the CHNA report was made widely available (check all that apply):
- a ☒ Hospital facility's website (list url): WWW.MSHA.COM/RCMC
- b ☐ Other website (list url):
- c ☒ Available upon request from the hospital facility
- d ☐ Other (describe in Section C)
- 6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):
- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☒ Execution of the implementation strategy
- c ☒ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☒ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Section C)
- 7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs
- 8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?
- b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?
- c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

	Yes	No
1	X	
3	X	
4	X	
5	X	
7		X
8a		X
8b		

**Part V Facility Information (continued)**

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %			
If "No," explain in Section C the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care? .....	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %			
If "No," explain in Section C the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients? .....	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Section C)		
13	Explained the method for applying for financial assistance? .....	X	
14	Included measures to publicize the policy within the community served by the hospital facility? .....	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Section C)		
<b>Billing and Collections</b>			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Schedule H (Form 990) 2013

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

**21** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
<b>21</b>		<b>X</b>

If "Yes," explain in Section C.

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
<b>22</b>		<b>X</b>

If "Yes," explain in Section C.



**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group JOHNSON COUNTY COMMUNITY HOSPITALIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 6**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

	Yes	No
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply):	1	X
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
2 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	X
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	4	X
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	5	X
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MSHA.COM/JCCH</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Section C)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs	7	X
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	9 X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	10 X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	11 X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	12 X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance? .....	13 X	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	14 X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	15 X	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....	17	X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information (continued)****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care****19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

**21** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
<b>21</b>		<b>X</b>

If "Yes," explain in Section C.

**22** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
<b>22</b>		<b>X</b>

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group UNICOI COUNTY MEMORIAL HOSPITALIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 7**Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**

1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9

	Yes	No
1	X	

If "Yes," indicate what the CHNA report describes (check all that apply):

- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)

2 Indicate the tax year the hospital facility last conducted a CHNA: 20 13

3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

3	X	
---	---	--

4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C

4	X	
---	---	--

5 Did the hospital facility make its CHNA report widely available to the public?

5	X	
---	---	--

If "Yes," indicate how the CHNA report was made widely available (check all that apply):

- a ☒ Hospital facility's website (list url): WWW.MSHA.COM/UCMH
- b ☐ Other website (list url):
- c ☐ Available upon request from the hospital facility
- d ☐ Other (describe in Section C)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):

- a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☐ Execution of the implementation strategy
- c ☐ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☐ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☒ Prioritization of health needs in its community
- h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Section C)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs

7	X	
---	---	--

8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

8a		X
----	--	---

b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?

8b		
----	--	--

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

**Part V Facility Information (continued)****Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	9 X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	10 X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care? .....	11 X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
If "No," explain in Section C the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients? .....	12 X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance? .....	13 X	
14 Included measures to publicize the policy within the community served by the hospital facility? .....	14 X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	15 X	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....	17	X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

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**Part V Facility Information (continued)**

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
19	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

21		X
22		X

If "Yes," explain in Section C.

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Section C.

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

**FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 3**

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990, WITH THE EXCEPTION OF UNICOI COUNTY MEMORIAL HOSPITAL, WHICH JOINED MSHA DURING THIS FISCAL YEAR) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY'S IMPLEMENTATION PLAN.

**FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 4**

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. JCMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

**FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 7**

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, JCMC WAS UNABLE TO ADDRESS ISSUES RELATED TO END-OF-LIFE CARE THAT WERE IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT.

FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 20D  
UNINSURED PATIENTS RECEIVE A 63% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 3  
MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990, WITH THE EXCEPTION OF UNICOI COUNTY MEMORIAL HOSPITAL, WHICH JOINED MSHA DURING THIS FISCAL YEAR) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO



**Part V Facility Information (continued)**

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY'S IMPLEMENTATION PLAN.

FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. IPMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, JCMC, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 7

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, IPMC WAS UNABLE TO ADDRESS ISSUES RELATED TO SUBSTANCE ABUSE/PRESCRIPTION DRUG ABUSE AND BEHAVIORAL HEALTH THAT WERE IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT.

FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 20D

UNINSURED PATIENTS RECEIVE A 63% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 3

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990, WITH THE EXCEPTION OF UNICOI COUNTY MEMORIAL HOSPITAL, WHICH JOINED MSHA DURING THIS FISCAL YEAR) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY'S IMPLEMENTATION PLAN. DUE TO LACK OF RESOURCES, FWCH WAS UNABLE TO ADDRESS ISSUES RELATED TO SUBSTANCE ABUSE/PRESCRIPTION DRUG ABUSE AND END-OF-LIFE CARE THAT WERE IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. FWCH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: JCMC, INDIAN PATH MEDICAL

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 7  
MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 20D  
UNINSURED PATIENTS RECEIVE A 63% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 3  
MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990, WITH THE EXCEPTION OF UNICOI COUNTY MEMORIAL HOSPITAL, WHICH JOINED MSHA DURING THIS FISCAL YEAR) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY'S IMPLEMENTATION PLAN.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. SSH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, JCMC, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 7

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 20D

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

UNINSURED PATIENTS RECEIVE A 63% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

**FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 3**

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990, WITH THE EXCEPTION OF UNICOI MEMORIAL HOSPITAL, WHICH JOINED MSHA DURING THIS FISCAL YEAR) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY'S IMPLEMENTATION PLAN.

**FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 4**

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. RCMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

COUNTY COMMUNITY HOSPITAL, JCMC, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY  
COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY  
HOSPITAL.

FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 7

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012. THE  
DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN  
IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S  
BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE  
2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR  
EACH HOSPITAL. DUE TO LACK OF RESOURCES, RCMC WAS UNABLE TO ADDRESS ISSUES  
RELATED TO SUBSTANCE ABUSE/PRESCRIPTION DRUG ABUSE AND CHILD MALNOURISHMENT  
THAT WERE IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT.

FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 20D

UNINSURED PATIENTS RECEIVE A 63% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH  
AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.  
ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE  
WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 3

MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL  
FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990, WITH THE  
EXCEPTION OF UNICOI COUNTY MEMORIAL HOSPITAL, WHICH JOINED MSHA DURING THIS  
FISCAL YEAR) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16  
COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES,  
NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

OFFICIALS AND SCHOOL REPRESENTATIVES. EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY'S IMPLEMENTATION PLAN.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 4

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE. JCCH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JCMC, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 7

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, JCCH WAS UNABLE TO ADDRESS ISSUES RELATED TO SUBSTANCE ABUSE/PRESCRIPTION DRUG ABUSE THAT WERE IDENTIFIED IN

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

**THE COMMUNITY HEALTH NEEDS ASSESSMENT.****FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 20D**

UNINSURED PATIENTS RECEIVE A 50% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

**FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 3**

DURING MAY 2013, THE MSHA STRATEGIC PLANNING DEPARTMENT WITH ASSISTANCE FROM LEADERSHIP OF UCMH, HOSTED A LUNCHEON IN ORDER TO CONNECT WITH COMMUNITY MEMBERS OF UNICOI COUNTY. UCMH'S HOSPITAL ADMINISTRATION IDENTIFIED INDIVIDUALS IN THE COMMUNITY WHO WERE CONSIDERED PUBLIC HEALTH OFFICIALS OR COMMUNITY LEADERS. THE 10 INTERVIEWEES FROM UNICOI COUNTY IN ATTENDANCE WERE A LOCAL PHYSICIAN, REPRESENTATION FROM UNICOI COUNTY SCHOOLS, NON-PROFIT DIRECTORS, HEALTH DEPARTMENT OFFICIALS, MINORITY GROUP LEADERS, AND UCMH LEADERSHIP. THE ORGANIZATIONS THAT WERE REPRESENTED WERE: TELAMON MIGRANT HEAD START; UNICOI COUNTY; UNICOI COUNTY HEALTH DEPARTMENT; UNICOI COUNTY SCHOOLS; UNICOI MEDICAL ASSOCIATES; TOWN OF ERWIN; UNICOI COUNTY CHAMBER OF COMMERCE; UNICOI COUNTY MEMORIAL HOSPITAL; UNICOI COUNTY FAMILY YMCA; AND UNICOI VALLEY INTERNAL MEDICINE.

**FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 4**

MOUNTAIN STATES HEALTH ALLIANCE ASSISTED UCMH WITH ITS CHNA COMPLETION. THIS TOOK PLACE PRIOR TO UCMH JOINING MSHA.

**FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 6G:**



**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

FOUR TOP HEALTH PRIORITIES WERE IDENTIFIED BY UNICOI COUNTY COMMUNITY MEMBERS. THESE PRIORITIES INCLUDE: OBESITY, CANCER, DIABETES, AND HEART DISEASE. BY UTILIZING EFFECTIVE MEASURES, AVAILABLE RESOURCES AND COMMUNITY MEMBER INVOLVEMENT, COUNTY-SPECIFIC PLANS HAVE BEEN DEVELOPED AND IMPLEMENTED WHICH FOCUS ON PREVENTING THE GROWTH OF THE FOUR IDENTIFIED HEALTH OUTCOMES. HOWEVER, IT IS APPARENT THAT IT TAKES MORE THAN JUST RESOURCES AND AN IMPLEMENTATION PLAN TO CHALLENGE THESE HEALTH PRIORITIES. UCMH IS NEVERTHELESS, COMMITTED TO SEEING CHANGE TAKE PLACE WITHIN THE COMMUNITY IT SERVES.

THE 10 INTERVIEWEES AGREED ALL OF THE FOUR HEALTH PRIORITIES COULD BE POSITIVELY IMPACTED BY ADDRESSING THE OBESITY ISSUE AS IT IS A HEALTH RISK FACTOR FOR EACH OF THESE DISEASES. THE COMMUNITY MEMBERS WHO WERE SURVEYED PROVIDED HELPFUL IDEAS AS TO HOW TO BEGIN FORMULATING A PLAN TO IMPROVE THE HEALTH PRIORITIES WITHIN THE COMMUNITY. TO ENHANCE EXISTING RESOURCES, THE PARTICIPANTS STRESSED THE SIGNIFICANCE OF INCREASING PUBLIC AWARENESS OF BOTH ADDRESSING ONE'S HEALTH NEEDS AND THE AVAILABILITY OF HEALTH CARE OPTIONS WITHIN THE COUNTY. ADDITIONAL SUGGESTIONS AS TO HOW UCMH CAN IMPROVE THE PREVIOUSLY IDENTIFIED HEALTH PRIORITIES ARE: 1. EDUCATION CLASSES AND EVENTS TO PROVIDE AWARENESS TO THE COMMUNITY CONCERNING HEALTH ISSUES; 2. PROVIDE ACCESS TO A NUTRITIONIST/DIETICIAN; AND 3. EDUCATIONAL CAMPAIGNS TO ENCOURAGE ANNUAL CHECK-UPS WITH YOUR LOCAL PHYSICIAN.

FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 20D  
UNINSURED PATIENTS RECEIVE A 63% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.  
ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE

**Part V** Facility Information (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

WITH COMMERCIAL INSURANCE OR MEDICARE.

**Part V Facility Information (continued)****Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 11

Name and address	Type of Facility (describe)
<b>1 JCMC AMBULATORY SURGERY CENTER</b> <b>400 N. STATE OF FRANKLIN ROAD</b>  <b>JOHNSON CITY TN 37604</b>	LICENSED AMBULATORY SURGERY CENTER
<b>2 MOUNTAIN STATES IMAGING CENTER</b> <b>301 MED TECH PARKWAY, SUITE 100</b>  <b>JOHNSON CITY TN 37604</b>	
<b>3 PRINCETON TRANSITIONAL CARE</b> <b>401 PRINCETON ROAD</b>  <b>JOHNSON CITY TN 37601</b>	LICENSED OUTPATIENT DIAGNOSTIC CENTER
<b>4 INDIAN PATH TRANSITIONAL CARE</b> <b>2000 BROOKSIDE DRIVE</b>  <b>KINGSPORT TN 37660</b>	LICENSED SKILLED NURSING FACILITY
<b>5 MEDICAL CNTR HOME CARE-JOHNSON CITY</b> <b>101 MED TECH PARKWAY, SUITE 100</b>  <b>JOHNSON CITY TN 37604</b>	
<b>6 MEDICAL CNTR HOME CARE-KINGSPORT</b> <b>2020 BROOKSIDE DRIVE, #28</b>  <b>KINGSPORT TN 37660</b>	LICENSED SKILLED NURSING FACILITY
<b>7 RUSSELL CO. MEDICAL CNTR HOME HLTH</b> <b>116 FLANNAGAN AVENUE</b>  <b>LEBANON VA 24266</b>	LICENSED HOME HEALTH AGENCY
<b>8 MEDICAL CENTER HOSPICE</b> <b>101 MED TECH PARKWAY, SUITE 100</b>  <b>JOHNSON CITY TN 37604</b>	
<b>9 JOHNSON COUNTY HOME HEALTH</b> <b>1987 SOUTH SHADY STREET</b>  <b>MOUNTAIN CITY TN 37683</b>	LICENSED HOME HEALTH AGENCY
<b>10 RUSSELL COUNTY MEDICAL CNTR HOSPICE</b> <b>116 FLANNAGAN AVENUE</b>  <b>LABANON VA 24266</b>	LICENSED HOSPICE AGENCY

**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? \_\_\_\_\_

[illegible]

**Part VI** Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**PART I, LINE 6A - RELATED ORGANIZATION INFORMATION**

A COMMUNITY BENEFIT REPORT WAS NOT COMPLETED DURING FY14. WE ARE PREPARING A COMMUNITY BENEFIT REPORT IN FY15.

**PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION**

A COST TO CHARGE RATIO (WORKSHEET 2 "RATIO OF PATIENT CARE COST TO CHARGES") WAS USED TO CALCULATE LINE 7A FINANCIAL ASSISTANCE (CHARITY CARE) COST. OUR COST ACCOUNTING SYSTEM WAS USED TO DETERMINE LOSSES FROM MEDICAID (LINE 7B) AND TENNCARE (LINE 7C). LINE 7E COMMUNITY HEALTH IMPROVEMENT INCLUDES NUMEROUS SERVICES AND THESE COSTS ARE TAKEN DIRECTLY FROM DEPARTMENTAL EXPENSE REPORTS, WITH NO ADDITIONAL OVERHEAD INCLUDED IN THE COST. MOST OF THESE SERVICES DO NOT HAVE OFFSETTING REVENUE TO REPORT. LINE 7F HEALTH PROFESSIONS EDUCATION IS COMPRISED OF TWO PROGRAMS. ONE IS OUR MEDICAL RESIDENTS AND INTERNS PROGRAM AT TWO OF OUR HOSPITALS AND THAT INFORMATION IS TAKEN FROM OUR FILED MEDICARE COST REPORTS. THE SECOND ACTIVITY IS INTERNSHIPS WITH SCHOOLS AND UNIVERSITIES, ALLOWING THEIR HEALTH PROFESSION STUDENTS TO GET HANDS-ON TRAINING AT A HOSPITAL AS PART OF THEIR EDUCATION AND TRAINING. OUR ORGANIZATIONAL DEVELOPMENT DEPARTMENT KEEPS DETAILED RECORDS ON HOURS SPENT ON THESE STUDENT ACTIVITIES, THE

**Part VI Supplemental Information**

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

NUMBER OF STUDENTS THAT ROTATE THROUGH OUR HOSPITALS, ETC. INFORMATION IS MAINTAINED FOR EACH HOSPITAL AND HOSPITAL UNIT THAT PARTICIPATES. WE ONLY INCLUDE LABOR COSTS AND WE ONLY ASSUME A PERCENTAGE OF OUR TEAM MEMBERS' TIME IS DEVOTED TO THESE STUDENTS. FOR LINE 7G SUBSIDIZED HEALTH CARE SERVICES, WE USE OUR COST ACCOUNTING SYSTEM FOR MOST OF THE REPORTED SERVICES. OUR COST ACCOUNTING SYSTEM INCLUDES ALL PATIENT SEGMENTS (INPATIENT, OUTPATIENT, EMERGENCY ROOM, ETC. AND ALL PAYER SOURCES, INCLUDING SELF-PAY). WE ARE CAREFUL TO ENSURE NO DOUBLE COUNTING OF COST (FOR EXAMPLE, WE DO NOT INCLUDE CHARITY AND TENNCARE/MEDICAID ALREADY REPORTED ON LINES 7A AND 7B). ALTHOUGH WE HAVE MANY SERVICE LINES WITHIN OUR HOSPITALS THAT LOSE MONEY, WE DO NOT REPORT AS COMMUNITY BENEFIT SURGERY OR OTHER SERVICES THAT HOSPITALS ARE REQUIRED BY STATE LICENSURE TO PROVIDE. THERE ARE A FEW OTHER SUBSIDIZED SERVICES NOT SEPARATELY TRACKED BY OUR COST ACCOUNTING SYSTEM; FOR THESE, WE USE THEIR ACTUAL DEPARTMENTAL EXPENSE, WHICH DOES NOT INCLUDE AN OVERHEAD ALLOCATION. LINE 7H RESEARCH IS REPORTED USING THE RESEARCH DEPARTMENT'S ACTUAL EXPENSES AND NO OVERHEAD PROVISION IS ADDED. LINE 7I CASH AND IN-KIND CONTRIBUTIONS ARE VALUED AT ACTUAL COST.

**Part VI** Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
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**PART I, LINE 7G:**

SUBSIDIZED SERVICES WITHIN MSHA INCLUDE SKILLED NURSING FACILITIES, MENTAL HEALTH, OUR AIR TRANSPORT SERVICE ("WINGS"), BABY/CHILD GROUND TRANSPORT, AND WOUND CARE. WE ALSO INCLUDE A PHYSICIAN SPECIALTY CLINIC OPERATED BY JCCH, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY AIDING WITH TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION. THE CLINIC INCURRED A LOSS OF \$46,904 DURING FY14.

**PART II - COMMUNITY BUILDING ACTIVITIES**

MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS. SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS. MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTHCARE AND EDUCATION. MSHA, IN COLLABORATION WITH AREA

**Part VI Supplemental Information**

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HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY AND PUBLICITY; PROVIDE SPACE; OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES. MSHA INCURRED EXPENSES OF MORE THAN \$1.6 MILLION ON PHYSICIAN RECRUITMENT TO REPLACE PHYSICIANS RETIRING OR LEAVING OUR SERVICE AREAS, INCLUDING RECRUITMENT TO FEDERALLY DESIGNATED UNDERSERVED COMMUNITIES. WITHOUT MSHA'S DEDICATION TO RURAL HEALTH, THERE WOULD NOT BE AN ADEQUATE NUMBER OF PHYSICIANS TO SERVE THIS PATIENT POPULATION.

MSHA PROVIDES NUMEROUS CONTRIBUTIONS TO CHARITABLE ORGANIZATIONS THAT SERVE TO ASSIST SPECIAL POPULATIONS WITHIN OUR AREA. MOST OF THESE ORGANIZATIONS WORK TO IMPROVE THE LIVES OF COMMUNITY MEMBERS THAT HAVE LIMITED, OR NO, FINANCIAL RESOURCES. SOME OF THESE INCLUDE FEEDING THE POOR, ASSISTING FAMILIES WITH HOUSING, DENTAL CARE, HOMES FOR CHILDREN, IMPROVING ACCESS TO HEALTH CARE, AND SPORTS ACTIVITIES FOR AT-RISK CHILDREN. WE PROVIDED PRINTING ASSISTANCE FOR A LOCAL SENIOR CENTER THIS YEAR AND WE MADE DONATIONS THAT ARE SPECIFIC TO CHILDREN, SUCH AS AFTER SCHOOL ACTIVITIES AND MENTORING PROGRAMS. OTHER DONATIONS ARE MADE TO BROADER-BASED ORGANIZATIONS SUCH AS THE UNITED WAY AND AMERICAN HEART ASSOCIATION.



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**PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY**

**SELF-PAY BALANCES INCLUDE ACCOUNTS AFTER PAYMENTS AND CONTRACTUAL**

**ADJUSTMENTS (DISCOUNTS) HAVE BEEN POSTED FROM ALL THIRD-PARTY PAYERS -**

**GENERALLY LEAVING THE PATIENT RESPONSIBLE FOR DEDUCTIBLES AND/OR**

**CO-PAYMENTS. OTHER SELF-PAY ACCOUNTS ARE FROM PATIENTS WITH NO INSURANCE OR**

**THIRD-PARTY COVERAGE. ALL PATIENTS WITH NO FORM OF THIRD-PARTY PAYER**

**COVERAGE RECEIVE A 63% CALCULATED DISCOUNT, AS REQUIRED BY TENNESSEE LAW.**

**THE EXCEPTION IS OUR CRITICAL ACCESS HOSPITAL, JOHNSON COUNTY COMMUNITY**

**HOSPITAL, WHICH PROVIDES THE UNINSURED WITH A 50% CALCULATED DISCOUNT.**

**JCCH'S CALCULATED DISCOUNT, AS DETERMINED BY TENNESSEE LAW, IS LOWER DUE TO**

**THE SMALL HOSPITAL'S LOWER COST STRUCTURE. AFTER THE NORMAL COLLECTION**

**PROCESS HAS INDICATED AN ACCOUNT IS UNCOLLECTIBLE, MSHA WRITES THE ACCOUNT**

**OFF TO BAD DEBT. THE HOSPITAL'S OVERALL SELF-PAY ACCOUNTS RECEIVABLE**

**BALANCE IS EVALUATED ON AN ONGOING BASIS TO GATHER HISTORICAL INFORMATION**

**TO APPLY TO THE CURRENT BALANCE. IN OTHER WORDS, THE HOSPITAL EVALUATES**

**PAST COLLECTION HISTORY ON ACCOUNTS WRITTEN OFF TO BAD DEBT AND APPLIES THE**

**HISTORICAL UNPAID RATE TO THE CURRENT SELF-PAY ACCOUNTS RECEIVABLE BALANCE.**

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**PART III, LINE 3 - BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE**

MSHA'S PATIENT FINANCIAL SERVICES MANAGEMENT ESTIMATES THAT 77% OF BAD DEBT EXPENSE IS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE. WE HAVE MANY INSTANCES OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE. ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION, MANY WILL NOT DO SO. EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE, THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION.

IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF MSHA'S BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT. WE ARE UNABLE TO DETERMINE OUR PATIENTS' FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US. WE CAN ASSERT THAT MORE THAN 97% OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE.

**Part V** Supplemental Information

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**PART III, LINE 4 - BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS**

THE TEXT OF MSHA'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE APPEARS ON PAGES 15-16 IN OUR MOST RECENT AUDITED FINANCIAL STATEMENTS (ATTACHED) .

**PART III, LINE 8 - MEDICARE EXPLANATION**

MEDICARE ALLOWABLE COSTS WERE REPORTED USING MSHA'S FILED MEDICARE COST REPORT (C/R) . THE C/R USES A COST TO CHARGE RATIO BASED ON A STEP-DOWN ALLOCATION METHODOLOGY. IN CARING FOR THE PATIENT, THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NON-ALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT, COMFORT ITEMS TO INCLUDE A TELEVISION, MAGAZINES, OR A TELEPHONE. ADDITIONAL NON-ALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS, PHYSICIAN GUARANTEES AND A PORTION (ALMOST 16%) OF THE BAD DEBT ASSOCIATED WITH THE CARE OF THE PATIENT.

MEDICARE LOSSES, INCLUDING SOME NON-ALLOWABLE COSTS, SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION. AS A NOT-FOR-PROFIT ORGANIZATION, WE EXIST TO IDENTIFY AND

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RESPOND TO THE HEALTH CARE NEEDS OF THE COMMUNITY AND THE INDIVIDUAL WHILE MAINTAINING A HIGH LEVEL OF HEALTH CARE SERVICES WITHOUT LOSSES. SINCE LOSSES DO OCCUR THROUGH THE CMS SYSTEM OF REIMBURSEMENT, THESE LOSSES ARE A COST OF DOING BUSINESS FOR OUR COMMUNITY AND SHOULD BE CONSIDERED A COMMUNITY BENEFIT.

AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM, MSHA IS REQUIRED TO PROVIDE THE FULL REGIMEN OF CARE FOR OUR MEDICARE POPULATION. THERE ARE A NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT LEVELS BELOW OUR COST. THEREFORE, IT IS ONLY LOGICAL TO ALLOW MSHA TO REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT. BY MAKING THIS CHANGE, NON-PROFIT PROVIDERS WILL BE ENCOURAGED TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS.

## PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION

MSHA HAS ESTABLISHED A STRONG COMMITMENT TO MEET THE MEDICAL NEEDS OF THE COMMUNITIES WE SERVE. ALL REQUESTS FOR FINANCIAL ASSISTANCE ARE EVALUATED USING ESTABLISHED

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GENERAL GUIDELINES, WHILE ALLOWING FOR UNIQUE FINANCIAL  
CIRCUMSTANCES. MOUNTAIN STATES RECOGNIZES ITS OBLIGATION  
TO PROVIDE QUALITY HEALTH CARE TO THOSE WHO ARE UNABLE TO  
PAY.

CHARITY ELIGIBILITY DETERMINATION IS MADE ON AN EPISODIC  
BASIS WITH SOME EXCEPTIONS, SUCH AS: LACTATION  
CONSULTATIONS, WHICH REMAIN IN EFFECT FOR THE DURATION OF  
THE MOTHER'S BREASTFEEDING; ONCOLOGY SERVICES, WHICH  
REMAIN IN EFFECT FOR SIX MONTHS OR THE DURATION OF  
TREATMENT REGIMENS; PATIENTS REFERRED TO MSHA BY  
APPALACHIAN MOUNTAIN PROJECT ACCESS, AN ORGANIZATION WITH  
THE PURPOSE OF INCREASING ACCESS TO MEDICAL CARE TO LOW  
INCOME, UNINSURED RESIDENTS; AND, OTHER SPECIFIC CASES.

FINANCIAL ASSISTANCE ELIGIBILITY ENCOMPASSES A VARIETY OF  
PATIENTS, SUCH AS THOSE WITH MEDICAID ELIGIBILITY AFTER  
THE DATE OF SERVICE, PATIENTS THAT ARE DECEASED WITH NO  
ESTATE, MEDICAID ELIGIBLE ENCOUNTERS WHERE BENEFITS HAVE

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BEEN EXHAUSTED, ETC. MSHA CHARITY GUIDELINES ARE BASED ON

THE NATIONAL POVERTY GUIDELINES. HOWEVER, FINANCIAL

ASSISTANCE IS NOT BASED SOLELY ON INCOME. UNIQUE FINANCIAL

CIRCUMSTANCES ARE CONSIDERED, WHICH CAN CHANGE THE

CATEGORY OF ELIGIBILITY. IN ADDITION, CHARITY

DETERMINATION MAY BE RETROACTIVE FOR ALL DATES OF

SERVICES. WHEN A PATIENT REQUESTS FINANCIAL ASSISTANCE OR

WHEN AN APPLICATION HAS BEEN RECEIVED, THE PATIENT ACCOUNT

IS PLACED IN A HOLD STATUS TO PREVENT FURTHER COLLECTION

ACTIVITIES UNTIL FINANCIAL ASSISTANCE ELIGIBILITY IS

DETERMINED.

**PART VI, LINE 2 - NEEDS ASSESSMENT**

MSHA INCLUDED AMERICA'S HEALTH RANKINGS (AHR) IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES.

TENNESSEE RANKS 45TH AND VIRGINIA RANKS 21ST; HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA (WHERE SOME OF MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE. AMERICA'S HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH

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FACTORS. A SURVEY WAS GIVEN TO 67 INDIVIDUALS REPRESENTING THE NINE COUNTIES IN WHICH MSHA OWNS A FACILITY. THESE INDIVIDUALS INCLUDED PHYSICIANS, PUBLIC HEALTH LEADERS, NON-PROFIT DIRECTORS, SCHOOL NURSES AND OFFICIALS, AND BUSINESS LEADERS. A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA, THE HEALTH STATUS, HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT. THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS. OTHER RESPONSES INCLUDED: MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM, IMPROVE NATURAL TRAILS AND WALKWAYS, INCREASE COMMUNITY SUPPORT FOR SMOKE-FREE AREAS, PARTNER WITH LOCAL FARMER'S MARKETS, SHARE HEALTH INFORMATION BETWEEN PHARMACIES, NETWORK WITH SMALL BUSINESSES AND NON-PROFITS IN ORDER TO AVOID DUPLICATING RESOURCES, AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED. OVERALL, THE COMMUNITY MEMBERS GAVE MSHA'S CORE SERVICE AREA A HEALTH STATUS RANKING OF 4.24 OUT OF 10 (1 BEING THE LOWEST, 10 BEING THE HIGHEST). ALSO, ALL 67 PARTICIPANTS AGREED THAT OBESITY, CANCER, HEART DISEASE AND DIABETES WERE THE TOP HEALTH PRIORITIES IN EACH COUNTY. AHR REPORTS THAT TENNESSEE AND VIRGINIA BOTH SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS. TENNESSEE ALSO RANKS 44TH FOR CARDIOVASCULAR DEATHS AND 44TH FOR

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CANCER DEATHS (46TH FOR SMOKING) AND 46TH FOR DIABETES. VIRGINIA OVERALL HAS A BETTER RANKING IN THESE THREE CATEGORIES, BUT AS STATED EARLIER, SOUTHWEST VIRGINIA CLOSELY RESEMBLES TENNESSEE. SINCE COMPLETION OF THE CHNA AND ITS IMPLEMENTATION PLAN, MSHA HAS PARTNERED WITH SCHOOLS, NON-PROFIT AGENCIES AND OTHERS ON VARIOUS INITIATIVES TO ADDRESS HEALTH ISSUES; CHILDHOOD OBESITY, IN PARTICULAR.

PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

MSHA PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF OUR HOSPITALS SUCH AS ADMITTING AND EMERGENCY DEPARTMENTS. PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENT'S PAPERWORK. POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH. ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON MSHA'S FINANCIAL ASSISTANCE POLICY. MSHA ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO MSHA PATIENTS REGARDING MSHA'S FINANCIAL ASSISTANCE POLICY. THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS TNCARE/MEDICAID.



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IN ADDITION, MSHA HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA, TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. DURING FY14, FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (TNCARE OR MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. DURING FY14, 1,775 PATIENTS WERE APPROVED FOR COVERAGE. ONCE A PERSON IS APPROVED FOR TNCARE OR MEDICAID THROUGH THIS PROGRAM OFFERED THROUGH MSHA, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. FIRSTSOURCE IS COMPENSATED BY MSHA. DURING FY14, MSHA'S COST FOR THIS PROGRAM WAS \$572,031.

**PART VI, LINE 4 - COMMUNITY INFORMATION**

MSHA SERVES THE HEALTHCARE NEEDS OF 29 APPALACHIAN COUNTIES IN TENNESSEE, SOUTHWEST VIRGINIA, KENTUCKY AND NORTH CAROLINA. SOME OF THE COUNTIES MSHA SERVES ARE FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS. MSHA OPERATES 2 CRITICAL ACCESS HOSPITALS: DICKENSON COMMUNITY HOSPITAL IN VIRGINIA, AND JOHNSON COUNTY COMMUNITY HOSPITAL IN TENNESSEE.

THE HEALTH STATUS OF THE POPULATION IN MSHA'S SERVICE AREA IS GENERALLY

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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

POOR. THE SERVICE AREA EXTENDS TO SOME OF THE POOREST RURAL COUNTIES IN THE REGION WITH A POVERTY RATE OF ALMOST 30%. SOME OF THE MOST WELL-OFF COUNTIES IN MSHA'S SERVICE AREA STILL HAVE A MEDIAN HOUSEHOLD INCOME LOWER THAN STATE AND NATIONAL AVERAGES. RURAL SERVICE AREA COUNTIES SHARE COMMON CHALLENGES OF:

1. HIGH RATES OF UNINSURED
2. HIGH PREVALENCE OF OBESITY
3. HIGH PREVALENCE OF DIABETES
4. HIGH PREVALENCE OF CANCER
5. HIGH PREVALENCE OF POOR CARDIAC HEALTH

PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH

MSHA IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED. MSHA'S LEADERSHIP REMAINS MINDFUL OF MANAGING THE ALLIANCE'S LIMITED RESOURCES SO THAT ADEQUATE FACILITIES AND EQUIPMENT ARE AVAILABLE FOR THE CARE OF OUR PATIENTS. VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY. SURPLUS FUNDS ARE INVESTED IN IMPROVING HEALTHCARE WITHIN OUR COMMUNITIES.

**Part V** Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

THE MAJORITY OF MSHA'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA.

PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALLED ARE EXTENDED PRIVILEGES BY MSHA.

PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM

MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY AND NORTH CAROLINA. EACH HOSPITAL IS FULLY ACCREDITED BY THE JOINT COMMISSION, WITH THE EXCEPTION OF JCCH. JCCH RECEIVES CERTIFICATION THROUGH THE STATE OF TENNESSEE SINCE IT IS A CRITICAL ACCESS HOSPITAL.

MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 14 HOSPITALS. TEN FACILITIES ARE WHOLLY-OWNED FACILITIES: 9 FACILITIES IN TENNESSEE AND 1 IN VIRGINIA.

IN ADDITION TO THE WHOLLY-OWNED HOSPITALS WITHIN THIS FORM 990, MSHA ALSO HAS MAJORITY OWNERSHIP IN 4 HOSPITALS IN SOUTHWEST VIRGINIA. IN ADDITION TO OUR ACUTE CARE HOSPITALS, OUR SYSTEM ALSO INCLUDES SUCH SERVICES AS:

**Part VI** Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PRIMARY/SPECIALTY PHYSICIAN PRACTICES, URGENT CARE CENTERS, EMERGENCY DEPARTMENTS, OCCUPATIONAL MEDICINE, REHABILITATION, OUTREACH LABORATORY, MENTAL HEALTH, NEONATAL INTENSIVE CARE, A NACHRI-AFFILIATED CHILDREN'S HOSPITAL, RENAL DIALYSIS, ST. JUDE'S ONCOLOGY, INPATIENT/OUTPATIENT SURGERY, SKILLED NURSING, LONG-TERM CARE, HOME HEALTH, AIR AMBULANCE TRANSPORT AND MORE. WITH THESE ADDITIONAL FACILITIES AND SERVICES, MSHA EXTENDS A HIGHLY EFFECTIVE HEALTH CARE DELIVERY SYSTEM. SINCE OUR SYSTEM IS BOTH HORIZONTALLY AND VERTICALLY INTEGRATED, PATIENTS CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES. OUR FLAGSHIP FACILITY, JOHNSON CITY MEDICAL CENTER IS AT THE CORE OF OUR SYSTEM OFFERING FULL-SERVICE TERTIARY CARE.

IN ADDITION TO OUR HOSPITALS, MSHA IS THE SOLE MEMBER OF BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC). MSHA EXTENDS AN INTEGRATED HEALTHCARE DELIVERY SYSTEM THROUGH BRMMC TO INCLUDE MULTIPLE PRIMARY AND SPECIALTY CARE PATIENT ACCESS CENTERS AND NUMEROUS OUTPATIENT CARE SITES, INCLUDING URGENT CARE CENTERS, OCCUPATIONAL MEDICINE SERVICES, A SAME DAY SURGERY CENTER AND OUTPATIENT REHABILITATION.

**Part VI** Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

MSHA COUNTY-SPECIFIC OPERATIONS ARE GOVERNED BY A COMMUNITY BOARD OF  
DIRECTORS. COUNTY BOARDS REPORT TO A SYSTEM LEVEL BOARD OF DIRECTORS. ALL  
BOARDS ARE PRIMARILY COMPOSED OF LOCAL COMMUNITY RESIDENTS.

PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT  
TENNESSEE, VIRGINIA

**SCHEDULE I**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public  
Inspection**

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I General Information on Grants and Assistance**1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☒ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	AMERICAN CANCER SOCIETY 250 WILLIAMS STREET NW, SUITE 400 ATLANTA GA 30303	13-1788491	501C3	26,774				PROGRAM SUPPORT
(2)	AMERICAN HEART ASSOCIATION 208 SUNSET DRIVE JOHNSON CITY TN 37604	13-5613797	501C3	62,500	463		PRINTING	MULTI-EVENT SPONSOR
(3)	APPALACHIAN MOUNTAIN PROJECT ACCESS 809 SOUTH ROAN STREET, SUITE 4 JOHNSON CITY TN 37601	26-2102040	501C3	116,964				HEALTH ACCESS
(4)	BARTER THEATRE P.O. BOX 867 ABINGDON VA 24212	54-6000120	501C3	18,800				CONTRIBUTION
(5)	BOYS & GIRLS CLUB OF KINGSPO P.O. BOX 784, 213 LEE STREET KINGSPO TN 37662	62-0481370	501C3	62,000				FITNESS PROGRAMS
(6)	EAST TENNESSEE STATE UNIVERSITY P.O. BOX 70732 JOHNSON CITY TN 37614	62-6021046	501C3	20,000				SUPPORT FIT KIDS
(7)	FAMILY PROMISE P.O. BOX 205 JOHNSON CITY TN 37605	62-1808323	501C3		5,462		PRINTING	NEWSLETTERS
(8)	FRIENDS IN NEED HEALTH CENTER 1105 W STONE DRIVE KINGSPO TN 37660	62-1541637	501C3	10,000	62		PRINTING	DENTAL CARE
(9)	GOV'S FNDTN FOR HEALTH & WELLNESS P.O. BOX 198198 NASHVILLE TN 37219	45-3635908	501C3	25,000				HEALTH INITIATIVE

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

3 Enter total number of other organizations listed in the line 1 table

▶ 19

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2013)

**SCHEDULE I**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public  
Inspection**

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I General Information on Grants and Assistance**1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	HANDS ON! REGIONAL MUSEUM 315 EAST MAIN STREET JOHNSON CITY TN 37601	62-1282542	501C3	7,500				HEALTH PROGRAM
(2)	ISHN CONTRIBUTIONS K-1 509 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604	62-1711997	501C3	61,028				K-1 P/S CHAR. CONTR.
(3)	JC PARKS & RECREATION FOUNDATION 4137 BRISTOL HIGHWAY JOHNSON CITY TN 37601	38-3731893	501C3	5,000	824		PRINTING	SPONSORSHIP
(4)	JOHNSON CITY SYMPHONY ORCHESTRA P.O. BOX 533 JOHNSON CITY TN 37605	62-0910261	501C3		7,246		PRINTING	PRINT PROGRAMS
(5)	MARCH OF DIMES P.O. BOX 799, 2700 S ROAN ST., #430 JOHNSON CITY TN 37605	13-1846366	501C3	15,000				MARCH FOR BABIES
(6)	MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD, SUITE 101 JOHNSON CITY TN 37604	58-1418862	501C3	56,390				LOCAL HEALTH PROGRAM
(7)	ST MARY'S CATHOLIC CHURCH 2211 EAST LAKEVIEW DRIVE JOHNSON CITY TN 37601	62-0507470	501C3	11,710				CHILDHOOD OBESITY
(8)	SYCAMORE SHOALS ST. HISTORIC AREA 1651 WEST ELK AVENUE ELIZABETHTON TN 37643	62-6011445	501C3		5,592		PRINTING	2014 EVENT BOOK
(9)	TOWN OF JONESBOROUGH 123 BOONE STREET JONESBOROUGH TN 37659	62-6000322	501C3		21,318		PRINTING	VARIOUS PROGRAMS

O 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

3 Enter total number of other organizations listed in the line 1 table

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2013)

**SCHEDULE I  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public  
Inspection**

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I General Information on Grants and Assistance****1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? .....☐ Yes☐ No**2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	VIRGINIA HIGHLANDS COMM COLLEGE P.O. BOX 828 ABINGDON VA 24212	54-1268289	501C3	30,000				NURSING PROGRAM
(2)								
(3)								
(4)								
(5)								
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**1** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table**3** Enter total number of other organizations listed in the line 1 table

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2013)



(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1					
2					
3					
4					
5					
6					
7					
<b>Part IV</b> <b>Supplemental Information.</b> Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.					

**PART I, LINE 2 - PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS**

MOST DONATION REQUESTS ARE MADE THROUGH AN APPLICATION PROCESS WHERE THE APPLICANT DESCRIBES HOW THE MONEY WILL BE USED, HOW IT BENEFITS THE COMMUNITY, HOW OUR DONATION WILL CORRELATE WITH HEALTH NEEDS IDENTIFIED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), AND THE AGREEMENT THAT THE DONEE WILL PROVIDE FOLLOW-UP OF HOW OUR DONATION WAS USED (WHO BENEFITED, ETC.). NOT ALL OF OUR DONATIONS ARE RESTRICTED TO OUR CHNA, BUT MANY ARE. MSHA'S SOCIAL RESPONSIBILITY COMMITTEE REVIEWS MOST DONATION REQUESTS TO DETERMINE WHICH REQUESTS MSHA WILL FUND. THERE ARE MANY FACTORS THAT ARE CONSIDERED DURING THE REVIEW PROCESS BY THE COMMITTEE, SUCH AS OUR BUDGET

**Part III** **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

CONSTRAINTS, IF THE APPLICANT HAS ALREADY RECEIVED A DONATION FROM A MSHA FACILITY, HOW THE REQUESTING ORGANIZATION FITS WITH OUR CHNA, ETC.

MSHA ADHERED TO THE FOLLOWING CRITERIA FOR OUR CONTRIBUTIONS TO ORGANIZATIONS IN THE REGION:

HEALTHCARE: THE ORGANIZATION ENHANCED OR IMPROVED ACCESS FOR THE UNINSURED OR UNDERINSURED POPULATION OR SUPPORTED A PROGRAM TO IMPROVE THE HEALTH OF OUR CHILDREN (I.E., CHILDHOOD OBESITY PREVENTION).

EDUCATION: THE ORGANIZATION PROVIDED A PROGRAM TO IMPROVE EDUCATION OF THE RESIDENTS IN OUR REGION ALL THE WAY TO COLLEGE AGE STUDENTS (SUCH AS A

MSHA7213

**Part III** **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

NURSING PROGRAM) .

QUALITY OF LIFE: THE ORGANIZATION SUPPORTED PROGRAMS TO ENHANCE THE QUALITY

OF LIFE, WHICH IS IMPORTANT IN THE RECRUITMENT EFFORTS OF BUSINESSES IN THE

REGION AS WE WORK TO ATTRACT AND RETAIN THE BEST TALENT.

**SCHEDULE J**

(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Compensation Information**For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I Questions Regarding Compensation****1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> First-class or charter travel  | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?**3** Indicate which, if any, of the following the filing organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	X	
2	X	
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 DENNIS VONDERFECHT CEO	(i) 780,241 (ii) 0	(ii) 236,094 (iii) 0	(iii) 41,860 (iv) 0	(C) 40,000 (D) 28,381 (E) 1,126,576 (F) 0			0
2 MARVIN EICHORN SENIOR VP/CFO	(i) 467,818 (ii) 0	(ii) 104,240 (iii) 0	(iii) 54,577 (iv) 0	(C) 24,139 (D) 23,164 (E) 673,938 (F) 0			0
3 ANN FLEMING SR. VP	(i) 383,151 (ii) 0	(ii) 87,911 (iii) 0	(iii) 282,847 (iv) 0	(C) 55,452 (D) 17,959 (E) 827,320 (F) 242,724			0
4 CANDACE JENNINGS SR. VP TN OPERATIONS	(i) 419,157 (ii) 0	(ii) 85,228 (iii) 0	(iii) 19,144 (iv) 0	(C) 60,753 (D) 25,136 (E) 609,418 (F) 0			0
5 DAVID NICELY VP/CEO WASHINGTON CO	(i) 296,697 (ii) 0	(ii) 37,743 (iii) 0	(iii) 8,113 (iv) 0	(C) 28,014 (D) 26,917 (E) 397,484 (F) 0			0
6 MONTY MCLAURIN VP/IPMC CEO	(i) 263,158 (ii) 0	(ii) 39,707 (iii) 0	(iii) 14,777 (iv) 0	(C) 28,734 (D) 28,417 (E) 374,793 (F) 0			0
7 TONY BENTON INTERIM CEO WASH. CO	(i) 239,245 (ii) 0	(ii) 51,354 (iii) 0	(iii) 8,705 (iv) 0	(C) 16,273 (D) 21,351 (E) 336,928 (F) 0			0
8 SHANE HILTON VP/TN CFO	(i) 208,263 (ii) 0	(ii) 68,171 (iii) 0	(iii) 10,464 (iv) 0	(C) 15,045 (D) 22,994 (E) 324,937 (F) 0			0
9 LYNN KRUTAK VP/CORP. CFO	(i) 220,630 (ii) 0	(ii) 41,691 (iii) 0	(iii) 2,689 (iv) 0	(C) 17,952 (D) 18,493 (E) 301,455 (F) 0			0
10 PATRICK BOLANDER JCMC CFO	(i) 182,716 (ii) 0	(ii) 15,905 (iii) 0	(iii) 7,523 (iv) 0	(C) 3,847 (D) 24,205 (E) 234,196 (F) 0			0
11 STEVE SAWYER IPMC CFO	(i) 137,425 (ii) 0	(ii) 7,708 (iii) 0	(iii) 8,087 (iv) 0	(C) 4,278 (D) 17,039 (E) 174,537 (F) 0			0
12 MORRIS SELIGMAN, M.D. SR. VP/CMO	(i) 429,033 (ii) 0	(ii) 92,121 (iii) 0	(iii) 12,642 (iv) 0	(C) 58,911 (D) 25,792 (E) 618,499 (F) 0			0
13 BERT SMITH, M.D. VP HOSP. PRGM.	(i) 305,739 (ii) 0	(ii) 62,736 (iii) 0	(iii) 26,983 (iv) 0	(C) 4,869 (D) 17,499 (E) 417,826 (F) 0			0
14 DOUGLAS EDEMA VP PRES./CEO MSPG	(i) 298,019 (ii) 0	(ii) 61,739 (iii) 0	(iii) 32,115 (iv) 0	(C) 12,398 (D) 23,782 (E) 428,053 (F) 0			0
15 STEVE KILGORE PRESIDENT BRMMC	(i) 305,723 (ii) 0	(ii) 59,559 (iii) 0	(iii) 11,886 (iv) 0	(C) 32,848 (D) 22,581 (E) 432,597 (F) 0			0
16 MARK WILKINSON CMO	(i) 332,573 (ii) 0	(ii) 34,304 (iii) 0	(iii) 4,282 (iv) 0	(C) 10,940 (D) 26,138 (E) 408,237 (F) 0			0

Schedule J (Form 990) 2013

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 DALE CLAYTORE VP	(i) 177,276 (ii) 0	(ii) 36,009 (iii) 0	(iii) 20,421 (iii) 0	(C) 10,636 (C) 0	(D) 2,924 (D) 0	(E) 247,266 (E) 0	(F) 0 (F) 0
2 PAT NIDAY FORMER CNO WASH. CO.	(i) 149,917 (ii) 0	(ii) 24,209 (iii) 0	(iii) 16,920 (iii) 0	(C) 7,985 (C) 0	(D) 31,992 (D) 0	(E) 231,023 (E) 0	(F) 0 (F) 0
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15 MSHA							
217							

**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

**PART I, LINE 1A - FRINGE OR EXPENSE EXPLANATION**

BOARD MEMBERS AND TEAM MEMBERS OF MSHA ARE NOT PERMITTED TO TRAVEL

FIRST-CLASS WITH THE EXCEPTION OF MSHA'S CEO. AS SANCTIONED BY MSHA'S BOARD

OF DIRECTORS, MSHA'S CEO IS PERMITTED TO TRAVEL FIRST-CLASS WHEN THE

FLIGHT'S DURATION IS GREATER THAN TWO HOURS. DUE TO THE LENGTH OF SUCH

FLIGHTS, THE BOARD BELIEVES IT IS IN THE BEST INTEREST OF MSHA FOR THE CEO

TO TRAVEL FIRST-CLASS. CHARTER TRAVEL IS LIMITED TO MSHA BUSINESS TRIPS

THAT INCLUDE NUMEROUS TRAVELERS AND WHICH CAN BE JUSTIFIED BASED UPON

FINANCIAL AND/OR ESSENTIAL TIME SAVINGS. CHARTER FLIGHTS MUST BE APPROVED

BY THE CEO PRIOR TO BOOKING THE FLIGHT.

**PART I, LINE 4 - SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS****SEVERANCE NONQUALIFIED EQUITY-BASED**

ANN FLEMING	0	39,222	0
CANDACE JENNINGS	0	42,847	0
DAVID NICELY	0	15,208	0
MONTY MCLAURIN	0	13,653	0
MORRIS SELIGMAN, M.D.	0	43,541	0

MSHA7218

**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

STEVE KILGORE

0

15,550

0

**PART III - OTHER ADDITIONAL INFORMATION**

THE FOLLOWING EXECUTIVES LISTED IN SCHEDULE J, PART II PARTICIPATED IN A

457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA):

ANN FLEMING, CANDACE JENNINGS, MONTY MCLAURIN, MORRIS SELIGMAN, DAVID

NICELY, AND STEVE KILGORE. THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED

COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE

INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT

PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE". IN

ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED

THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS

TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE

PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER

THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION

APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE

SERVICE FOR SIX OR MORE YEARS. (ELIGIBLE SERVICE IS OFFICER SERVICE THAT

PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN.) THE EXECUTIVE WILL



**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF  
THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED  
WITHOUT "GOOD CAUSE" WITHIN A 24-MONTH PERIOD AFTER A CHANGE-OF-CONTROL  
OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND  
LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.

**SCHEDULE K  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Supplemental Information on Tax-Exempt Bonds**

► Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A HLTH & EDU. FACIL. BD. 2011A&B&C&D	62-1464028	478271JS9	10/19/11	195,840,000	CONSTRUCTION & EQUIP		X		X		X
B HLTH & EDU. FACIL. BD. 2010A&B	62-1464028	478271JH3	04/29/10	205,877,528	PARTIAL REFUNDING		X		X		X
C HLTH & EDU. FACIL. BD. 2009A&B&C	62-1464028	478271HT9	03/31/09	124,301,533	CONSTRUCTION & EQUIP		X		X		X
D HLTH & EDU. FACIL. BD. 2006A	62-1464028	478271GX1	02/14/06	178,614,171	CONSTRUCTION & EQUIP		X		X		X

**Part II Proceeds**

	A	B	C	D
1 Amount of bonds retired	118,910,000	24,545,000	4,970,000	5,295,000
2 Amount of bonds legally defeased				
3 Total proceeds of issue	195,840,938	206,153,584	125,776,987	185,261,811
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrows				
7 Issuance costs from proceeds	2,353,905	3,474,644	2,481,706	2,383,533
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds	157,897,796		100,727,095	101,295,664
11 Other spent proceeds	34,166,505	201,278,521	17,687,636	64,674,434
12 Other unspent proceeds	619,419	1,400,419	4,880,548	16,908,180
13 Year of substantial completion			2014	2011
14 Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No
15 Were the bonds issued as part of an advance refunding issue?	X		X	X
16 Has the final allocation of proceeds been made?		X	X	X
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X	X

**Part III Private Business Use**

	A	B	C	D
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	Yes	No	Yes	No
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X	X	X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

**SCHEDULE K  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information on Tax-Exempt Bonds**

► Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection

Employer identification number

**62-0476282****MOUNTAIN STATES HEALTH ALLIANCE****Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A HLTH & EDU. FACIL. BD. 2012A&B&C	62-1464028	478271JV2	09/18/12	94,745,050	CONSTRUCTION & EQUIP		X		X		X
B HLTH & EDU. FACIL. BD. 2013A&C&D&E	62-1464028	478271JY6	07/30/13	228,985,000	CONSTRUCTION & EQUIP		X		X		X
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased								
3 Total proceeds of issue								
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds								
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds								
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion								

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X	X					
15 Were the bonds issued as part of an advance refunding issue?		X		X				
16 Has the final allocation of proceeds been made?		X		X				
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
<b>6</b> Total of lines 4 and 5		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Exception to rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>c</b> No rebate due?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4b</b> Name of provider							MERRILL LYNCH,	
<b>4c</b> Term of hedge								0.2
<b>4d</b> Was the hedge superintegrated?								<input checked="" type="checkbox"/>
<b>e</b> Was the hedge terminated?								<input checked="" type="checkbox"/>

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?	<input checked="" type="checkbox"/>							
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government <span style="float:right">▶</span>		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government <span style="float:right">▶</span>		%		%		%		%
<b>6</b> Total of lines 4 and 5		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a non governmental person other than a 501(c)(3) organization since the bonds were issued?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>b</b> Exception to rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>c</b> No rebate due?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>4b</b> Name of provider								
<b>4c</b> Term of hedge								
<b>4d</b> Was the hedge superintegrated?								
<b>4e</b> Was the hedge terminated?								

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?								
<b>b</b> Name of provider		X		X		X		X
<b>c</b> Term of GIC								J.P. MORGAN
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								X
<b>6</b> Were any gross proceeds invested beyond an available temporary period?		X	X		X		X	
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

**Part VI Supplemental Information.** Provide additional information for responses to questions on Schedule K (see instructions).**SCHEDULE K - PURPOSE OF ISSUE DESCRIPTION**

HLTH &amp; EDU. FACIL. BD. 2011A&amp;B&amp;C&amp;D

(LINE A) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING

TAXABLE DEBT RELATING THERETO, REFUND BONDS ISSUED 12/01/2001; REFINANCING LOANS AND EQUIPMENT LEASES.

HLTH &amp; EDU. FACIL. BD. 2010A&amp;B

(LINE B) PARTIAL REFUNDING OF BONDS ISSUED 12/14/2007 (2007A) AND (2007C) AND 2/20/2008 (2008A).

HLTH &amp; EDU. FACIL. BD. 2009A&amp;B&amp;C

(LINE C) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF TAXABLE INDEBTEDNESS RELATING THERETO.

HLTH &amp; EDU. FACIL. BD. 2006A

(LINE E) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING TAXABLE DEBT RELATING THERETO, AND COST OF INTEREST RATE HEDGE, REFUND BONDS ISSUED 3/28/01, 7/01/03, 7/08/04, 11/23/04, 9/7/05 AND 11/23/05.

HLTH &amp; EDU. FACIL. BD. 2012A&amp;B&amp;C

(LINE F) CONSTRUCT AND EQUIP SURGERY CENTER AT JCMC; CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF INDEBTEDNESS RELATING THERETO.

HLTH &amp; EDU. FACIL. BD. 2013A&amp;C&amp;D&amp;E

(LINE G) CONSTRUCT &amp; EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF INDEBTEDNESS RELATING THERETO, REFUND BONDS ISSUED 2/20/08, 10/19/11 &amp;

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?								
<b>b</b> Name of provider		X		X				
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?		X		X				
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X					

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X					

**Part VI Supplemental Information.** Provide additional information for responses to questions on Schedule K (see instructions).

**Part VI** Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions) (Continued)

9/18/12

**SCHEDULE K - DATE REBATE COMPUTATION PERFORMED**

HLTH &amp; EDU. FACIL. BD. 2009A&amp;B&amp;C 03/21/14

HLTH &amp; EDU. FACIL. BD. 2006A 02/17/10

**SCHEDULE K - ADDITIONAL INFORMATION****SCHEDULE K PART VI:**

1. COMMENT ON SCHEDULE K, PART I, LINES A, B, C, E, AND F. MOUNTAIN STATES HEALTH ALLIANCE OWNS AND/OR OPERATES HOSPITALS IN A NUMBER OF DIFFERENT LOCATIONS BOTH IN TENNESSEE AND IN VIRGINIA. AS A RESULT, MSHA MUST UTILIZE CONDUIT GOVERNMENTAL BOND ISSUERS IN A NUMBER OF JURISDICTIONS IN ORDER TO FINANCE IMPROVEMENTS TO ITS HOSPITAL FACILITIES. IN 2009, 2010, 2011, 2012 AND 2013, MSHA WAS THE CONDUIT BORROWER OF TAX-EXEMPT BONDS ISSUED BY MULTIPLE ISSUERS IN TENNESSEE AND VIRGINIA. FOR FEDERAL TAX PURPOSES, EVEN THOUGH DIFFERENT GOVERNMENT ISSUERS WERE INVOLVED, THESE MULTIPLE ISSUES IN EACH YEAR WERE REQUIRED TO BE TREATED, AND WERE TREATED, AS A SINGLE "ISSUE" BECAUSE THEY MET THE SINGLE "ISSUE" TEST UNDER THE APPLICABLE FEDERAL TAX REGULATIONS. THEREFORE, MULTIPLE ISSUERS ARE LISTED UNDER LINES A, B, C, E AND F BECAUSE THE BONDS THAT WERE ISSUED WERE PART OF A SINGLE "ISSUE" FOR FEDERAL TAX PURPOSES.

2. COMMENT ON SCHEDULE K, PART II. LINE 3 EACH OF THE LISTED BOND ISSUES DO NOT MATCH THE APPLICABLE ISSUE PRICE BECAUSE OF INTEREST EARNINGS EARNED ON THE SALE PROCEEDS OF EACH BOND SERIES.

3. COMMENT ON SCHEDULE K, PART II, LINES 9 THROUGH 11. THE INSTRUCTIONS ARE UNCLEAR AS TO WHETHER AMOUNTS USED TO REFINANCE SHORT-TERM TAXABLE LOANS INCURRED TO TEMPORARILY FINANCE ELIGIBLE COSTS SHOULD BE SHOWN AS CAPITAL EXPENDITURES AND WORKING CAPITAL (LINES 9 AND 10) OR AS OTHER SPENT PROCEEDS (LINE 11). BASED UPON A REVIEW OF OTHER 990 FILINGS, IT APPEARS THAT MOST REPORTING ENTITIES HAVE LISTED THE APPLICATION OF PROCEEDS FOR SUCH PURPOSE UNDER OTHER SPENT PROCEEDS (LINE 11). THIS FILING TAKES THAT APPROACH.

4. COMMENT ON SCHEDULE K, PART II, LINE 12. IT IS UNCLEAR UNDER THE INSTRUCTIONS WHETHER TRANSFERRED PROCEEDS SHOULD BE TREATED AS OTHER UNSPENT PROCEEDS FOR REPORTING PURPOSES ON LINE 12. AS AN ABUNDANCE OF CAUTION, TRANSFERRED PROCEEDS HAVE BEEN INCLUDED ON LINE 12 FOR EACH ISSUE (BEING THOSE ISSUES LISTED ON LINES A, E AND F UNDER PART I) TO THE EXTENT APPLICABLE. ALSO, DURING ITS 2013 FISCAL YEAR, MSHA WAS ABLE TO REMOVE THE



**Part VI** Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions) (Continued)

REQUIREMENT THAT CERTAIN DEBT SERVICE RESERVE FUNDS BE MAINTAINED. AS A RESULT, MSHA WAS ABLE TO TRANSFER PROCEEDS FROM DEBT SERVICE RESERVE FUNDS FOR CERTAIN ISSUES TO BOND SINKING FUNDS FOR THOSE ISSUES TO PAY PRINCIPAL ON THE ISSUE AND TO REDUCE THE AMOUNT OF TAX-EXEMPT BONDS OUTSTANDING IN THE MARKET. AS A RESULT, UNSPENT PROCEEDS HAVE INCREASED FOR CERTAIN ISSUES WHILE SUCH FUNDS ARE HELD IN THE BOND SINKING FUNDS, AND THE AMOUNTS PREVIOUSLY HELD IN DEBT SERVICE RESERVE FUNDS FOR SUCH ISSUES HAVE BEEN REDUCED. MSHA IS USING SUCH PROCEEDS TO PAY PRINCIPAL AS QUICKLY ON THOSE ISSUES AS THE BOND DOCUMENTS PERMIT.

5. COMMENT ON SCHEDULE K, PART IV, LINE 1. PRIOR TO JUNE 30, 2014, THE REPORTING DATE OF THE 990, THE ONLY ARBITRAGE REBATE CALCULATIONS THAT WERE REQUIRED RELATED TO THE BONDS DESCRIBED IN LINES C AND D OF PART I (THE SERIES 2006 AND 2009 BONDS). MSHA RETAINED A REBATE CALCULATION AGENT TO CALCULATE WHETHER ANY ARBITRAGE REBATE WAS DUE WITH RESPECT TO THOSE BONDS, AND THERE WAS NEGATIVE ARBITRAGE REBATE LIABILITY IN A SIGNIFICANT AMOUNT. THEREFORE, NO FORM 8038-T WAS REQUIRED TO BE FILED WITH RESPECT TO THOSE BOND ISSUES.

6. COMMENT ON SCHEDULE K, PART IV, LINE 5D. PART IV, LINE 5D RELATIVE TO THE BOND ISSUE DESCRIBED ON LINE D SHOWS THAT THE REGULATORY SAFE HARBOR FOR ESTABLISHING FAIR MARKET VALUE OF THE GIC DESCRIBED IN LINE 5A WAS NOT SATISFIED. DUE TO MARKET CONDITIONS AT THE TIME, MSHA DID NOT RECEIVE THREE BIDS FOR THIS GIC. HOWEVER, THE YIELD ON THE GIC WAS SO SUBSTANTIALLY BELOW THE YIELD ON THE RELEVANT BONDS THAT THERE WAS NO DOUBT THAT THE YIELD ON THE GIC DID NOT EXCEED THE APPROPRIATE YIELD ON THE RELEVANT BONDS.

7. COMMENT ON SCHEDULE K, PART IV, LINE 6. THE BOND ISSUES DESCRIBED IN LINES A, B, C, E AND F OF PART I HAVE TRANSFERRED PROCEEDS OF PRIOR BOND ISSUES THAT FINANCED SIGNIFICANT CAPITAL IMPROVEMENTS TO HOSPITAL FACILITIES OR PROCEEDS THAT ARE TO BE USED FOR SUCH PURPOSES. THERE HAVE BEEN UNEXPECTED DELAYS IN THE CONSTRUCTION AND EQUIPPING OF CERTAIN OF THESE HOSPITAL FACILITIES, AND THEREFORE NOT ALL OF SUCH PROCEEDS WERE SPENT WITHIN THE THREE-YEAR TEMPORARY PERIOD RELATIVE TO CONSTRUCTION PROJECTS. HOWEVER, MSHA HAS YIELD RESTRICTED THESE PROCEEDS AFTER THE END OF THE APPLICABLE TEMPORARY PERIOD AND/OR WILL BE MAKING A YIELD REDUCTION PAYMENT WITH RESPECT TO THOSE PROCEEDS, IF REQUIRED. ALSO, THE PROCEEDS HELD IN THE BOND SINKING FUNDS AS DESCRIBED IN COMMENT 4 ABOVE ARE NO LONGER ELIGIBLE FOR ANY TEMPORARY PERIOD AND WILL BE INVESTED AT A RESTRICTED YIELD OR WILL BE SUBJECT TO A YIELD REDUCTION PAYMENT.

**SCHEDULE L****(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Transactions With Interested Persons**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

▶ Attach to Form 990 or Form 990-EZ.

▶ See separate instructions.

▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open To Public  
Inspection

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958

▶ \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

▶ \$

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the org.?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
DENNIS VONDERPECHT												
(1) SPLIT \$ LIFE INSUR. LOAN, INCL. PR. YRS			X		7,205,125	7,395,295		X	X		X	
MARVIN EICHORN												
(2) SPLIT DOLLAR LIFE INSURANCE LOAN			X		700,000	710,710		X	X		X	
MARVIN EICHORN												
(3) SPLIT DOLLAR LIFE INSURANCE LOAN			X		304,332	304,332		X	X		X	
MARVIN EICHORN												
(4) SPLIT \$ LIFE INSUR. LOAN, INCL. PR. YRS			X		296,183	296,183		X	X		X	
MARVIN EICHORN												
(5) SPLIT DOLLAR LIFE INSURANCE LOAN			X		183,364	282,454		X	X		X	
(6)												
(7)												
(8)												
(9)												
(10)												
Total						▶ \$ 8,988,974						

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

DAA

Schedule L (Form 990 or 990-EZ) 2013  
MSHA7229

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of org. revenues?	
				Yes	No
(1) WATAUGA PATHOLOGY ASSOC., P.C.	M.D. SERVICES	410,197	SEE PART V		X
(2) PULMONARY ASSOCIATES OF EAST TENN	M.D. SERVICES	42,125	SEE PART V		X
(3) WORKSPACE INTERIORS, INC.	VENDOR	1,205,384	SEE PART V		X
(4) MATTHEW MARTIN	FAMILY MEMBER	27,783	SEE PART V		X
(5) MITCH HATHAWAY	FAMILY MEMBER	97,491	SEE PART V		X
(6) SYCAMORE SHOALS ANESTHESIA ASSOC.	M.D. SERVICES	819,996	SEE PART V		X
(7) CLEM WILKES, III	FAMILY MEMBER	71,145	SEE PART V		X
(8) PAULA CLAYTORE	FAMILY MEMBER	270,782	SEE PART V		X
(9) JAMES TEIXEIRA	FAMILY MEMBER	77,016	SEE PART V		X
(10)					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions).

**SCHEDULE L, PART V - ADDITIONAL INFORMATION**

(1) SANDRA BROOKS, M.D., MSHA BOARD MEMBER, IS A PARTNER WITH OWNERSHIP INTEREST IN WATAUGA PATHOLOGY ASSOCIATES, P.C., WATAUGA PATHOLOGY ASSOCIATES, P.C. PROVIDES MEDICAL SERVICES TO MSHA.

(2) DR. JEFF FARROW, MSHA BOARD MEMBER, IS A KEY EMPLOYEE OF PULMONARY ASSOCIATES OF EAST TENNESSEE P.C. AND HAS AN OWNERSHIP IN THE PROFESSIONAL CORPORATION. PULMONARY ASSOCIATES OF EAST TENNESSEE P.C. PROVIDES MEDICAL SERVICES TO MSHA.

(3) ROBERT FEATHERS, PAST CHAIR OF THE MSHA BOARD OF DIRECTORS, IS OWNER OF WORKSPACE INTERIORS, INC. WHICH PROVIDES COMMERCIAL FURNISHINGS AND DESIGN SERVICES TO MSHA. TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH.

(4) JOANNE GILMER, VICE CHAIR OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF MATTHEW MARTIN, AN EMPLOYEE OF MSHA.

(5) JOANNE GILMER, VICE CHAIR OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF MITCH HATHAWAY, AN EMPLOYEE OF MSHA.

(6) DR. DAVID MAY, MSHA BOARD MEMBER, SERVES AS BOARD CHAIR FOR SYCAMORE SHOALS ANESTHESIA ASSOCIATES, P.C., AND HAS AN OWNERSHIP SHARE IN THE PROFESSIONAL CORPORATION. SYCAMORE SHOALS ANESTHESIA ASSOCIATES, P.C. PROVIDES MEDICAL SERVICES TO MSHA.

(7) CLEM WILKES, JR., CHAIR OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of org. revenues?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions).

MEMBER OF CLEM WILKES III, AN EMPLOYEE OF MSHA.

(8) DALE CLAYTORE, FORMER KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF PAULA CLAYTORE, AN EMPLOYEE OF MSHA.

(9) PAT NIDAY, FORMER KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF JAMES TEIXEIRA, AN EMPLOYEE OF MSHA.

**SCHEDULE O**  
(Form 990 or 990-EZ)Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**Open to Public  
Inspection

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****DOING BUSINESS AS - ADDITIONAL NAMES**

NISWONGER CHILDREN'S HOSPITAL;

QUILLEN REHABILITATION HOSPITAL;

FRANKLIN WOODS COMMUNITY HOSPITAL;

INDIAN PATH MEDICAL CENTER;

SYCAMORE SHOALS HOSPITAL;

WOODRIDGE HOSPITAL FOR BEHAVIORAL

HEALTH SERVICES;

JOHNSON COUNTY COMMUNITY HOSPITAL;

RUSSELL COUNTY MEDICAL CENTER;

UNICOI COUNTY MEMORIAL HOSPITAL

**FORM 990 - ORGANIZATION'S MISSION**

MOUNTAIN STATES HEALTH ALLIANCE (MSHA) IS COMMITTED TO OUR MISSION OF BRINGING LOVING CARE TO HEALTH CARE. WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN THE 29-COUNTY AREA WE SERVE, HELPING THEM ATTAIN THEIR HIGHEST LEVEL OF HEALTH. MSHA DELIVERS THIS CARE THROUGH THE PHILOSOPHY OF PATIENT-CENTERED CARE, AND THE DEVELOPMENT OF COMPREHENSIVE STRATEGIC PLANNING AND IMPLEMENTATION. SEE ATTACHED NARRATIVE-PROGRAM SERVICE ACCOMPLISHMENTS.

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990 THE CFO AND SENIOR VP REVIEWED THE FORM 990 WITH THE BOARD OF DIRECTORS PRIOR TO FILING AND THE RETURN WAS MADE AVAILABLE TO EACH BOARD MEMBER IN AN ELECTRONIC FORMAT PRIOR TO THE REVIEW.

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

## FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY

ANNUALLY, THE CORPORATE AUDIT AND COMPLIANCE DEPARTMENT OF MSHA FORWARDS THE CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM TO ALL MSHA MANAGEMENT TEAM MEMBERS AND BOARD MEMBERS. EMPLOYEES AND BOARD MEMBERS MUST NOTE ANY CONFLICTS OR ATTEST THEY HAVE "NONE", AND RETURN THE FORM TO THE AUDIT AND COMPLIANCE DEPARTMENT. ANY NOTED DISCLOSURES ARE FORWARDED TO THE APPROPRIATE MANAGEMENT OR BOARD PERSONNEL TO EVALUATE AND UTILIZE WHEN A TRANSACTION INVOLVING A CONFLICTED PERSON ARISES. ADDITIONALLY, PERSONNEL WHO HAVE A CONFLICT ARISE BETWEEN THE ANNUAL DISTRIBUTION OF THE POLICY AND FORMS ARE REQUIRED TO DISCLOSE THE CONFLICT AND WOULD BE DISCIPLINED IN ANY INSTANCE WHERE THEY HAVE NOT DISCLOSED AND ENGAGED IN A CONFLICTED TRANSACTION.

## FORM 990, PART VI, LINE 15A - COMPENSATION PROCESS FOR TOP OFFICIAL

THE CEO'S COMPENSATION AND BENEFITS ARE SUBJECT TO THE EXECUTIVE COMPENSATION POLICY OF MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE POLICY WAS ESTABLISHED BY MSHA'S BOARD OF DIRECTORS AND IS ALLIGNED WITH THE MSHA MISSION, VISION, AND VALUES, SUPPORTING THE ACHIEVEMENT OF THE HEALTH SYSTEM'S STRATEGIC PLANS AND ANNUAL GOALS AND OBJECTIVES. THE POLICY ENSURES THAT MSHA'S EXECUTIVE COMPENSATION IS COMPLIANT WITH THE LEGAL, REGULATORY, AND STATUTORY ENVIRONMENT AFFECTING COMPENSATION.

MSHA'S PRESIDENT AND CEO MAKES RECOMMENDATIONS TO THE EXECUTIVE COMMITTEE OF THE MSHA BOARD FOR ALL ELEMENTS OF COMPENSATION FOR THE SENIOR MANAGEMENT TEAM. THE BOARD OF DIRECTORS MONITORS THE PERFORMANCE OF THE SENIOR MANAGEMENT TEAM ON AN ONGOING BASIS, BUT AT LEAST ANNUALLY.

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

FORM 990, PART VI, LINE 15B - COMPENSATION PROCESS FOR OFFICERS

SIMILAR TO THE CEO'S COMPENSATION, THE CFO RECEIVES COMPENSATION AND BENEFITS THAT COMPLY WITH MSHA'S SALARY POLICY. HIS PAY IS SET AT A MARKET PERCENTILE SPECIFIC TO HIS POSITION.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION

GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM. FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM, AND THEY ARE MADE AVAILABLE TO THOSE PARTIES WHO OWN INDEBTEDNESS OF THE COMPANY ON A QUARTERLY BASIS.

FORM 990, PART VII - OFFICER, KEY EMPLOYEE & HIGHEST PAID COMPENSATION:

LYNN KRUTAK, CFO AND MSHA KEY EMPLOYEE, IS PAID BY MSHA. BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC) REIMBURSES MSHA FOR 50% OF KRUTAK'S SALARY AND BENEFITS. MSHA IS THE SOLE MEMBER OF BRMMC. KRUTAK DEVOTES AN EQUAL AMOUNT OF TIME BETWEEN MSHA AND BRMMC. DR. DOUGLAS EDEMA AND STEVE KILGORE, REPORTABLE AS HIGHEST COMPENSATED EMPLOYEES, ARE PAID BY MSHA AND THEIR SALARY AND BENEFITS ARE FULLY REIMBURSED TO MSHA BY BRMMC. CERTAIN EXECUTIVES OF THE ORGANIZATION, SUCH AS THE CEO AND SR VP/CFO, PROVIDE SERVICES TO SOME OR ALL OF THE ORGANIZATIONS RELATED TO MSHA.

FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES

DESCRIPTION

PROGRAM SERVICE

MGT & GENERAL

FUNDRAISING

PHYSICIAN FEES

Name of the organization

Employer identification number

MOUNTAIN STATES HEALTH ALLIANCE

62-0476282

\$ 24,631,544	\$ 0	\$ 0
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## DIETARY SERVICES

\$ 8,064,179	\$ 0	\$ 0
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## CONSULTING SERVICES

\$ 0	\$ 5,006,726	\$ 0
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## ENVIRONMENTAL SERVICES

\$ 4,346,007	\$ 0	\$ 0
--------------	------	------

## LAUNDRY SERVICES

\$ 3,904,673	\$ 0	\$ 0
--------------	------	------

## COLLECTION SERVICES

\$ 3,436,975	\$ 0	\$ 0
--------------	------	------

## RETAIL PHARMACY

\$ 2,590,687	\$ 0	\$ 0
--------------	------	------

## LABORATORY SERVICES

\$ 2,442,224	\$ 0	\$ 0
--------------	------	------

## CONTRACT LABOR

\$ 1,797,398	\$ 0	\$ 0
--------------	------	------

## PATIENT RESOURCE SERVICES

\$ 1,147,985	\$ 0	\$ 0
--------------	------	------

## TRANSCRIPTION SERVICES

\$ 995,139	\$ 0	\$ 0
------------	------	------

## PHYSICIAN LOAN FORGIVENESS

\$ 656,530	\$ 0	\$ 0
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## OTHER FEES

\$ 29,174,476	\$ 5,664,127	\$ 6,237
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FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS EXPLANATION



Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

PARTNERSHIP CHARITABLE CONTRIBUTION NOT ON BOOKS	\$ 61,028
PARTNERSHIP GAIN NOT ON BOOKS	\$ -108,586
CHANGE IN FAIR VALUE OF DERIVATIVES	\$ -2,789,699
P/S ORDINARY INCOME/LOSS-NOT ON BOOKS	\$ -3,485,375
P/S INTEREST INCOME-NOT ON BOOKS	\$ -16,033
TRSFER OF UCMH INVSTMT. TO BRMMC	\$ -36,795
TEMPORARILY RESTRICTED GRANTS	\$ -61,035
TOTAL TO FORM 990, PART XI, LINE 9	\$ -6,314,425

**SCHEDULE R  
(Form 990)****Related Organizations and Unrelated Partnerships**

- Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
 ► Attach to Form 990. ► See separate instructions.  
 ► Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**Employer identification number  
**62-0476282****Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	DICKENSON COMMUNITY HOSPITAL ONE HOSPITAL DRIVE CLINTWOOD VA 24228 77-0599553	HOSPITAL	VA	501C3	3	NCH		X
(2)	MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD, STE. 101 JOHNSON CITY TN 37604 58-1418862	FUNDRAISER	TN	501C3	11A	MSHA		X
(3)	MSHA AUXILIARY 400 N. STATE OF FRANKLIN ROAD JOHNSON CITY TN 37604 58-1418345	SUPPORT	TN	501C3	11A	MSHA		X
(4)	SMYTH COUNTY COMMUNITY HOSPITAL 245 MEDICAL PARK DRIVE MARION VA 24354 54-0794913	HOSPITAL	VA	501C3	3	MSHA		X
(5)	NORTON COMMUNITY HOSPITAL 100 15TH STREET NW NORTON VA 24273 54-0566029	HOSPITAL	VA	501C3	3	N/A		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

**SCHEDULE R**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**Employer identification number  
**62-0476282****Related Organizations and Unrelated Partnerships**

- Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
 ► Attach to Form 990. ► See separate instructions.  
 ► Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013****Open to Public Inspection****Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(1)	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(2)						
(3)						
(4)						
(5)						

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
							Yes No
(1)	JOHNSTON MEMORIAL HOSPITAL 16000 JOHNSTON MEMORIAL DRIVE ABINGDON VA 24211 54-0544705	HOSPITAL	VA	501C3	3	N/A	X
(2)	ABINGDON PHYSICIAN PARTNERS 16000 JOHNSTON MEMORIAL DRIVE ABINGDON VA 24211 20-5485346	MED. SERV.	VA	501C3	11A	JME	X
(3)	APPALACHIAN EMERGENCY PHYSICIANS 1021 W. OAKLAND AVENUE; STE. 207 JOHNSON CITY TN 37604 80-0592504	MED. SERV	VA	501C3	11A	N/A	X
(4)							
(5)							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2013

**Part III** Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.? <small>Yes No</small>		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? <small>Yes No</small>		(k) Percentage ownership
(1) INTEGRATED SOLUTIONS HEALTH NETWORK 509 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604 62-17111997	INVESTMENT	TN	MSHA	EXCLUDED	2,122,481	12,484,859	X				X	99.83
(2) EMAUS COMMUNITY HEALTHCARE, LLC 6070 HWY 11E PINEY FLATS TN 37686 20-0577483	MED. SERV.	TN	BRMMC				X					
(3) MEDICAL SPECIALISTS OF J.C., LLC 2528 WESLEY STREET, SUITE. 2 JOHNSON CITY TN 37601 27-2199037	MED. SERV.	TN	MSHA	EXCLUDED	-213,548	298,823	X				X	51.00
(4) EAST TN AMBULATORY SURGERY CNTR. 701 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604 62-1787537	MED. SERV.	TN	BRMMC									

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? <small>Yes No</small>	
(1) BLUE RIDGE MEDICAL MANAGEMENT CORP. 1021 W. OAKLAND AVENUE, STE. 207 JOHNSON CITY TN 37604 62-1490616	MED. SERV.	TN	MSHA	C	111,802,020	234,434,921	100.000000		X
(2) MEDISERVE MEDICAL EQUIPMENT 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1212286	DME	TN	BRMMC	C	4,499,229	4,640,641	100.000000		X
(3) MOUNTAIN STATES PROPERTIES 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1845895	PROP. MGMT	TN	BRMMC	C	14,098,045	147,365,408	100.000000		X
(4) MOUNTAIN STATES PHYSICIAN GROUP 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1700412	MED. SERV.	TN	BRMMC	C	64,194,747	7,270,764	100.000000		X

**Part III** Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) .....												
(2) .....												
(3) .....												
(4) .....												

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) COMMUNITY HOME CARE INC. 1460 PARK AVENUE NORTON VA 24273 54-1453810	DME	VA	NCH	C	391,958	495,203	50.100000		X
(2) SOUTHWEST COMMUNITY HEALTH SERV. P.O. BOX 880 MARION VA 24354 54-1460695	MED. SERV.	VA	SCCH	C	76,200	592,392	80.000000		X
(3) WILSON PHARMACY, INC. P.O. BOX 5289 JOHNSON CITY TN 37604 62-0329587	PHARMACY	TN	BRMMC	C	4,350,967	5,666,405	100.000000		X
(4) CRESTPOINT HEALTH INSURANCE COMPANY 509 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604 62-0381170	INSURANCE	TN	ISHN	C	4,906,389	7,945,232	99.830000		X

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

		Yes No	
		1a	1b
a	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	X	
b	Gift, grant, or capital contribution to related organization(s)	X	
c	Gift, grant, or capital contribution from related organization(s)	X	
d	Loans or loan guarantees to or for related organization(s)	X	
e	Loans or loan guarantees by related organization(s)	X	
f	Dividends from related organization(s)		X
g	Sale of assets to related organization(s)	X	
h	Purchase of assets from related organization(s)	X	
i	Exchange of assets with related organization(s)		X
j	Lease of facilities, equipment, or other assets to related organization(s)	X	
k	Lease of facilities, equipment, or other assets from related organization(s)	X	
l	Performance of services or membership or fundraising solicitations for related organization(s)	X	
m	Performance of services or membership or fundraising solicitations by related organization(s)	X	
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
o	Sharing of paid employees with related organization(s)	X	
p	Reimbursement paid to related organization(s) for expenses	X	
q	Reimbursement paid by related organization(s) for expenses	X	
r	Other transfer of cash or property to related organization(s)		
s	Other transfer of cash or property from related organization(s)		

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	MSHA AUXILIARY	P	104,826	
(2)	MSHA AUXILIARY	Q	859,493	
(3)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	A	76,703	
(4)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	G	120,724	
(5)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	H	272,220	
(6)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	L	419,838	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	M	31,202,130	
(2)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	O	265,230	
(3)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	P	3,839,569	
(4)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	Q	22,395,030	
(5)	HEALTHPLUS	G	3,632,525	
(6)	HEALTHPLUS	J	52,387	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		
<b>b</b> Gift, grant, or capital contribution to related organization(s)	X	
<b>c</b> Gift, grant, or capital contribution from related organization(s)	X	
<b>d</b> Loans or loan guarantees to or for related organization(s)	X	
<b>e</b> Loans or loan guarantees by related organization(s)	X	
<b>f</b> Dividends from related organization(s)		X
<b>g</b> Sale of assets to related organization(s)	X	
<b>h</b> Purchase of assets from related organization(s)	X	
<b>i</b> Exchange of assets with related organization(s)		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)	X	
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)	X	
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)	X	
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)	X	
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
<b>o</b> Sharing of paid employees with related organization(s)	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses	X	
<b>q</b> Reimbursement paid by related organization(s) for expenses	X	
<b>r</b> Other transfer of cash or property to related organization(s)		
<b>s</b> Other transfer of cash or property from related organization(s)		

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	HEALTHPLUS	L	181,190	
(2)	HEALTHPLUS	M	546,218	
(3)	HEALTHPLUS	P	75,640	
(4)	HEALTHPLUS	Q	12,552,650	
(5)	HEALTHPLUS	S	803,018	
(6)	MEDISERVE	K	220,973	



**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		1a X
b Gift, grant, or capital contribution to related organization(s)		1b X
c Gift, grant, or capital contribution from related organization(s)		1c X
d Loans or loan guarantees to or for related organization(s)		1d X
e Loans or loan guarantees by related organization(s)		1e X
f Dividends from related organization(s)		1f X
g Sale of assets to related organization(s)		1g X
h Purchase of assets from related organization(s)		1h X
i Exchange of assets with related organization(s)		1i X
j Lease of facilities, equipment, or other assets to related organization(s)		1j X
k Lease of facilities, equipment, or other assets from related organization(s)		1k X
l Performance of services or membership or fundraising solicitations for related organization(s)		1l X
m Performance of services or membership or fundraising solicitations by related organization(s)		1m X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		1n X
o Sharing of paid employees with related organization(s)		1o X
p Reimbursement paid to related organization(s) for expenses		1p X
q Reimbursement paid by related organization(s) for expenses		1q X
r Other transfer of cash or property to related organization(s)		1r X
s Other transfer of cash or property from related organization(s)		1s X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-e)	(c) Amount involved	(d) Method of determining amount involved
(1)	MEDISERVE	L	148,129	
(2)	MEDISERVE	P	214,778	
(3)	MEDISERVE	Q	3,382,559	
(4)	MOUNTAIN STATES PROPERTIES	G	2,211,449	
(5)	MOUNTAIN STATES PROPERTIES	K	1,087,854	
(6)	MOUNTAIN STATES PROPERTIES	L	315,609	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Gift, grant, or capital contribution to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>c</b> Gift, grant, or capital contribution from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>d</b> Loans or loan guarantees to or for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>e</b> Loans or loan guarantees by related organization(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>f</b> Dividends from related organization(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>g</b> Sale of assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>h</b> Purchase of assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>i</b> Exchange of assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>o</b> Sharing of paid employees with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>p</b> Reimbursement paid to related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>q</b> Reimbursement paid by related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>r</b> Other transfer of cash or property to related organization(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>s</b> Other transfer of cash or property from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	MOUNTAIN STATES PROPERTIES	O	254,250	
(2)	MOUNTAIN STATES PROPERTIES	P	157,048	
(3)	MOUNTAIN STATES PROPERTIES	Q	5,467,192	
(4)	MOUNTAIN STATES PROPERTIES	R	531,453	
(5)	MOUNTAIN STATES FOUNDATION	B	56,390	
(6)	MOUNTAIN STATES FOUNDATION	C	3,510,166	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Gift, grant, or capital contribution to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>c</b> Gift, grant, or capital contribution from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>d</b> Loans or loan guarantees to or for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>e</b> Loans or loan guarantees by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>f</b> Dividends from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>g</b> Sale of assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>h</b> Purchase of assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>i</b> Exchange of assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>o</b> Sharing of paid employees with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>p</b> Reimbursement paid to related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>q</b> Reimbursement paid by related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>r</b> Other transfer of cash or property to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>s</b> Other transfer of cash or property from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	NORTON COMMUNITY HOSPITAL	D	21,242,680	
(2)	NORTON COMMUNITY HOSPITAL	L	5,607,930	
(3)	NORTON COMMUNITY HOSPITAL	O	1,069,529	
(4)	NORTON COMMUNITY HOSPITAL	P	175,984	
(5)	NORTON COMMUNITY HOSPITAL	Q	4,477,436	
(6)	DICKENSON COMMUNITY HOSPITAL	L	834,997	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		1a <input checked="" type="checkbox"/>
<b>b</b> Gift, grant, or capital contribution to related organization(s)		1b <input checked="" type="checkbox"/>
<b>c</b> Gift, grant, or capital contribution from related organization(s)		1c <input checked="" type="checkbox"/>
<b>d</b> Loans or loan guarantees to or for related organization(s)		1d <input checked="" type="checkbox"/>
<b>e</b> Loans or loan guarantees by related organization(s)		1e <input checked="" type="checkbox"/>
<b>f</b> Dividends from related organization(s)		1f <input checked="" type="checkbox"/>
<b>g</b> Sale of assets to related organization(s)		1g <input checked="" type="checkbox"/>
<b>h</b> Purchase of assets from related organization(s)		1h <input checked="" type="checkbox"/>
<b>i</b> Exchange of assets with related organization(s)		1i <input checked="" type="checkbox"/>
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)		1j <input checked="" type="checkbox"/>
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)		1k <input checked="" type="checkbox"/>
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)		1l <input checked="" type="checkbox"/>
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)		1m <input checked="" type="checkbox"/>
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		1n <input checked="" type="checkbox"/>
<b>o</b> Sharing of paid employees with related organization(s)		1o <input checked="" type="checkbox"/>
<b>p</b> Reimbursement paid to related organization(s) for expenses		1p <input checked="" type="checkbox"/>
<b>q</b> Reimbursement paid by related organization(s) for expenses		1q <input checked="" type="checkbox"/>
<b>r</b> Other transfer of cash or property to related organization(s)		1r <input checked="" type="checkbox"/>
<b>s</b> Other transfer of cash or property from related organization(s)		1s <input checked="" type="checkbox"/>

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	ISHN	A	21,781	
(2)	ISHN	B	11,181,720	
(3)	ISHN	L	297,641	
(4)	ISHN	M	3,470,413	
(5)	ISHN	O	76,381	
(6)	ISHN	Q	6,758,215	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	SMYTH COUNTY COMMUNITY HOSPITAL	D	14,744,509	
(2)	SMYTH COUNTY COMMUNITY HOSPITAL	L	4,388,161	
(3)	SMYTH COUNTY COMMUNITY HOSPITAL	Q	50,381	
(4)	JOHNSTON MEMORIAL HOSPITAL	L	11,025,472	
(5)	JOHNSTON MEMORIAL HOSPITAL	O	871,908	
(6)	JOHNSTON MEMORIAL HOSPITAL	P	57,248	

MSHA72480

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		1a X
<b>b</b> Gift, grant, or capital contribution to related organization(s)		1b X
<b>c</b> Gift, grant, or capital contribution from related organization(s)		1c X
<b>d</b> Loans or loan guarantees to or for related organization(s)		1d X
<b>e</b> Loans or loan guarantees by related organization(s)		1e X
<b>f</b> Dividends from related organization(s)		1f X
<b>g</b> Sale of assets to related organization(s)		1g X
<b>h</b> Purchase of assets from related organization(s)		1h X
<b>i</b> Exchange of assets with related organization(s)		1i X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)		1j X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)		1k X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)		1l X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)		1m X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		1n X
<b>o</b> Sharing of paid employees with related organization(s)		1o X
<b>p</b> Reimbursement paid to related organization(s) for expenses		1p X
<b>q</b> Reimbursement paid by related organization(s) for expenses		1q X
<b>r</b> Other transfer of cash or property to related organization(s)		1r X
<b>s</b> Other transfer of cash or property from related organization(s)		1s X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	JOHNSTON MEMORIAL HOSPITAL	R	180,921	
(2)	APP	M	1,171,864	
(3)				
(4)				
(5)				
(6)				

**Part VI** **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(1)	(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
					Yes	No			Yes	No		Yes	No	
(1)														
(2)														
(3)														
(4)														
(5)														
(6)														
(7)														
(8)														
(9)														
(10)														
(11)														

**FORM 990, PART III, LINE 1: STATEMENT OF PROGRAM SERVICE  
ACCOMPLISHMENTS**

MOUNTAIN STATES HEALTH ALLIANCE (MSHA) WAS CREATED IN SEPTEMBER 1998 AS A PRIVATE, LOCALLY OWNED, TAX-EXEMPT, REGIONAL HEALTHCARE SYSTEM. MSHA IS A 1,294 BED TERTIARY-CARE AND REFERRAL HOSPITAL SYSTEM, THE REGION'S LARGEST BY BED COUNT AND VOLUMES. FOR THE YEAR ENDING JUNE 30, 2014, MSHA RECORDED 44,981 INPATIENT ADMISSIONS, AND PROVIDED FOR 699,305 OUTPATIENT VISITS. THERE WERE 154,978 EMERGENCY VISITS AND 129,808 HOME HEALTH VISITS.

THE ALLIANCE IS COMPOSED OF 10 WHOLLY OWNED AND 4 MAJORITY OWNED HOSPITALS, AN OUTPATIENT SURGERY CENTER, A NURSING HOME, AN OUTPATIENT RADIATION ONCOLOGY CENTER AND TWO OUTPATIENT REHABILITATION THERAPY CENTERS. IT ALSO HAS SERVICES FOR HOME HEALTH, HOSPICE AND PARISH NURSING.

EFFECTIVE NOVEMBER 1, 2013, UNICOI COUNTY MEMORIAL HOSPITAL (UCMH) JOINED MSHA WHEN SUBSTANTIALLY ALL OF THE ASSETS, AND CERTAIN LIABILITIES, WERE ASSUMED BY MSHA. UCMH IS LOCATED IN ERWIN, TENNESSEE. IT WAS INCORPORATED IN 1988 AND GOVERNED BY THE HOSPITAL'S BOARD OF CONTROL, WITH BOARD MEMBERS APPOINTED BY THE TOWN OF ERWIN, UNICOI COUNTY, AND UCMH'S CHIEF OF STAFF. THE HOSPITAL IS LICENSED FOR 48 ACUTE CARE BEDS AND 46 LONG TERM CARE BEDS. FOR MANY YEARS, UCMH STRUGGLED TO CONTINUE OPERATIONS DUE TO THE RISE IN CHARITY CARE AND BAD DEBTS, DECREASED REIMBURSEMENT BY THIRD-PARTY PAYERS AND THE INCREASED COSTS OF OPERATING THE HOSPITAL. DUE TO INCREASING FINANCIAL PRESSURES, UCMH SOUGHT OUT A LARGER REGIONAL HEALTH SYSTEM TO TAKE OVER OPERATIONS OF THE HOSPITAL. AFTER A LENGTHY SELECTION PROCESS, MSHA WAS CHOSEN. MSHA COMMITTED TO CONSTRUCT A NEW FACILITY WITHIN FIVE YEARS. THE ACTIVITIES OF UCMH SINCE ACQUISITION ARE INCLUDED IN THIS YEAR'S FORM 990.

MSHA ALSO HAS A MAJORITY OWNERSHIP IN SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) LOCATED IN MARION, VA, NORTON COMMUNITY HOSPITAL (NCH), LOCATED IN NORTON, VA, DICKENSON COMMUNITY HOSPITAL (DCH), LOCATED IN CLINTWOOD, VA, AND JOHNSTON MEMORIAL HOSPITAL (JMH), LOCATED IN ABINGDON, VA. THESE HOSPITALS HAVE A COMBINED BED COUNT OF 423. BECAUSE JMH, NCH, DCH AND SCCH ARE PARTIALLY OWNED ENTITIES, THEIR DATA ARE EXCLUDED FROM THIS DOCUMENT AND EACH OF THESE HOSPITALS FILES A SEPARATE FORM 990.



MSHA IS SOLE SHAREHOLDER OF BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC), A FOR-PROFIT ENTITY THAT OWNS AND MANAGES PHYSICIAN PRACTICES AND PROVIDES OTHER HEALTH CARE SERVICES TO PATIENTS IN TENNESSEE AND VIRGINIA.

MSHA IS A 99.8% SHAREHOLDER OF INTEGRATED SOLUTIONS HEALTH NETWORK, LLC (ISHN). THE PRIMARY FUNCTION OF ISHN IS TO ESTABLISH, OPERATE AND ADMINISTER A PROVIDER-SPONSORED HEALTH CARE DELIVERY NETWORK. ISHN IS THE SOLE SHAREHOLDER OF THE FOLLOWING SUBSIDIARIES:

- CRESTPOINT HEALTH INSURANCE COMPANY (CHIC); A FOR-PROFIT INSURANCE COMPANY LICENSED IN THE STATE OF TENNESSEE PROVIDING NETWORK ACCESS AND ADMINISTRATION AND THIRD-PARTY ADMINISTRATOR SERVICES. CHIC HAS A RISK-BASED CONTRACT WITH THE U.S. CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS) TO PROVIDE OR ARRANGE FOR THE PROVISION OF HEALTHCARE SERVICES TO SENIOR CITIZENS WHO HAVE MEDICARE PART A, MEDICARE PART B AND MEDICARE PART D ENTITLEMENTS.
- ANEWCARE COLLABORATIVE (ANEWCARE): A FOR-PROFIT ACCOUNTABLE CARE ORGANIZATION WHICH PARTICIPATES IN CMS'S MEDICARE SHARED SAVINGS PROGRAM.

MSHA ENTITIES, IN CONCERT WITH THE MOUNTAIN STATES HEALTHCARE NETWORK OF MORE THAN 50 AFFILIATED HOSPITALS AND NURSING HOMES, PROVIDE AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE TO RESIDENTS ACROSS A WIDESPREAD, PREDOMINANTLY RURAL 29-COUNTY AREA OF APPALACHIA. THE SERVICE AREA INCLUDES PARTS OF NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, SOUTHEAST KENTUCKY AND WESTERN NORTH CAROLINA. ALL 14 MSHA HOSPITALS ARE LOCATED IN NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA. JOHNSON CITY MEDICAL CENTER, THE COMPANY'S FLAGSHIP FACILITY, IS HOME TO MANY OF THE REGION'S CRITICALLY NEEDED PROGRAMS.

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**WASHINGTON COUNTY, TN                      JOHNSON CITY MEDICAL CENTER (JCMC),  
MSHA'S FLAGSHIP FACILITY:**

- TEACHING HOSPITAL AFFILIATED WITH JAMES H. & CECILE C. QUILLEN COLLEGE OF MEDICINE AT EAST TENNESSEE STATE UNIVERSITY (ETSU)
- THE SECOND HOSPITAL BUILT IN TENNESSEE
- LEVEL I TRAUMA CENTER – ONE OF ONLY SIX IN TENNESSEE
- HOME OF THE REGIONAL CANCER CENTER

- JCMC WAS RANKED BY U.S. NEWS AND WORLD REPORT AS ONE OF THE TOP 10 HOSPITALS IN TENNESSEE IN 2014
- JCMC WAS ONE OF ONLY FOUR TENNESSEE HOSPITALS TO BE NAMED BY BECKER'S HOSPITAL REVIEW AS ONE OF "100 HOSPITALS AND HEALTH SYSTEMS WITH GREAT ONCOLOGY PROGRAMS" IN 2014
- JCMC IS HOME TO NISWONGER CHILDREN'S HOSPITAL (NSCH). THE REGION'S ONLY DEDICATED HOSPITAL FOR CHILDREN. PROVIDING COMPREHENSIVE PEDIATRIC SERVICES WITH ACCESS TO MORE THAN 20 PEDIATRIC SUBSPECIALTIES.
  - NSCH IS HOME TO THE ST. JUDE TRI-CITIES AFFILIATE CLINIC, ONE OF ONLY SIX SUCH CLINICS IN THE COUNTRY, WORKING WITH ST. JUDE CHILDREN'S RESEARCH HOSPITAL IN MEMPHIS, TN. TO CARE FOR CHILDREN IN OUR REGION WITH CANCER AND BLOOD DISORDERS.
  - NSCH IS THE ONLY CHILDREN'S HOSPITAL IN THE REGION AFFILIATED WITH THE CHILDREN'S HOSPITAL ASSOCIATION.
  - NSCH ALSO HAS AN AFFILIATION WITH CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER (CCHMC). OUR AFFILIATIONS WITH ST. JUDE AND CCHMC ALLOW OUR HOSPITAL TO TAP INTO THE CLINICAL EXPERTISE OF THESE WORLD-RENOWNED ORGANIZATIONS TO BENEFIT CHILDREN AND FAMILIES IN OUR SERVICE AREA AND KEEP MORE CHILDREN CLOSE TO HOME FOR THEIR CARE.
  - JCMC AND NSCH ARE HOME TO THE REGION'S ONLY PEDIATRIC EMERGENCY DEPARTMENT. OFFERING 24-HOUR EMERGENCY CARE BY SPECIALLY TRAINED PERSONNEL FOCUSED ON PROVIDING CARE TO PATIENTS FROM BIRTH TO 18 YEARS OF AGE.
- THE NE TN REGIONAL PERINATAL CENTER LOCATED AT JCMC IS ONE OF FIVE STATE-DESIGNATED TERTIARY CENTERS FOR HIGH-RISK MATERNAL FETAL CARE. STATE DESIGNATION IS BASED ON GUIDELINES FOR THE SERVICE PROVISIONS AND DESIGNATIONS OF LEVELS OF CARE GOVERNED AND REVIEWED BY A STATE APPOINTED COMMITTEE THROUGH TN DEPARTMENT OF HEALTH.
- HOME OF THE REGION'S LARGEST AIR AMBULANCE FLEET, WINGS AIR RESCUE
- JCMC RECEIVED THE 2001-2013 CONSUMER'S CHOICE AWARD FOR THE REGION THROUGH AN INDEPENDENT SURVEY CONDUCTED BY THE NATIONAL RESEARCH COUNCIL: BEST OVERALL QUALITY, BEST DOCTORS, BEST NURSES, MOST PERSONALIZED CARE AND BEST REPUTATION

**OTHER JCMC HOSPITALS: JAMES H. & CECILE C. QUILLEN REHABILITATION HOSPITAL (CARF-ACCREDITED) AND 84-BED INPATIENT WOODRIDGE HOSPITAL FOR BEHAVIORAL HEALTH SERVICES.**

**FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH)** OPENED ITS DOORS IN THE SUMMER OF 2010 AS A REPLACEMENT HOSPITAL FOR 2 AGING WASHINGTON COUNTY FACILITIES. FWCH WAS THE FIRST “LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN” (LEED) CERTIFIED HOSPITAL IN TENNESSEE AND HAS SET THE PRECEDENT FOR ENVIRONMENTALLY FRIENDLY DESIGNS.

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**SULLIVAN COUNTY, TN**

**INDIAN PATH MEDICAL CENTER (IPMC)**

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DURING MARCH 2014, INDIAN PATH MEDICAL CENTER CELEBRATED 40 YEARS OF SERVICE TO THE COMMUNITY. IPMC OFFERS 24/7 INTERVENTIONAL CARDIAC CATHETERIZATION SERVICES, AN ACCREDITED JOINT REPLACEMENT PROGRAM AND A DEDICATED SPINE CENTER. THE IPMC CAMPUS OFFERS A SATELLITE REGIONAL CANCER CENTER OFFICE.

FOR THE EIGHTH CONSECUTIVE QUARTER, MOUNTAIN STATES REHABILITATION AT INDIAN PATH MEDICAL CENTER HAS BEEN AWARDED AN OUTCOMES EXCELLENCE AWARD FROM FOCUS ON THERAPEUTIC OUTCOMES, INC. (FOTO), A NATIONWIDE OUTCOMES DATABASE AND REPORTING SERVICE FOR HEALTHCARE PROVIDERS. TO RECEIVE THE HONOR, A PROVIDER MUST BEAT THE NATIONAL AVERAGE ON A SET OF MEASUREMENTS FOR FOUR CONSECUTIVE QUARTERS. INDIAN PATH HAS CONTINUED TO EXCEED MEASUREMENTS THAT SHOW ITS PATIENTS ACHIEVE SIGNIFICANTLY HIGHER FUNCTIONAL IMPROVEMENTS, IN FEWER VISITS, AND WITH HIGHER PATIENT SATISFACTION COMPARED TO OTHER CLINICS IN THE FOTO NETWORK. ONLY ABOUT 12 PERCENT OF NEARLY 3,000 ELIGIBLE CLINICS RECEIVED THIS AWARD OVER THE LAST YEAR NATIONALLY. FOTO HAS THE FIRST HEALTH STATUS MEASURE APPROVED FOR PHYSICAL REHABILITATION BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES’ LIST OF APPROVED QUALITY MEASURES IN THE NATIONAL QUALITY MEASURES CLEARINGHOUSE, A PUBLIC REPOSITORY FOR EVIDENCE-BASED QUALITY MEASURES SPONSORED BY THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY.

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**CARTER COUNTY, TN**

**SYCAMORE SHOALS HOSPITAL (SSH)**

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SSH OFFERS COMPLETE INPATIENT AND OUTPATIENT SURGICAL SERVICES INCLUDING GENERAL SURGERY, SURGICAL ONCOLOGY, ORTHOPEDICS (INCLUDING HAND AND EXTREMITIES), PLASTIC SURGERY AND GYNECOLOGICAL SURGERY. THE SSH CAMPUS ALSO OFFERS A SATELLITE REGIONAL CANCER CENTER OFFICE.

SYCAMORE SHOALS HOSPITAL’S CHEST PAIN CENTER IS ACCREDITED BY THE SOCIETY OF CARDIOVASCULAR PATIENT CARE (SCPC). VERY FEW HOSPITALS IN THE REGION HAVE A CHEST PAIN CENTER THAT IS FULLY ACCREDITED BY SCPC. TO BE ACCREDITED, A CHEST PAIN CENTER MUST MEET OR EXCEED A WIDE SET OF STRINGENT CRITERIA AND UNDERGO AN ONSITE REVIEW.

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**JOHNSON COUNTY, TN      JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH)**

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A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES, A MEDICALLY UNDERSERVED AREA

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**RUSSELL COUNTY, VA      RUSSELL COUNTY MEDICAL CENTER (RCMC)**

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RCMC OFFERS A FULL ARRAY OF PRIMARY AND SOME SPECIALTY SERVICES, INCLUDING BEHAVIORAL HEALTH.

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**UNICOI COUNTY, TN      UNICOI COUNTY MEMORIAL HOSPITAL (UCMH)**

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UCMH WAS ACQUIRED BY MSHA DURING FY14. THE HOSPITAL OFFERS 48 ACUTE CARE BEDS AND 46 NURSING HOME BEDS. SERVICES INCLUDE EMERGENCY CARE, INTENSIVE CARE, RADIOLOGY AND DIAGNOSTIC IMAGING, REHABILITATION, AND SURGERY.

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JOHNSON CITY MEDICAL CENTER OPENED A NEW STATE-OF-THE-ART SURGERY CENTER IN FY14 THAT IS DESIGNED TO PROVIDE ACCESS TO THE LATEST SURGICAL TECHNOLOGY AND CREATE A BETTER EXPERIENCE FOR PATIENTS AND FAMILIES ALIKE. THE NEW SURGICAL TOWER INCLUDES 16 OPERATING ROOMS, EACH 30 PERCENT LARGER THAN THEIR OLDER COUNTERPARTS, TO ALLOW SPACE FOR ALL OF THE EQUIPMENT THAT TODAY'S SURGEONS USE. ONE IMPORTANT NEW PIECE OF SURGICAL TECHNOLOGY IN THE CENTER IS THE ARTIS ZEEGO ROBOTIC IMAGING SYSTEM, WHICH ALLOWS SURGEONS TO MOVE THE IMAGING ARM INTO ALMOST ANY POSITION AROUND THE PATIENT DURING SURGERY. THIS MAKES IT EASIER TO CREATE A DETAILED PICTURE OF INTERNAL ORGANS BEFORE, DURING AND AFTER A PROCEDURE. SEEING THE INSIDE OF A PATIENT IN THREE DIMENSIONS WITHOUT HAVING TO DO OPEN SURGERY BRINGS MORE PRECISION TO PROCEDURES, RESULTING IN BETTER PATIENT OUTCOMES, SHORTER HOSPITAL STAYS, AND LESS RISK OF COMPLICATIONS. THE NEW CENTER PROVIDES MANY OTHER ADVANCED SURGICAL TECHNOLOGIES AS WELL AS CONVENIENCES FOR PATIENTS AND FAMILIES. THE CENTER OFFERS MORE CONVENIENT PARKING FACILITIES AND OTHER FEATURES SUCH AS ACCESS TO COMPUTERS AND FOOD, VENDING MACHINES AND A COFFEE BAR.

AS WITH ALL NEW MSHA CONSTRUCTION, THE NEW SURGERY CENTER IS BUILT WITH ENVIRONMENTAL RESPONSIBILITY IN MIND, DESIGNED TO BE LEED-CERTIFIED ACCORDING TO GUIDELINES SET FORTH IN THE LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN PROGRAM OF THE U.S. GREEN BUILDING COUNCIL. OUR NEW LEED SURGERY CENTER WAS AWARDED SILVER-LEVEL CERTIFICATION FROM THE U.S. GREEN BUILDING COUNCIL, THE NATIONALLY ACCEPTED BENCHMARK FOR DESIGN, CONSTRUCTION AND OPERATION OF GREEN BUILDINGS. SOME OF THE GREEN ASPECTS OF OUR NEW SURGERY CENTER INCLUDE:

- 77% OF THE WASTE FROM THE CONSTRUCTION PROCESS WAS RECYCLED
- LOW-VOC MATERIALS WERE USED FOR PAINT, ADHESIVES AND SEALANTS, RESULTING IN BETTER AIR QUALITY
- THE CENTRAL STERILIZATION UNIT IS EQUIPPED WITH STEAM CLEANERS THAT MAKE THE STERILIZATION PROCESS MORE ENERGY-EFFICIENT
- THE LANDSCAPING FEATURES PLANTS THAT DO NOT REQUIRE IRRIGATION; THEREBY CONSERVING WATER
- A BICYCLE STORAGE AREA IS AVAILABLE FOR HOSPITAL TEAM MEMBERS
- AN AUTOMATION CONTROL SYSTEM KEEPS THE HVAC SYSTEM AND LIGHTING RUNNING AT THE MOST ENERGY-EFFICIENT LEVELS.

MSHA IMPLEMENTED AN ONLINE TOOL CALLED OWL (ONLINE WELLNESS LINK) AT OUR HOSPITALS THIS YEAR. OWL PROVIDES INPATIENTS WITH BETTER ACCESS TO THEIR HEALTH CARE INFORMATION SO THEY CAN VIEW A PORTION OF THEIR HEALTH RECORD ONLINE, INCLUDING:

- A CONTINUITY OF CARE DOCUMENT WHICH PROVIDES A SUMMARY OF THE HOSPITAL VISIT
- CURRENT MEDICATIONS
- ALLERGIES AND ADVERSE REACTIONS
- PAST MEDICAL HISTORY
- CERTAIN LABORATORY AND RADIOLOGY RESULTS

THE OWL PORTAL ALSO ALLOWS MSHA CAREGIVERS TO EXCHANGE HEALTH INFORMATION, WHICH HAS LED TO SAFER, MORE QUALITY-ORIENTED AND STREAMLINED CARE FOR OUR PATIENTS.

AARP RECOGNIZED MSHA AS ONE OF THE 50 BEST EMPLOYERS IN THE NATION FOR WORKERS OVER 50. MSHA WAS THE ONLY COMPANY IN TENNESSEE TO RECEIVE THE HONOR IN 2013. AREAS OF CONSIDERATION INCLUDE RECRUITING PRACTICES; OPPORTUNITIES FOR TRAINING, EDUCATION AND CAREER DEVELOPMENT; WORKPLACE ACCOMMODATIONS; ALTERNATIVE WORK OPTIONS, SUCH AS FLEXIBLE SCHEDULING, JOB SHARING AND PHASED RETIREMENT; EMPLOYEE HEALTH AND PENSION BENEFITS; AND BENEFITS FOR RETIREES.

MOUNTAIN STATES HEALTH ALLIANCE RECEIVED THE TENNESSEE CENTER FOR PERFORMANCE EXCELLENCE (TNCPE) 2013 EXCELLENCE AWARD, THE HIGHEST HONOR FOR PERFORMANCE EXCELLENCE. TNCPE IS TENNESSEE'S ONLY STATE-WIDE QUALITY PROGRAM PATTERNED ON THE NATIONAL BALDRIGE PERFORMANCE EXCELLENCE PROGRAM, WHICH WAS ESTABLISHED IN 1987 BY PRESIDENT RONALD REAGAN. THE ANNUAL EXCELLENCE AWARD RECIPIENT IS DETERMINED BY A PANEL OF JUDGES TO BE A HIGH-PERFORMANCE ORGANIZATION, EXHIBITING CONTINUOUS IMPROVEMENT AND BEST PRACTICE PROCESSES THAT SERVE AS A ROLE MODEL FOR OTHER ORGANIZATIONS. SINCE

THE PROGRAM WAS FOUNDED IN 1993, ONLY 22 ORGANIZATIONS HAVE ATTAINED THE EXCELLENCE DESIGNATION. MOUNTAIN STATES HEALTH ALLIANCE HAS EARNED THE HONOR THREE TIMES (2005, 2009, AND 2013). MSHA IS THE ONLY ORGANIZATION IN THE STATE OF TENNESSEE TO HAVE RECEIVED THIS HIGHEST LEVEL OF RECOGNITION THREE TIMES, AND MSHA WAS THE ONLY ORGANIZATION IN 2013 TO BE RECOGNIZED AT THE EXCELLENCE LEVEL. THE 2013 BOARD OF EXAMINERS WAS MADE UP OF OVER 200 EXPERTS IN BUSINESS, EDUCATION, HEALTH CARE AND GOVERNMENT. EXAMINERS SPENT MORE THAN 15,000 HOURS ASSESSING THE 2013 APPLICANTS IN SEVEN CATEGORIES: LEADERSHIP; STRATEGIC PLANNING; CUSTOMER FOCUS; MEASUREMENT, ANALYSIS AND KNOWLEDGE MANAGEMENT; WORKFORCE FOCUS; OPERATIONS FOCUS; AND RESULTS. THE PANEL OF JUDGES IS COMPOSED OF EXPERTS SELECTED FROM ALL INDUSTRY SECTORS AND REPRESENTS EACH DIVISION OF THE STATE.

JOHNSON CITY MEDICAL CENTER HAS BEEN INCLUDED AMONG THE NATION'S "100 HOSPITALS AND HEALTH SYSTEMS WITH GREAT ONCOLOGY PROGRAMS" IN THE 2014 EDITION OF BECKER'S HOSPITAL REVIEW. JCMC IS ONE OF ONLY FOUR HOSPITALS IN TENNESSEE TO BE INCLUDED IN THIS DISTINGUISHED GROUP. THE LIST RECOGNIZES HEALTH SYSTEMS THAT ARE LEADING THE WAY IN TERMS OF QUALITY PATIENT CARE, CANCER OUTCOMES AND RESEARCH. WITH HEALTHCARE INSURANCE COVERAGE CHANGING RAPIDLY, PATIENT PAYMENT RESPONSIBILITY IS INCREASING AT A RATE OF 5 TO 6 PERCENT EACH YEAR. MOUNTAIN STATES INTRODUCED A NEW PAYMENT OPTION LAST YEAR THAT OFFERS MORE FLEXIBILITY TO OUR PATIENTS – THE ABILITY TO SPREAD PAYMENTS OVER A 36-MONTH PERIOD WITH NO INTEREST CHARGED. OF COURSE, FOR PATIENTS THAT ARE UNABLE TO PAY THEIR ACCOUNT BALANCES, PATIENT REPRESENTATIVES ARE AVAILABLE TO DISCUSS FINANCIAL ASSISTANCE PROGRAMS.

CARECHEX NAMED JOHNSON CITY MEDICAL CENTER AS ONE OF TENNESSEE'S TOP HOSPITALS FOR OVERALL MEDICAL CARE. JCMC WAS RANKED #1 FOR HEART ATTACK TREATMENT, HIP FRACTURE REPAIR, VASCULAR SURGERY, AND INTERVENTIONAL CAROTID CARE (JCMC WAS THE ONLY HOSPITAL IN TENNESSEE TO RECEIVE THIS MEDICAL EXCELLENCE RANKING). JCMC WAS RANKED #2 FOR ORTHOPEDIC CARE. JCMC, ALONG WITH OTHER MSHA HOSPITALS, RECEIVED VARIOUS OTHER MEDICAL EXCELLENCE RANKINGS AND IN ALMOST ALL CATEGORIES, OUR HOSPITALS WERE THE ONLY RANKED HOSPITALS WITHIN OUR SERVICE AREA. CARECHEX PROVIDES CLINICAL, FINANCIAL, AND PATIENT SATISFACTION FINDINGS TO CONSUMERS, PROVIDERS, AND PURCHASERS OF U.S. MEDICAL CARE. CARECHEX PROVIDES A COMPOSITE EVALUATION OF ALL COMPONENTS OF MEDICAL QUALITY INCLUDING PROCESS OF CARE, OUTCOMES OF CARE, AND PATIENT EXPERIENCES. IN ADDITION TO TENNESSEE RANKINGS, MSHA AS A HEALTH SYSTEM, RANKED WELL IN THE NATION. FOR INSTANCE, OUR HEALTH SYSTEM RANKED 8<sup>TH</sup> IN THE NATION FOR PULMONARY CARE AND 21<sup>ST</sup> IN THE NATION FOR WOMEN'S HEALTH.

MSHA WAS NAMED BY HEALTH FORUM AS A 2014 “100 MOST WIRED HOSPITALS” WINNER. HOSPITALS & HEALTH NETWORKS SPONSORS THE ANNUAL MOST WIRED SURVEY, WHICH IS AN INDUSTRY-STANDARD BENCHMARK STUDY. THE STUDY IS DESIGNED TO MEASURE THE LEVEL OF IT ADOPTION IN U.S. HOSPITALS AND HEALTH SYSTEMS. HEALTH FORUM DISTRIBUTES, COLLECTS AND ANALYZES THE MOST WIRED DATA AND DEVELOPS BENCH MARKS THAT ARE BECOMING THE INDUSTRY STANDARD FOR MEASURING IT ADOPTION FOR OPERATIONAL, FINANCIAL AND CLINICAL PERFORMANCE IN HEALTH CARE DELIVERY SYSTEMS. “MOST WIRED” HOSPITALS LEAD THE WAY IN:

- USE OF IT TO HARDWIRE EVIDENCE-BASED PRACTICES TO IMPROVE QUALITY AND PATIENT SAFETY
- CONVERTING DATA INTO ACTIONABLE INFORMATION THROUGH ANALYTICS FOR CLINICAL AND BUSINESS DECISION-MAKING
- INTEGRATING SERVICES THROUGH MEDICAL HOMES AND HEALTH INFORMATION EXCHANGES

HOSPITALS AND HEALTH SYSTEMS ARE ASSESSED BASED ON FOUR AREAS OF FOCUS: INFRASTRUCTURE; BUSINESS AND ADMINISTRATIVE MANAGEMENT; CLINICAL QUALITY AND SAFETY; AND CLINICAL INTEGRATION. A TOTAL OF 680 HOSPITALS AND HEALTH SYSTEMS COMPLETED THE SURVEY, REPRESENTING MORE THAN 1,900 HOSPITALS.

US NEWS AND WORLD REPORT NAMED JOHNSON CITY MEDICAL CENTER TO BE AMONG THE TOP 10 HOSPITALS IN TENNESSEE – RANKING JCMC 8<sup>TH</sup> IN THE STATE, AND THE ONLY HOSPITAL IN THE REGION TO BE INCLUDED IN THE TOP 10. THERE ARE 154 HOSPITALS IN TENNESSEE. JCMC IS RANKED AS HIGH PERFORMING IN CARDIOLOGY AND HEART SURGERY, GASTROENTEROLOGY AND GI SURGERY, PULMONOLOGY AND UROLOGY. AND JCMC WAS ALSO RANKED AMONG THE TOP 10 HOSPITALS IN THE STATE IN EACH OF 13 ADULT SPECIALTIES.

MSHA HAS JOINED THE SURVIVING SEPSIS CAMPAIGN (SSC), A QUALITY IMPROVEMENT INITIATIVE TO INCREASE EARLY RECOGNITION AND TREATMENT OF SEPSIS IN PATIENTS ON HOSPITAL MEDICAL, SURGICAL AND TELEMETRY UNITS. MSHA CREATED A TOOL IN OUR CLINICAL SOFTWARE TO HELP WITH FAST RECOGNITION OF SEPSIS. EARLY RESULTS HAVE BEEN POSITIVE: EARLY IDENTIFICATION OF SEPSIS HAS INCREASED BY MORE THAN 50% AND OUR TIME TO TREAT HAS BEEN REDUCED BY MORE THAN 75%.

THE NATIONAL RESEARCH CORPORATION ANNUALLY PROVIDES CONSUMER CHOICE AWARDS FOR THE MOST-PREFERRED HOSPITALS IN MARKETS ACROSS THE U.S. WINNERS ARE SELECTED FROM THE NATION’S LARGEST AND MOST COMPREHENSIVE NATIONWIDE CONSUMER HEALTH CARE PROFILE, THE NATIONAL RESEARCH CORPORATION HEALTHCARE MARKET GUIDE. THE AWARD IDENTIFIES THE TOP HOSPITALS THAT HEALTHCARE CONSUMERS HAVE CHOSEN

AS HAVING THE HIGHEST QUALITY AND IMAGE IN MARKETS THROUGHOUT THE UNITED STATES. JOHNSON CITY MEDICAL CENTER WAS ONE OF ONLY SEVEN HOSPITALS IN THE STATE OF TENNESSEE RECEIVING THIS RECOGNITION. NO OTHER STUDY MEASURES HOSPITAL PERFORMANCE AND PREFERENCES AND CONTAINS MORE CONSUMER RESPONSES THAN THIS STUDY.

PREMIER HEALTHCARE ALLIANCE'S 2014 AWARD WINNERS INCLUDED FIVE MSHA HOSPITALS – SYCAMORE SHOALS HOSPITAL (SSH), INDIAN PATH MEDICAL CENTER (IPMC), FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH), JOHNSON CITY MEDICAL CENTER (JCMC), AND MSHA MAJORITY-OWNED SMYTH COUNTY COMMUNITY HOSPITAL (SCCH). SSH AND SCCH EARNED THE HIGHEST HONOR BY ACHIEVING TOP PERFORMANCE IN ALL OF THE SIX AREAS MEASURED IN PREMIER'S QUEST COLLABORATIVE. THESE TWO MSHA HOSPITALS WERE AMONG ONLY 18 HOSPITALS NATIONWIDE TO RECEIVE THE QUEST AWARD FOR HIGH-VALUE HEALTHCARE. FRANKLIN WOODS AND INDIAN PATH WERE FINALISTS FOR THE QUEST AWARD FOR HIGH-VALUE HEALTHCARE. THE HIGH-VALUE HEALTHCARE AWARDS ARE DETERMINED BASED ON SIX MEASURES: COST OF CARE, EVIDENCE-BASED CARE; MORTALITY; POTENTIAL HARM; PATIENT EXPERIENCE; AND, READMISSIONS. JOHNSON CITY MEDICAL CENTER RECEIVED THE AEX RISK MANAGEMENT AWARD FOR CREATING PRACTICES TO REDUCE LIABILITY AND ENHANCE QUALITY OF CARE. WINNERS ARE SELECTED BASED ON NEW PRACTICES' EFFECTIVENESS AND POTENTIAL APPLICABILITY TO OTHER HEALTHCARE SETTINGS. INDIAN PATH ALSO RECEIVED THE PARTNERSHIP FOR PATIENTS AWARD CITATION OF MERIT FOR REDUCING READMISSIONS AND HOSPITAL-ACQUIRED CONDITIONS.

THREE MSHA TEAM MEMBERS AND A JCMC PROJECT WERE FINALISTS FOR A PRESTIGIOUS SUMMIT AWARD, AND TWO OF THE TEAM MEMBERS WERE WINNERS. THE AWARDS WERE PRESENTED AT THE 14<sup>TH</sup> ANNUAL HEALTHCARE SERVICE EXCELLENCE CONFERENCE IN LAS VEGAS THIS YEAR. THE SUMMIT AWARDS CELEBRATES EXCEPTIONAL CUSTOMER SERVICE ACHIEVEMENTS IN HEALTHCARE AND IN INITIATIVES FOR IMPROVING: THE QUALITY OF SERVICE TO PATIENTS/CUSTOMERS, THE QUALITY OF WORK LIFE FOR HEALTHCARE PROFESSIONALS, AND THE PERFORMANCE OF HEALTHCARE ORGANIZATIONS. ACCORDING TO THE CONFERENCE'S FOUNDER, "THE SUMMIT AWARD IS THE HIGHEST AWARD OF EXCELLENCE AND IS AWARDED ONLY TO HIGHLY QUALIFIED, INNOVATIVE AND PROGRESSIVE INDIVIDUALS AND HEALTH CARE FACILITIES THAT HAVE MADE OUTSTANDING PROGRESS IMPROVING THE PATIENT EXPERIENCE AND STAFF ENGAGEMENT."

INDIAN PATH MEDICAL CENTER WAS NAMED A 2014 GUARDIAN OF EXCELLENCE AWARD WINNER FOR PATIENT EXPERIENCE BY PRESS GANEY ASSOCIATES, INC. THE AWARD HONORS CLIENTS WHO HAVE REACHED THE 95<sup>TH</sup> PERCENTILE FOR PATIENT SATISFACTION. AWARD WINNERS MUST SUSTAIN PERFORMANCE IN THE TOP 5% FOR EACH MONTHLY REPORTING PERIOD FOR THE ENTIRE YEAR. SYCAMORE SHOALS HOSPITAL AND JOHNSON COUNTY COMMUNITY HOSPITAL



RECEIVED THE 2013 GUARDIAN OF EXCELLENCE AWARD FOR THEIR STRONG PHYSICIAN ENGAGEMENT. BOTH HOSPITALS RATED IN THE 99<sup>TH</sup> PERCENTILE. PRESS GANEY PARTNERS WITH MORE THAN 11,000 HEALTHCARE FACILITIES, INCLUDING MORE THAN HALF OF ALL U.S. HOSPITALS, TO MEASURE AND IMPROVE THE PATIENT EXPERIENCE.

MSHA WAS NAMED A 2014 HEALTHIER TENNESSEE WORKPLACE BY HEALTHIER TENNESSEE, WHICH IS PART OF THE GOVERNOR'S FOUNDATION FOR HEALTH AND WELLNESS. AMONG THE THINGS MSHA HAS IN PLACE TO PROMOTE WELLNESS ARE OUR "FIT4LIFE" AND "KEAS" PROGRAMS, WHICH ENCOURAGE AND TRACK HEALTHY HABITS, AND REWARD AND RECOGNIZE TEAM MEMBERS FOR COMPLETING WELLNESS ACTIVITIES FOR ACHIEVING FITNESS GOALS.

MSHA PARTNERED WITH HEALTHY WAGES TO PARTICIPATE IN A 12 WEEK WEIGHT LOSS COMPETITION. TEAMS OF 6 COMPETED AGAINST OTHERS FROM ALL TYPES OF BUSINESSES ACROSS THE COUNTRY. MSHA HAD 466 PARTICIPANTS (TEAM MEMBERS, RELATIVES, AND FRIENDS) AND A TOTAL OF 4,500 POUNDS WERE LOST. MSHA'S BIGGEST LOSER LOST 32% OF HIS BODY WEIGHT.

MSHA CONTINUES THE LEADERSHIP SYSTEM CALLED THE VALUE OPTIMIZATION SYSTEM (VOS). THE GOAL OF THE MSHA VOS SYSTEM IS TO ACCELERATE ACHIEVEMENT OF PATIENT- CENTERED CARE TO MEET PATIENTS' EXPECTATIONS OF HIGH QUALITY, HIGH SATISFACTION, AND EFFICIENT CARE. EACH VOS TEAM MEETS OVER AN INTENSE 4 ½ DAY PERIOD TO IDENTIFY WASTE/INEFFICIENCIES, DEVELOP AN IMPROVED WORK PLAN, AND THEN IMPLEMENT THE PLAN IMMEDIATELY. WE HAVE SEEN SOME ASTOUNDING POSITIVE RESULTS SINCE IMPLEMENTING THIS PROGRAM. ONE EXAMPLE IS OUR JOINT REPLACEMENT CARE MODEL WHICH DEVELOPED A HIP AND KNEE REPLACEMENT PATHWAY. THIS PATHWAY STANDARDIZED THE PRE-ADMISSION PROCESSES CREATING A PATIENT GUIDE CALLED "STEPS FOR SUCCESS" FOR THE 5 WEEKS LEADING UP TO SURGERY. WE ALSO STANDARDIZED THE PROCESSES FROM PATIENT ADMISSION TO ARRIVAL AT PRE-OPERATIVE HOLDING, STARTING PATIENT ARRIVALS MUCH EARLIER (MIDNIGHT VERSUS 5:00 A.M.), WHICH ELIMINATED REWORK FOR NIGHT/DAY SHIFT RNS. WE STANDARDIZED PROCEDURES FOR INFECTION PREVENTION, SCHEDULING OF POST-DISCHARGE SERVICES AND MAKING FOLLOW-UP CALLS TO PATIENTS, RESULTING IN FEWER VISITS TO THE ED FOR THESE PATIENTS. SINCE IMPLEMENTATION OF THE NEW JOINT REPLACEMENT CARE MODEL, WE HAVE SAVED ALMOST \$1.7 MILLION (A COMBINED SAVINGS FOR JCMC AND IPMC). EXAMPLES OF OTHER VOS TEAM INITIATIVES INCLUDE: IMPROVED DISCHARGE FLOW OF INPATIENTS, DOUBLING THE PERCENTAGE OF INPATIENTS DISCHARGED BY NOON; CHANGED PROCESS FOR STOCKING SUPPLIES IN VARIOUS DEPARTMENTS, REDUCING THE SUPPLY COST BY MORE THAN 20% IN SOME AREAS; REVISED ED MEDICATION RECONCILIATION PROCESS THAT RESULTED IN FEWER AT-HOME MEDICATION ERRORS AND THE NUMBER OF PATIENTS ADMITTED REQUIRING CORRECTIONS TO THEIR HOME MEDICATION LISTS DROPPED FROM 68% TO 25%; IMPROVEMENTS TO REVENUE CYCLE ;

DECREASED BY 98% THE TIME REQUIRED TO RE-REGISTER RECURRING OUTPATIENT VISITS (FOR SERVICES SUCH AS REHAB, ONCOLOGY TREATMENTS, ETC.), SAVING BOTH OUR PATIENTS AND STAFF TIME; AND, MANY OTHER RAPID IMPROVEMENT TEAM SUCCESSES.

BLUECROSS BLUESHIELD OF TENNESSEE RECOGNIZED JCMC AS ONE OF THE FIRST HOSPITALS IN THE NATION TO RECEIVE A “BLUE DISTINCTION CENTER + SM” DESIGNATION IN THE AREA OF CARDIAC CARE, AS PART OF THE BLUE DISTINCTION CENTERS FOR SPECIALTY CARE® PROGRAM. THE NATIONAL PROGRAM’S DESIGNATION RECOGNIZES HOSPITALS THAT DELIVER BOTH QUALITY AND COST-EFFICIENT SPECIALTY CARE BY DEMONSTRATING SUCCESS IN CARDIAC-SPECIFIC QUALITY AND SAFETY MEASURES (SUCH AS LOWER RATES OF COMPLICATIONS).

QUILLEN REHABILITATION HOSPITAL’S TRANSITIONAL CARE WORKED TO IMPROVE DOCUMENTATION OF SPECIFIC PATIENT NEEDS TO BETTER UNDERSTAND EACH PATIENT’S STRENGTHS AND WEAKNESSES SO THAT CARE COULD BE DIRECTED IN A WAY TO IMPROVE/HASTEN OUTCOME/RECOVERY. THE TRANSITIONAL CARE UNIT’S PATIENTS HAVE BEEN DISCHARGED FROM AN ACUTE HOSPITAL SETTING BUT ARE NOT YET READY TO GO HOME OR TO AN ASSISTED LIVING OR LONG-TERM CARE FACILITY. DUE TO THE IMPROVEMENTS, THE TRANSITIONAL CARE UNIT RECEIVED THE 2014 BRONZE NATIONAL QUALITY AWARD FROM THE AMERICAN HEALTH CARE ASSOCIATION AND NATIONAL CENTER FOR ASSISTED LIVING.

AUDIT AND COMPLIANCE PRACTICES: MSHA IS GOVERNED BY A BOARD OF DIRECTORS, WHOSE MEMBERS ARE FROM THE COMMUNITIES MSHA SERVES. THE CORPORATE BOARD INCLUDES A LONGSTANDING AUDIT AND COMPLIANCE COMMITTEE. THE AUDIT AND COMPLIANCE FUNCTION AND THE EXTERNAL AUDIT FIRM REPORT DIRECTLY TO THE AUDIT AND COMPLIANCE COMMITTEE AS A WAY TO ENSURE THE AUDIT AND COMPLIANCE PROCESS IS INDEPENDENT.

- MSHA’S COMPLIANCE PLAN ENSURES THE ORGANIZATION CONDUCTS BUSINESS IN AN APPROPRIATE MANNER AND IN ACCORDANCE WITH LOCAL, STATE AND FEDERAL LAWS AND REGULATIONS. THE PLAN ADDRESSES FISCAL ACCOUNTABILITY AND TRANSPARENCY OF OPERATIONS THROUGH THE REVIEW AND USE OF INDEPENDENT AUDITS BY EXTERNAL AUDITORS AND RATING AGENCIES.
- UPON EMPLOYMENT, MSHA TEAM MEMBERS RECEIVE A COPY OF THE BOOKLET *CODE OF ETHICS AND BUSINESS CONDUCT*, DETAILING REQUIRED STANDARDS OF BEHAVIOR. YEARLY, TEAM MEMBERS RECEIVE REFRESHER EDUCATION ON THEIR OBLIGATIONS UNDER THE CODE OF ETHICS AND BUSINESS CONDUCT.
- ANNUALLY, DEPARTMENT DIRECTORS, EXECUTIVE OFFICERS AND BOARD MEMBERS ARE REQUIRED TO SIGN A CONFLICT OF INTEREST DISCLOSURE STATEMENT. BY SIGNING THIS STATEMENT, THEY AFFIRM THEIR

KNOWLEDGE AND UNDERSTANDING OF THE CONFLICT OF INTEREST POLICY AND ALSO HAVE THE OPPORTUNITY TO DISCLOSE ANY CONFLICT OF INTEREST THEY MAY HAVE. ALL TEAM MEMBERS ARE REQUIRED BY POLICY TO IMMEDIATELY DISCLOSE SITUATIONS THAT MAY CONSTITUTE CONFLICTS OF INTEREST WHEN THEY ARISE.

- MSHA IS FULLY COMPLIANT WITH REGULATORY AND LEGAL REQUIREMENTS, AND ITS HOSPITALS ARE ACCREDITED BY THE JOINT COMMISSION.
- MSHA HAS A NO-RETALIATION AND NO-RETRIBUTION POLICY FOR THE PROTECTION OF INDIVIDUALS WHO, IN GOOD FAITH, REPORT LEGAL OR ETHICAL CONCERNS. TEAM MEMBERS ARE REQUIRED TO REPORT CONCERNS TO APPROPRIATE PERSONS FOR INVESTIGATION OR FOLLOW-UP. *ALERTLINE* IS A CONFIDENTIAL, RISK-FREE HOTLINE FOR REPORTING SUSPECTED ILLEGAL BEHAVIOR, ETHICAL VIOLATIONS OR SAFETY RISKS AND IS AVAILABLE TO ALL TEAM MEMBERS VIA A TOLL-FREE NUMBER.

## **MEDICAL EDUCATION AND RESEARCH**

A TRAUMATIC INJURY IS SOMETHING THAT CAN STRIKE ANYONE, ANYTIME, ANYWHERE. IT IS THE LEADING CAUSE OF DEATH FOR AGES 1 TO 44 IN THE NATION. THAT'S WHY MSHA/JCMC HOSTED THE 5<sup>TH</sup> ANNUAL TRAUMA CONFERENCE. THE EVENT WAS OPEN TO ANYONE INVOLVED IN TREATING TRAUMA – EMERGENCY PERSONNEL, PHYSICIANS, NURSES, REHAB SPECIALISTS AND OTHERS. THE CONFERENCE LOOKED AT THE MANY ASPECTS OF TRAUMA, WITH A FOCUS ON DEALING WITH TRAUMA IN A RURAL AREA. RURAL TRAUMA IS OFTEN DIFFERENT FROM WHAT IS COMMON IN A LARGER CITY. OUR REGION RECEIVES 85 TO 90% BLUNT TRAUMA, WHILE IN LARGE INNER-CITY SETTINGS, THERE MAY BE A HIGHER INCIDENCE OF PENETRATING TRAUMA. RURAL TRAUMA IS MORE LIKELY TO BE FROM ACCIDENTS RELATED TO HIKING, HORSEBACK RIDING, FARMING, USE OF FOUR-WHEELERS, ETC. AND THE PATIENTS HURT IN RURAL AREAS MAY EXPERIENCE EXTENDED TIMES FOR RESCUE, DUE TO PHYSICAL AND GEOGRAPHICAL CHALLENGES INVOLVED. THE CONFERENCE PROMOTED BEST PRACTICES AND NATIONAL GUIDELINES IN TRAUMA CARE. MSHA IS THE FIRST IN THE REGION TO PROVIDE A TRAUMA CONFERENCE THAT IS OPEN TO EVERYONE AS AN OUTREACH TO OUR ENTIRE REGION AND NOT JUST SPECIFIC TO OUR TEAM MEMBERS. THE CONFERENCE GOAL IS TO IMPROVE THE TRAUMA EDUCATION FOR CARE PROVIDERS IN NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, WESTERN NORTH CAROLINA AND SOUTHEASTERN KENTUCKY, AND TO IMPROVE OUTCOMES FOR TRAUMA PATIENTS IN THIS REGION. MSHA INCURRED UNREIMBURSED COSTS RELATED TO THE CONFERENCE OF JUST UNDER \$15,000.

MSHA PROVIDES CLINICAL EXPERIENCE TO MEDICAL STUDENTS AND RESIDENTS OF THE JAMES H. QUILLEN COLLEGE OF MEDICINE AT ETSU. MSHA CONTRIBUTED AN UNREIMBURSED COST AMOUNT OF \$6,286,642 TO THE RESIDENCY PROGRAM IN FY14.

MSHA FACILITIES SERVE AS CLINICAL TRAINING AREAS FOR HEALTH PROFESSIONAL EDUCATION STUDENTS. MSHA HAS DEDICATED STAFF TO WORK WITH REGIONAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTHCARE PROFESSIONAL STUDENTS AS PART OF THEIR EDUCATIONAL CURRICULUM. MANY OF THE HEALTH CARE STUDENTS ENTERING OUR SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING.

INCLUDED IN THE NUMBER OF PARTICIPANTS RECEIVING CLINICAL EXPERIENCE AT MSHA, WERE 1,727 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROGRAMS. THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE MSHA NURSING STAFF INVOLVEMENT AT FIVE MSHA FACILITIES. THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST MSHA \$3,571,913.

MSHA PROVIDED A CLINICAL SETTING FOR ANOTHER 850 STUDENTS TRAINING IN HEALTH-RELATED PROGRAMS SUCH AS RADIOLOGY, PHARMACY, LABORATORY, PHYSICAL THERAPY, SOCIAL WORK, AND OTHER ALLIED-HEALTH DISCIPLINES. THESE ADDITIONAL CLINICAL STUDENTS COST MSHA \$895,292.

MSHA PROVIDES SPACE TO WASHINGTON COUNTY EMS AND CHARGES THE EMS JUST \$1. MSHA PAID \$20,973 FOR THIS SPACE DURING FY14.

MSHA'S LEARNING RESOURCE CENTER (LRC), LOCATED AT JOHNSON CITY MEDICAL CENTER, IS A MEDICAL LIBRARY THAT PROVIDES ACCESS TO MEDICAL DATABASES, VARIOUS PAPER PUBLICATIONS AND FACILITATES INTER-LIBRARY JOURNAL LOANS TO INCREASE LIBRARY RESOURCES. THE LRC SUBSCRIBES TO SEVERAL ONLINE MEDICAL DATABASES AS WELL AS PRINTED MEDICAL EDUCATION MATERIALS. THE LRC IS UTILIZED BY PHYSICIANS, NURSES, PHARMACISTS, MEDICAL RESIDENTS, NURSING STUDENTS AND PHYSICAL/OCCUPATIONAL/SPEECH THERAPY STUDENTS. THIS SERVICE IS ALSO OPEN TO THE COMMUNITY. MORE THAN 3,000 ARTICLE REQUESTS ARE FILLED EVERY YEAR. THE FY14 COST OF PROVIDING THIS SERVICE WAS \$277,579.

MSHA'S CORPORATE DEPARTMENT OF RESEARCH SERVES AS THE CENTRAL OFFICE FOR MULTI-SPECIALTY RESEARCH OVERSIGHT IN THE MSHA HEALTHCARE SYSTEM WHICH IS COMPOSED OF 14 HOSPITALS AND PROVIDES AN INTEGRATED COMPREHENSIVE CONTINUUM OF CARE TO OVER 1 MILLION PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY, AND NORTH CAROLINA. IN ADDITION TO PROVIDING OVERSIGHT FOR ALL TYPES OF RESEARCH CONDUCTED AT MSHA FACILITIES, THE OFFICE ALSO PROVIDES SUPPORT TO PRINCIPAL INVESTIGATORS IN A VARIETY OF THERAPEUTIC AREAS (ONCOLOGY, TRAUMA/ORTHO, PEDIATRIC, CARDIOLOGY, AND NURSING). THE RESEARCH DEPARTMENT PROVIDES SUPPORT TO INVESTIGATORS IN COLLABORATIVE, INDUSTRY-SPONSORED AND INVESTIGATOR-INITIATED STUDIES BY FACILITATING REVIEW OF CONFIDENTIALITY AGREEMENTS, CLINICAL TRIAL AGREEMENTS, SERVICE PURCHASE AGREEMENTS, BUDGET

DEVELOPMENT/NEGOTIATIONS, REGULATORY SUBMISSIONS, APPROPRIATE COLLABORATIVE ARRANGEMENTS, INITIATION OF IMPLEMENTATION MEETINGS AND STAFF TRAINING. THE RESEARCH DEPARTMENT IS ALSO RESPONSIBLE FOR ADMINISTRATIVE FUNCTIONS REQUIRED TO MANAGE PROJECTS, RECONCILE FINANCIAL BUDGETS, AND MAINTAIN REGULATORY COMPLIANCE. AS A TEACHING ORGANIZATION, AND WITH HELP OF THE RESEARCH DEPARTMENT, MSHA SUPPORTS RESEARCH STUDIES INITIATED BY EAST TENNESSEE UNIVERSITY FACULTIES, RESIDENTS AND STUDENTS, AND PROVIDES MONTHLY EDUCATIONAL SESSIONS. DURING FY14, 17 RESEARCH PROJECTS WERE CLOSED WHILE 55 PROJECTS WERE ONGOING. THE UNREIMBURSED EXPENSES OF THE RESEARCH DEPARTMENT WERE \$226,503.

MSHA PRESENTED THE 20<sup>TH</sup> ANNUAL PULMONARY CRITICAL CARE HEALTH SYMPOSIUM WITH A NET UNREIMBURSED COST OF MORE THAN \$2,000. THIS TRANSDISCIPLINARY TWO-DAY SYMPOSIUM IS DESIGNED TO ENHANCE THE EDUCATION OF PHYSICIANS, RESPIRATORY THERAPISTS, NURSES, SLEEP TECHNOLOGISTS AND OTHER ALLIED HEALTH CARE PROFESSIONALS IN THE MOST RECENT SCIENTIFIC ADVANCEMENTS INVOLVING MANAGEMENT OF PULMONARY PATIENTS AND FUTURISTIC TRENDS.

WINGS AIR RESCUE PROVIDES AEROMEDICAL TRANSPORTATION OF CRITICALLY ILL OR INJURED PATIENTS. IMPORTANT TO THE EFFICIENT AND SAFE OPERATION OF THE AIR AMBULANCE IS A CLEAR UNDERSTANDING OF HOW TO CLEAR AND PREPARE LANDING ZONES AND APPROPRIATE METHODS FOR COMMUNICATING WITH AIR HELICOPTER PILOTS AT ACCIDENT SCENES AND TRANSPORT SITES. DURING FY14, WINGS AIR RESCUE MADE 168 TRAINING RUNS TO AREA EMERGENCY MEDICAL SERVICE FACILITIES AND EMERGENCY DEPARTMENTS TO PERFORM TRAINING OF EMS AND EMERGENCY DEPARTMENT PERSONNEL.

MSHA'S ORGANIZATIONAL DEVELOPMENT OFFERS AN ARRAY OF AMERICAN HEART ASSOCIATION (AHA) CLASSES THROUGH ITS COMMUNITY TRAINING CENTER, TEACHING CPR (CARDIOPULMONARY RESUSCITATION), ACLS (ADVANCED CARIOVASCULAR LIFE SUPPORT) AND PALS (PEDIATRIC ADVANCED LIFE SUPPORT). ALL MSHA TEAM MEMBERS WHO ARE DIRECT CARE GIVERS MUST HAVE AHA TRAINING, AND THESE CLASSES ARE ALSO OFFERED TO THE GENERAL PUBLIC THROUGHOUT THE YEAR. IN ADDITION TO THE GENERAL PUBLIC, MSHA TRAINS OTHER LIFE-SAVING SERVICE PERSONNEL, BUSINESS ORGANIZATIONS, AND STUDENTS. THERE ARE ALSO CLASSES TO TRAIN OTHERS HOW TO TEACH THESE CLASSES – FURTHERING THE EDUCATION OF THE COMMUNITY. THE MSHA COMMUNITY TRAINING CENTER ACTIVELY WORKS WITH EMS AGENCIES IN BOTH NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA TO PROVIDE PRE-HOSPITAL TRAUMA COURSES SUCH AS INTERNATIONAL TRAUMA LIFE SUPPORT AND PEDIATRIC INTERNATIONAL TRAUMA LIFE SUPPORT.

## **PATIENT CARE SERVICES**

DATA SHOWS THAT THE HEALTH STATUS OF MSHA'S SERVICE AREA IS GENERALLY POOR. MSHA'S PRIMARY SERVICE AREA CONSISTS OF COUNTIES IN TENNESSEE AND SOUTHWEST VIRGINIA. AMONG THE 50 STATES, TENNESSEE RANKS 45TH AND VIRGINIA RANKS 21ST IN TERMS OF HEALTH STATUS. HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA AREAS (WHERE SOME MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLE THE HEALTH RANKINGS FOR TENNESSEE. SOME OF THE OVERWHELMING HEALTH ISSUES IN OUR SERVICE AREA INCLUDE:

1. HIGH PREVALENCE OF OBESITY
2. CANCER
3. DIABETES
4. POOR CARDIOVASCULAR HEALTH
5. HIGH RATE OF CIGARETTE SMOKING
6. POOR AIR QUALITY

GIVEN THIS HEALTH PROFILE, MSHA EXISTS TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF ALL INDIVIDUALS AND COMMUNITIES IN THE REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH. MSHA LIVES ITS MISSION TO BRING LOVING CARE TO HEALTH CARE IN OUR REGION. MSHA OPERATES ON A NON-DISCRIMINATORY BASIS, PROVIDING QUALITY HEALTH CARE TO ALL PATIENTS REGARDLESS OF RACE, RELIGION, GENDER, ETHNICITY, DISABILITY, AGE OR ABILITY TO PAY.

MSHA ADDED A HOSPITAL-BASED TRANSITION OF CARE SERVICES PROGRAM IN 2012. IN 2015, AFTER REIMPLEMENTATION AS A PATIENT CARE NAVIGATOR SERVICES PROGRAM WITH A MSHA TEAM, THE SERVICE IS 80% DEPLOYED AT JCMC. ONE OF THE MAIN GOALS OF ADDING THIS SERVICE WAS TO PROVIDE SAFER AND MORE EFFICIENT PATIENT CARE AS PATIENTS TRANSITION FROM HOSPITAL TO HOME. BECAUSE AS MANY AS 50% OF PRESCRIPTIONS GO UNFILLED, THIS COMPREHENSIVE PATIENT CARE NAVIGATOR SERVICE ASSISTS PATIENTS WITH INSURANCE, PAYMENT OPTIONS, AND WORKS TO ENSURE PATIENTS HAVE THE MEDICATIONS THEY NEED UPON DISCHARGE. THE NEW PHARMACY HAS BEEN SUCCESSFUL WITH ITS GOAL OF LOWERING READMISSIONS. THE MSHA PHARMACY OFFERS AN OPTION FOR PATIENTS LEAVING LATE IN THE DAY, PATIENTS WHO ARE TIRED AND WANT TO GO STRAIGHT HOME; OR, FOR PATIENTS WHOSE PHARMACY DOESN'T HAVE A NEEDED MEDICATION IN STOCK CAUSING A DELAY IN STARTING THE DRUG. PATIENTS ARE APPRECIATIVE OF THE CONVENIENCE THIS PHARMACY OPTION GIVES THEM. FOR EXAMPLE, A SAME-DAY SURGERY PATIENT WHO CHOOSES THIS PHARMACY OPTION WILL HAVE EVERYTHING READY FOR THEM BEFORE BEING DISCHARGED. IN ADDITION, DME NEEDS ARE FULFILLED TO BEDSIDE OR COORDINATED FOR HOME DELIVERY FOR PATIENTS PRIOR TO DISCHARGE AS WELL. THE PATIENT CARE NAVIGATORS ALSO WORK WITH PATIENTS TO FACILITATE ANY OUTPATIENT SERVICE NEEDS SUCH AS MEDICATIONS FOR HOME INFUSION OR HOME HEALTH NEEDS.

BOTH IPMC AND JCMC ARE CERTIFIED BY THE JOINT COMMISSION AS CENTERS OF EXCELLENCE. IPMC'S CERTIFICATION WAS THE FIRST SUCH HONOR IN THE AREA, FOLLOWED CLOSELY BY JCMC. THERE ARE NO OTHER CERTIFIED JOINT REPLACEMENT CENTERS WITHIN A 75-MILE RADIUS TO THE TRI-CITIES. THE CERTIFICATION VALIDATES A COMMITMENT TO A HIGHER STANDARD OF SERVICE, PROVIDES A FRAMEWORK FOR ORGANIZATIONAL STRUCTURE AND MANAGEMENT, ENHANCES STAFF RECRUITMENT AND DEVELOPMENT, AND IS RECOGNIZED BY INSURERS AND OTHER THIRD PARTIES.

JCMC'S CONGESTIVE HEART FAILURE CLINIC WAS ESTABLISHED A COUPLE OF YEARS AGO TO HELP PATIENTS MANAGE THEIR DISEASE. OUR REGION HAS ONE OF THE HIGHEST RATES OF HEART FAILURE IN THE COUNTRY. THE CLINIC OFFERS FREE HELP TO CARDIAC HEART FAILURE (CHF) PATIENTS. THE CLINIC IS STAFFED BY A CERTIFIED FAMILY NURSE PRACTITIONER WHO WORKS IN COLLABORATION WITH CARDIOLOGISTS. THE CLINIC'S PRIMARY FOCUS IS EVALUATION AND EDUCATION, TO PREVENT THE LIKELIHOOD OF ACUTE EPISODES OF HEART FAILURE AND TO HELP PEOPLE MANAGE HEART FAILURE AND IMPROVE THEIR CARDIAC FUNCTION. THE CLINIC'S MISSION IS TO PROVIDE CARE THAT WILL REDUCE THE NUMBER OF HOSPITALIZATIONS FOR PATIENTS WITH CONGESTIVE HEART FAILURE THROUGH OUTPATIENT MANAGEMENT IN THE HEART FAILURE CLINIC. PATIENTS RECEIVE A LIFESTYLE ASSESSMENT AND COUNSELING, EDUCATION REGARDING THE HEART FAILURE PROCESS, MEDICATION MANAGEMENT, AND EVALUATION FOR CARDIAC RESYNCHRONIZATION THERAPY (DEVICE THERAPY). THE CHF CLINIC WORKS AS A TEAM AND WILL MAKE REFERRALS TO PHARMACISTS, PSYCHOLOGISTS/BEHAVIOR COUNSELORS, SOCIAL WORKERS, CARDIAC REHABILITATION, HOME HEALTH PROVIDERS, AND COMMUNITY SUPPORT GROUPS. THE COST TO MSHA OF PROVIDING THIS FREE CLINIC WAS \$85,056 DURING FY14, AND CLOSE TO 400 PATIENTS WERE SEEN. ACCORDING TO AN ONGOING SURVEY OF THE CLINIC, THE PATIENT SATISFACTION RATE IS 99% AND THE AVERAGE HOSPITAL READMISSION RATE FOR THOSE SEEN IN THE CLINIC IS 15% COMPARED TO 27% FOR PATIENTS NOT TAKING ADVANTAGE OF THE FREE CLINIC.

#### CHARITY AND UNREIMBURSED COSTS

CHARITY CARE: WHILE REIMBURSEMENT FOR HEALTHCARE SERVICES RENDERED IS CRITICAL TO THE OPERATION AND SUSTAINABILITY OF THE ORGANIZATION, MSHA RECOGNIZES ITS OBLIGATION TO PROVIDE CARE TO INDIVIDUALS WHO CANNOT AFFORD ESSENTIAL MEDICAL SERVICES, INCLUDING EMERGENCY CARE. A PATIENT IS CLASSIFIED AS A CHARITY PATIENT WHEN THEY MEET THE ESTABLISHED POLICIES OF MSHA AND GUIDELINES OUTLINED BY THE FEDERAL GOVERNMENT. HOWEVER, FINANCIAL ASSISTANCE DECISIONS ARE NOT SOLELY BASED ON INCOME. UNIQUE FINANCIAL CIRCUMSTANCES ARE WEIGHED WITH VERIFIED PATIENT ASSETS WHICH CAN DETERMINE FINANCIAL ASSISTANCE ELIGIBILITY. IT IS NOT UNTIL AFTER VERIFICATION OF INCOME AND ASSETS

THAT A DECISION REGARDING THE AMOUNT OF WRITE-OFF WILL BE MADE. IN FISCAL YEAR 2014, MSHA INCURRED A LOSS OF \$16,107,968 ATTRIBUTABLE TO THE PROVISION OF FREE CARE TO INDIGENT PATIENTS.

GOVERNMENTAL PROGRAM ENROLLEES: MSHA PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS, INCLUDING MEDICARE AND TNCARE/MEDICAID . IN FY14, THE UNREIMBURSED COST OF SERVICES PROVIDED TO THIS PATIENT POPULATION WAS \$1,767,602 (MEDICARE, BASED ON MEDICARE ALLOWABLE COSTS) AND A \$24,216,758 LOSS ON TNCARE/MEDICAID SERVICES.

BAD DEBT: MSHA PROVIDES AN INCREASING LEVEL OF SERVICE TO SELF-PAY PATIENTS FOR WHICH IT RECEIVES LITTLE OR NO PAYMENT. DURING FY14, BAD DEBT WAS REPORTED AT \$85,394,567. MSHA BELIEVES MANY OF THE ACCOUNTS CLASSIFIED AS BAD DEBT WOULD HAVE QUALIFIED FOR FINANCIAL ASSISTANCE IF THE PATIENTS ASSOCIATED WITH THESE ACCOUNTS HAD PROVIDED FINANCIAL DOCUMENTATION TO OUR HOSPITALS. EVEN WHEN MSHA HOSPITAL TEAM MEMBERS ENCOURAGE PATIENTS AND TELL THEM IT IS LIKELY THEY WILL QUALIFY FOR ASSISTANCE, MANY PATIENTS REMAIN UNWILLING TO PROVIDE THE INFORMATION WE NEED TO DETERMINE ELIGIBILITY. THE VAST MAJORITY OF PATIENTS WHO SUPPLY FINANCIAL INFORMATION TO US DO, IN FACT, RECEIVE EITHER A COMPLETE ACCOUNT WRITE-OFF TO CHARITY OR A PARTIAL WRITE-OFF.

#### PROMOTE COMMUNITY HEALTH

MSHA OFFERS MANY REDUCED PRICE OR FREE SERVICES AND PROGRAMS YEAR-ROUND IN CARE SETTINGS THAT IT ESTABLISHED TO ACCOMMODATE THE WIDELY SCATTERED, AGING AND SOCIOECONOMICALLY DISADVANTAGED POPULATION. SUCH PROGRAMS SERVE BONA FIDE COMMUNITY HEALTH NEEDS AND RESULT IN FINANCIAL LOSSES TO THE ORGANIZATION.

WINGS AIR RESCUE (WINGS), THE REGION'S ONLY EMERGENCY MEDICAL HELICOPTER SERVICE, IS CONSIDERED BY MSHA TO BE A REGIONAL ASSET. LICENSED IN THE STATE OF TENNESSEE AND THE COMMONWEALTHS OF KENTUCKY AND VIRGINIA, WINGS PROVIDED AIR TRANSPORT OF CRITICALLY ILL AND INJURED PATIENTS TO THE CLOSEST TERTIARY FACILITIES, INCLUDING NON-MSHA FACILITIES. OF THE WINGS TRANSPORTS, 39% ARE TRAUMA PATIENTS FROM SCENES OR EMERGENCY DEPARTMENTS TO TERTIARY CARE CENTERS, WITH OTHERS BEING CARDIAC, OB, PEDIATRIC AND MEDICAL PATIENTS. DURING FY14, WINGS TRANSPORTED 1,198 PATIENTS AND MADE 5 SEARCH AND RESCUE FLIGHTS AT A NET OPERATING LOSS OF \$1,617,521. IN ADDITION TO AIR TRANSPORT SERVICE, WINGS DISPATCH SERVES AS THE STATE DESIGNATED REGIONAL MEDICAL COMMUNICATIONS CENTER FOR TENNESSEE REGION 1. THE COMMUNICATION CENTER IS OPERATIONAL 24 HOURS DAILY AND PROVIDES COMMUNICATION SERVICES TO BOTH AIR AND GROUND EMERGENCY TRANSPORT SYSTEMS IN THE REGION.



OUTLYING FACILITIES CALL MSHA FOR NEONATAL/PEDIATRIC PATIENT TRANSFERS. MSHA RESPONDS WITH NO-CHARGE GROUND AMBULANCE SERVICE TO PICK UP THE BABY/CHILD. IN ADDITION TO THE EMS DRIVER, MSHA PROVIDES A REGISTERED NURSE AND RESPIRATORY THERAPIST FOR EACH TRANSPORT. THERE WERE 38 FREE NEONATAL/PEDIATRIC TRANSPORTS PROVIDED BY MSHA DURING FY14. THE COST TO MSHA FOR THIS SERVICE WAS \$24,346.

NURSELINK MEDICAL CALL CENTER IS A 24-HOUR TOLL-FREE MEDICAL INFORMATION PHONE LINE. EXPERIENCED REGISTERED NURSES SPEAK WITH CALLERS TO PROVIDE INVALUABLE CONFIDENTIAL HEALTH INFORMATION AND TRIAGE UTILIZING PHYSICIAN-APPROVED GUIDELINES. IN FY14, NURSELINK HANDLED 26,000 CALLS. MSHA INCURRED AN EXPENSE OF \$281,580 TO PROVIDE THIS SERVICE AT NO COST TO THE COMMUNITY.

THE HEALTH RESOURCES CENTER (HRC) IS A COMMUNITY OUTREACH SERVICE PROVIDED BY MSHA. THE JOHNSON CITY HRC IS CONVENIENTLY LOCATED IN THE REGION'S LARGEST SHOPPING MALL AND THE HRC IN KINGSFORT IS LOCATED IN THE KINGSFORT TOWN CENTER. THE HRC OFFERS FREE CLASSES, SCREENINGS, BLOOD PRESSURE CHECKS, INFORMATIONAL MATERIALS AND RESOURCES AS WELL AS A NUMBER OF OTHER SERVICES IN AN EFFORT TO MEET COMMUNITY MEMBERS' HEALTH AND HEALTH EDUCATION NEEDS. THE JOHNSON CITY HRC HAD 20,937 VISITS TO THEIR OFFICE AND PERFORMED 817 HEALTH SCREENINGS IN FY14. THIS HRC ALSO HOSTED MORE THAN 6,418 ATTENDEES WHO PARTICIPATED IN MONTHLY HEALTH EDUCATION PROGRAMS. THE HRC ALSO PROVIDED OUTREACH SERVICES WHERE THEY CONNECTED WITH AN ADDITIONAL 5,042 COMMUNITY MEMBERS. THE UNCOMPENSATED COST OF THE JOHNSON CITY HRC WAS \$333,594. THE HRC IN KINGSFORT HAD 13,474 VISITS TO THE OFFICE AND PERFORMED 604 HEALTH SCREENINGS. THIS HRC HOSTED 4,670 ATTENDEES AT MONTHLY HEALTH EDUCATION PROGRAMS AND PROVIDED OUTREACH SERVICES TO ANOTHER 6,052 COMMUNITY MEMBERS. THE KINGSFORT HRC'S UNCOMPENSATED COST IN FY14 WAS \$279,195.

MSHA'S MOUNTAIN STATES MOBILE HEALTH UNIT IS A MOBILE CARDIOVASCULAR SCREENING CENTER THAT IS OFFERED IN EAST TENNESSEE AND SOUTHWEST VIRGINIA. DURING FY14, THE MOBILE UNIT PROVIDED 634 CARDIOVASCULAR SCREENINGS. OF THESE SCREENINGS, 68 HAD ABNORMAL RESULTS FOR CARDIOVASCULAR ISSUES, GLUCOSE, AND BLOOD PRESSURE. THERE WERE 183 RESPONSES TO SLEEP QUESTIONNAIRES. THE STAFF OF THE MOBILE UNIT WAS ABLE TO PROVIDE REFERRALS FOR APPROPRIATE FOLLOW-UP REGARDING PARTICIPANTS' CONDITIONS. IN FY14, THE MOBILE UNIT HAD UNREIMBURSED EXPENSES OF \$155,225. THE MOBILE UNIT PROVIDED 87 FREE SCREENINGS AT A REMOTE AREA MEDICAL (RAM) CLINIC IN WISE, LEE COUNTIES AND GRUNDY, VIRGINIA. RAM, A KNOXVILLE, TENNESSEE BASED CHARITABLE ORGANIZATION, PROVIDES FREE MEDICAL CARE TO PEOPLE IN REMOTE AREAS

AND MSHA WAS PLEASED TO OFFER THE SERVICES OF OUR MOBILE UNIT TO THE RAM CLINIC.

BASED ON COMMUNITY NEEDS, MSHA INCURRED EXPENSES OF \$120,179 FOR PHYSICIAN RECRUITMENT TO PROVIDE PHYSICIAN SERVICES FOR MEDICALLY UNDERSERVED AND FEDERALLY DESIGNATED CRITICAL ACCESS AREAS. MSHA INCURRED AN ADDITIONAL EXPENSE OF \$1,524,163 TO RECRUIT PHYSICIANS INTO OTHER CLINICAL/GEOGRAPHIC AREAS. ALL PHYSICIAN RECRUITMENT ACTIVITIES ARE BASED ON DOCUMENTED COMMUNITY NEED.

JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH) IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS FACILITY IS LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES AND PROVIDES EMERGENCY INPATIENT AND OUTPATIENT CARE TO THE COUNTY'S RESIDENTS, MANY OF WHOM ARE OVER 65 YEARS OLD. JCCH'S LOCATION IS DESIGNATED AS A PHYSICIAN SHORTAGE AREA FOR MANY SPECIALTIES. JCCH OPERATES A PHYSICIAN SPECIALTY CLINIC INSIDE THE HOSPITAL. THE SPECIALTY CLINIC INCLUDES GENERAL SURGERY, PODIATRY, CARDIOLOGY AND OTHER SPECIALTY SERVICES. THE CLINIC CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY SOLVING TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE LOCATED MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION. JCCH INCURRED A LOSS OF \$46,904 DURING FY14 OPERATING THE CLINIC.

MSHA GIFTS A LAND LEASE TO THE RONALD MCDONALD HOUSE AT A FAIR MARKET VALUE OF \$60,000. THE RONALD MCDONALD HOUSE IS LOCATED ON THE CAMPUS OF NISWONGER CHILDREN'S HOSPITAL AND JOHNSON CITY MEDICAL CENTER.

JCMC LACTATION CONSULTANTS AT JCMC CONTINUED A PROGRAM BEGUN LAST YEAR TO INCREASE BREASTFEEDING RATES IN OUR COMMUNITY BY GIVING EXPECTANT MOTHERS MORE EDUCATION ABOUT THE BENEFITS OF BREASTFEEDING BEFORE THEY COME TO THE HOSPITAL FOR DELIVERY. MSHA LACTATION CONSULTANTS SPENT MORE THAN 400 HOURS VISITING TWO AREA OB/GYN PRACTICES DURING THE YEAR. IN PRIOR YEARS, THE RATE FOR MOTHERS WHO EXCLUSIVELY BREASTFED RANGED BETWEEN 36% - 40%. SINCE IMPLEMENTING THE LACTATION PROGRAM, RATES HAVE BEEN CONSISTENTLY 50% AND OUR NURSES HOPE TO SEE AN EVEN HIGHER RATE OVER TIME. THIS OUTREACH PROGRAM COSTS MSHA MORE THAN \$14,000, WITH NO COST TO THE COMMUNITY.

MSHA OFFERS A VARIETY OF SCREENINGS, SUPPORT GROUPS, HEALTH EDUCATION, AND HEALTH FAIRS ON AN ONGOING BASIS THROUGHOUT THE YEAR. MOST OF THESE WERE FREE OF CHARGE. THE FEW THAT IMPOSED A CHARGE SET A LOW FEE OF \$5 - \$10. SOME OF THE FREE CLASSES AND SUPPORT

GROUPS OFFERED TO THE PUBLIC BY MSHA INCLUDE: SMOKING CESSATION ; DIABETES EDUCATION AND MANAGEMENT; NUTRITION AND COOKING; CPR; CANCER EDUCATION AND SUPPORT GROUPS; HEART HEALTH; RELAXATION TRAINING; SAFE BABYSITTING TRAINING; BREASTFEEDING; BALANCE AND FALLS PREVENTION; CHILD ILLNESSES AND SPECIAL NEEDS PROGRAMS AND CLASSES; WEIGHT LOSS AND SUPPORT GROUPS; MEDICARE INFORMATION SESSIONS FOR SENIORS TURNING 65; SENIOR CAREGIVER SUPPORT GROUP; OTHER DISEASE-SPECIFIC CLASSES AND SUPPORT GROUPS; AND, MANY GENERAL HEALTH CLASSES.

THE HOSPICE PROGRAM OFFERS EXTENDED 13-MONTH BEREAVEMENT SUPPORT RATHER THAN THE REQUIRED 12-MONTH PERIOD, THUS SUPPORTING FAMILIES DURING THE ANNIVERSARY MONTH OF THE PATIENT'S DEATH, WHICH CAN BE A CHALLENGING TIME. ALSO PROVIDED IS A CELEBRATION OF LIFE PROGRAM FOR FAMILIES OF FORMER HOSPICE PATIENTS AND THE COMMUNITY AT LARGE.

THE PARISH NURSE PROGRAM IS SPONSORED BY MSHA'S HOME HEALTH ORGANIZATION, WITH GOALS OF RECRUITING AREA CHURCHES AND REGISTERED NURSES TO THE PROGRAM AND PROVIDING PARTICIPANTS WITH EDUCATION ABOUT PARISH NURSING. PARISH NURSING IS AN AMALGAM OF SOCIAL WORK, GOOD NEIGHBORING AND NURSING. THE PARISH NURSE PROVIDES SUPPORT, HEALTH EDUCATION AND COUNSELING TO THOSE WITH HEALTHCARE NEEDS WITHIN THEIR PLACE OF WORSHIP. OTHER SERVICES PROVIDED BY THE PARISH NURSE INCLUDE BLOOD DRIVES, HEALTH SCREENINGS, HEALTH FAIRS AND MONTHLY BLOOD PRESSURE CLINICS. THE NURSE ALSO MAINTAINS AN ACTIVE VISITATION TO PARISHIONERS WHO ARE HOMEBOUND, HOSPITALIZED, OR IN LONG TERM CARE FACILITIES. SEVERAL OF THE NURSES ARE CERTIFIED TO TEACH CPR AND FIRST AID AT NO COST TO PARISHIONERS. MSHA PROVIDES THE PARISH NURSE PROGRAM WITH A COORDINATOR, SPONSORED ORIENTATION, MONTHLY EDUCATIONAL PROGRAMS AND OTHER SUPPORT FUNCTIONS. CURRENTLY, THERE ARE 24 CHURCHES IN TENNESSEE AND THREE IN SOUTHWEST VIRGINIA WITH PARISH NURSES ON STAFF. MSHA'S FY14 COST FOR THE PARISH NURSE PROGRAM WAS \$57,268.

THE RESPOND DEPARTMENT AT WOODRIDGE HOSPITAL OFFERS ASSESSMENTS AND REFERRALS FOR INDIVIDUALS DEALING WITH MENTAL HEALTH ISSUES AND SUBSTANCE ABUSE. PROFESSIONAL STAFF INCLUDES BEHAVIORAL HEALTH COUNSELORS AND RNS WHO ARE AVAILABLE 24 HOURS A DAY, SEVEN DAYS A WEEK TO ANSWER CALLS FROM THE COMMUNITY CONCERNING TREATMENT. THROUGHOUT THE ASSESSMENT PROCESS, RESPOND COLLABORATES WITH A PSYCHIATRIST TO DETERMINE THE MOST APPROPRIATE LEVEL OF CARE. THE RESPOND DEPARTMENT INCURRED UNREIMBURSED COSTS OF \$706,267 DURING FY14.

## **COMMUNITY CONTRIBUTIONS**

AS THE SECOND LARGEST EMPLOYER IN THE REGION, MSHA IS ONE OF THE AREA'S PRINCIPAL BENEFACTORS AND HAS MADE CORPORATE CITIZENSHIP AN INTEGRAL PART OF ITS CULTURE. FROM SYSTEM-WIDE INITIATIVES TO INDIVIDUAL EFFORTS OF CARING TEAM MEMBERS, ITS AIM IS TO ENRICH THE COMMUNITIES THAT THE ORGANIZATION SERVES. MSHA'S COMMITMENT INCLUDES FINANCIAL CONTRIBUTIONS, IN-KIND (NON-CASH) CONTRIBUTIONS AND LEADERSHIP RESOURCES WITHIN THREE BROAD CATEGORIES OF GIVING:

- 1) DIRECT CONTRIBUTIONS THAT SUPPORT COMMUNITY HEALTHCARE NEEDS AND THOSE NON-PROFIT AGENCIES THAT ADVOCATE THE HEALTH AND WELL-BEING OF COMMUNITY MEMBERS;
- 2) MSHA-RUN AND MSHA-SUPPORTED PROGRAMS THAT CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS; AND
- 3) EDUCATION/TRAINING; BOTH AS A COMMUNITY CITIZEN AND AS AN EMPLOYER.

**1.) DIRECT CONTRIBUTIONS – CASH AND IN-KIND**

MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS. SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS. MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTH CARE AND EDUCATION.

**SUMMARY LIST OF CHARITABLE GIVING:** IN FY14, MSHA MADE DONATIONS TO NUMEROUS HEALTH AND HUMAN SERVICE ORGANIZATIONS, SOCIAL AND WELL-BEING NON-PROFITS, AND OTHERS WITHIN OUR SERVICE AREA:

- APPALACHIAN MOUNTAIN PROJECT ACCESS - \$116,964
- FRIENDS IN NEED HEALTH CENTER - \$10,062
- GOVERNOR'S FDN FOR HEALTH & WELLNESS - \$25,000
- KINGSFORT TOMORROW HEALTHCARE SYMPOSIUM - \$5,000
- ETSU LATINO HEALTH FAIR - \$1,500
- JOHNSON CITY PARKS & RECREATION FOUNDATION - \$5,824
- GOOD SAMARITAN MINISTRY - \$3,110
- VARIOUS DONATIONS TO THE ARTS - \$27,801
- CRUMLEY HOUSE - \$818
- STONE MOUNTAIN HEALTH SERVICE - \$2,000
- FAMILY PROMISE - \$5,462
- VARIOUS RESCUE SQUADS - \$7,804
- JOHNSTON MEMORIAL HOSPITAL AUXILIARY - \$2,000
- RED LEGACY RECOVERY, INC. - \$2,000
- LAUGHLIN HEALTHCARE FOUNDATION - \$1,000

- SYCAMORE SHOALS STATE HISTORIC AREA - \$5,592
- UMOJA UNITY FESTIVAL - \$1,867
- LOCAL CHURCHES - \$2,700
- JOHNSON CITY SYMPHONY ORCHESTRA, INC. - \$7,246
- FRIENDS OF OLDE DOWNTOWNE - \$2,500
- VARIOUS ORGANIZATIONS TO ASSIST THOSE WITH LOW INCOMES AND THE POOR - \$2,485
- VARIOUS PROGRAMS TO BENEFIT SENIORS - \$4,768
- VARIOUS HEALTH ORGANIZATIONS - \$57,890
- SMALL DOLLAR MISCELLANEOUS DONATIONS - \$680
- BARTER THEATRE - \$18,000

MSHA, IN COLLABORATION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY AND PUBLICITY; PROVIDE SPACE; OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES.

THROUGHOUT THE YEAR, MSHA MAKES CONTRIBUTIONS TO LOCAL SCHOOLS AND ORGANIZATIONS THAT PROVIDE EDUCATIONAL, HEALTH, AND SOCIAL SUPPORT FOR YOUNG PEOPLE. THE SIGNIFICANT MAJORITY OF OUR DONATIONS ARE DIRECTED TO PROGRAMS THAT FOCUS ON REDUCING CHILDHOOD OBESITY. SOME OF THE CONTRIBUTIONS TO YOUTH PROGRAMS INCLUDE:

- ETSU FIT KIDS PROGRAM - \$11,500
- BOYS & GIRLS CLUB OF KINGSPORT - \$62,000
- ETSU PEDIATRIC CONFERENCE - \$5,000
- VIRGINIA HIGHLANDS COMMUNITY COLLEGE - \$30,000
- GRANTS TO AREA SCHOOLS FOR PROGRAMS THAT FOCUS ON CHILDHOOD OBESITY - \$16,000
- OTHER LOCAL ORGANIZATIONS FOR PROGRAMS THAT FOCUS ON REDUCING CHILDHOOD OBESITY - \$40,710
- COALITION FOR KIDS - \$4,958
- HANDS ON REGIONAL MUSEUM - \$7,500
- HOLSTON UNITED METHODIST HOME FOR CHILDREN - \$2,500
- SUMMIT LEADERSHIP FDN CHILDRENS CAMP - \$1,000
- CASA FOR KIDS - \$500
- STEPPENSTONE YOUTH TREATMENT CENTER - \$1,000
- RONALD MCDONALD HOUSE CHARITIES, INC. - \$3,754
- JASON WITTEN SCORE FOUNDATION - \$3,750
- KERMIT TIPTON SCHOLARSHIP FOUNDATION - \$2,500
- GIRLS, INCORPORATED - \$1,184
- CITY YOUTH BALLET - \$700
- OTHER AREA SCHOOL DONATIONS - \$1,432
- ST. JUDE'S RESEARCH CENTER - \$500

- FUN FEST (HEALTH EDUCATION AT 3 DAY EVENT) - \$4,900

MSHA CONTRIBUTES ANNUALLY TO LOCAL CHAPTERS OF SEVERAL NATIONAL NON-PROFIT ORGANIZATIONS WHOSE RESEARCH FOCUSES ON THOSE DISEASES AND CONDITIONS MOST PREVALENT IN THE REGION.

FY14:

- ALS ASSOCIATION TN CHAPTER - \$2,500
- AMERICAN DIABETES ASSOCIATION - \$5,000
- AMERICAN HEART ASSOCIATION - \$62,963
- JUVENILE DIABETES RESEARCH FOUNDATION - \$5,000
- MARCH OF DIMES - \$15,000
- SUSAN G. KOMEN BREAST CANCER FOUNDATION - \$3,095
- AMERICAN CANCER SOCIETY - \$26,774
- UNITED WAY - \$2,420
- ALZHEIMER'S FOUNDATION - \$250

## 2.) COMMUNITY PROGRAMS

DEMOGRAPHIC ANALYSES INDICATE THE NECESSITY OF HAVING A WIDE ARRAY OF FREE AND PRICE-REDUCED SERVICES THAT ARE WELL-SITUATED FOR EASY ACCESS FROM RURAL, MOUNTAINOUS AREAS.

AMONG INITIATIVES AND ONGOING SERVICES THAT PROMOTE COMMUNITY HEALTH AND SOCIAL WELL-BEING ARE DISEASE MANAGEMENT; WELLNESS PROGRAMS; HEALTH-RELATED EDUCATION SESSIONS BY MSHA NURSES, STAFF PHYSICIANS, NUTRITIONISTS, AND OTHER SPECIALISTS; HEALTH SCREENINGS; AND FINANCIAL SUPPORT. MSHA ALSO OFFERS SPECIAL PROGRAMS FOR YOUTH, THE ELDERLY, THE DISABLED AND THE MEDICALLY UNDERSERVED.

MSHA CONDUCTED ITS FIRST COMMUNITY HEALTH NEEDS ASSESSMENT IN 2011 AND 2012 (PUBLISHED IN 2012) IN AN EFFORT TO PROFILE THE HEALTH OF THE RESIDENTS WITHIN THE LOCAL REGION. THIS ASSESSMENT SPECIFICALLY FOCUSED ON MSHA'S 13-COUNTY CORE SERVICE AREA, WHICH INCLUDES, BUT IS NOT LIMITED TO, ALL THE COUNTIES IN WHICH MSHA HAS A FACILITY. THE SEVEN TENNESSEE COUNTIES INCLUDED IN THIS NEEDS ASSESSMENT WERE: CARTER COUNTY, GREENE COUNTY, HAWKINS COUNTY, JOHNSON COUNTY, SULLIVAN COUNTY, UNICOI COUNTY, AND WASHINGTON COUNTY. THE SIX VIRGINIA COUNTIES ARE LOCATED IN SOUTHWEST VIRGINIA AND INCLUDE: DICKENSON COUNTY, RUSSELL COUNTY, SMYTH COUNTY, BRISTOL CITY/WASHINGTON COUNTY, SCOTT COUNTY, AND NORTON/WISE COUNTY. AFTER ANALYZING THE MANY HEALTH DISPARITIES IN THE REGION, MSHA CHOSE CHILDHOOD OBESITY AS ITS HEALTH PRIORITY.

MSHA PROVIDED FUNDING OF MORE THAN \$52,000 FOR 20 COMMUNITY GRANTS OF \$2,000 AND \$5,000 EACH TO LOCAL COMMUNITY ORGANIZATIONS SUCH AS CHURCHES, COMMUNITY GROUPS, SCHOOLS AND EMPLOYERS THAT WANT TO EXPLORE CHILDHOOD OBESITY REDUCTION EFFORTS.

ANOTHER \$5,210 WAS AWARDED TO A SCHOOL FOR THE 5-2-1-0 PROGRAM. THIS GRANT AMOUNT REPRESENTS: 5 OR MORE SERVINGS OF FRUITS OR VEGETABLES, 2 HOURS OR LESS OF RECREATIONAL SCREEN TIME, 1 HOUR OR MORE OF VIGOROUS EXERCISE, AND 0 SUGARY DRINKS, AND MORE WATER AND LOW-FAT MILK. THIS SCHOOL MAINTAINS A STUDENT GARDEN THAT SUPPLIES THE CAFETERIA. OTHER INITIATIVES INCLUDE THE USE OF CD'S AND DVD'S THAT COMBINE LEARNING WITH PHYSICAL MOVEMENT AND WORKING ON A FITNESS TRAIL LOCATED ON THE SCHOOL'S CAMPUS. OUR OTHER GRANT RECIPIENTS ADHERE TO THE 5-2-1-0 INITIATIVE THAT THEY STARTED IN A PRIOR YEAR ALONG WITH EXPANDED ACTIVITIES THIS YEAR.

ANOTHER SCHOOL IS DEVELOPING A PROGRAM THAT FOCUSES ON LIFETIME OUTDOOR RECREATIONAL ACTIVITIES. THIS SCHOOL IS ALSO USING ACTIVITY BALLS IN THE CLASSROOM TO PROMOTE PHYSICAL ACTIVITY AND IT CONTINUES A STUDENT PLANTING GARDEN STARTED FROM A MSHA GRANT RECEIVED IN A PRIOR YEAR.

MANY INNOVATIVE PROGRAMS HAVE BEEN AIDED BY MSHA GRANTS. MOST OF OUR GRANTS GO TO ORGANIZATIONS THAT PARTNER WITH OTHERS TO COMBINE RESOURCES, EXPERIENCE, AND EXPERTISE. AN EXAMPLE INCLUDES AFTER SCHOOL AND CAMP PROGRAMS THAT INCLUDE PHYSICAL ACTIVITIES, HEALTHY EATING, WELL-BEING AND SELF CONFIDENCE. MANY PROGRAMS TARGET AT-RISK/LOW INCOME CHILDREN. SOME PROGRAMS ARE AIMED AT TEENS TO PROVIDE OPPORTUNITIES THAT ENCOURAGE INTERESTS THEY MIGHT NOT HAVE OTHERWISE HAD SINCE MANY OF OUR GRANTS GO TO ORGANIZATIONS/AGENCIES IN HIGH POVERTY AREAS. SOME OF THE GRANT RECIPIENTS USE EVIDENCE-BASED ACTIVITIES AND UTILIZE COMPONENTS OF SIMILAR AND SUCCESSFUL PROGRAMS WHEN DEVELOPING THEIR OWN ACTIVITIES. ALL OF THE GRANT RECIPIENTS ARE EXPECTED TO PROVIDE MEASURABLE RESULTS TO MSHA.

IN FY14, MSHA RECEIVED OVER 40 APPLICATIONS FOR THE COMMUNITY GRANTS. MSHA'S SOCIAL RESPONSIBILITY COMMITTEE EVALUATES LOCAL PROGRAM GRANT APPLICANTS AS TO THEIR ABILITY TO MAKE A MEASURABLE IMPACT ON THE LEVEL OF CHILDHOOD OBESITY THROUGHOUT THE REGION. THIS COMMITTEE THEN MAKES RECOMMENDATIONS TO MSHA EXECUTIVE LEADERSHIP FOR DIRECTING FINANCIAL SUPPORT FOR SUCCESSFUL PROGRAMS.

IN ADDITION TO MSHA'S COMMUNITY GRANTS, MSHA MADE A CHARITABLE CONTRIBUTION OF \$11,500 TO ETSU'S FIT KIDS PROGRAM, ANOTHER PROGRAM

WITH A FOCUS ON REDUCING CHILDHOOD OBESITY AND IMPROVING THE HEALTH OF CHILDREN.

## PROGRAMS FOR SPECIAL POPULATIONS

DUE TO THE USE OF EMERGENCY DEPARTMENTS AS WALK-IN CLINICS BY THE POOR AND UNDERSERVED, MSHA HAS HELPED ESTABLISH AND FINANCE ALTERNATIVE CARE SETTINGS SUCH AS THE ETSU COLLEGE OF NURSING'S JOHNSON CITY COMMUNITY HEALTH CENTER (JCCHC). THE JCCHC IS DEDICATED TO SERVING THE PRIMARY NEEDS OF THE HOMELESS, INDIGENT AND UNINSURED POPULATIONS, PROVIDING THEM WITH FREE LABORATORY TESTING AND ASSISTANCE WITH THEIR DIAGNOSIS AND TREATMENTS. MSHA GIFTS THE JCCHC RENT FOR THEIR DAY CENTER, A SATELLITE CLINIC OF THE JCCHC, LOCATED IN DOWNTOWN JOHNSON CITY, WHICH IS VALUED AT \$35,000 ANNUALLY.

MSHA PROCESSED LAB SPECIMENS FOR VARIOUS LOCAL ORGANIZATIONS THAT PROVIDE HEALTH SERVICES TO THE POOR. MSHA WROTE OFF \$156,458 IN LAB CHARGES FOR THESE LAB TESTS.

MSHA OPERATED A SATELLITE DISPENSARY OF HOPE TO PROVIDE PRESCRIPTION DRUGS TO THOSE WHO MAY NOT HAVE OTHERWISE BEEN ABLE TO AFFORD NEEDED MEDICATIONS. THE SITE HAS ITS OWN PHARMACIST AND PHARMACY TECH. THE LOCAL DISPENSARY OF HOPE IS STAFFED, IN PART, BY VOLUNTEER PHARMACISTS FROM THE COMMUNITY AND SERVES AS A TRAINING SITE FOR THE BILL GATTON COLLEGE OF PHARMACY AT EAST TENNESSEE STATE UNIVERSITY. DURING FY14, MSHA INCURRED UNREIMBURSED EXPENSES OF \$148,782 FOR THIS PROGRAM.

MSHA ASSISTED SOME PATIENTS WHO COULD NOT PAY FOR THEIR PRESCRIPTIONS UPON DISCHARGE FROM THE HOSPITAL. DURING FY14, MSHA'S UNREIMBURSED COST FOR THESE PRESCRIPTIONS WAS \$28,341.

MSHA HAS PARTNERED WITH THE COMPANY, FIRSTSOURCE SOLUTIONS USA, TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. DURING FY14, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT ALL MSHA FACILITIES. FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (TENNCARE OR MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. DURING FY14, 1,775 PATIENTS WERE APPROVED FOR COVERAGE. ONCE A PERSON IS APPROVED FOR TENNCARE OR MEDICAID THROUGH THIS PROGRAM OFFERED THROUGH MSHA, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. FIRSTSOURCE IS COMPENSATED BY MSHA. DURING FY14, MSHA'S COST FOR THIS PROGRAM WAS \$572,031.

THE NORTHEAST TENNESSEE REGIONAL PERINATAL CENTER AT JCMC IS ONE OF FIVE STATE DESIGNATED TERTIARY CENTERS IN THE STATE OF TENNESSEE. IT IS



THE REFERRAL HUB FOR PREGNANT WOMEN IN THE NORTHEAST TENNESSEE REGION WHO NEED HIGHER LEVEL OBSTETRICAL SERVICES AND OR NEONATOLOGY SERVICES THROUGH A LEVEL IV NICU. DURING THIS FISCAL YEAR, THE CENTER FACILITATED 1,356 BIRTHS AND 1,594 OUTPATIENT CONSULTATIONS. ANOTHER COMPONENT OF THE PERINATAL CENTER IS OUTREACH EDUCATION, 643 OB EDUCATIONAL HOURS WERE PROVIDED THROUGHOUT THE REGION. ON THE NEONATAL SIDE, 582 ADMISSIONS WERE ACCEPTED AT THE CENTER OF WHICH 233 WERE TRANSPORTED. OVER THE COURSE OF THE YEAR, A TOTAL OF 710 HOURS OF NEONATAL EDUCATION WAS PROVIDED TO THE REGION. THE PERINATAL GRANT HAS RECEIVED GRANT FUNDING FOR THE PAST 20-PLUS YEARS. MSHA'S LOSS (NET OF THE GRANT) FOR THE YEAR FOR THESE SERVICES WAS \$101,729.

MSHA'S SERVICE AREA COMPRISES A STABLE, AGING POPULATION, SO THE ORGANIZATION HAS ESTABLISHED A NUMBER OF PROGRAMS TO SERVE THE NEEDS OF SENIOR CITIZENS. AN EXAMPLE OF A SENIOR PROGRAM IS THE PINNACLE CLUB – A COMMUNITY OUTREACH PROGRAM FOR SERVICE-AREA SENIORS. DURING FY14, MSHA INCURRED A NET OPERATING LOSS OF ALMOST \$2,000 ATTRIBUTABLE TO ITS SUPPORT OF THE PROGRAM.

NISWONGER CHILDREN'S HOSPITAL OFFERS ACTIVITIES FOR CHILDREN DESIGNED TO ENCOURAGE PHYSICAL ACTIVITY. THE COST OF THESE ACTIVITIES WAS JUST UNDER \$25,000.

## COMMUNITY HEALTH EDUCATIONAL PROGRAMS

MSHA PROVIDED A VARIETY OF WELLNESS AND HEALTH INFORMATION TO HELP EDUCATE AREA RESIDENTS ABOUT COMMUNITY-SPECIFIC HEALTH ISSUES. INFORMATION WAS PROVIDED THROUGH PRINTED MATERIALS, SPEAKING ENGAGEMENTS, RADIO AND TELEVISION INTERVIEWS, AND HEALTH FAIRS AND EXPOS.

MSHA ALSO PROVIDES ACCESS TO SEVERAL ONLINE HEALTH INFORMATION SERVICES. "MY HEALTH NEWS" ALLOWS ACCESS TO HEALTH INFORMATION TOPICS AND SERVICES THAT MATTER TO THE USER. THIS SERVICE SENDS UP-TO-DATE INFORMATION FROM NATIONAL HEALTH RESOURCES TAILORED TO THE INDIVIDUAL'S NEEDS AND IS FREE OF CHARGE. MSHA PAYS \$24,000 YEARLY FOR MY HEALTH NEWS. MSHA PROVIDES ACCESS TO "KIDSHEALTH", A SERVICE THAT PROVIDES PRACTICAL PARENTING INFORMATION AND NEWS. THIS SERVICE ALSO PROVIDES HOMEWORK HELP FOR KIDS AND STRAIGHT TALK ANSWERS FOR TEENS. MSHA PAYS \$15,750 ANNUALLY TO PROVIDE KIDSHEALTH. OTHER HEALTH INFORMATION LINKS ARE PROVIDED TO THE PUBLIC ON OUR WEBSITE, INCLUDING "VIRTUAL WOMEN'S CENTER" AND MANY OTHERS.

IN ADDITION, WE PROVIDE "YOUR HEALTH MATTERS" TELEVISION HEALTH NEWS FOR A COST OF \$110,825.

THE HEALTH RESOURCES CENTER HOSTED THREE-MINUTE SEGMENTS ABOUT VARIOUS HEALTH TOPICS WHICH AIRED THREE TIMES A WEEK ON LOCAL TV. THEY CONTRACTED FOR 30-SECOND ANNOUNCEMENTS TO INFORM THE PUBLIC ABOUT THE HRC CALENDAR EACH WEEK, MONDAY-SUNDAY. THE COST OF THE PROGRAMMING WAS \$26,180.

MSHA PARTNERS WITH THE TENNESSEE DEPARTMENT OF HEALTH TO REDUCE SLEEP-RELATED INFANT DEATHS. TWENTY PERCENT OF ALL INFANT DEATHS IN TENNESSEE ARE DUE TO UNSAFE SLEEP PRACTICES. STUDIES HAVE SHOWN THAT WHEN PARENTS GO HOME, THEY PUT THEIR BABIES TO SLEEP THE SAME WAY THEY SEE THEIR BABY POSITIONED IN THE HOSPITAL. BUT AT HOME, BABIES DO NOT HAVE THE SAME MONITORING AND SUPERVISION AS IN THE HOSPITAL. THIS IS WHY NISWONGER CHILDREN'S HOSPITAL, FRANKLIN WOODS COMMUNITY HOSPITAL AND INDIAN PATH MEDICAL CENTER HAVE IMPLEMENTED A SAFE-SLEEP POLICY FOR ALL INFANTS IN THE HOSPITAL. TEAM MEMBERS RECEIVE ANNUAL TRAINING ON BEST PRACTICES FOR SAFE SLEEP AND HOW TO EDUCATE NEW PARENTS ON PLACING BABIES TO SLEEP WHEN THEY GO HOME.

Form **990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014****Open to Public  
Inspection****A** For the 2014 calendar year, or tax year beginning **07/01/14**, and ending **06/30/15****B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization**MOUNTAIN STATES HEALTH ALLIANCE**

Doing business as

**JOHNSON CITY MEDICAL CENTER;**

Number and street (or P.O. box if mail is not delivered to street address)

**400 N. STATE OF FRANKLIN ROAD**

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

**JOHNSON CITY****TN 37604****D** Employer identification number**62-0476282****E** Telephone number**423-302-3374****G** Gross receipts \$ **733,451,692****F** Name and address of principal officer:**ALAN LEVINE****303 MED TECH PARKWAY, STE. 300****JOHNSON CITY TN 37604****H(a)** Is this a group return for subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: **WWW.MOUNTAINSTATESHEALTH.COM****H(c)** Group exemption number ▶**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: **1945****M** State of legal domicile: **TN****Part I Summary**

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <b>SEE SCHEDULE O</b>			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	13	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8	
	5 Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	8237	
	6 Total number of volunteers (estimate if necessary)	6	1589	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	881,265	
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	248,254	
	Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
		9 Program service revenue (Part VIII, line 2g)	4,260,554	1,268,900
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		670,231,172	693,631,193	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		28,617,401	22,153,666	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		4,204,431	9,431,964	
12		707,313,558	726,485,723	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	705,491	1,816,780	
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	295,522,740	298,141,980	
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0	
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>1,173,485</b>			
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	378,145,629	393,805,378	
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	674,373,860	693,764,138	
	19 Revenue less expenses. Subtract line 18 from line 12	32,939,698	32,721,585	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year	
	21 Total liabilities (Part X, line 26)	1603260990	1615714180	
	22 Net assets or fund balances. Subtract line 21 from line 20	1166845910	1141215270	
	22	436,415,080	474,498,910	

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer

Date

**LYNN KRUTAK****SENIOR VP & CFO**

Type or print name and title

**Paid**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if PTIN  
self-employed**Preparer Use Only**

Firm's name

**THIS TAX RETURN**

Firm's EIN ▶

Firm's address

**PREPARED BY A  
NON-PAID PREPARER.**

Phone no.

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☒ NoFor Paperwork Reduction Act Notice, see the separate instructions.  
DAA

MSHA7278

Form **990** (2014)

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

☒**1** Briefly describe the organization's mission:**SEE SCHEDULE O****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ **579,838,341** including grants of \$ **1,816,780** ) (Revenue \$ **695,692,282** )  
**SEE ATTACHED DOCUMENT: MSHA - PROGRAM SERVICE ACCOMPLISHMENTS**  
**FOR GUIDESTAR READERS, OUR PROGRAM SERVICE ACCOMPLISHMENTS MAY BE FOUND AT**  
**THE END.**

**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4d** Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses ▶ **579,838,341**

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<b>X</b>	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<b>X</b>	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		<b>X</b>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	<b>X</b>	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		<b>X</b>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		<b>X</b>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		<b>X</b>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		<b>X</b>
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		<b>X</b>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		<b>X</b>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	<b>X</b>	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		<b>X</b>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	<b>X</b>	
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	<b>X</b>	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	<b>X</b>	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	<b>X</b>	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		<b>X</b>
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	<b>X</b>	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		<b>X</b>
14a Did the organization maintain an office, employees, or agents outside of the United States?		<b>X</b>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		<b>X</b>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		<b>X</b>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		<b>X</b>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		<b>X</b>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		<b>X</b>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		<b>X</b>
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	<b>X</b>	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>X</b>	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	<b>X</b>	
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		<b>X</b>
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	<b>X</b>	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	<b>X</b>	
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		<b>X</b>
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		<b>X</b>
<b>24d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		<b>X</b>
<b>25a</b> Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
<b>25b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<b>X</b>
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II	<b>X</b>	
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		<b>X</b>
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>28a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	<b>X</b>	
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	<b>X</b>	
<b>28c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	<b>X</b>	
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		<b>X</b>
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		<b>X</b>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		<b>X</b>
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		<b>X</b>
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		<b>X</b>
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, or IV, and Part V, line 1	<b>X</b>	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>X</b>	
<b>35b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	<b>X</b>	
<b>36</b> Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		<b>X</b>
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		<b>X</b>
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	<b>X</b>	

**Part V** **Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	593
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	8237
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b	X
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	X
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	X
8	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8	
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a	
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b	
10	<b>Section 501(c)(7) organizations.</b> Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	<b>Section 501(c)(12) organizations.</b> Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☒

**Section A. Governing Body and Management**

	1a	13	1b	8	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.						
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent						
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?					2	X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?					3	X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?					4	X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?					5	X
<b>6</b> Did the organization have members or stockholders?					6	X
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?					7a	X
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?					7b	X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:						
<b>a</b> The governing body?					8a	X
<b>b</b> Each committee with authority to act on behalf of the governing body?					8b	X
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O					9	X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	10a	10b	11a	12a	12b	12c	13	14	15a	15b	16a	16b	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates?													X	
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?													X	
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?													X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.														
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13													X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?													X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done													X	
<b>13</b> Did the organization have a written whistleblower policy?													X	
<b>14</b> Did the organization have a written document retention and destruction policy?													X	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?														
<b>a</b> The organization's CEO, Executive Director, or top management official													X	
<b>b</b> Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).													X	
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?													X	
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?													X	

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed ► **VA**

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

**19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records: ►

LYNN KRUTAK  
JOHNSON CITY

303 MED TECH PARKWAY

TN 37604

423-302-3374



**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List all of the organization's current key employees, if any. See instructions for definition of "key employee."
  - List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ALAN LEVINE	55.00									
PRESIDENT & CEO	0.00	X		X				1,131,975	0	142,409
(2) JEFF FARROW, M.D.	4.00									
DIRECTOR	0.00	X						42,800	0	0
(3) CLEM WILKES, JR.	7.00									
PAST CHAIR	0.50	X						0	0	0
(4) GARY PEACOCK	6.00									
DIRECTOR	2.00	X						0	0	0
(5) SANDRA BROOKS, M.D.	5.00									
DIRECTOR	2.00	X						0	0	0
(6) RICK STOREY	6.00									
DIRECTOR	0.00	X						0	0	0
(7) THOMAS FOWLKES	5.00									
DIRECTOR	0.00	X						0	0	0
(8) LINDA GARCEAU	6.00									
DIRECTOR	0.00	X						0	0	0
(9) JOANNE GILMER	7.00									
SECRETARY	3.00	X						0	0	0
(10) DAVID MAY, M.D.	7.00									
DIRECTOR	0.00	X						0	0	0
(11) ROBERT FEATHERS	7.00									
VICE CHAIR	0.50	X						0	0	0

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) MICHAEL CHRISTIAN	7.00									
TREASURER	0.00	X						0	0	0
(13) BARBARA ALLEN	9.00									
CHAIR	0.00	X						0	0	0
(14) MARVIN EICHORN	47.00									
EVP/COO	8.00			X				705,370	0	42,125
(15) LYNN KRUTAK	50.00									
SVP/CFO	0.00			X				390,582	0	66,400
(16) DENNIS VONDERFECHT	55.00									
CEO (RETIRED FY14)	0.00			X				338,334	0	4,300
(17) ANN FLEMING	42.50									
SVP/CONSULTANT	2.50			X				549,839	0	22,858
(18) CANDACE JENNINGS	50.00									
SR. VP TN OPERATIONS	0.00			X				351,819	0	22,496
(19) MONTY MCLAURIN	43.00									
VP/CEO NW MKT	2.00			X				351,121	0	54,334
<b>1b Sub-total</b>								<b>3,861,840</b>		<b>354,922</b>
<b>c Total from continuation sheets to Part VII, Section A</b>								<b>4,435,874</b>		<b>548,366</b>
<b>d Total (add lines 1b and 1c)</b>								<b>8,297,714</b>		<b>903,288</b>

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **21**

**3** Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

**4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

**5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
<b>3</b>	X	
<b>4</b>	X	
<b>5</b>		X

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
SODEXO, INC. CHARLOTTE NC 28290-5374	P.O. BOX 905374 FOOD SERVICES	4,424,319
ANESTHESIA & PAIN CONSULTANTS JOHNSON CITY TN 37602-3727	P.O. BOX 3727 ANESTHESIA SVCS	4,173,782
CROTHALL SERVICES EAST TN CHICAGO IL 60693	13028 COLLECTIONS CENTER DRIVE LAUNDRY SVCS	2,787,669
WEATHERBY LOCUMS, INC. DALLAS TX 75397-2633	P.O. BOX 972633 PHYSICIAN SVCS	2,522,133
PREMIER ANESTHESIA SERVICES JOHNSON CITY TN 37602-4653	P.O. BOX 4653 ANESTHESIA SVCS	2,427,608

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **76**

76

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**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) SHANE HILTON	43.50									
VP/TN CFO	1.50				X			348,154	0	55,626
(13) TONY BENTON	45.00									
VP/COO WASH. CO MKT	0.00				X			332,837	0	38,246
(14) LINDA WHITE	45.00									
VP & CEO, FWCH/WR	0.00				X			267,119	0	43,807
(15) LEMMIE TAYLOR	45.00									
VP/CEO SE MKT	0.00				X			234,615	0	46,487
(16) RHONDA MANN	45.00									
JCMC CNO	0.00				X			187,454	0	26,150
(17) DRU MALCOLM	45.00									
VP & CNO JCMC/WR	0.00				X			165,697	0	17,636
(18) STEVE SAWYER	45.00									
AVP/CFO NW MKT	0.00				X			165,484	0	24,048
(19) MORRIS SELIGMAN, M.D.	55.00									
EVP/CMO	0.00					X		583,005	0	75,184
<b>1b Sub-total</b>								<b>2,284,365</b>		<b>327,184</b>
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

- 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		
4		
5		

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) FRANK LAURO, M.D.	45.00									
VP/MED. DIR. CARDIO	0.00					X		453,473	0	44,406
(13) STEVE KILGORE	48.00									
PRES./CEO BRMMC	2.00					X		419,843	0	66,506
(14) MARK WILKINSON, M.D.	45.00									
VP/CMO	0.00					X		419,545	0	35,297
(15) CLAY RUNNELS, M.D.	45.00									
VP/CMO WASH. CO.	0.00					X		414,248	0	35,258
(16) DALE CLAYTORE	45.00									
VP RESOURCE MGMT.	0.00						X	238,752	0	13,581
(17) PAT NIDAY	45.00									
FORMER CNO WASH. CO.	0.00						X	205,648	0	26,134
(18)										
(19)										
1b Sub-total								2,151,509		221,182
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

- 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		
4		
5		

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

MSHA7287

**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns	<b>1a</b>				
	<b>b</b> Membership dues	<b>1b</b>				
	<b>c</b> Fundraising events	<b>1c</b>				
	<b>d</b> Related organizations	<b>1d</b> 432,538				
	<b>e</b> Government grants (contributions)	<b>1e</b> 604,845				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b> 231,517				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$					
	<b>h</b> Total. Add lines 1a-1f		1,268,900			
<b>Program Service Revenue</b>	<b>2a</b> PATIENT REVENUE	Busn. Code 622110	688,861,116	688,861,116		
	<b>b</b> WELLNESS PROGRAMS	622110	4,847,416	4,847,416		
	<b>c</b> LAB UBI REVENUE	621500	128,293		128,293	
	<b>d</b> RENTAL TO EXEMPT AFFILIATE	531120	13,220	13,220		
	<b>e</b> P/S INCOME ISHN-MSJC	900099	-218,852	-218,852		
	<b>f</b> All other program service revenue					
	<b>g</b> Total. Add lines 2a-2f		693,631,193			
	<b>3</b> Investment income (including dividends, interest, and other similar amounts)		14,153,591			14,153,591
<b>4</b> Income from investment of tax-exempt bond proceeds		49,673			49,673	
<b>5</b> Royalties						
<b>Other Revenue</b>	<b>6a</b> Gross rents	(i) Real 434,370 (ii) Personal				
	<b>b</b> Less: rental exps.	265,253				
	<b>c</b> Rental inc. or (loss)	169,117				
	<b>d</b> Net rental income or (loss)		169,117		49,954	119,163
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities 5,889,313 (ii) Other 8,761,805				
	<b>b</b> Less: cost or other basis & sales exps.					
	<b>c</b> Gain or (loss)	5,889,313 2,061,089				
	<b>d</b> Net gain or (loss)		7,950,402	2,061,089		5,889,313
	<b>8a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
	<b>b</b> Less: direct expenses	b				
	<b>c</b> Net income or (loss) from fundraising events					
	<b>9a</b> Gross income from gaming activities. See Part IV, line 19	a				
	<b>b</b> Less: direct expenses	b				
	<b>c</b> Net income or (loss) from gaming activities					
	<b>10a</b> Gross sales of inventory, less returns and allowances	a				
	<b>b</b> Less: cost of goods sold	b				
	<b>c</b> Net income or (loss) from sales of inventory					
	<b>Miscellaneous Revenue</b>		<b>Busn. Code</b>			
<b>11a</b> CAFE' SALES	722210	3,902,669			3,902,669	
<b>b</b> PREMIER VENDOR INCENTIVE	900099	3,011,683			3,011,683	
<b>c</b> DAY CARE	624410	1,037,639			1,037,639	
<b>d</b> All other revenue		1,310,856		703,018	607,838	
<b>e</b> Total. Add lines 11a-11d		9,262,847				
<b>12</b> Total revenue. See instructions.		726,485,723	695,563,989	881,265	28,771,569	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

☒ X**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	1,816,780	1,816,780		
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees	5,695,686	46,763	5,648,923	
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b> Other salaries and wages	228,406,921	213,605,830	13,956,457	844,634
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	10,803,715	10,232,783	530,470	40,462
<b>9</b> Other employee benefits	35,998,683	35,532,397	458,288	7,998
<b>10</b> Payroll taxes	17,236,975	15,573,416	1,613,741	49,818
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management				
<b>b</b> Legal	4,827,725	20,305	4,807,420	
<b>c</b> Accounting	387,756	5,100	366,711	15,945
<b>d</b> Lobbying	150,136	150,136		
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees	981,765		981,765	
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	105,617,378	97,394,017	8,218,284	5,077
<b>12</b> Advertising and promotion	2,902,045	97,330	2,779,857	24,858
<b>13</b> Office expenses	8,621,509	7,489,678	1,111,896	19,935
<b>14</b> Information technology	16,279,219	14,557,137	1,722,082	
<b>15</b> Royalties				
<b>16</b> Occupancy	14,262,873	11,053,980	3,142,344	66,549
<b>17</b> Travel	1,681,314	1,241,596	437,814	1,904
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings				
<b>20</b> Interest	42,023,955		42,023,955	
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	42,026,540	21,782,580	20,239,745	4,215
<b>23</b> Insurance	1,087,692	2,134	1,085,558	
<b>24</b> Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
<b>a</b> MEDICAL SUPPLIES & DRUGS	129,100,590	129,079,049	21,541	
<b>b</b> REPAIRS & MAINTENANCE	16,610,054	15,813,605	744,019	52,430
<b>c</b> DUES & SUBSCRIPTIONS	3,847,285	1,599,624	2,244,315	3,346
<b>d</b> TAXES- UBIT	82,655		82,655	
<b>e</b> All other expenses	3,314,887	2,744,101	534,472	36,314
<b>25</b> Total functional expenses. Add lines 1 through 24e	693,764,138	579,838,341	112,752,312	1,173,485
<b>26</b> Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash—non-interest bearing		1	
	2 Savings and temporary cash investments	78,251,832	2	62,262,670
	3 Pledges and grants receivable, net	99,629	3	212,728
	4 Accounts receivable, net	111,736,791	4	111,027,708
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	8,988,974	5	10,680,656
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	29,866,592	7	24,321,103
	8 Inventories for sale or use	15,723,351	8	16,971,892
	9 Prepaid expenses and deferred charges	4,344,835	9	5,197,148
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1048448069		
	b Less: accumulated depreciation	10b 548,979,568	10c	499,468,501
	11 Investments—publicly traded securities	261,766,810	11	312,855,173
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11	324,481,069	13	335,649,496
	14 Intangible assets	144,707,541	14	145,025,185
	15 Other assets. See Part IV, line 11	96,741,552	15	92,041,920
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	1603260990	16	1615714180	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	63,659,832	17	68,353,826
	18 Grants payable		18	
	19 Deferred revenue	1,273,627	19	11,354,761
	20 Tax-exempt bond liabilities	981,126,646	20	966,918,770
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	25,846,994	23	16,314,872
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	94,938,811	25	78,273,041
	26 <b>Total liabilities.</b> Add lines 17 through 25	1166845910	26	1141215270
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	436,180,033	27	474,227,931
	28 Temporarily restricted net assets	235,047	28	270,979
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 <b>Total net assets or fund balances</b>	436,415,080	33	474,498,910	
34 <b>Total liabilities and net assets/fund balances</b>	1603260990	34	1615714180	

Form **990** (2014)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	726,485,723
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	693,764,138
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	32,721,585
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	436,415,080
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	-2,815,368
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	8,177,613
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	474,498,910

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<b>2a</b>	<b>X</b>
<b>b</b> Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<b>2b</b>	<b>X</b>
<b>c</b> If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	<b>2c</b>	<b>X</b>
<b>3a</b> As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	<b>3a</b>	<b>X</b>
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	<b>3b</b>	<b>X</b>

Form **990** (2014)



**SCHEDULE A**  
**(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014****Open to Public  
Inspection**

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 ☐ A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 ☒ A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 ☐ A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: .....
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 ☐ A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. You must complete Part IV, Sections A and B.
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). You must complete Part IV, Sections A and C.
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). You must complete Part IV, Sections A, D, and E.
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). You must complete Part IV, Sections A and D, and Part V.
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2013 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2014. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support test—2013. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2014. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.  
If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests—2014.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ☐

b **33 1/3% support tests—2013.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

**Part IV Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in <b>Part VI</b> how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in <b>Part VI</b> when and how the organization made the determination.		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2) (B) purposes? If "Yes," explain in <b>Part VI</b> what controls the organization put in place to ensure such use.		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in <b>Part VI</b> how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in <b>Part VI</b> , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in <b>Part VI</b> .		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990).		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in <b>Part VI</b> .		
<b>b</b> Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>c</b> Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>10a</b> Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer (b) below.		
<b>b</b> Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV Supporting Organizations (continued)**

- 11 Has the organization accepted a gift or contribution from any of the following persons?
- a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?
- b A family member of a person described in (a) above?
- c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.

	Yes	No
11a		
11b		
11c		

**Section B. Type I Supporting Organizations**

- 1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.
- 2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.

	Yes	No
1		
2		

**Section C. Type II Supporting Organizations**

- 1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).

	Yes	No
1		

**Section D. All Type III Supporting Organizations**

- 1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).
- 3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.

	Yes	No
1		
2		
3		

**Section E. Type III Functionally-Integrated Supporting Organizations**

- 1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):
- a ☐ The organization satisfied the Activities Test. Complete line 2 below.
- b ☐ The organization is the parent of each of its supported organizations. Complete line 3 below.
- c ☐ The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).

**2 Activities Test. Answer (a) and (b) below.**

- a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.
- b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.
- 3 Parent of Supported Organizations. Answer (a) and (b) below.
- a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.
- b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.

	Yes	No
2a		
2b		
3a		
3b		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1** ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Net short-term capital gain	<b>1</b>		
<b>2</b> Recoveries of prior-year distributions	<b>2</b>		
<b>3</b> Other gross income (see instructions)	<b>3</b>		
<b>4</b> Add lines 1 through 3	<b>4</b>		
<b>5</b> Depreciation and depletion	<b>5</b>		
<b>6</b> Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	<b>6</b>		
<b>7</b> Other expenses (see instructions)	<b>7</b>		
<b>8</b> Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	<b>8</b>		
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
<b>a</b> Average monthly value of securities	<b>1a</b>		
<b>b</b> Average monthly cash balances	<b>1b</b>		
<b>c</b> Fair market value of other non-exempt-use assets	<b>1c</b>		
<b>d</b> Total (add lines 1a, 1b, and 1c)	<b>1d</b>		
<b>e</b> Discount claimed for blockage or other factors (explain in detail in Part VI):			
<b>2</b> Acquisition indebtedness applicable to non-exempt-use assets	<b>2</b>		
<b>3</b> Subtract line 2 from line 1d	<b>3</b>		
<b>4</b> Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	<b>4</b>		
<b>5</b> Net value of non-exempt-use assets (subtract line 4 from line 3)	<b>5</b>		
<b>6</b> Multiply line 5 by .035	<b>6</b>		
<b>7</b> Recoveries of prior-year distributions	<b>7</b>		
<b>8</b> Minimum Asset Amount (add line 7 to line 6)	<b>8</b>		
Section C - Distributable Amount			Current Year
<b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)	<b>1</b>		
<b>2</b> Enter 85% of line 1	<b>2</b>		
<b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)	<b>3</b>		
<b>4</b> Enter greater of line 2 or line 3	<b>4</b>		
<b>5</b> Income tax imposed in prior year	<b>5</b>		
<b>6</b> Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	<b>6</b>		
<b>7</b> <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).			

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)****Section D - Distributions**

	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2014:			
a			
b			
c			
d			
e From 2013 . . . . .			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2014 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 Excess distributions carryover to 2015. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c			
d Excess from 2013 . . .			
e Excess from 2014 . . .			

Schedule A (Form 990 or 990-EZ) 2014





**Schedule B**(Form 990, 990-EZ,  
or 990-PF)Department of the Treasury  
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

OMB No. 1545-0047

**2014**▶ Information about Schedule B (Form 990, 990-EZ, 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282**

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)( 3 ) (enter number) organization☐ 4947(a)(1) nonexempt charitable trust not treated as a private foundation☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the General Rule or a Special Rule.

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒
- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$  % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions exclusively for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ .....

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2014)

Name of organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

**Part I** Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 330,090	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 102,448	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ 411,481	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ 191,126	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ 85,010	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ 51,160	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

**Part I****Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		\$ 7,450	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8		\$ 50,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9		\$ 31,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

**SCHEDULE C**  
**(Form 990 or 990-EZ)****Political Campaign and Lobbying Activities**

For Organizations Exempt From Income Tax Under section 501(c) and section 527

OMB No. 1545-0047

**2014****Open to Public Inspection**Department of the Treasury  
Internal Revenue Service

▶ Complete if the organization is described below.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ▶ \$

3 Volunteer hours

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$

4 Did the filing organization file Form 1120-POL for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2014

**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....														
<b>d</b> Other exempt purpose expenditures .....														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....														
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....														
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....														
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....														

☐ Yes ☐ No
**4-Year Averaging Period Under section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2014

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	X		
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?	X		1,129
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		253,186
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?		X	
j Total. Add lines 1c through 1i			254,315
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

**Part IV** Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**SCHEDULE C, PART II-B, LINE 1**

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR THE DEPARTMENT'S  
MANAGER OR DIRECTOR ATTENDED THE FOLLOWING LEGISLATIVE CONFERENCES:

- PREMIER FEDERAL AFFAIRS NETWORK MEETING
- AMERICAN HOSPITAL ASSOCIATION ANNUAL MEETING
- TENNESSEE HOSPITAL ASSOCIATION LEGISLATIVE ADVOCACY DAY

**Part IV** Supplemental Information (continued)

- HOSPITAL ALLIANCE OF TENNESSEE ANNUAL MEETING
- TENNESSEE PUBLIC & TEACHING HOSPITALS ASSOCIATION ANNUAL MEETING
- VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION LEGISLATIVE ISSUES CONFERENCE

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR DEPARTMENTAL STAFF ALSO CONTACTED CONGRESSIONAL OFFICES CONCERNING THE FOLLOWING ISSUES:

- SUPPORTED PERMANENT DISPROPORTIONATE SHARE HOSPITAL FOR THE STATE OF TENNESSEE
- SUPPORTED SUSTAINABLE GROWTH RATE REFORM
- OPPOSED ADDITIONAL CUTS IN MEDICARE/MEDICAID
- SUPPORTED REAUTHORIZATION AND FUNDING OF CHILDREN'S HOSPITALS GRADUATE MEDICAL EDUCATION
- SUPPORTED FEDERAL FUNDING FOR TRAUMA CARE
- SUPPORTED CONTINUATION OF GRADUATE MEDICAL EDUCATION FUNDING
- SUPPORTED AREA WAGE INDEX REFORM
- SUPPORTED STUDY OF CHRONIC CARE FOR MEDICARE RECIPIENTS
- SUPPORTED CHANGES TO 2 MIDNIGHT RULE
- SUPPORTED RECOVERY AUDIT CONTRACTOR REFORM
- SUPPORTED MEDICARE DEPENDENT HOSPITAL AND LOW-VOLUME DESIGNATIONS

THE COMMUNITY & GOVERNMENT RELATIONS VICE PRESIDENT AND/OR DEPARTMENTAL DIRECTOR RESPONDED VIA LETTER, PHONE, OR IN PERSON TO SUPPORT THE FOLLOWING TENNESSEE AND VIRGINIA LEGISLATIVE ISSUES:

- MEDICAID EXPANSION - TENNESSEE
- CERTIFICATE OF PUBLIC ADVANTAGE
- STRONG CERTIFICATE OF NEED PROGRAMS IN TENNESSEE AND VIRGINIA
- CONTINUATION OF HOSPITAL ASSESSMENT FEE IN TENNESSEE

**Part IV** Supplemental Information (continued)

- FUNDING FOR PERINATAL CENTERS IN TENNESSEE
- MENTAL HEALTH FUNDING FOR INPATIENT PSYCHIATRIC CARE - TENNESSEE
- STABLE MEDICAID RATES IN VIRGINIA
- LESS BURDENSOME LICENSURE REQUIREMENTS FOR GRADUATES OF FOREIGN MEDICAL SCHOOLS
- HELMET REQUIREMENT FOR MOTORCYCLISTS



**SCHEDULE D  
(Form 990)**Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**▶ Complete if the organization answered "Yes" to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

▶ Attach to Form 990.

▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014****Open to Public  
Inspection**

Name of the organization

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate value of contributions to (during year) .....		
3 Aggregate value of grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Part II Conservation Easements.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).	
<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements .....	<b>Held at the End of the Tax Year</b>
b Total acreage restricted by conservation easements .....	2a
c Number of conservation easements on a certified historic structure included in (a) .....	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ .....	2d
4 Number of states where property subject to conservation easement is located ▶ .....	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ .....	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ .....	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ .....
(ii) Assets included in Form 990, Part X .....	▶ \$ .....
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenue included in Form 990, Part VIII, line 1 .....	▶ \$ .....
b Assets included in Form 990, Part X .....	▶ \$ .....

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other .....

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

**Part V Endowment Funds.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ %

b Permanent endowment ▶ %

c Temporarily restricted endowment ▶ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		48,225,494		48,225,494
b Buildings		511,933,826	179,762,710	332,171,116
c Leasehold improvements		950,676	562,176	388,500
d Equipment		487,338,073	368,654,682	118,683,391
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				499,468,501

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) INVESTMENT IN JMH	132,000,000	COST
(2) INVESTMENT IN BRMMC	100,310,432	COST
(3) INVESTMENT IN SCCH	68,400,494	COST
(4) INVESTMENT IN ISHN	35,854,787	COST
(5) INVESTMENT IN PREMIER	425,000	COST
(6) INVESTMENT IN QRH OF JC, LLC	1,305	COST
(7) INVESTMENT IN QRH OF JC, LLC	-18,302	COST
(8) PREMIER RESERVE	-260,000	COST
(9) INVESTMENT IN MSJC	-1,064,220	COST
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) AWUL-UNDER BOND INDENTURE AGREEMENT	45,220,027
(2) AWUL - CURRENT	19,597,595
(3) LONG TERM COMPENSATION INVESTMENT	15,105,469
(4) DEFERRED CHARGES AND OTHER	12,118,829
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

92,041,920

**Part X Other Liabilities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ACCRUED SALARIES, ABSENCES & W/H	43,146,334
(3) ACCRUED INTEREST	18,062,772
(4) OTHER LONG-TERM LIABILITIES	9,208,370
(5) DUE TO THIRD-PARTY PAYERS	5,314,883
(6) EST. FAIR VALUE OF INT. RATE SWAP	2,540,682
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

78,273,041

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements		<b>1</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines 2a through 2d		<b>2e</b>
<b>3</b>	Subtract line 2e from line 1		<b>3</b>
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines 4a and 4b		<b>4c</b>
<b>5</b>	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		<b>5</b>

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines 2a through 2d		<b>2e</b>
<b>3</b>	Subtract line 2e from line 1		<b>3</b>
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines 4a and 4b		<b>4c</b>
<b>5</b>	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		<b>5</b>

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X - FIN 48 FOOTNOTE**

THE ALLIANCE IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS FOR THE ALLIANCE AND ITS TAX-EXEMPT SUBSIDIARIES. THE ALLIANCE'S TAXABLE SUBSIDIARIES ARE DISCUSSED IN NOTE L. THE ALLIANCE HAS NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2015 AND 2014. AT JUNE 30, 2015, TAX RETURNS FOR 2011 THROUGH 2014 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE.

**Part XIII** Supplemental Information (continued)

Area with horizontal dotted lines for supplemental information.

**SCHEDULE H  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Hospitals**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.

▶ Attach to Form 990.

▶ Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**Open to Public  
Inspection

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****Part I Financial Assistance and Certain Other Community Benefits at Cost**

- 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
- b If "Yes," was it a written policy?
- 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.
- ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities
- ☐ Generally tailored to individual hospital facilities
- 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.
- a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:
- ☐ 100% ☐ 150% ☒ 200% ☐ Other \_\_\_\_\_%
- b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:
- ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other \_\_\_\_\_%
- c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.
- 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?
- 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
- b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
- c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
- 6a Did the organization prepare a community benefit report during the tax year?
- b If "Yes," did the organization make it available to the public?

	Yes	No
1a	X	
1b	X	
2		
3a	X	
3b	X	
3c		
4	X	
5a	X	
5b		X
5c		
6a	X	
6b	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

**7 Financial Assistance and Certain Other Community Benefits at Cost**

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			12,019,626		12,019,626	1.73
b Medicaid (from Worksheet 3, column a)			110,038,412	80,207,944	29,830,468	4.30
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			122,058,038	80,207,944	41,850,094	6.03
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,952,128	838,561	4,113,567	0.59
f Health professions education (from Worksheet 5)			12,296,806	3,020,754	9,276,052	1.34
g Subsidized health services (from Worksheet 6)			20,740,601	12,558,813	8,181,788	1.18
h Research (from Worksheet 7)			260,074	22,625	237,449	0.03
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,736,609		1,736,609	0.25
j Total, Other Benefits			39,986,218	16,440,753	23,545,465	3.39
k Total. Add lines 7d and 7j			162,044,256	96,648,697	65,395,559	9.43

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total						

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1** Yes **X** No

2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount

**2** 84,032,514

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit

**3** 63,864,711

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME)

**5** 170,145,174

6 Enter Medicare allowable costs of care relating to payments on line 5

**6** 165,836,466

7 Subtract line 6 from line 5. This is the surplus (or shortfall)

**7** 4,308,708

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year?

**9a** Yes **X** No

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI

**9b** Yes **X** No

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 MED'L SPEC OF JC LLC	MEDICAL SERVICES	51		49
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

**Part V Facility Information****Section A. Hospital Facilities**

(list in order of size, from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year? 7

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
<b>1 JOHNSON CITY MEDICAL CENTER</b>										
400 N. STATE OF FRANKLIN ROAD JOHNSON CITY TN 37604										
00000121	X	X	X	X		X	X		MENTAL HEALTH	
<b>2 INDIAN PATH MEDICAL CENTER</b>										
2000 BROOKSIDE DRIVE KINGSPORT TN 37660										
00000134	X	X		X			X			
<b>3 FRANKLIN WOODS COMMUNITY HOSPITAL</b>										
300 MED TECH PARKWAY JOHNSON CITY TN 37604										
00000123	X	X					X			
<b>4 SYCAMORE SHOALS HOSPITAL</b>										
1501 W. ELK AVENUE ELIZABETHTON TN 37643										
00000012	X	X					X			
<b>5 RUSSELL COUNTY MEDICAL CENTER</b>										
58 CARROLL STREET LEBANON VA 24266										
H 1892	X	X					X			
<b>6 JOHNSON COUNTY COMMUNITY HOSPITAL</b>										
16901 S. SHADY STREET MOUNTAIN CITY TN 37683										
00000039	X				X		X			
<b>7 UNICOI COUNTY MEMORIAL HOSPITAL</b>										
100 GREENWAY CIRCLE ERWIN TN 37650										
00000119	X	X					X			



**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group JOHNSON CITY MEDICAL CENTER

Line number of hospital facility, or line numbers of hospital

facilities in a facility reporting group (from Part V, Section A): 1**Community Health Needs Assessment**

1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?

	Yes	No
1		X

2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C

2		X
---	--	---

3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12

3	X	
---	---	--

If "Yes," indicate what the CHNA report describes (check all that apply):

- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The significant health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Section C)

4 Indicate the tax year the hospital facility last conducted a CHNA: 20 15

5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

5	X	
---	---	--

6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C

6a	X	
----	---	--

b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C

6b		X
----	--	---

7 Did the hospital facility make its CHNA report widely available to the public?

7	X	
---	---	--

If "Yes," indicate how the CHNA report was made widely available (check all that apply):

- a ☒ Hospital facility's website (list url): WWW.MOUNTAINSTATESHEALTH.COM
- b ☐ Other website (list url):
- c ☒ Made a paper copy available for public inspection without charge at the hospital facility
- d ☐ Other (describe in Section C)

8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11

8	X	
---	---	--

9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 16

10 Is the hospital facility's most recently adopted implementation strategy posted on a website?

10		X
----	--	---

a If "Yes," (list url):

b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?

10b	X	
-----	---	--

11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.

12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

12a		X
-----	--	---

b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?

12b		
-----	--	--

c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

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**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group JOHNSON CITY MEDICAL CENTER

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>13</b> <input checked="" type="checkbox"/>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>14</b> <input checked="" type="checkbox"/>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>15</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Included measures to publicize the policy within the community served by the hospital facility? .....	<b>16</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url):		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? .....	<b>17</b> <input checked="" type="checkbox"/>	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

**Part V Facility Information (continued)**Name of hospital facility or letter of facility reporting group **JOHNSON CITY MEDICAL CENTER**

- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- 20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):
- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ None of these efforts were made

**Policy Relating to Emergency Medical Care**

- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
21	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

- 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

	Yes	No

- 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
23		X

If "Yes," explain in Section C.

- 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
24		X

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group INDIAN PATH MEDICAL CENTERLine number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 2**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url):		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group INDIAN PATH MEDICAL CENTER

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients? .....	X	
15	Explained the method for applying for financial assistance? .....	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Included measures to publicize the policy within the community served by the hospital facility? .....	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url):		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> Other (describe in Section C)		
<b>Billing and Collections</b>			
17	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? .....	X	
18	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
e	<input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

**Part V Facility Information (continued)**Name of hospital facility or letter of facility reporting group INDIAN PATH MEDICAL CENTER

	Yes	No
<b>19</b> Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
<b>20</b> Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d <input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

<b>21</b> Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....	<b>21</b>	<b>X</b>	
If "No," indicate why:			
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d <input type="checkbox"/> Other (describe in Section C)			

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

<b>22</b> Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input checked="" type="checkbox"/> Other (describe in Section C)			
<b>23</b> During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....	<b>23</b>		<b>X</b>
If "Yes," explain in Section C.			
<b>24</b> During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....	<b>24</b>		<b>X</b>
If "Yes," explain in Section C.			

Schedule H (Form 990) 2014

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group **FRANKLIN WOODS COMMUNITY HOSPITAL**Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 3**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 If "Yes," indicate what the CHNA report describes (check all that apply):	X	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	X	
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url):		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group **FRANKLIN WOODS COMMUNITY HOSPITAL**

- Did the hospital facility have in place during the tax year a written financial assistance policy that:
- 13 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? ..... 13 ☒ Yes ☐ No
- If "Yes," indicate the eligibility criteria explained in the FAP:
- a ☒ Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 200 %  
and FPG family income limit for eligibility for discounted care of 400 %
- b ☐ Income level other than FPG (describe in Section C)
- c ☒ Asset level
- d ☒ Medical indigency
- e ☐ Insurance status
- f ☒ Underinsurance status
- g ☐ Residency
- h ☐ Other (describe in Section C)
- 14 Explained the basis for calculating amounts charged to patients? ..... 14 ☒ Yes ☐ No
- 15 Explained the method for applying for financial assistance? ..... 15 ☒ Yes ☐ No
- If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):
- a ☒ Described the information the hospital facility may require an individual to provide as part of his or her application
- b ☒ Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application
- c ☒ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process
- d ☐ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications
- e ☐ Other (describe in Section C)
- 16 Included measures to publicize the policy within the community served by the hospital facility? ..... 16 ☒ Yes ☐ No
- If "Yes," indicate how the hospital facility publicized the policy (check all that apply):
- a ☒ The FAP was widely available on a website (list url): WWW.MOUNTAINSTATESHEALTH.COM
- b ☒ The FAP application form was widely available on a website (list url): WWW.MOUNTAINSTATESHEALTH.COM
- c ☐ A plain language summary of the FAP was widely available on a website (list url): \_\_\_\_\_
- d ☒ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)
- e ☒ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)
- f ☐ A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)
- g ☒ Notice of availability of the FAP was conspicuously displayed throughout the hospital facility
- h ☒ Notified members of the community who are most likely to require financial assistance about availability of the FAP
- i ☐ Other (describe in Section C)

**Billing and Collections**

- 17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? ..... 17 ☒ Yes ☐ No
- 18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:
- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- e ☒ None of these actions or other similar actions were permitted



**Part V Facility Information (continued)**Name of hospital facility or letter of facility reporting group **FRANKLIN WOODS COMMUNITY HOSPITAL**

- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- 20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):
- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ None of these efforts were made

**Policy Relating to Emergency Medical Care**

- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
21	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

- 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

	Yes	No

- 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
23		X

If "Yes," explain in Section C.

- 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
24		X

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group SYCAMORE SHOALS HOSPITALLine number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 4**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url):		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group SYCAMORE SHOALS HOSPITAL

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>X</b>	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url):		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? .....	<b>X</b>	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

**Part V** Facility Information (continued)Name of hospital facility or letter of facility reporting group **SYCAMORE SHOALS HOSPITAL**

- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- 20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):
- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ None of these efforts were made

**Policy Relating to Emergency Medical Care**

- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
21	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

- 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)


- 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

23		X

If "Yes," explain in Section C.

- 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

24		X

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group RUSSELL COUNTY MEDICAL CENTERLine number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 5**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 If "Yes," indicate what the CHNA report describes (check all that apply):	X	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	X	
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url):		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group RUSSELL COUNTY MEDICAL CENTER

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>13</b> <input checked="" type="checkbox"/>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>14</b> <input checked="" type="checkbox"/>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>15</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Included measures to publicize the policy within the community served by the hospital facility? .....	<b>16</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url):		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? .....	<b>17</b> <input checked="" type="checkbox"/>	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

**Part V** Facility Information (continued)Name of hospital facility or letter of facility reporting group **RUSSELL COUNTY MEDICAL CENTER**

- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- 20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):
- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ None of these efforts were made

**Policy Relating to Emergency Medical Care**

- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
21	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

- 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

	Yes	No

- 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
23		X

If "Yes," explain in Section C.

- 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
24		X

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group JOHNSON COUNTY COMMUNITY HOSPITAL

Line number of hospital facility, or line numbers of hospital

facilities in a facility reporting group (from Part V, Section A): 6**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url):		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		



**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group **JOHNSON COUNTY COMMUNITY HOSPITAL**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>X</b>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>X</b>	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Included measures to publicize the policy within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url):		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? .....	<b>X</b>	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

**Part V Facility Information (continued)**Name of hospital facility or letter of facility reporting group **JOHNSON COUNTY COMMUNITY HOSPITAL**

- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- 20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):
- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ None of these efforts were made

**Policy Relating to Emergency Medical Care**

- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
21	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

- 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

	Yes	No

- 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
23		X

If "Yes," explain in Section C.

- 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
24		X

If "Yes," explain in Section C.

**Part V Facility Information (continued)****Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group UNICOI COUNTY MEMORIAL HOSPITALLine number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 7**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 If "Yes," indicate what the CHNA report describes (check all that apply):	X	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):	X	
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url):		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)****Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group UNICOI COUNTY MEMORIAL HOSPITAL

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	<b>13</b> <input checked="" type="checkbox"/>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>14</b> <input checked="" type="checkbox"/>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>15</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Included measures to publicize the policy within the community served by the hospital facility? .....	<b>16</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.MOUNTAINSTATESHEALTH.COM</u>		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url):		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon non-payment? .....	<b>17</b>	<input checked="" type="checkbox"/>	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:			
a <input type="checkbox"/> Reporting to credit agency(ies)			
b <input type="checkbox"/> Selling an individual's debt to another party			
c <input type="checkbox"/> Actions that require a legal or judicial process			
d <input type="checkbox"/> Other similar actions (describe in Section C)			
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted			

**Part V** Facility Information (continued)Name of hospital facility or letter of facility reporting group **UNICOI COUNTY MEMORIAL HOSPITAL**

- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a ☐ Reporting to credit agency(ies)
- b ☐ Selling an individual's debt to another party
- c ☐ Actions that require a legal or judicial process
- d ☐ Other similar actions (describe in Section C)
- 20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):
- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ None of these efforts were made

**Policy Relating to Emergency Medical Care**

- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
21	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- d ☐ Other (describe in Section C)

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

- 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☒ Other (describe in Section C)

- 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

	Yes	No
23		X

If "Yes," explain in Section C.

- 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

	Yes	No
24		X

If "Yes," explain in Section C.

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

## FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 5

MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. SPECIFIC TO JCMC, THE GROUP CONSISTED OF REPRESENTATIVES FROM THE WASHINGTON COUNTY HEALTH DEPARTMENT, FRONTIER HEALTH, ETSU COLLEGE OF NURSING, ETSU JOHNSON CITY COMMUNITY HEALTH CENTER, ETSU COLLEGE OF PUBLIC HEALTH, WASHINGTON COUNTY COMMISSION, NORTHEAST TENNESSEE REGIONAL HEALTH DEPARTMENT, WASHINGTON COUNTY/JOHNSON CITY EMERGENCY MEDICAL SERVICES, UNITED WAY, PROJECT ACCESS, CHAMBER OF COMMERCE, FAMILIES FREE, CITY OF JOHNSON CITY, AND CENTER ON AGING AND HEALTH. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS THE WASHINGTON COUNTY COMMUNITY BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

## FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 6A

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. JCMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, UNICOI COUNTY MEMORIAL HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

**FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 11**

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

**FACILITY 1, JOHNSON CITY MEDICAL CENTER - PART V, LINE 22D**

UNINSURED PATIENTS RECEIVE A 66% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

**FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 5**

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. SPECIFIC TO IPMC, THE GROUP CONSISTED OF REPRESENTATIVES FROM HEALTHY KINGSPORT, KINGSPORT CITY SCHOOLS, UNITED WAY OF GREATER KINGSPORT, SULLIVAN COUNTY HEALTH DEPARTMENT, IPMC HEALTH RESOURCE CENTER, SULLIVAN COUNTY DEPARTMENT OF EDUCATION, KINGSPORT CHAMBER OF COMMERCE, AND KINGSPORT BOARD OF MAYOR AND ALDERMAN. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS IPMC'S SULLIVAN COUNTY COMMUNITY BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 6A

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE



**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. IPMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, JOHNSON CITY MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, UNICOI COUNTY MEMORIAL HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

**FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 11**

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

**FACILITY 2, INDIAN PATH MEDICAL CENTER - PART V, LINE 22D**

UNINSURED PATIENTS RECEIVE A 66% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

**FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 5**

MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. SPECIFIC TO FWCH, THE GROUP CONSISTED OF REPRESENTATIVES FROM THE WASHINGTON COUNTY HEALTH DEPARTMENT, FRONTIER HEALTH, ETSU COLLEGE OF NURSING, ETSU JOHNSON CITY COMMUNITY HEALTH CENTER, ETSU COLLEGE OF PUBLIC HEALTH, WASHINGTON COUNTY COMMISSION, NORTHEAST TENNESSEE REGIONAL HEALTH DEPARTMENT, WASHINGTON COUNTY/JOHNSON CITY EMERGENCY MEDICAL SERVICES, UNITED WAY, PROJECT ACCESS, CHAMBER OF COMMERCE, FAMILIES FREE, CITY OF JOHNSON CITY, AND CENTER ON AGING AND HEALTH. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS THE WASHINGTON COUNTY COMMUNITY BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 6A  
EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. FWCH'S CHNA WAS CONDUCTED WITH

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

ALL MSHA HOSPITALS TO INCLUDE: JOHNSON CITY MEDICAL CENTER, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, UNICOI COUNTY MEMORIAL HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 11  
MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

FACILITY 3, FRANKLIN WOODS COMMUNITY HOSPITAL - PART V, LINE 22D  
UNINSURED PATIENTS RECEIVE A 66% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 5  
MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS,

**Part V Facility Information (continued)**

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. SPECIFIC TO SSH, THE GROUP CONSISTED OF REPRESENTATIVES FROM ELIZABETHTON CITY SCHOOLS, CARTER COUNTY SCHOOLS, UNITED HEALTHCARE, UT-CARTER COUNTY EXTENSION, CENTER ON AGING AND HEALTH, CARTER COUNTY GOVERNOR'S OFFICE, COORDINATED SCHOOL HEALTH, BABE BREASTFEEDING COALITION, PROJECT ACCESS AND CARTER COUNTY HEALTH DEPARTMENT. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS SSH'S CARTER COUNTY COMMUNITY BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

**FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 6A**

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. SSH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, JOHNSON CITY MEDICAL CENTER, JOHNSON COUNTY COMMUNITY HOSPITAL, UNICOI COUNTY MEMORIAL HOSPITAL, RUSSELL COUNTY MEDICAL CENTER,

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON  
COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 11

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE  
DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN  
IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S  
COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF  
NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION  
STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S  
FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

FACILITY 4, SYCAMORE SHOALS HOSPITAL - PART V, LINE 22D

UNINSURED PATIENTS RECEIVE A 66% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH  
AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.  
ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE  
WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 5

MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN  
HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990)  
LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH  
GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS,  
COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL  
REPRESENTATIVES. SPECIFIC TO RCMC, THE GROUP CONSISTED OF REPRESENTATIVES  
FROM THE CUMBERLAND PLATEAU HEALTH DISTRICT, VIRGINIA DEPARTMENT OF HEALTH,

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

DANTE EMERGENCY MEDICAL SERVICES, TOWN OF LEBANON, RUSSELL COUNTY

DEPARTMENT OF SOCIAL SERVICES, AND RUSSELL COUNTY YMCA. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS RUSSELL COUNTY MEDICAL CENTER'S BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 6A

EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. RCMC'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, UNICOI COUNTY MEMORIAL HOSPITAL, JOHNSON CITY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 11

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED

FACILITY 5, RUSSELL COUNTY MEDICAL CENTER - PART V, LINE 22D

UNINSURED PATIENTS RECEIVE A 66% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 5

MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. SPECIFIC TO JCCH, THE GROUP CONSISTED OF REPRESENTATIVES FROM JOHNSON COUNTY COMMUNITY HOSPITAL, JOHNSON COUNTY HEALTH DEPARTMENT, JOHNSON COUNTY RESCUE AND EMERGENCY MEDICAL SERVICES, ETSU COLLEGE OF NURSING AT MOUNTAIN CITY EXTENDED HOURS, AND JOHNSON COUNTY SCHOOLS. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING,

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS JOHNSON COUNTY COMMUNITY HOSPITAL'S BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 6A  
EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. JCCH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON CITY MEDICAL CENTER, UNICOI COUNTY MEMORIAL HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 11  
MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S



**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

FACILITY 6, JOHNSON COUNTY COMMUNITY HOSPITAL - PART V, LINE 22D  
UNINSURED PATIENTS RECEIVE A 50% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT. ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 5  
MSHA MET WITH TEN FOCUS GROUPS, EACH REPRESENTING ONE OF THE THIRTEEN HOSPITAL FACILITIES (INCLUDING ALL OF THE HOSPITALS INCLUDED IN THIS 990) LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES (16 COUNTIES). EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS, NURSES, NON-PROFIT DIRECTORS, COMMUNITY DEVELOPERS, FAITH BASED LEADERS, PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES. SPECIFIC TO UCMH, THE GROUP CONSISTED OF REPRESENTATIVES FROM THE UNICOI COUNTY CHAMBER OF COMMERCE, BANK OF TENNESSEE, UNICOI COUNTY FAMILY YMCA, KEESECKER/STEEL RAILS, CENTER ON AGING AND HEALTH, UETHDA HEAD START, TELEMOM HEAD START, AND UNICOI COUNTY HEALTH DEPARTMENT. EACH GROUP RANGED IN ATTENDANCE FROM 5 TO 18 INDIVIDUALS. PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTY'S PERCEIVED HEALTH STATUS RATING, AVAILABLE RESOURCES, TOP HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS, AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. OPEN DISCUSSION FOLLOWED. THE COLLECTED INFORMATION WAS THEN PAIRED WITH

**Part V** Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS. THE FACILITY COMMUNITY BOARDS (SUCH AS THE UNICOI COUNTY COMMUNITY BOARD) WERE PRESENTED THIS INFORMATION AND SHARED THEIR THOUGHTS AS WELL ON THE HEALTH NEEDS TO PRIORITIZE. THE SPECIFIC NEEDS FOR EACH COUNTY WERE THEN ADDRESSED IN THE RESPECTIVE FACILITY IMPLEMENTATION PLAN WHICH WAS ADOPTED SEVERAL MONTHS LATER.

FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 6A  
EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA. FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED. FOR INSTANCE, JOHNSON CITY MEDICAL CENTER (INCLUDES NISWONGER CHILDREN'S HOSPITAL AND WOODRIDGE HOSPITAL) AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE ALL LOCATED IN WASHINGTON COUNTY, TENNESSEE. UCMH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE: FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, JOHNSON CITY MEDICAL CENTER, RUSSELL COUNTY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, JOHNSTON MEMORIAL HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL.

FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 11  
MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2015. THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2014 AND 2015. AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S COMMUNITY BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF NOVEMBER AND DECEMBER 2015. MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL. DUE TO LACK OF RESOURCES, SOME OF MSHA'S

**Part V** Facility Information (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED.

FACILITY 7, UNICOI COUNTY MEMORIAL HOSPITAL - PART V, LINE 22D

UNINSURED PATIENTS RECEIVE A 66% DISCOUNT; AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT.

ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE.

**Part V Facility Information (continued)****Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)How many non-hospital health care facilities did the organization operate during the tax year? 10

Name and address	Type of Facility (describe)
1 JCMC AMBULATORY SURGERY CENTER 400 N. STATE OF FRANKLIN ROAD  JOHNSON CITY TN 37604	LICENSED AMBULATORY SURGERY CENTER
2 MOUNTAIN STATES IMAGING CENTER 301 MED TECH PARKWAY, SUITE 100  JOHNSON CITY TN 37604	
3 INDIAN PATH TRANSITIONAL CARE 2000 BROOKSIDE DRIVE  KINGSPORT TN 37660	LICENSED OUTPATIENT DIAGNOSTIC CENTER
4 MEDICAL CNTR HOME CARE-JOHNSON CITY 101 MED TECH PARKWAY, SUITE 100  JOHNSON CITY TN 37604	LICENSED SKILLED NURSING FACILITY
5 MEDICAL CNTR HOME CARE-KINGSPORT 2020 BROOKSIDE DRIVE, #28  KINGSPORT TN 37660	LICENSED HOME HEALTH AGENCY
6 RUSSELL CO. MEDICAL CNTR HOME HLTH 116 FLANNAGAN AVENUE  LEBANON VA 24266	LICENSED HOME HEALTH AGENCY
7 MEDICAL CENTER HOSPICE 101 MED TECH PARKWAY, SUITE 100  JOHNSON CITY TN 37604	LICENSED HOME HEALTH AGENCY
8 JOHNSON COUNTY HOME HEALTH 1987 SOUTH SHADY STREET  MOUNTAIN CITY TN 37683	LICENSED HOSPICE AGENCY
9 RUSSELL COUNTY MEDICAL CNTR HOSPICE 116 FLANNAGAN AVENUE  LABANON VA 24266	LICENSED HOME HEALTH AGENCY
10 UNICOI COUNTY LONG TERM CARE 100 GREENWAY CIRCLE  UNICOI TN 37650	LICENSED HOSPICE AGENCY
	LICENSED LONG TERM CARE FACILITY

**Part VI** Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**PART I, LINE 6A - RELATED ORGANIZATION INFORMATION**

MSHA'S COMMUNITY BENEFIT REPORT WAS COMPLETED IN FY15.

**PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION**

THE COST TO CHARGE RATIO (WORKSHEET 2 "RATIO OF PATIENT CARE COST TO CHARGES") WAS USED TO CALCULATE LINE 7A FINANCIAL ASSISTANCE (CHARITY CARE) COST. OUR COST ACCOUNTING SYSTEM WAS USED TO DETERMINE LOSSES FROM MEDICAID AND TENNCARE REPORTED ON LINE 7B, WITH THE EXCEPTION OF HOME HEALTH, A SMALL PHYSICIAN CLINIC AND UCMH - WE USED THE COST TO CHARGE RATIO FOR THEIR DATA BECAUSE THESE ARE SMALLER DIVISIONS NOT AVAILABLE IN OUR COST ACCOUNTING SOFTWARE. LINE 7E COMMUNITY HEALTH IMPROVEMENT INCLUDES COSTS THAT ARE TAKEN DIRECTLY FROM DEPARTMENTAL OPERATING REPORTS, WITH NO ADDITIONAL OVERHEAD INCLUDED IN THE COST. LINE 7F HEALTH PROFESSIONS EDUCATION IS COMPRISED OF INTERNSHIPS (PRIMARILY INTERNAL MEDICINE RESIDENTS, NURSING, PHARMACY, AND THERAPY STUDENTS) WITH SCHOOLS AND UNIVERSITIES, ALLOWING THEIR HEALTH PROFESSION STUDENTS TO GET HANDS-ON TRAINING. MEDICAL RESIDENT COSTS ARE TAKEN FROM JCMC AND IPMC MEDICARE COST REPORTS (NET OF ASSOCIATED REIMBURSEMENT). OUR ORGANIZATIONAL DEVELOPMENT

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**Part VI** Supplemental Information

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- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

DEPARTMENT KEEPS DETAILED RECORDS ON HOURS SPENT ON THE OTHER TYPES OF STUDENTS' ACTIVITIES, THE NUMBER OF STUDENTS THAT ROTATE THROUGH OUR HOSPITALS, ETC. INFORMATION IS MAINTAINED FOR EACH HOSPITAL UNIT THAT PARTICIPATES. WE ONLY INCLUDE LABOR COSTS AND WE ONLY ASSUME A PERCENTAGE OF OUR TEAM MEMBERS' TIME DEVOTED TO THESE STUDENTS. FOR LINE 7G SUBSIDIZED HEALTH CARE SERVICES, WE USE OUR COST ACCOUNTING SYSTEM BECAUSE WE HAVE ESTABLISHED, STANDARD COSTING REPORTS FOR THESE SERVICES. WE ARE CAREFUL TO ENSURE NO DOUBLE COUNTING OF COST (FOR EXAMPLE, WE DO NOT INCLUDE CHARITY AND TENNCARE/MEDICAID ALREADY REPORTED ON LINES 7A AND 7B). AND, PURSUANT TO IRS INSTRUCTIONS, WE DO NOT INCLUDE BAD DEBT LOSSES. ALTHOUGH WE HAVE MANY SERVICE LINES WITHIN OUR HOSPITALS THAT LOSE MONEY, WE DO NOT REPORT SERVICES THAT HOSPITALS ARE REQUIRED BY STATE LICENSURE TO PROVIDE. WE ALSO INCLUDE A PHYSICIAN SPECIALTY CLINIC OPERATED BY JCCH, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY AIDING WITH TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION. THE CLINIC INCURRED A LOSS

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**Part VI** Supplemental Information

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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

OF \$54,215 DURING FY15. LINE 7H RESEARCH IS REPORTED USING THE RESEARCH DEPARTMENT'S ACTUAL EXPENSES AND NO OVERHEAD PROVISION IS ADDED. LINE 7I CASH AND IN-KIND CONTRIBUTIONS INCLUDES CASH DISBURSEMENTS AND IN-KIND DONATIONS OF MEDICATIONS TO LOCAL NON-PROFIT RESCUE SQUADS AND FIRE DEPARTMENTS. IN-KIND DONATIONS OF MEDICATIONS ARE BASED ON OUR ACTUAL COST FOR THESE ITEMS.

**PART II - COMMUNITY BUILDING ACTIVITIES**

MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS. SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS. SOME ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTHCARE AND EDUCATION.

MSHA, IN COLLABORATION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY; PROVIDE SPACE; OR CONTRIBUTE

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**Part VI** Supplemental Information

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- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES THAT SERVE TO ASSIST SPECIAL POPULATIONS WITHIN OUR AREA. MSHA INCURRED EXPENSES OF ALMOST \$1.6 MILLION ON PHYSICIAN RECRUITMENT TO REPLACE PHYSICIANS RETIRING OR LEAVING OUR SERVICE AREAS, INCLUDING RECRUITMENT TO GOVERNMENT DESIGNATED UNDERSERVED COMMUNITIES. WITHOUT MSHA'S DEDICATION TO RURAL HEALTH, THERE WOULD NOT BE AN ADEQUATE NUMBER OF PHYSICIANS TO SERVE THIS PATIENT POPULATION.

MSHA PROVIDED NUMEROUS CONTRIBUTIONS TO CHARITABLE ORGANIZATIONS THAT SERVE TO ASSIST SPECIAL POPULATIONS WITHIN OUR AREA. MOST OF THESE ORGANIZATIONS WORK TO IMPROVE THE LIVES OF COMMUNITY MEMBERS THAT HAVE LIMITED, OR NO, FINANCIAL RESOURCES. SOME OF THESE INCLUDE FEEDING THE POOR, HEALTH AND DENTAL CARE, HOMES FOR CHILDREN, IMPROVING ACCESS TO HEALTH CARE, AND ACTIVITIES FOR AT-RISK CHILDREN. WE MADE MANY DONATIONS SPECIFIC TO CHILDREN, SUCH AS AFTER SCHOOL ACTIVITIES, HEALTH IMPROVEMENT SERVICES AND MENTORING PROGRAMS. OTHER DONATIONS ARE MADE TO BROADER-BASED ORGANIZATIONS SUCH AS AMERICAN CANCER SOCIETY AND AMERICAN HEART ASSOCIATION. MSHA PROVIDES FUNDING TO AREA UNIVERSITIES AND COLLEGES IN SUPPORT OF HEALTH

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**Part VI** Supplemental Information

Provide the following information.

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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**PROFESSIONAL EDUCATION.****PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY**

SELF-PAY BALANCES INCLUDE ACCOUNTS AFTER PAYMENTS AND CONTRACTUAL ADJUSTMENTS (DISCOUNTS) HAVE BEEN POSTED FROM ALL THIRD-PARTY PAYERS - GENERALLY LEAVING THE PATIENT RESPONSIBLE FOR ANY REMAINING DEDUCTIBLE AND/OR CO-PAYMENT. OTHER SELF-PAY ACCOUNTS ARE FROM PATIENTS WITH NO INSURANCE OR OTHER THIRD-PARTY COVERAGE. ALL PATIENTS WITH NO FORM OF THIRD-PARTY PAYER COVERAGE RECEIVE A 66% CALCULATED DISCOUNT, AS REQUIRED BY TENNESSEE LAW. THE EXCEPTION IS OUR CRITICAL ACCESS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, WHICH PROVIDES THE UNINSURED WITH A 50% CALCULATED DISCOUNT. JCCH'S CALCULATED DISCOUNT, AS DETERMINED BY TENNESSEE LAW, IS LOWER DUE TO THE SMALL HOSPITAL'S LOWER COST STRUCTURE. MSHA APPLIES TENNESSEE LAW TO OUR VIRGINIA HOSPITALS' PATIENT ACCOUNTS AS WELL. AFTER THE NORMAL COLLECTION PROCESS HAS INDICATED AN ACCOUNT IS UNCOLLECTIBLE, MSHA WRITES THE ACCOUNT OFF TO BAD DEBT. THE HOSPITAL'S OVERALL SELF-PAY ACCOUNTS RECEIVABLE BALANCE IS EVALUATED ON AN ONGOING BASIS TO GATHER HISTORICAL INFORMATION TO APPLY TO THE CURRENT BALANCE. IN

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**Part VI** Supplemental Information

Provide the following information.

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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

OTHER WORDS, THE HOSPITAL EVALUATES PAST COLLECTION HISTORY ON ACCOUNTS WRITTEN OFF TO BAD DEBT AND APPLIES THE HISTORICAL UNPAID RATE TO THE CURRENT SELF-PAY ACCOUNTS RECEIVABLE BALANCE.

PART III, LINE 3 - BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE MSHA'S PATIENT FINANCIAL SERVICES MANAGEMENT ESTIMATES THAT 76% OF BAD DEBT EXPENSE IS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE. WE BASE THIS PERCENTAGE ON THE COMPOSITION OF BAD DEBTS ATTRIBUTABLE TO PATIENT ACCOUNTS WITH NO FORM OF INSURANCE OR THIRD-PARTY COVERAGE, WHICH REPRESENTS THE MAJORITY OF BAD BEBT ACCOUNTS. WE ALSO ESTIMATE A MUCH SMALLER PERCENTAGE OF LIKELY CHARITY-ELIGIBLE ACCOUNTS TO ACCOUNTS WITH BALANCES AFTER INSURANCE/THIRD-PARTY COVERAGE HAS PAID (E.G. REMAINING DEDUCTIBLE AND CO-PAYMENT BALANCES).

IT IS IMPLAUSIBLE TO DETERMINE WITH EXACTITUDE THE AMOUNT OF MSHA'S BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT. WE ARE UNABLE TO DETERMINE OUR PATIENTS' FINANCIAL

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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
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CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSISTANCE FORM IS VOLUNTARILY PROVIDED TO US. WE CAN ASSERT THAT MORE THAN 97% OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSISTANCE FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE.

WE HAVE MANY INSTANCES OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE. ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION, MANY WILL NOT DO SO. EVEN WHEN WE TELL PATIENTS THAT WE FEEL CONFIDENT THEY WILL QUALIFY FOR FINANCIAL ASSISTANCE, MANY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION. OUR TEAM MEMBERS VOLUNTEER TO ASSIST PATIENTS WITH COMPLETION OF THE APPLICATION SO IT IS FRUSTRATING TO WRITE OFF AN ACCOUNT TO BAD DEBT MERELY BECAUSE THE PATIENT WILL NOT PROVIDE THE REQUIRED INFORMATION TO CONFIRM ELIGIBILITY.

PART III, LINE 4 - BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS  
THE TEXT OF MSHA'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE

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**Part VI** Supplemental Information

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APPEARS ON PAGE 13 IN OUR MOST RECENT AUDITED FINANCIAL STATEMENTS

(ATTACHED) .

PART III, LINE 8 - MEDICARE EXPLANATION

MEDICARE ALLOWABLE COSTS ARE REPORTED USING MSHA'S FILED MEDICARE COST REPORT (C/R) . THE C/R USES A COST TO CHARGE RATIO BASED ON A STEP-DOWN ALLOCATION METHODOLOGY. IN CARING FOR THE PATIENT, THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NON-ALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT AND COMFORT ITEMS TO INCLUDE A TELEVISION AND A TELEPHONE. THE RECRUITMENT OF PHYSICIANS ARE NON-ALLOWED COSTS BY THE MEDICARE PROGRAM EVEN THOUGH PHYSICIANS ARE RECRUITED BASED ON DOCUMENTED COMMUNITY NEED.

MEDICARE LOSSES, INCLUDING SOME NON-ALLOWABLE COSTS SUCH AS THOSE NOTED ABOVE, SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION. WHILE WE AGREE THAT COSTS SUCH AS MARKETING TO ATTRACT PATIENTS AND LOBBYING ARE REASONABLE TO EXCLUDE, IT DOES NOT SEEM REASONABLE TO EXCLUDE RECRUITMENT OF PHYSICIANS AND BASIC ITEMS SUCH AS TELEVISIONS IN PATIENT ROOMS.

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AS A NOT-FOR-PROFIT ORGANIZATION, WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF THE COMMUNITY AND THE INDIVIDUAL WHILE MAINTAINING A HIGH LEVEL OF HEALTH CARE SERVICES WITHOUT LOSSES. SINCE LOSSES DO OCCUR THROUGH THE CMS SYSTEM OF REIMBURSEMENT, THESE LOSSES ARE A COST OF DOING BUSINESS FOR OUR COMMUNITY AND SHOULD BE CONSIDERED A COMMUNITY BENEFIT.

AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM, HOSPITALS ARE REQUIRED TO PROVIDE THE FULL REGIMEN OF CARE FOR THE MEDICARE POPULATION. THERE ARE A NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT LEVELS BELOW COST. THEREFORE, IT IS ONLY LOGICAL TO ALLOW HOSPITALS TO REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT. BY MAKING THIS CHANGE, NON-PROFIT PROVIDERS WILL BE ENCOURAGED TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS.

**PART III, LINE 9B COLLECTION PRACTICES EXPLANATION**

MSHA HAS ESTABLISHED A STRONG COMMITMENT TO MEET THE MEDICAL NEEDS OF THE

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COMMUNITIES WE SERVE. ALL REQUESTS FOR FINANCIAL ASSISTANCE ARE EVALUATED USING ESTABLISHED GENERAL GUIDELINES, WHILE ALLOWING FOR UNIQUE FINANCIAL CIRCUMSTANCES. MSHA RECOGNIZES ITS OBLIGATION TO PROVIDE QUALITY HEALTH CARE TO THOSE WHO ARE UNABLE TO PAY.

FINANCIAL ASSISTANCE ELIGIBILITY ENCOMPASSES A VARIETY OF PATIENTS, SUCH AS THOSE WITH MEDICAID ELIGIBILITY AFTER THE DATE OF SERVICE, PATIENTS THAT ARE DECEASED WITH NO ESTATE, MEDICAID ELIGIBLE ENCOUNTERS WHERE BENEFITS HAVE BEEN EXHAUSTED, ETC. MSHA CHARITY GUIDELINES ARE BASED ON THE NATIONAL POVERTY GUIDELINES. HOWEVER, FINANCIAL ASSISTANCE IS NOT BASED SOLELY ON INCOME. UNIQUE FINANCIAL CIRCUMSTANCES ARE CONSIDERED, WHICH CAN CHANGE THE CATEGORY OF ELIGIBILITY. IN ADDITION, CHARITY DETERMINATION MAY BE RETROACTIVE FOR ALL DATES OF SERVICE. WHEN A PATIENT REQUESTS FINANCIAL ASSISTANCE OR WHEN AN APPLICATION HAS BEEN RECEIVED, THE PATIENT ACCOUNT IS PLACED IN A HOLD STATUS TO PREVENT FURTHER COLLECTION ACTIVITIES UNTIL FINANCIAL ASSISTANCE ELIGIBILITY IS DETERMINED.

PART VI, LINE 2 - NEEDS ASSESSMENT

**Part VI Supplemental Information**

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MSHA INCLUDED AMERICA'S HEALTH RANKINGS (AHR) IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES.

TENNESSEE RANKED 43RD AND VIRGINIA RANKED 21ST. HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA (WHERE SOME OF MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE. AMERICA'S HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH FACTORS. A SURVEY WAS GIVEN TO 106 INDIVIDUALS REPRESENTING THE TEN COUNTIES IN WHICH MSHA OWNS A FACILITY. THESE INDIVIDUALS INCLUDED PHYSICIANS, PUBLIC HEALTH LEADERS, NON-PROFIT DIRECTORS, SCHOOL NURSES AND OFFICIALS, AND BUSINESS LEADERS. A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA, THE PERCEIVED HEALTH STATUS, HEALTH PRIORITIES (DISEASE CONDITIONS, HEALTH BEHAVIORS AND SOCIOECONOMIC FACTORS), AND SUGGESTIONS FOR IMPROVEMENT. THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS AND INCREASED ACCESS TO RESOURCES. OTHER RESPONSES INCLUDED: MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM, IMPROVE NATURAL TRAILS AND WALKWAYS, INCREASE COMMUNITY SUPPORT FOR SMOKE-FREE AREAS, PARTNER WITH LOCAL FARMER'S MARKETS, SHARE HEALTH INFORMATION

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BETWEEN PHARMACIES, NETWORK WITH SMALL BUSINESSES AND NON-PROFITS IN ORDER TO AVOID DUPLICATING RESOURCES, AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED. OVERALL, THE COMMUNITY MEMBERS GAVE MSHA'S CORE SERVICE AREA A HEALTH STATUS RANKING OF 4.55 OUT OF 10 (1 BEING THE LOWEST, 10 BEING THE HIGHEST). RANKINGS BY FACILITY:

-JCMC AND FWCH WERE GIVEN A HEALTH STATUS RANKING OF 5.3

-IPMC WAS GIVEN A HEALTH STATUS RANKING OF 3.6

-SSH WAS GIVEN A HEALTH STATUS RANKING OF 4.7

-JCCH WAS GIVEN A HEALTH STATUS RANKING OF 5.14

-UCMH WAS GIVEN A HEALTH STATUS RANKING OF 4.9

-RCMC WAS GIVEN A HEALTH STATUS RANKING OF 5.0

AMONG THE 106 PARTICIPANTS, THE AREAS OF OBESITY, CANCER, HEART DISEASE, SMOKING, SUBSTANCE/PRESCRIPTION DRUG ABUSE, AND DIABETES WERE THE TOP HEALTH PRIORITIES IN OUR REGION. AHR REPORTS THAT VIRGINIA AND TENNESSEE BOTH SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS. TENNESSEE RANKS 44TH FOR BOTH CARDIOVASCULAR DEATHS AND CANCER DEATHS (47TH FOR SMOKING) AND 48TH FOR DIABETES. VIRGINIA RANKS 25TH FOR CARDIOVASCULAR

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DEATHS, 23RD FOR CANCER DEATHS (31ST FOR SMOKING) AND 21ST FOR DIABETES.

COUNTY HEALTH RANKINGS FOR COUNTIES INCLUDED IN THE MSHA SERVICE AREA:

THE PERCENTAGE OF CHILDREN LIVING IN POVERTY:

JOHNSON COUNTY 38%, CARTER COUNTY 34%, UNICOI COUNTY 29%, AND RUSSELL COUNTY 26%

PERCENTAGE OF PHYSICAL INACTIVITY:

UNICOI COUNTY 37%, RUSSELL COUNTY 36%, JOHNSON COUNTY 34%, AND CARTER COUNTY 32%

PERCENTAGE OF ADULT OBESITY:

RUSSELL COUNTY 35%, JOHNSON COUNTY 31%, UNICOI COUNTY 30%, AND CARTER COUNTY 29%

PERCENTAGE OF ADULT SMOKING:

CARTER COUNTY 31%, JOHNSON COUNTY 28%, RUSSELL COUNTY 25%, AND UNICOI COUNTY 23%

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**PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE**

MSHA PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF OUR HOSPITALS SUCH AS ADMITTING AND EMERGENCY DEPARTMENTS. PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENT'S REGISTRATION PAPERWORK. POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH. ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON OUR FINANCIAL ASSISTANCE POLICY. MSHA ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO PATIENTS REGARDING OUR FINANCIAL ASSISTANCE POLICY. THESE COUNSELORS HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS TENNNCARE/MEDICAID.

MSHA PARTNERED WITH THE COMPANIES FIRSTSOURCE SOLUTIONS USA AND ADVANCED PATIENT ADVOCACY TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. REPRESENTATIVES WERE AVAILABLE AT MSHA TO ASSIST PATIENTS. THE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL

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ASSISTANCE (TENNCARE OR MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. ONCE A PERSON IS APPROVED FOR TENNCARE OR MEDICAID THROUGH THE PROGRAM OFFERED THROUGH MSHA, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. 7,851 PATIENTS WERE APPROVED FOR GOVERNMENTAL ASSISTANCE DURING THE YEAR. FIRSTSOURCE AND ADVANCED PATIENT ADVOCACY ARE COMPENSATED BY MSHA. DURING FY15, OUR COST FOR THIS PROGRAM WAS \$701,226.

PART VI, LINE 4 - COMMUNITY INFORMATION

MSHA SERVES THE HEALTHCARE NEEDS OF 29 APPALACHIAN COUNTIES IN TENNESSEE, SOUTHWEST VIRGINIA, KENTUCKY AND NORTH CAROLINA. SOME OF THE COUNTIES MSHA SERVES ARE FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS. MSHA OPERATES 2 CRITICAL ACCESS HOSPITALS: DICKENSON COMMUNITY HOSPITAL IN VIRGINIA, AND JOHNSON COUNTY COMMUNITY HOSPITAL IN TENNESSEE.

THE HEALTH STATUS OF THE POPULATION IN MSHA'S SERVICE AREA IS GENERALLY POOR. THE SERVICE AREA EXTENDS TO SOME OF THE POOREST RURAL COUNTIES IN THE REGION WITH A POVERTY RATE OF ALMOST 30%. SOME OF THE MOST WELL-OFF COUNTIES IN MSHA'S SERVICE AREA STILL HAVE A MEDIAN HOUSEHOLD INCOME LOWER

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THAN STATE AND NATIONAL AVERAGES. RURAL SERVICE AREA COUNTIES SHARE COMMON

CHALLENGES OF:

1. HIGH RATES OF UNINSURED

2. HIGH PREVALENCE OF OBESITY

3. HIGH PREVALENCE OF DIABETES

4. HIGH PREVALENCE OF CANCER

5. HIGH PREVALENCE OF POOR CARDIAC HEALTH

PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH

MSHA IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED.

MSHA'S LEADERSHIP REMAINS MINDFUL OF MANAGING THE ALLIANCE'S LIMITED

RESOURCES SO THAT ADEQUATE FACILITIES AND EQUIPMENT ARE AVAILABLE FOR THE

CARE OF OUR PATIENTS. VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO

ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE

REASONABLE AND NECESSARY. SURPLUS FUNDS ARE INVESTED INTO IMPROVING

TREATMENT OPTIONS FOR OUR PATIENTS THROUGH NEW TECHNOLOGIES, RECRUITING

PHYSICIANS AND TRAINED STAFF IN SHORTAGE AREAS, AND IMPROVING OUR

FACILITIES.

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THE MAJORITY OF MSHA'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA.

PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALLED ARE EXTENDED PRIVILEGES BY MSHA.

PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM

MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY AND NORTH CAROLINA. EACH HOSPITAL IS FULLY ACCREDITED BY THE JOINT COMMISSION, WITH THE EXCEPTION OF JCCH. JCCH RECEIVES CERTIFICATION THROUGH THE STATE OF TENNESSEE SINCE IT IS A CRITICAL ACCESS HOSPITAL.

MSHA, BASED IN JOHNSON CITY, TENNESSEE IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 13 HOSPITALS. NINE FACILITIES ARE WHOLLY-OWNED FACILITIES: 8 FACILITIES IN TENNESSEE AND 1 IN VIRGINIA. IN ADDITION TO THE WHOLLY-OWNED HOSPITALS REPORTED WITHIN THIS FORM 990, MSHA ALSO HAS MAJORITY OWNERSHIP IN 4

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### HOSPITALS IN SOUTHWEST VIRGINIA.

IN ADDITION TO OUR ACUTE CARE HOSPITALS, OUR SYSTEM INCLUDES SUCH SERVICES AS:

PRIMARY/SPECIALTY PHYSICIAN PRACTICES, URGENT CARE CENTERS, EMERGENCY DEPARTMENTS, OCCUPATIONAL MEDICINE, REHABILITATION, OUTREACH LABORATORY, MENTAL HEALTH, NEONATAL INTENSIVE CARE, A NACHRI-AFFILIATED CHILDREN'S HOSPITAL, RENAL DIALYSIS, ST. JUDE'S ONCOLOGY, INPATIENT/OUTPATIENT SURGERY, SKILLED NURSING, LONG-TERM CARE, HOME HEALTH, AIR AMBULANCE TRANSPORT AND MORE. WITH THESE ADDITIONAL FACILITIES AND SERVICES, MSHA EXTENDS A HIGHLY EFFECTIVE HEALTH CARE DELIVERY SYSTEM. SINCE OUR SYSTEM IS BOTH HORIZONTALLY AND VERTICALLY INTEGRATED, PATIENTS CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES. OUR FLAGSHIP FACILITY, JOHNSON CITY MEDICAL CENTER IS AT THE CORE OF OUR SYSTEM OFFERING FULL-SERVICE TERTIARY CARE.

IN ADDITION TO OUR HOSPITALS, MSHA IS THE SOLE MEMBER OF BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC). MSHA EXTENDS AN INTEGRATED HEALTHCARE

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

DELIVERY SYSTEM THROUGH BRMMC TO INCLUDE MULTIPLE PRIMARY AND SPECIALTY  
CARE PATIENT ACCESS CENTERS AND NUMEROUS OUTPATIENT CARE SITES, INCLUDING  
URGENT CARE CENTERS, OCCUPATIONAL MEDICINE SERVICES, SAME DAY SURGERY  
CENTERS AND REHABILITATION.

MSHA COUNTY-SPECIFIC OPERATIONS ARE GOVERNED BY A COMMUNITY BOARD OF  
DIRECTORS. COUNTY BOARDS REPORT TO A SYSTEM LEVEL BOARD OF DIRECTORS. ALL  
BOARDS ARE PRIMARILY COMPOSED OF LOCAL COMMUNITY RESIDENTS.

PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT  
TENNESSEE, VIRGINIA

**SCHEDULE I  
(Form 990)****Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.Department of the Treasury  
Internal Revenue Service

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282**

OMB No. 1545-0047

**2014****Open to Public  
Inspection**▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**Part I General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	AMERICAN CANCER SOCIETY 250 WILLIAMS STREET NW, SUITE 400 ATLANTA GA 30303	13-1788491	501C3	26,000				PROGRAM SUPPORT
(2)	AMERICAN HEART ASSOCIATION 208 SUNSET DRIVE JOHNSON CITY TN 37604	13-5613797	501C3	41,250				MULTI-EVENT SPONSOR
(3)	APPALACHIAN MOUNTAIN PROJECT ACCESS 809 SOUTH ROAN STREET, SUITE 4 JOHNSON CITY TN 37601	26-2102040	501C3	336,846				HEALTH ACCESS
(4)	BARTER THEATRE P.O. BOX 867 ABINGDON VA 24212	54-6000120	501C3	18,800				CONTRIBUTION
(5)	CASA OF NE TENNESSEE P.O. BOX 1021 JOHNSON CITY TN 37605	45-0515257	501C3	12,500				PROGRAM SUPPORT
(6)	CITY OF JOHNSON CITY 601 E MAIN ST JOHNSON CITY TN 37601	62-6000320	501C3	26,250				NATURE TRAIL, ETC.
(7)	CROSSROADS MEDICAL MISSION P.O. BOX 16852 BRISTOL VA 24209	54-2038877	501C3	10,000				PROGRAM SUPPORT
(8)	CRUMLEY HOUSE BRAIN INJURY REHAB 300 URBANA ROAD LIMESTONE TN 37681	58-1988511	501C3	5,000	83		PRINTING	PROGRAM SUPPORT
(9)	EAST TENN STATE UNIV. FNDTN. P.O. BOX 70721 JOHNSON CITY TN 37614	23-7092731	501C3	14,600				CLINIC & MED SCHOOL

1 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 19

3 Enter total number of other organizations listed in the line 1 table ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2014)



**SCHEDULE I**  
**(Form 990)****Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.Department of the Treasury  
Internal Revenue Service

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282**

OMB No. 1545-0047

**2014****Open to Public  
Inspection**▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**Part I** General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II** Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	EAST TENNESSEE STATE UNIVERSITY P.O. BOX 70732 JOHNSON CITY TN 37614	62-6021046	501C3	721,547				NURSING & PHARMACY
(2)	FRIENDS IN NEED HEALTH CENTER 1105 W STONE DRIVE KINGSPORT TN 37660	62-1541637	501C3	15,000				DENTAL CARE
(3)	GOV'S FNDTN FOR HEALTH & WELLNESS P.O. BOX 198198 NASHVILLE TN 37219	45-3635908	501C3	25,000				HEALTH INITIATIVE
(4)	HANDS ON! REGIONAL MUSEUM 315 EAST MAIN STREET JOHNSON CITY TN 37601	62-1282542	501C3	7,500				HEALTH EXHIBIT
(5)	KINGSPORT CHAMBER FOUNDATION 151 EAST MAIN STREET KINGSPORT TN 37660	58-1453565	501C3	20,000				HEALTHY KPT PRGRM
(6)	LEBANON LIFESAVING CREW INC. P.O. BOX 516, 60 S. CHURCH ST. LEBANON VA 24266	54-1382140	501C3		7,129		MED SUPPLIES	DRUG REFILLS
(7)	MARCH OF DIMES P.O. BOX 799, 2700 S ROAN ST., #430 JOHNSON CITY TN 37605	13-1846366	501C3	10,000				MARCH FOR BABIES
(8)	MILLIGAN COLLEGE P.O. BOX 189 MILLIGAN COLLEGE TN 37682	62-0535755	501C3	432,948				HEALTH PROF. PROGRAM
(9)	SUSAN KOMEN BREAST CANCER FOUND. P.O. BOX 5835 KINGSPORT TN 37663	84-1689067	501C3	10,000				PROGRAM SUPPORT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

3 Enter total number of other organizations listed in the line 1 table

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2014)

**SCHEDULE I**  
**(Form 990)****Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.

OMB No. 1545-0047

**2014****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****Part I General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)	WOUNDED WARRIORS PROJECT INC 4899 BELFORT RD #300 JACKSONVILLE FL 32256	20-2370934	501C3	10,000				CONTRIBUTION
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

3 Enter total number of other organizations listed in the line 1 table

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

DAA

Schedule I (Form 990) (2014)

**Part III** **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1					
2					
3					
4					
5					
6					
7					

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

PART I, LINE 2 - PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS

MOST DONATION REQUESTS ARE MADE THROUGH AN APPLICATION PROCESS WHERE THE APPLICANT DESCRIBES HOW THE MONEY WILL BE USED, HOW IT BENEFITS THE COMMUNITY, HOW OUR DONATION WILL CORRELATE WITH HEALTH NEEDS IDENTIFIED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), AND THE AGREEMENT THAT THE DONEE WILL PROVIDE FOLLOW-UP OF HOW OUR DONATION WAS USED (WHO BENEFITED, ETC.). NOT ALL OF OUR DONATIONS ARE RESTRICTED TO OUR CHNA, BUT MANY ARE. MSHA'S SOCIAL RESPONSIBILITY COMMITTEE REVIEWS MOST DONATION REQUESTS TO DETERMINE WHICH REQUESTS MSHA WILL FUND. THERE ARE MANY FACTORS THAT ARE CONSIDERED DURING THE REVIEW PROCESS BY THE COMMITTEE, SUCH AS OUR BUDGET

MSHA7374

Schedule I (Form 990) (2014) **MOUNTAIN STATES HEALTH ALLIANCE** 62-0476282

**Part III** Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1					
2					
3					
4					
5					
6					
7					

**Part IV** Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

CONSTRAINTS, IF THE APPLICANT HAS ALREADY RECEIVED A DONATION FROM A MSHA FACILITY, HOW THE REQUESTING ORGANIZATION FITS WITH OUR CHNA, ETC.

MSHA ADHERED TO THE FOLLOWING CRITERIA FOR OUR CONTRIBUTIONS TO ORGANIZATIONS IN THE REGION:

HEALTHCARE: THE ORGANIZATION ENHANCED OR IMPROVED ACCESS FOR THE UNINSURED OR UNDERINSURED POPULATION OR SUPPORTED A PROGRAM TO IMPROVE THE HEALTH OF OUR RESIDENTS.

EDUCATION: THE ORGANIZATION PROVIDED A PROGRAM TO IMPROVE EDUCATION OF THE RESIDENTS IN OUR REGION ALL THE WAY TO COLLEGE AGE STUDENTS (SUCH AS A NURSING PROGRAM). LARGE DONATIONS WERE MADE DURING THE YEAR TO SUPPORT

**Part III** Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						
<b>Part IV</b>	<b>Supplemental Information.</b> Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.					

HEALTH PROFESSIONS PROGRAMS AT LOCAL UNIVERSITIES AND COLLEGES. FOR  
 EXAMPLE, A PHARMACY PROGRAM, A NURSING PROGRAM, AND A NEW PHYSICIAN  
 ASSISTANT PROGRAM.

QUALITY OF LIFE: THE ORGANIZATION SUPPORTED PROGRAMS TO ENHANCE THE QUALITY  
 OF LIFE, WHICH IS IMPORTANT IN THE RECRUITMENT EFFORTS OF BUSINESSES IN THE  
 REGION AS WE WORK TO ATTRACT AND RETAIN THE BEST TALENT.

**SCHEDULE J**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service**Compensation Information**For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**Open to Public  
Inspection

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number

**62-0476282****Part I** Questions Regarding Compensation**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> First-class or charter travel  | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?**3** Indicate which, if any, of the following the filing organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	X	
2	X	
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

**Part I Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 ALAN LEVINE PRESIDENT & CEO	(i) 763,535 (ii) 0	250,724	117,716	120,750	43,318	1,296,043	0
2 MARVIN EICHORN EVP/COO	(i) 513,864 (ii) 0	140,426	51,080	18,788	46,674	770,832	0
3 LYNN KRUTAK SVP/CFO	(i) 329,541 (ii) 0	57,373	3,668	48,125	18,275	456,982	0
4 DENNIS VONDERFECHT CEO (RETIRED FY14)	(i) 32,486 (ii) 0	149,231	156,617	0	8,600	346,934	0
5 ANN FLEMING SVP/CONSULTANT	(i) 319,105 (ii) 0	108,007	122,727	10,125	12,733	572,697	39,222
6 CANDACE JENNINGS SR. VP TN OPERATIONS	(i) 268,263 (ii) 0	0	83,556	5,421	17,075	374,315	0
7 MONTY MCLAURIN VP/CEO NW MKT	(i) 268,960 (ii) 0	61,819	20,342	29,617	24,717	405,455	0
8 SHANE HILTON VP/TN CFO	(i) 287,587 (ii) 0	51,843	8,724	32,472	23,154	403,780	0
9 TONY BENTON VP/COO WASH. CO MKT	(i) 273,318 (ii) 0	54,994	4,525	16,463	21,783	371,083	0
10 LINDA WHITE VP & CEO, FWCH/WR	(i) 212,669 (ii) 0	48,277	6,173	23,936	19,871	310,926	0
11 LEMMIE TAYLOR VP/CEO SE MKT	(i) 190,518 (ii) 0	41,701	2,396	25,604	20,883	281,102	0
12 RHONDA MANN JCMC CNO	(i) 157,558 (ii) 0	14,837	15,059	11,133	15,017	213,604	0
13 DRU MALCOLM VP & CNO JCMC/WR	(i) 152,064 (ii) 0	6,550	7,083	12,247	5,389	183,333	0
14 STEVE SAWYER AVP/CFO NW MKT	(i) 150,118 (ii) 0	6,550	8,816	6,418	17,630	189,532	0
15 MORRIS SELIGMAN, M.D. EVP/CMO	(i) 435,096 (ii) 0	123,037	24,872	56,066	19,118	658,189	0
16 FRANK LAURO, M.D. VP/MED. DIR. CARDIO	(i) 366,216 (ii) 0	80,526	6,731	19,873	24,533	497,879	0

Schedule J (Form 990) 2014

**Part I Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 STEVE KILGORE PRES./CEO BRMMC	(i) 331,273 (ii) 0	71,259 0	17,311 0	44,102 0	22,404 0	486,349 0	0 0
2 MARK WILKINSON, M.D. VP/CMO	(i) 336,139 (ii) 0	79,140 0	4,266 0	11,203 0	24,094 0	454,842 0	0 0
3 CLAY RUNNELS, M.D. VP/CMO WASH. CO.	(i) 342,450 (ii) 0	68,903 0	2,895 0	11,338 0	23,920 0	449,506 0	0 0
4 DALE CLAYTORE VP RESOURCE MGMT.	(i) 186,696 (ii) 0	42,215 0	9,841 0	11,202 0	4,758 0	254,712 0	0 0
5 PAT NIDAY FORMER CNO WASH. CO.	(i) 155,750 (ii) 0	29,901 0	19,997 0	8,012 0	18,122 0	231,782 0	0 0
6	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
7	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
8	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
9	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
10	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
11	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
12	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
13	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
14	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
15	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....
16	(i) ..... (ii) .....	..... .....	..... .....	..... .....	..... .....	..... .....	..... .....



**Part II** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 1A - FRINGE OR EXPENSE EXPLANATION

BOARD MEMBERS AND TEAM MEMBERS OF MSHA ARE NOT PERMITTED TO TRAVEL FIRST-CLASS WITH THE EXCEPTION OF MSHA'S CEO. AS SANCTIONED BY MSHA'S BOARD OF DIRECTORS, MSHA'S CEO IS PERMITTED TO TRAVEL FIRST-CLASS WHEN THE FLIGHT'S DURATION IS GREATER THAN TWO HOURS. DUE TO THE LENGTH OF SUCH FLIGHTS, THE BOARD BELIEVES IT IS IN THE BEST INTEREST OF MSHA FOR THE CEO TO TRAVEL FIRST-CLASS. CHARTER TRAVEL IS LIMITED TO MSHA BUSINESS TRIPS THAT INCLUDE NUMEROUS TRAVELERS AND WHICH CAN BE JUSTIFIED BASED UPON FINANCIAL AND/OR ESSENTIAL TIME SAVINGS. CHARTER FLIGHTS MUST BE APPROVED BY THE CEO PRIOR TO BOOKING THE FLIGHT.

PART I, LINE 4 - SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS

SEVERANCE NONQUALIFIED EQUITY-BASED

ALAN LEVINE	0	120,750	0
LYNN KRUTAK	0	24,856	0
MONTY MCLAURIN	0	13,992	0
SHANE HILTON	0	14,760	0
LINDA WHITE	0	10,880	0

MSHA7380

**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

LEMMIE TAYLOR	0	9,848	0
MORRIS SELIGMAN, M.D.	0	43,960	0
STEVE KILGORE	0	24,472	0

## PART III - OTHER ADDITIONAL INFORMATION

THE FOLLOWING EXECUTIVES LISTED IN SCHEDULE J, PART II PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA):

ALAN LEVINE, LYNN KRUTAK, MONTY MCLAURIN, SHANE HILTON, LINDA WHITE, LEMMIE TAYLOR, MORRIS SELIGMAN, AND STEVE KILGORE. THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE". IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS

62-0476282

MOUNTAIN STATES HEALTH ALLIANCE

Schedule J (Form 990) 2014

**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS. (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN.) THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24-MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.

MSHA7382

**SCHEDULE K  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information on Tax-Exempt Bonds**

► Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

► Attach to Form 990.

► Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**Open to Public  
Inspection

Employer identification number

**62-0476282****Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A HLTH & EDU. FACIL. BD. 2011A&B&C&D	62-1464028478271JS9		10/19/11	195,840,000	CONSTRUCTION & EQUIP		X		X		X
B HLTH & EDU. FACIL. BD. 2010A&B	62-1464028478271JH3		04/29/10	205,877,528	PARTIAL REFUNDING		X		X		X
C HLTH & EDU. FACIL. BD. 2009A&B&C	62-1464028478271HT9		03/31/09	124,301,533	CONSTRUCTION & EQUIP		X		X		X
D HLTH & EDU. FACIL. BD. 2006A	62-1464028478271GX1		02/14/06	178,614,171	CONSTRUCTION & EQUIP		X		X		X

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased								
3 Total proceeds of issue								
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds								
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds								
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion								
14 Were the bonds issued as part of a current refunding issue?	X		X					
15 Were the bonds issued as part of an advance refunding issue?		X		X				
16 Has the final allocation of proceeds been made?	X		X		X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	
<b>Part III Private Business Use</b>								
	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		X
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

DAA

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

**SCHEDULE K  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information on Tax-Exempt Bonds**

► Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
 ► Attach to Form 990.

► Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

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**62-0476282****MOUNTAIN STATES HEALTH ALLIANCE****Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A HLTH & EDU. FACIL. BD. 2012A&B&C	62-1464028478271JV2		09/18/12	94,745,050	CONSTRUCTION & EQUIP		X		X		X
B HLTH & EDU. FACIL. BD. 2013A&C&D&E	62-1464028478271JV6		07/30/13	228,985,000	CONSTRUCTION & EQUIP		X		X		X
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired			37,880,000		880,000			
2 Amount of bonds legally defeased								
3 Total proceeds of issue			95,312,091		229,035,962			
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds			1,889,366		2,070,000			
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds			83,053,832		18,584,353			
11 Other spent proceeds					210,970,000			
12 Other unspent proceeds			6,395,803		2,188,013			
13 Year of substantial completion								

14 Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
15 Were the bonds issued as part of an advance refunding issue?		X	X					
16 Has the final allocation of proceeds been made?		X		X				
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
<b>6</b> Total of lines 4 and 5		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		0.02 %		0.02 %				0.13 %
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>b</b> Exception to rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>c</b> No rebate due?		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>5a</b> Name of provider								
<b>5b</b> Term of hedge								
<b>5c</b> Was the hedge superintegrated?								
<b>5d</b> Was the hedge terminated?								

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?	<input checked="" type="checkbox"/>							
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?				<input checked="" type="checkbox"/>				
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government <span style="float:right">%</span>								
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government <span style="float:right">%</span>								
<b>6</b> Total of lines 4 and 5 <span style="float:right">%</span>								
<b>7</b> Does the bond issue meet the private security or payment test?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of <span style="float:right">%</span>								
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? <span style="float:right">%</span>				<input checked="" type="checkbox"/>				
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>b</b> Exception to rebate?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>c</b> No rebate due?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>					
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
<b>5a</b> Name of provider								
<b>5b</b> Term of hedge								
<b>5c</b> Was the hedge superintegrated?								
<b>5d</b> Was the hedge terminated?								

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?								
<b>b</b> Name of provider		X		X		X		X
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?		X	X		X		X	
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

**Part V Procedures To Undertake Corrective Action**

Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?

**Part VI Supplemental Information.** Provide additional information for responses to questions on Schedule K (see instructions).**SCHEDULE K - PURPOSE OF ISSUE DESCRIPTION**

HLTH &amp; EDU. FACIL. BD. 2011A&amp;B&amp;C&amp;D

(PAGE 1 - LINE A) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING

REFINANCING TAXABLE DEBT RELATING THERETO, REFUND BONDS ISSUED 12/01/2001;

REFINANCING LOANS AND EQUIPMENT LEASES.

HLTH &amp; EDU. FACIL. BD. 2010A&amp;B

(PAGE 1 - LINE B) PARTIAL REFUNDING OF BONDS ISSUED 12/14/2007 (2007A) AND (2007C) AND 2/20/2008 (2008A).

HLTH &amp; EDU. FACIL. BD. 2009A&amp;B&amp;C

(PAGE 1 - LINE C) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING

REFINANCING OF TAXABLE INDEBTEDNESS RELATING THERETO.

HLTH &amp; EDU. FACIL. BD. 2006A

(PAGE 1 - LINE D) CONSTRUCT AND EQUIP HOSPITAL FACILITIES, INCLUDING

REFINANCING TAXABLE DEBT RELATING THERETO, AND COST OF INTEREST RATE HEDGE,

REFUND BONDS ISSUED 3/28/01, 7/01/03, 7/08/04, 11/23/04, 9/7/05 AND

11/23/05.

HLTH &amp; EDU. FACIL. BD. 2012A&amp;B&amp;C

(PAGE 2 - LINE A) CONSTRUCT AND EQUIP SURGERY CENTER AT JCMC; CONSTRUCT AND

EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING OF INDEBTEDNESS RELATING

THERETO.

HLTH &amp; EDU. FACIL. BD. 2013A&amp;C&amp;D&amp;E

(PAGE 2 - LINE B) CONSTRUCT &amp; EQUIP HOSPITAL FACILITIES, INCLUDING



**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b Name of provider		X		X				
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X		X				
7 Has the organization established written procedures to monitor the requirements of section 148?	X		X					

**Part V Procedures To Undertake Corrective Action**

Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
	X		X					

**Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).**

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**Part VI** Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions) (Continued)  
REFINANCING OF INDEBTEDNESS RELATING THERETO, REFUND BONDS ISSUED 2/20/08,  
10/19/11 & 9/18/12

SCHEDULE K - DATE REBATE COMPUTATION PERFORMED

HLTH & EDU. FACIL. BD. 2010A&B 02/25/15

HLTH & EDU. FACIL. BD. 2009A&B&C 03/21/14

HLTH & EDU. FACIL. BD. 2006A 02/17/11

SCHEDULE K - ADDITIONAL INFORMATION

SCHEDULE K PART VI:

1. COMMENT ON SCHEDULE K, PART I, MOUNTAIN STATES HEALTH ALLIANCE OWNS AND/OR OPERATES HOSPITALS IN A NUMBER OF DIFFERENT LOCATIONS BOTH IN TENNESSEE AND IN VIRGINIA. AS A RESULT, MOUNTAIN STATES HEALTH ALLIANCE MUST UTILIZE CONDUIT GOVERNMENTAL BOND ISSUERS IN A NUMBER OF JURISDICTIONS IN ORDER TO FINANCE IMPROVEMENTS TO ITS HOSPITAL FACILITIES. IN 2009, 2010, 2011, 2012 AND 2013, MOUNTAIN STATES HEALTH ALLIANCE WAS THE CONDUIT BORROWER OF TAX-EXEMPT BONDS ISSUED BY MULTIPLE ISSUERS IN TENNESSEE AND VIRGINIA. FOR FEDERAL TAX PURPOSES, EVEN THOUGH DIFFERENT GOVERNMENT ISSUERS WERE INVOLVED, THESE MULTIPLE ISSUES IN EACH YEAR WERE REQUIRED TO BE TREATED, AND WERE TREATED, AS A SINGLE "ISSUE" BECAUSE THEY MET THE SINGLE "ISSUE" TEST UNDER THE APPLICABLE FEDERAL TAX REGULATIONS. THEREFORE, MULTIPLE ISSUERS ARE LISTED BECAUSE THE BONDS THAT WERE ISSUED WERE PART OF A SINGLE "ISSUE" FOR FEDERAL TAX PURPOSES.

2. COMMENT ON SCHEDULE K, PART II, LINE 3 FOR EACH THE LISTED BOND ISSUES DOES NOT MATCH THE APPLICABLE ISSUE PRICE FOR EACH SUCH BOND ISSUE BECAUSE OF INTEREST EARNINGS EARNED ON THE PROCEEDS OF EACH SERIES OF BONDS.

3. COMMENT ON SCHEDULE K, PART II, LINE 9 THROUGH 11. THE INSTRUCTIONS ARE UNCLEAR AS TO WHETHER AMOUNTS USED TO REFINANCE SHORT-TERM TAXABLE LOANS INCURRED TO TEMPORARILY FINANCE ELIGIBLE COSTS SHOULD BE SHOWN AS CAPITAL EXPENDITURES AND WORKING CAPITAL (LINES 9 AND 10) OR AS OTHER SPENT PROCEEDS (LINE 11). BASED UPON A REVIEW OF OTHER 990 FILINGS, IT APPEARS THAT MOST REPORTING ENTITIES HAVE LISTED THE APPLICATION OF PROCEEDS FOR SUCH PURPOSE UNDER OTHER SPENT PROCEEDS (LINE 11). THIS FILING TAKES THAT APPROACH.

4. COMMENT ON SCHEDULE K, PART II, LINE 12. IT IS UNCLEAR UNDER THE INSTRUCTIONS WHETHER TRANSFERRED PROCEEDS SHOULD BE TREATED AS OTHER UNSPENT PROCEEDS FOR REPORTING PURPOSES ON LINE 12. AS AN ABUNDANCE OF CAUTION, TRANSFERRED PROCEEDS HAVE BEEN INCLUDED ON LINE 12 FOR THE 2013

**Part VI** Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions) (Continued)

AND 2012 BONDS TO THE EXTENT APPLICABLE. ALSO, DURING ITS 2013 FISCAL YEAR, MOUNTAIN STATES HEALTH ALLIANCE WAS ABLE TO REMOVE THE REQUIREMENT THAT CERTAIN DEBT SERVICE RESERVE FUNDS BE MAINTAINED. AS A RESULT, MOUNTAIN STATES HEALTH ALLIANCE WAS ABLE TO TRANSFER PROCEEDS FROM DEBT SERVICE RESERVE FUNDS FOR CERTAIN ISSUES TO BOND SINKING FUNDS FOR THOSE ISSUES TO PAY PRINCIPAL ON THE ISSUE AND TO REDUCE THE AMOUNT OF TAX-EXEMPT BONDS OUTSTANDING IN THE MARKET. AS A RESULT, UNSPENT PROCEEDS WERE INCREASED FOR CERTAIN ISSUES WHILE SUCH FUNDS ARE HELD IN THE BOND SINKING FUNDS, AND THE AMOUNTS PREVIOUSLY HELD IN DEBT SERVICE RESERVE FUNDS FOR SUCH ISSUES WERE REDUCED. MOUNTAIN STATES HEALTH ALLIANCE IS USING SUCH PROCEEDS TO PAY PRINCIPAL AS QUICKLY ON THOSE ISSUES AS THE BOND DOCUMENT'S PERMIT.

5. COMMENT ON SCHEDULE K, PART III, LINE 8C. A VERY SMALL AMOUNT OF EQUIPMENT THAT WAS FINANCED OR REFINANCED WITH THE PROCEEDS OF THE 2013, 2011, 2009, AND 2006A BONDS WERE DISPOSED OF DURING THE FISCAL YEAR. NO REMEDIAL ACTION WAS TAKEN PURSUANT TO SECTIONS 1.141-12 AND 1.145-2 OF THE TREASURY REGULATIONS BECAUSE THE DISPOSITION OF SUCH EQUIPMENT DID NOT RESULT IN THE PRIVATE BUSINESS USE TEST THRESHOLD BEING EXCEEDED. THEREFORE, SUCH REGULATIONS WERE INAPPLICABLE. HOWEVER, AS A PRECAUTION, MOUNTAIN STATES HEALTH ALLIANCE ALLOCATED FROM THE PROCEEDS OF THE SALE OF THE FINANCED EQUIPMENT AND OTHER EQUIPMENT, AN AMOUNT EQUAL TO THE DEPRECIATED BOOK VALUE OF SUCH FINANCED EQUIPMENT TO NEW EQUIPMENT ACQUIRED DURING THE FISCAL YEAR BY MOUNTAIN STATES HEALTH ALLIANCE.

6. COMMENT ON SCHEDULE K, PART IV, LINE 1. PRIOR TO JUNE 30, 2015, THE REPORTING DATE OF THE 990, THE ONLY ARBITRAGE REBATE CALCULATIONS THAT WERE REQUIRED RELATED TO THE BONDS FOR THE SERIES 2006, 2009 AND 2010 BONDS. MOUNTAIN STATES HEALTH ALLIANCE RETAINED A REBATE CALCULATION AGENT TO CALCULATE WHETHER ANY ARBITRAGE REBATE WAS DUE WITH RESPECT TO THOSE BONDS, AND THERE WAS NEGATIVE ARBITRAGE REBATE LIABILITY IN A SIGNIFICANT AMOUNT. THEREFORE, NO FORM 8038-T WAS REQUIRED TO BE FILED WITH RESPECT TO THOSE BOND ISSUES.

7. COMMENT ON SCHEDULE K, PART IV, LINE 6. THE 2013 AND 2012 BOND ISSUES HAVE TRANSFERRED PROCEEDS OF PRIOR BOND ISSUES THAT FINANCED SIGNIFICANT CAPITAL IMPROVEMENTS TO HOSPITAL FACILITIES OR PROCEEDS THAT ARE TO BE USED FOR SUCH PURPOSES. THERE HAVE BEEN UNEXPECTED DELAYS IN THE CONSTRUCTION AND EQUIPPING OF CERTAIN OF THESE HOSPITAL FACILITIES, AND THEREFORE NOT ALL OF SUCH PROCEEDS WERE SPENT WITHIN THE THREE-YEAR TEMPORARY PERIOD RELATIVE TO CONSTRUCTION PROJECTS. HOWEVER, MOUNTAIN STATES HEALTH ALLIANCE HAS YIELD RESTRICTED THESE PROCEEDS AFTER THE END OF THE APPLICABLE TEMPORARY PERIOD AND/OR WILL BE MAKING A YIELD REDUCTION PAYMENT WITH RESPECT TO THOSE PROCEEDS, IF REQUIRED. ALSO, THE PROCEEDS HELD IN THE BOND

**Part VI** Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions) (Continued)  
SINKING FUNDS AS DESCRIBED IN COMMENT 4 ABOVE ARE NO LONGER ELIGIBLE FOR  
ANY TEMPORARY PERIOD AND WILL BE INVESTED AT A RESTRICTED YIELD OR WILL BE  
SUBJECT TO A YIELD REDUCTION PAYMENT.

**SCHEDULE L**  
(Form 990 or 990-EZ)Department of the Treasury  
Internal Revenue Service**Transactions With Interested Persons**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**Open To Public  
Inspection

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

**Part I Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958

▶ \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

▶ \$

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the org.?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
DENNIS VONDERFECHT												
(1) SPLIT \$ LIFE INSUR. LOAN, INCL. PR. YRS			X		7,205,125	8,295,295		X	X		X	
MARVIN EICHORN												
(2) SPLIT DOLLAR LIFE INSURANCE LOAN			X		700,000	1,410,710		X	X		X	
MARVIN EICHORN												
(3) SPLIT DOLLAR LIFE INSURANCE LOAN			X		183,364	374,136		X	X		X	
MARVIN EICHORN												
(4) SPLIT DOLLAR LIFE INSURANCE LOAN			X		304,332	304,332		X	X		X	
MARVIN EICHORN												
(5) SPLIT \$ LIFE INSUR. LOAN, INCL. PR. YRS			X		296,183	296,183		X	X		X	
(6)												
(7)												
(8)												
(9)												
(10)												
Total						▶ \$ 10,680,656						

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of org. revenues?	
				Yes	No
(1) WORKSPACE INTERIORS, INC.	VENDOR	422,524	SEE PART V		X
(2) MATTHEW MARTIN	FAMILY MEMBER	26,019	SEE PART V		X
(3) CLEM WILKES, III	FAMILY MEMBER	130,195	SEE PART V		X
(4) PAULA CLAYTORE	FAMILY MEMBER	278,296	SEE PART V		X
(5) SCOTT PETERS	FAMILY MEMBER	28,841	SEE PART V		X
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions).

**SCHEDULE L, PART V - ADDITIONAL INFORMATION**

(1) ROBERT FEATHERS, VICE CHAIR OF THE MSHA BOARD OF DIRECTORS, IS OWNER OF WORKSPACE INTERIORS, INC. WHICH PROVIDES COMMERCIAL FURNISHINGS AND DESIGN SERVICES TO MSHA. TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH.

(2) JOANNE GILMER, SECRETARY OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF MATTHEW MARTIN, AN EMPLOYEE OF MSHA.

(3) CLEM WILKES, JR., PAST CHAIR OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF CLEM WILKES III, AN EMPLOYEE OF MSHA.

(4) DALE CLAYTORE, FORMER KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF PAULA CLAYTORE, AN EMPLOYEE OF MSHA.

(5) LEMMIE TAYLOR, KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF SCOTT PETERS, AN EMPLOYEE OF MSHA.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**Open to Public  
Inspection

Employer identification number

**MOUNTAIN STATES HEALTH ALLIANCE****62-0476282****DOING BUSINESS AS - ADDITIONAL NAMES**

NISWONGER CHILDREN'S HOSPITAL;

FRANKLIN WOODS COMMUNITY HOSPITAL;

INDIAN PATH MEDICAL CENTER;

SYCAMORE SHOALS HOSPITAL;

WOODRIDGE HOSPITAL FOR BEHAVIORAL

HEALTH SERVICES;

JOHNSON COUNTY COMMUNITY HOSPITAL;

RUSSELL COUNTY MEDICAL CENTER;

UNICOI COUNTY MEMORIAL HOSPITAL

**FORM 990 - ORGANIZATION'S MISSION**

MOUNTAIN STATES HEALTH ALLIANCE (MSHA) IS COMMITTED TO OUR MISSION OF BRINGING LOVING CARE TO HEALTH CARE. WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN THE 29-COUNTY AREA WE SERVE, HELPING THEM ATTAIN THEIR HIGHEST LEVEL OF HEALTH. MSHA DELIVERS THIS CARE THROUGH THE PHILOSOPHY OF PATIENT-CENTERED CARE, AND THE DEVELOPMENT OF COMPREHENSIVE STRATEGIC PLANNING AND IMPLEMENTATION. SEE ATTACHED NARRATIVE "PROGRAM SERVICE ACCOMPLISHMENTS".

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990 THE CFO/SENIOR VP REVIEWED THE FORM 990 WITH THE BOARD OF DIRECTORS PRIOR TO FILING AND THE RETURN WAS MADE AVAILABLE TO EACH BOARD MEMBER IN AN ELECTRONIC FORMAT PRIOR TO THE REVIEW.

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

## FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY

ANNUALLY, THE CORPORATE AUDIT AND COMPLIANCE DEPARTMENT OF MSHA FORWARDS THE CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM TO ALL MSHA MANAGEMENT TEAM MEMBERS AND BOARD MEMBERS. EMPLOYEES AND BOARD MEMBERS MUST NOTE ANY CONFLICTS OR ATTEST THEY HAVE "NONE", AND RETURN THE FORM TO THE AUDIT AND COMPLIANCE DEPARTMENT. ANY NOTED DISCLOSURES ARE FORWARDED TO THE APPROPRIATE MANAGEMENT OR BOARD PERSONNEL TO EVALUATE AND UTILIZE WHEN A TRANSACTION INVOLVING A CONFLICTED PERSON ARISES. ADDITIONALLY, PERSONNEL WHO HAVE A CONFLICT ARISE BETWEEN THE ANNUAL DISTRIBUTION OF THE POLICY AND FORMS ARE REQUIRED TO DISCLOSE THE CONFLICT AND WOULD BE DISCIPLINED IN ANY INSTANCE WHERE THEY HAVE NOT DISCLOSED AND ENGAGED IN A CONFLICTED TRANSACTION.

## FORM 990, PART VI, LINE 15A - COMPENSATION PROCESS FOR TOP OFFICIAL

THE MSHA BOARD OF DIRECTORS APPROVES THE TOTAL COMPENSATION OF MSHA'S PRESIDENT/CEO, INCLUDING ANY INCENTIVE COMPENSATION PROGRAM PAY OUTS. MSHA'S INCENTIVE PLAN IS BASED ON TARGETED ACHIEVEMENT METRICS SET IN ADVANCE OF THE PAY YEAR. ESTABLISHED METRICS INCLUDE: COMMUNICATION WITH PATIENTS, PATIENT EVIDENCE-BASED CARE SCORES AND PATIENT SAFETY, VALUE-BASED PURCHASING, ETC. THESE SAME METRICS ARE USED FOR ALL EMPLOYEES WITHIN MSHA, WITH A SMALL NUMBER OF EXCEPTIONS FOR OUR COMPANIES THAT DO NOT PROVIDE DIRECT PATIENT CARE.

THE EXECUTIVE COMMITTEE OF MSHA'S BOARD OF DIRECTORS IS THE DESIGNATED COMPENSATION COMMITTEE FOR MSHA. MSHA USES AN INDEPENDENT OUTSIDE COMPENSATION CONSULTING FIRM AND THIS FIRM USES INDUSTRY DATA TO ASSIST IN DETERMINING REASONABLE COMPENSATION FOR OUR CEO AND OTHER EXECUTIVES. THERE



Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

IS A WRITTEN EMPLOYMENT AGREEMENT BETWEEN MSHA AND ITS CEO. ALL MSHA  
EXECUTIVE PAY IS EVALUATED ON AN ANNUAL OR NEAR ANNUAL BASIS.

FORM 990, PART VI, LINE 15B - COMPENSATION PROCESS FOR OFFICERS  
SIMILAR TO THE CEO'S COMPENSATION, THE CFO RECEIVES COMPENSATION AND  
BENEFITS THAT COMPLY WITH MSHA'S SALARY POLICY. HER PAY IS SET AT A MARKET  
PERCENTILE SPECIFIC TO HER POSITION.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION  
GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON  
REQUEST TO APPROPRIATE PARTIES REQUESTING THEM. FINANCIAL STATEMENTS ARE  
MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM, AND  
THEY ARE MADE AVAILABLE TO THOSE PARTIES WHO OWN INDEBTEDNESS OF THE  
COMPANY ON A QUARTERLY BASIS.

FORM 990, PART VII, OFFICERS, KEY EMPLOYEES, & HIGHEST PAID COMPENSATION:  
STEVE KILGORE, REPORTABLE AS A HIGHEST COMPENSATED EMPLOYEE, IS PAID BY  
MSHA AND HIS SALARY AND BENEFITS ARE FULLY REIMBURSED TO MSHA BY BRMMC.  
CERTAIN EXECUTIVES OF THE ORGANIZATION, SUCH AS THE HEALTH SYSTEM'S CEO,  
SVP/CFO, EVP/COO, ETC. PROVIDE SERVICES TO SOME OR ALL OF THE ORGANIZATIONS  
RELATED TO MSHA.

FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES

## DESCRIPTION

## PROGRAM SERVICE

## MGT &amp; GENERAL

## FUNDRAISING

## PHYSICIAN FEES

\$ 33,899,403

\$ 0

\$ 0

Name of the organization

Employer identification number

MOUNTAIN STATES HEALTH ALLIANCE

62-0476282

## DIETARY SERVICES

\$	7,665,258	\$	0	\$	0
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## CONSULTING SERVICES

\$	0	\$	4,179,386	\$	0
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## ENVIRONMENTAL SERVICES

\$	4,464,795	\$	0	\$	0
----	-----------	----	---	----	---

## LAUNDRY SERVICES

\$	2,773,289	\$	0	\$	0
----	-----------	----	---	----	---

## COLLECTION SERVICES

\$	3,354,117	\$	0	\$	0
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## PHARMACY

\$	1,880,859	\$	0	\$	0
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## LABORATORY SERVICES

\$	3,095,892	\$	0	\$	0
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## CONTRACT LABOR

\$	2,123,325	\$	0	\$	0
----	-----------	----	---	----	---

## PATIENT RESOURCE SERVICES

\$	748,304	\$	0	\$	0
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## TRANSCRIPTION SERVICES

\$	1,614,515	\$	0	\$	0
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## PHYSICIAN LOAN FORGIVENESS

\$	716,579	\$	0	\$	0
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## SURGERY

\$	353,600	\$	0	\$	0
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## EMERGENCY

\$	140,239	\$	0	\$	0
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## NUC. MED./RADIOLOGY/MRI

Name of the organization

Employer identification number

MOUNTAIN STATES HEALTH ALLIANCE

62-0476282

\$ 225,747 \$ 0 \$ 0

## ENGINEERING SERVICES

\$ 0 \$ 1,525,958 \$ 0

## OTHER FEES

\$ 34,338,095 \$ 2,512,940 \$ 5,077

## FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS EXPLANATION

PARTNERSHIP CHARITABLE CONTRIBUTION NOT ON BOOKS \$ 2,590

PARTNERSHIP ORDINARY LOSS NOT ON BOOKS \$ 92,628

ADJUST ACQUISITION INVESTMENT-UMCH \$ 10,790

TEMPORARILY RESTRICTED GRANTS \$ 35,932

CUMULATIVE EFFECT OF CHANGE IN ACCTG. PRINCIPLE \$ 317,644

CHANGE IN FAIR VALUE OF DERIVATIVES \$ 7,718,029

TOTAL TO FORM 990, PART XI, LINE 9 \$ 8,177,613

**SCHEDULE R**  
**(Form 990)**
**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

Department of the Treasury  
Internal Revenue Service

Name of the organization

**MOUNTAIN STATES HEALTH ALLIANCE**

Employer identification number  
**62-0476282**

OMB No. 1545-0047

**2014**

**Open to Public Inspection**

**Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(1)	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	DICKENSON COMMUNITY HOSPITAL ONE HOSPITAL DRIVE CLINTWOOD VA 24228 77-0599553	HOSPITAL	VA	501C3	3	NCH		X
(2)	MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD, STE. 101 JOHNSON CITY TN 37604 58-1418862	FUNDRAISER	TN	501C3	11A	MSHA		X
(3)	MSHA AUXILIARY 400 N. STATE OF FRANKLIN ROAD JOHNSON CITY TN 37604 58-1418345	SUPPORT	TN	501C3	11A	MSHA		X
(4)	SMYTH COUNTY COMMUNITY HOSPITAL 245 MEDICAL PARK DRIVE MARION VA 24354 54-0794913	HOSPITAL	VA	501C3	3	MSHA		X
(5)	NORTON COMMUNITY HOSPITAL 100 15TH STREET NW NORTON VA 24273 54-0566029	HOSPITAL	VA	501C3	3	N/A		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2014

**SCHEDULE R**  
**(Form 990)**
**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2014**
**Open to Public Inspection**

 Department of the Treasury  
 Internal Revenue Service

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

 ▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number

62-0476282

**Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)	.....					
(2)	.....					
(3)	.....					
(4)	.....					
(5)	.....					

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	JOHNSTON MEMORIAL HOSPITAL 16000 JOHNSTON MEMORIAL DRIVE ABINGDON VA 24211 54-0544705	HOSPITAL	VA	501C3	3	N/A		X
(2)	ABINGDON PHYSICIAN PARTNERS 16000 JOHNSTON MEMORIAL DRIVE ABINGDON VA 24211 20-5485346	MED. SERV.	VA	501C3	11A	JME		X
(3)	APPALACHIAN EMERGENCY PHYSICIANS 1021 W. OAKLAND AVENUE, STE. 207 JOHNSON CITY TN 37604 80-0592504	MED. SERV	VA	501C3	11A	N/A		X
(4)	.....							
(5)	.....							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2014

**Part III** Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership
							Yes	No			
(1) INTEGRATED SOLUTIONS HEALTH NETWORK 509 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604 62-1711997	INVESTMENT	TN	MSHA	EXCLUDED	-86,761	14,318,070		X			X 99.89
(2) EMMAUS COMMUNITY HEALTHCARE, LLC 6070 HWY 11E PINEY FLATS TN 37686 20-0577483	MED. SERV.	TN	N/A	N/A	N/A	N/A		X	N/A		
(3) MEDICAL SPECIALISTS OF J.C., LLC 2528 WESLEY STREET, SUITE. 2 JOHNSON CITY TN 37601 27-2199037	MED. SERV.	TN	MSHA	EXCLUDED	-157,730	-11,783		X			X 51.00
(4) EAST TN AMBULATORY SURGERY CNTR. 701 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604 62-1787537	MED. SERV.	TN	N/A	N/A	N/A	N/A		X	N/A		X

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) BLUE RIDGE MEDICAL MANAGEMENT CORP. 1021 W. OAKLAND AVENUE, STE. 207 JOHNSON CITY TN 37604 62-1490616	MED. SERV.	TN	MSHA	C	119,370,052	228,517,067	100.000000		X
(2) MEDISERVE MEDICAL EQUIPMENT 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1212286	DME	TN	BRMMC	C	4,008,809	4,671,094	100.000000		X
(3) MOUNTAIN STATES PROPERTIES 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1845895	PROP. MGMT	TN	BRMMC	C	13,981,453	147,505,563	100.000000		X
(4) MOUNTAIN STATES PHYSICIAN GROUP 1021 W. OAKLAND AVENUE, SUITE 207 JOHNSON CITY TN 37604 62-1700412	MED. SERV.	TN	BRMMC	C	66,186,365	7,659,924	100.000000		X

**Part III Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Dispro- portionate alloc.? <b>Yes No</b>		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? <b>Yes No</b>	(k) Percentage ownership
(1) .....											
(2) .....											
(3) .....											
(4) .....											

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? <b>Yes No</b>	
(1) COMMUNITY HOME CARE INC. 1460 PARK AVENUE NORTON VA 24273 54-1453810	DME	VA	NCH	C	353,069	538,579	50.100000		X
(2) SOUTHWEST COMMUNITY HEALTH SERV. P.O. BOX 880 MARION VA 24354 54-1460695	MED. SERV.	VA	SCCH	C	197		80.000000		X
(3) WILSON PHARMACY, INC. P.O. BOX 5289 JOHNSON CITY TN 37604 62-0329587	PHARMACY	TN	BRMMC	C	4,253,522	5,521,875	100.000000		X
(4) CRESTPOINT HEALTH INSURANCE COMPANY 509 MED TECH PARKWAY, SUITE 100 JOHNSON CITY TN 37604 62-0381170	INSURANCE	TN	ISHN	C	23,249,905	13,651,783	99.830000		X

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?

		Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity			1a X
b Gift, grant, or capital contribution to related organization(s)			1b X
c Gift, grant, or capital contribution from related organization(s)			1c X
d Loans or loan guarantees to or for related organization(s)			1d X
e Loans or loan guarantees by related organization(s)			1e X
f Dividends from related organization(s)			1f X
g Sale of assets to related organization(s)			1g X
h Purchase of assets from related organization(s)			1h X
i Exchange of assets with related organization(s)			1i X
j Lease of facilities, equipment, or other assets to related organization(s)			1j X
k Lease of facilities, equipment, or other assets from related organization(s)			1k X
l Performance of services or membership or fundraising solicitations for related organization(s)			1l X
m Performance of services or membership or fundraising solicitations by related organization(s)			1m X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)			1n X
o Sharing of paid employees with related organization(s)			1o X
p Reimbursement paid to related organization(s) for expenses			1p X
q Reimbursement paid by related organization(s) for expenses			1q X
r Other transfer of cash or property to related organization(s)			1r X
s Other transfer of cash or property from related organization(s)			1s X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1)	MSHA AUXILIARY	C	82,748	
(2)	MSHA AUXILIARY	P	85,863	
(3)	MSHA AUXILIARY	Q	1,151,233	
(4)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	A	149,979	
(5)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	G	4,392,033	
(6)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	L	6,136,116	

MSHA7403



**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-e)	(c) Amount involved	(d) Method of determining amount involved
(1)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	M	35,160,355	
(2)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	O	543,798	
(3)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	P	68,312	
(4)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	Q	28,710,238	
(5)	BLUE RIDGE MEDICAL MANAGEMENT CORP.	S	6,498,719	
(6)	HEALTHPLUS	J	53,370	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?**a** Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity**b** Gift, grant, or capital contribution to related organization(s)**c** Gift, grant, or capital contribution from related organization(s)**d** Loans or loan guarantees to or for related organization(s)**e** Loans or loan guarantees by related organization(s)**f** Dividends from related organization(s)**g** Sale of assets to related organization(s)**h** Purchase of assets from related organization(s)**i** Exchange of assets with related organization(s)**j** Lease of facilities, equipment, or other assets to related organization(s)**k** Lease of facilities, equipment, or other assets from related organization(s)**l** Performance of services or membership or fundraising solicitations for related organization(s)**m** Performance of services or membership or fundraising solicitations by related organization(s)**n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)**o** Sharing of paid employees with related organization(s)**p** Reimbursement paid to related organization(s) for expenses**q** Reimbursement paid by related organization(s) for expenses**r** Other transfer of cash or property to related organization(s)**s** Other transfer of cash or property from related organization(s)**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1)	HEALTHPLUS	L	86,008	
(2)	HEALTHPLUS	M	291,320	
(3)	HEALTHPLUS	O	189,279	
(4)	HEALTHPLUS	P	98,284	
(5)	HEALTHPLUS	Q	16,973,900	
(6)	HEALTHPLUS	R	140,295	

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Gift, grant, or capital contribution to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c Gift, grant, or capital contribution from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d Loans or loan guarantees to or for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e Loans or loan guarantees by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f Dividends from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g Sale of assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h Purchase of assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
i Exchange of assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
j Lease of facilities, equipment, or other assets to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
k Lease of facilities, equipment, or other assets from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
l Performance of services or membership or fundraising solicitations for related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
m Performance of services or membership or fundraising solicitations by related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
o Sharing of paid employees with related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
p Reimbursement paid to related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
q Reimbursement paid by related organization(s) for expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
r Other transfer of cash or property to related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
s Other transfer of cash or property from related organization(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	MEDISERVE	K	167,860	
(2)	MEDISERVE	L	71,328	
(3)	MEDISERVE	Q	3,182,570	
(4)	MOUNTAIN STATES PROPERTIES	G	1,362,238	
(5)	MOUNTAIN STATES PROPERTIES	K	2,576,614	
(6)	MOUNTAIN STATES PROPERTIES	L	496,039	

MSHA7406

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		
b Gift, grant, or capital contribution to related organization(s)	X	
c Gift, grant, or capital contribution from related organization(s)	X	
d Loans or loan guarantees to or for related organization(s)	X	
e Loans or loan guarantees by related organization(s)	X	
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)	X	
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)	X	
k Lease of facilities, equipment, or other assets from related organization(s)	X	
l Performance of services or membership or fundraising solicitations for related organization(s)	X	
m Performance of services or membership or fundraising solicitations by related organization(s)	X	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
o Sharing of paid employees with related organization(s)	X	
p Reimbursement paid to related organization(s) for expenses	X	
q Reimbursement paid by related organization(s) for expenses	X	
r Other transfer of cash or property to related organization(s)	X	
s Other transfer of cash or property from related organization(s)	X	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (3-e)	(c) Amount involved	(d) Method of determining amount involved
(1)	MOUNTAIN STATES PROPERTIES	M	261,908	
(2)	MOUNTAIN STATES PROPERTIES	O	497,165	
(3)	MOUNTAIN STATES PROPERTIES	Q	5,638,833	
(4)	MOUNTAIN STATES PROPERTIES	R	63,481	
(5)	MOUNTAIN STATES FOUNDATION	C	348,706	
(6)	NORTON COMMUNITY HOSPITAL	D	21,095,386	

MSHA7407

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	NORTON COMMUNITY HOSPITAL	L	5,489,324	
(2)	NORTON COMMUNITY HOSPITAL	O	190,493	
(3)	NORTON COMMUNITY HOSPITAL	P	501,546	
(4)	NORTON COMMUNITY HOSPITAL	Q	27,309,250	
(5)	NORTON COMMUNITY HOSPITAL	R	217,629	
(6)	DICKENSON COMMUNITY HOSPITAL	L	797,476	

MSHA7408

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-e)	(c) Amount involved	(d) Method of determining amount involved
(1)	ISHN	B	10,274,850	
(2)	ISHN	J	205,671	
(3)	ISHN	L	232,298	
(4)	ISHN	M	3,186,946	
(5)	ISHN	Q	7,752,487	
(6)	SMYTH COUNTY COMMUNITY HOSPITAL	D	15,965,896	

MSHA7409

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		1a X
b Gift, grant, or capital contribution to related organization(s)		1b X
c Gift, grant, or capital contribution from related organization(s)		1c X
d Loans or loan guarantees to or for related organization(s)		1d X
e Loans or loan guarantees by related organization(s)		1e X
f Dividends from related organization(s)		1f X
g Sale of assets to related organization(s)		1g X
h Purchase of assets from related organization(s)		1h X
i Exchange of assets with related organization(s)		1i X
j Lease of facilities, equipment, or other assets to related organization(s)		1j X
k Lease of facilities, equipment, or other assets from related organization(s)		1k X
l Performance of services or membership or fundraising solicitations for related organization(s)		1l X
m Performance of services or membership or fundraising solicitations by related organization(s)		1m X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		1n X
o Sharing of paid employees with related organization(s)		1o X
p Reimbursement paid to related organization(s) for expenses		1p X
q Reimbursement paid by related organization(s) for expenses		1q X
r Other transfer of cash or property to related organization(s)		1r X
s Other transfer of cash or property from related organization(s)		1s X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	SMYTH COUNTY COMMUNITY HOSPITAL	L	4,334,405	
(2)	SMYTH COUNTY COMMUNITY HOSPITAL	Q	61,084	
(3)	JOHNSTON MEMORIAL HOSPITAL	L	10,802,688	
(4)	JOHNSTON MEMORIAL HOSPITAL	O	263,704	
(5)	JOHNSTON MEMORIAL HOSPITAL	R	106,338	
(6)	APP	L	140,618	

MSHA7410

**Part VI** Unrelated Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 5125(4))	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) .....													
(2) .....													
(3) .....													
(4) .....													
(5) .....													
(6) .....													
(7) .....													
(8) .....													
(9) .....													
(10) .....													
(11) .....													

MSHA7411



Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions).

**FORM 990, PART III, LINE 4A: STATEMENT OF PROGRAM SERVICE  
ACCOMPLISHMENTS**

MOUNTAIN STATES HEALTH ALLIANCE (MSHA) IS A TAX-EXEMPT ENTITY WITH OPERATIONS PRIMARILY LOCATED IN WASHINGTON, SULLIVAN, UNICOI, AND CARTER COUNTIES OF TENNESSEE AND SMYTH, WISE, DICKENSON, RUSSELL AND WASHINGTON COUNTIES OF VIRGINIA. MSHA CONSISTS OF 13 HOSPITALS, NINE OF WHICH ARE REPORTED WITHIN THIS FORM 990 AND ARE WHOLLY OWNED BY MSHA; THE OTHER FOUR MSHA MAJORITY-OWNED HOSPITALS ARE REPORTED ON SEPARATE FORMS 990 SINCE EACH IS A SEPARATE LEGAL ENTITY.

MSHA IS A 1,246 BED TERTIARY-CARE AND REFERRAL HOSPITAL SYSTEM, THE REGION'S LARGEST BY BED COUNT AND VOLUMES. IN ADDITION TO OUR HOSPITALS, MSHA'S INTEGRATED HEALTH CARE DELIVERY SYSTEM INCLUDES PRIMARY/PREVENTIVE CARE CENTERS AND NUMEROUS OUTPATIENT CARE SITES, SAME DAY SURGERY, NURSING HOMES AND MOUNTAIN STATES REHABILITATIONS. WE ALSO HAVE SERVICES FOR HOME HEALTH, HOSPICE AND PARISH NURSING.

MSHA IS SOLE SHAREHOLDER OF BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC), A FOR-PROFIT ENTITY THAT OWNS AND MANAGES PHYSICIAN PRACTICES AND PROVIDES OTHER HEALTH CARE SERVICES TO PATIENTS IN TENNESSEE AND VIRGINIA. IN ADDITION, BRMMC OWNS AND MANAGES REAL ESTATE.

MSHA IS A 99.9% SHAREHOLDER OF INTEGRATED SOLUTIONS HEALTH NETWORK, LLC, A FOR-PROFIT ENTITY THAT OWNS A FOR-PROFIT INSURANCE COMPANY AND AN ACCOUNTABLE CARE ORGANIZATION AND ADMINISTERS A PROVIDER-SPONSORED HEALTH CARE DELIVERY NETWORK.

MSHA IS THE PRIMARY BENEFICIARY OF THE ACTIVITIES OF MOUNTAIN STATES FOUNDATION, INC., A NOT-FOR-PROFIT FOUNDATION FORMED TO COORDINATE FUNDRAISING AND DEVELOPMENT ACTIVITIES OF MSHA.

SPECIFIC TO THE WHOLLY OWNED HOSPITALS INCLUDED IN THIS FORM 990, WE RECORDED 48,034 INPATIENT ADMISSIONS, AN INCREASE OF ALMOST 7 PERCENT FROM THE PRIOR YEAR. WE PROVIDED FOR 707,182 OUTPATIENT VISITS, 166,377 EMERGENCY VISITS AND 114,585 HOME HEALTH VISITS. 3,317 BABIES WERE BORN IN OUR FACILITIES THIS YEAR.

MSHA ENTITIES PROVIDE AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE TO RESIDENTS ACROSS A WIDESPREAD, PREDOMINANTLY RURAL 29-COUNTY AREA OF APPALACHIA. THE SERVICE AREA INCLUDES PARTS OF NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, SOUTHEAST KENTUCKY AND WESTERN NORTH CAROLINA. ALL 13 MSHA HOSPITALS ARE LOCATED IN NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA. JOHNSON CITY MEDICAL CENTER, OUR 445-BED FLAGSHIP FACILITY, IS HOME TO MANY OF THE REGION'S CRITICALLY NEEDED PROGRAMS.

- TEACHING HOSPITAL AFFILIATED WITH JAMES H. & CECILE C. QUILLEN COLLEGE OF MEDICINE AT EAST TENNESSEE STATE UNIVERSITY (ETSU)
- THE SECOND HOSPITAL BUILT IN TENNESSEE
- LEVEL I TRAUMA CENTER – ONE OF ONLY SIX IN TENNESSEE
- HOME OF THE REGIONAL CANCER CENTER, ENJOYING RELATIONSHIPS WITH HARVARD, DUKE, AND VANDERBILT UNIVERSITIES
- JCMC WAS RANKED BY U.S. NEWS AND WORLD REPORT AS ONE OF THE TOP 10 HOSPITALS IN TENNESSEE IN 2014
- JCMC WAS ONE OF ONLY FOUR TENNESSEE HOSPITALS TO BE NAMED BY BECKER'S HOSPITAL REVIEW AS ONE OF "100 HOSPITALS AND HEALTH SYSTEMS WITH GREAT ONCOLOGY PROGRAMS" IN 2014
- NISWONGER CHILDREN'S HOSPITAL (NSCH) IS A CHILDREN'S HOSPITAL WITHIN A HOSPITAL AND IS LOCATED ON THE CAMPUS OF JOHNSON CITY MEDICAL CENTER. IT IS THE REGION'S ONLY DEDICATED HOSPITAL FOR CHILDREN THAT PROVIDES COMPREHENSIVE SERVICES WITH ACCESS TO MORE THAN 20 PEDIATRIC SUBSPECIALTIES.
  - NSCH SERVES MORE THAN 200,000 CHILDREN IN A FOUR-STATE, 29-COUNTY REGION. THE 69-BED CHILDREN'S HOSPITAL IS STAFFED BY PEDIATRIC EXPERTS WHO KNOW, LOVE AND CARE ABOUT CHILDREN AND THEIR FAMILIES.
  - NSCH IS HOME TO THE ST. JUDE TRI-CITIES AFFILIATE CLINIC, ONE OF ONLY SEVEN SUCH CLINICS IN THE COUNTRY, WORKING WITH ST. JUDE CHILDREN'S RESEARCH HOSPITAL IN MEMPHIS, TN TO CARE FOR CHILDREN IN OUR REGION WITH CANCER AND BLOOD DISORDERS. OUR AFFILIATION WITH ST. JUDE ALLOWS OUR HOSPITAL TO TAP INTO THE CLINICAL EXPERTISE OF THIS WORLD-RENOWNED ORGANIZATION TO BENEFIT THE CHILDREN AND FAMILIES IN OUR SERVICE AREA AND KEEP MORE CHILDREN CLOSE TO HOME FOR THEIR CARE.
  - NSCH IS THE ONLY CHILDREN'S HOSPITAL IN THE REGION AFFILIATED WITH THE CHILDREN'S HOSPITAL ASSOCIATION.
  - NSCH'S NEONATAL INTENSIVE CARE (NICU) WORKS IN CONJUNCTION WITH ONE OF ONLY FIVE STATE-DESIGNATED PERINATAL CENTERS IN TENNESSEE. THE NICU IS DESIGNATED AS LEVEL III AND IS THE REGIONAL REFERRAL CENTER FOR NEONATAL PATIENTS.
  - NSCH IS HOME TO THE REGION'S ONLY PEDIATRIC EMERGENCY DEPARTMENT, OFFERING 24-HOUR EMERGENCY CARE BY SPECIALLY TRAINED PERSONNEL FOCUSED ON PROVIDING CARE TO PATIENTS FROM BIRTH TO 18 YEARS OF AGE.
- THE NE TN REGIONAL PERINATAL CENTER LOCATED AT JCMC IS ONE OF FIVE STATE-DESIGNATED TERTIARY CENTERS FOR HIGH-RISK MATERNAL FETAL CARE. STATE DESIGNATION IS BASED ON GUIDELINES FOR THE SERVICE PROVISIONS AND DESIGNATIONS OF LEVELS OF CARE GOVERNED AND REVIEWED BY A STATE APPOINTED COMMITTEE THROUGH TN DEPARTMENT OF HEALTH.
- HOME OF THE REGION'S LARGEST AIR AMBULANCE FLEET, WINGS AIR RESCUE
- JCMC RECEIVED THE CONSUMER'S CHOICE AWARD AGAIN IN 2015 FOR THE REGION THROUGH AN INDEPENDENT SURVEY CONDUCTED BY THE NATIONAL RESEARCH COUNCIL. NATIONAL RESEARCH COUNCIL ANNUALLY PROVIDES CONSUMER

CHOICE AWARDS FOR THE MOST PREFERRED HOSPITALS IN MARKETS ACROSS THE U.S.

- WOODRIDGE HOSPITAL IS AN 84-BED INPATIENT MENTAL HEALTH HOSPITAL AND A SERVICE OF JOHNSON CITY MEDICAL CENTER. WOODRIDGE IS A PROVIDER OF MENTAL HEALTH AND CHEMICAL DEPENDENCY SERVICES FOR ADULTS, ADOLESCENTS, AND CHILDREN AGES 6 AND OLDER. TRADITIONAL GROUP, INDIVIDUAL, FAMILY AND COUPLES PSYCHOTHERAPIES ARE AVAILABLE AS WELL AS AN EXPRESSIVE THERAPY DEPARTMENT THAT PROVIDES THERAPY IN ART, MUSIC, RELAXATION, DRAMA AND WRITING.

**FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH)** FWCH WAS THE FIRST “LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN” (LEED) CERTIFIED HOSPITAL IN TENNESSEE AND HAS SET THE PRECEDENT FOR ENVIRONMENTALLY FRIENDLY DESIGNS. FWCH WAS ONE OF FOUR HOSPITALS IN THE NATION TO RECEIVE AN AWARD BY THE AMERICAN HOSPITAL ASSOCIATION FOR LEADERSHIP AND INNOVATION IN QUALITY IMPROVEMENT AND PATIENT SAFETY.

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### **SULLIVAN COUNTY, TN**

### **INDIAN PATH MEDICAL CENTER (IPMC)**

IPMC IS A 261-BED HOSPITAL THAT PROVIDES ADVANCED SERVICES, INCLUDING 24/7 INTERVENTIONAL CARDIAC CATHETERIZATIONS, AN ACCREDITED JOINT REPLACEMENT PROGRAM AND A DEDICATED SPINE CENTER. THE IPMC CAMPUS OFFERS A SATELLITE REGIONAL CANCER CENTER OFFICE.

IPMC HAS BEEN NAMED ONE OF THE REGION’S BEST HEART HOSPITALS BY TWO RATINGS ORGANIZATIONS: HEALTHGRADES FIVE-STAR RECIPIENT FOR TREATMENT OF HEART FAILURE (2011-2015) AND TOP 10 PERCENT IN THE NATION FOR PATIENT SAFETY (2015) AND A TOP 10 PERCENT IN THE U.S. FOR MEDICAL EXCELLENCE IN CARDIAC CARE (2015) BY CARECHEX.

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### **CARTER COUNTY, TN**

### **SYCAMORE SHOALS HOSPITAL (SSH)**

SSH IS A 121-BED FACILITY THAT OFFERS COMPLETE INPATIENT AND OUTPATIENT SURGICAL SERVICES INCLUDING GENERAL SURGERY, SURGICAL ONCOLOGY, ORTHOPEDICS (INCLUDING HAND AND EXTREMITIES), PLASTIC SURGERY AND GYNECOLOGICAL SURGERY. SSH ALSO OFFERS GERIATRIC PSYCHIATRIC SERVICES. THE SSH CAMPUS INCLUDES A REGIONAL CANCER CENTER OFFICE AND COMPREHENSIVE PRIMARY CARE AND SPECIALIST CARE.

SYCAMORE SHOALS HOSPITAL’S CHEST PAIN CENTER IS ACCREDITED BY THE SOCIETY OF CARDIOVASCULAR PATIENT CARE (SCPC). VERY FEW HOSPITALS IN THE REGION HAVE A CHEST PAIN CENTER THAT IS FULLY ACCREDITED BY SCPC. TO BE ACCREDITED, A CHEST PAIN CENTER MUST MEET OR EXCEED A WIDE SET OF STRINGENT CRITERIA AND UNDERGO AN ONSITE REVIEW.

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### **JOHNSON COUNTY, TN**

### **JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH)**

JCCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL LOCATED IN ONE OF TENNESSEE’S POOREST COUNTIES, A MEDICALLY UNDERSERVED AREA.

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### **RUSSELL COUNTY, VA**

### **RUSSELL COUNTY MEDICAL CENTER (RCMC)**

RCMC OFFERS A FULL ARRAY OF PRIMARY AND SOME SPECIALTY SERVICES, INCLUDING BEHAVIORAL HEALTH.

UCMH WAS ACQUIRED BY MSHA DURING FY14. THE HOSPITAL OFFERS 48 ACUTE CARE BEDS AND 46 NURSING HOME BEDS. SERVICES INCLUDE EMERGENCY CARE, INTENSIVE CARE, RADIOLOGY AND DIAGNOSTIC IMAGING, REHABILITATION, AND SURGERY.

JUST A FEW DAYS AFTER OUR FISCAL YEAR ENDED, MSHA COMPLETED THE PURCHASE OF LAND FOR A NEW HOSPITAL TO REPLACE UNICOI COUNTY MEMORIAL HOSPITAL'S AGING FACILITY. THE NEW FACILITY IS SCHEDULED TO BE OPERATIONAL BY FALL OF 2018. THE NEW 20-BED HOSPITAL WILL BE BUILT ON 45 ACRES LOCATED JUST OFF AN INTERSTATE ROADWAY MAKING THE FACILITY ACCESSIBLE TO RESIDENTS.

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DATA SHOWS THAT THE HEALTH STATUS OF MSHA'S SERVICE AREA IS GENERALLY POOR. MSHA'S PRIMARY SERVICE AREA CONSISTS OF COUNTIES IN TENNESSEE AND SOUTHWEST VIRGINIA. AMONG THE 50 STATES, TENNESSEE RANKS 43RD AND VIRGINIA RANKS 21ST IN TERMS OF HEALTH STATUS. HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA AREAS (WHERE SOME MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLE THE HEALTH RANKINGS FOR TENNESSEE. SOME OF THE OVERWHELMING HEALTH ISSUES IN OUR SERVICE AREA INCLUDE:

1. HIGH PREVALENCE OF OBESITY
2. CANCER
3. INFANT MORTALITY
4. DIABETES
5. POOR CARDIOVASCULAR HEALTH
6. HIGH RATE OF CIGARETTE SMOKING
7. SUBSTANCE ABUSE

REGIONAL RANKINGS FOR HEALTH FACTORS CONTINUE TO BE DISAPPOINTING AS CANCER, HEART DISEASE, AND DIABETES RATES CONTINUE TO INCREASE EACH YEAR. OBESITY AND SMOKING CONTINUE TO BE MAJOR PROBLEMS. THE INTERRELATEDNESS BETWEEN THE HEALTH OF A COMMUNITY, ITS ECONOMIC STATUS, AND ITS EDUCATIONAL ATTAINMENT LEVELS IS BECOMING INCREASINGLY RECOGNIZED. MSHA EXISTS TO "IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH". IN DOING SO, MSHA RECOGNIZES THIS IS A VERY COMPLEX CHALLENGE THAT INVOLVES THE ENGAGEMENT OF MANY PRONGS OF THE COMMUNITY.

IN ORDER FOR MSHA TO SERVE ITS REGION MOST EFFECTIVELY, IT IS ESSENTIAL TO UNDERSTAND EACH COMMUNITY'S INDIVIDUAL NEEDS. MSHA CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) TO PROFILE THE HEALTH OF THE RESIDENTS WITHIN THE LOCAL REGION. ACTIVITIES ASSOCIATED WITH THE DEVELOPMENT OF THE CHNA HAVE TAKEN PLACE FROM SPRING OF 2014 THROUGH SPRING OF 2015, INCLUDING STATE, REGIONAL AND COUNTY-SPECIFIC SECONDARY DATA COLLECTION AND PRIMARY DATA OBTAINED THROUGH INDIVIDUAL SURVEYS AND FOCUS GROUPS WITH INDIVIDUALS FROM THE LOCAL COMMUNITIES. OUR BOARD OF DIRECTORS APPROVED OUR FY15 CHNA AT THE END OF THE FISCAL YEAR. MORE INFORMATION IS PROVIDED IN SCHEDULE H – HOSPITALS RELATIVE TO OUR MOST RECENT CHNA.

## PROMOTE COMMUNITY HEALTH:

THE NORTHEAST TENNESSEE REGIONAL PERINATAL CENTER AT JCMC IS ONE OF FIVE STATE-DESIGNATED TERTIARY CENTERS IN THE STATE OF TENNESSEE. IT IS THE REFERRAL HUB FOR PREGNANT WOMEN IN THE NORTHEAST TENNESSEE REGION WHO NEED HIGHER LEVEL OBSTETRICAL SERVICES AND/OR NEONATOLOGY SERVICES THROUGH OUR NISWONGER CHILDREN'S HOSPITAL NICU. DURING THIS FISCAL YEAR, THE CENTER FACILITATED 1,375 BIRTHS AND 1,380 OUTPATIENT CONSULTATIONS. ANOTHER COMPONENT OF THE PERINATAL CENTER IS OUTREACH EDUCATION, 664 OB EDUCATIONAL HOURS WERE PROVIDED THROUGHOUT THE REGION. ON THE NEONATAL SIDE, 643 ADMISSIONS WERE ACCEPTED AT THE CENTER OF WHICH 270 WERE TRANSPORTED. OVER THE COURSE OF THE YEAR, A TOTAL OF 905 HOURS OF NEONATAL EDUCATION WAS PROVIDED TO THE REGION. THE PERINATAL GRANT HAS RECEIVED GRANT FUNDING FOR THE PAST 20-PLUS YEARS. MSHA'S LOSS (NET OF THE GRANT) FOR THESE SERVICES WAS \$154,053.

THE CARE NAVIGATION TEAM AT NISWONGER CHILDREN'S HOSPITAL (NSCH) WORK TO COORDINATE CARE FOR PATIENTS WITH CHRONIC AND COMPLEX HEALTH CONDITIONS SERVED AT NSCH. ON OCCASION THEY COORDINATE A NEONATAL OR PEDIATRIC TRANSPORT TO A PROVIDER, SUCH AS VANDERBILT UNIVERSITY MEDICAL CENTER, FOR A HIGH LEVEL OF SUB SPECIALTY CARE. MSHA RESPONDS WITH NO-CHARGE GROUND AMBULANCE SERVICE TO TRANSPORT THE INFANT/CHILD. IN ADDITION TO THE EMS DRIVER, MSHA PROVIDES A REGISTERED NURSE AND RESPIRATORY THERAPIST FOR EACH TRANSPORT. DURING FY15, THE COST TO MSHA FOR THIS TRANSPORTATION SERVICE WAS \$11,075.

NISWONGER CHILDREN'S HOSPITAL (NSCH), IN PARTNERSHIP WITH EAST TENNESSEE BRAIN & SPINE CENTER, LAUNCHED A PEDIATRIC NEUROSCIENCES PROGRAM. ADVANCED NEUROSURGICAL SERVICES AT NSCH ARE NOW PROVIDED BY THE REGION'S FIRST PEDIATRIC NEUROSURGEON. CHILDREN IN OUR AREA MAY NOW BE TREATED FOR THE FULL SPECTRUM OF PEDIATRIC NEUROSURGERY NEEDS, INCLUDING EPILEPSY AND SEIZURE DISORDERS, CONGENITAL NEUROLOGICAL DISEASES, AND PEDIATRIC HEAD TRAUMA. PRIOR TO RECRUITMENT OF THIS VERY QUALIFIED PHYSICIAN TO BUILD THE REGION'S FIRST PEDIATRIC NEUROSCIENCES PROGRAM, MORE THAN 60% OF CHILDREN IN OUR AREA WITH NEURO-RELATED DIAGNOSES HAD TO LEAVE OUR AREA TO RECEIVE THEIR HEALTH CARE.

PEDIATRIC PROVIDER ORDER ENTRY (POE) WENT LIVE AT NISWONGER CHILDREN'S HOSPITAL IN APRIL AND WAS ROLLED OUT TO ALL MSHA INPATIENT FACILITIES SOON AFTER. ALTHOUGH MSHA HAS HAD POE MANY YEARS FOR ADULTS, THIS PEDIATRIC VERSION FOCUSES ON OUR YOUNG PATIENTS. THE PEDIATRIC POE HELPS PHYSICIANS AND OTHER CLINICIANS STANDARDIZE BEST PRACTICES ACROSS THE HEALTH SYSTEM FOR CONSISTENT, HIGH-QUALITY CARE FOR CHILDREN. THE WEIGHT-BASED MEDICATION FUNCTIONALITY IS A VITAL PART OF THE TOOL, ESPECIALLY SINCE OUR NICU OFTEN HAS VERY LOW BIRTH WEIGHT BABIES. CONSIDERING HOW DIFFERENT CHILDREN ARE FROM ADULTS IN USAGE OF MEDICATION, LAB STUDIES, BLOOD PRODUCTS AND ILLNESSES, THE PEDIATRIC POE IMPROVES SAFETY IN CARING FOR CHILDREN.

JCMC'S CONGESTIVE HEART FAILURE CLINIC WAS ESTABLISHED TO HELP PATIENTS MANAGE THEIR DISEASE. OUR REGION HAS ONE OF THE HIGHEST RATES OF HEART FAILURE IN THE COUNTRY. THE CLINIC OFFERS FREE HELP TO CARDIAC HEART FAILURE (CHF) PATIENTS. THE CLINIC IS STAFFED BY A CERTIFIED FAMILY NURSE PRACTITIONER WHO WORKS IN COLLABORATION WITH CARDIOLOGISTS. THE CLINIC'S PRIMARY FOCUS IS EVALUATION AND EDUCATION, TO PREVENT THE LIKELIHOOD OF ACUTE EPISODES OF HEART FAILURE AND TO HELP PEOPLE MANAGE HEART FAILURE AND IMPROVE THEIR CARDIAC FUNCTION. THE CLINIC'S MISSION IS TO PROVIDE CARE THAT WILL REDUCE THE NUMBER OF

HOSPITALIZATIONS FOR PATIENTS WITH CONGESTIVE HEART FAILURE THROUGH OUTPATIENT MANAGEMENT IN THE HEART FAILURE CLINIC. PATIENTS RECEIVE A LIFESTYLE ASSESSMENT AND COUNSELING, EDUCATION REGARDING THE HEART FAILURE PROCESS, MEDICATION MANAGEMENT, AND EVALUATION FOR CARDIAC RESYNCHRONIZATION THERAPY (DEVICE THERAPY). THE CHF CLINIC WORKS AS A TEAM AND WILL MAKE REFERRALS TO PHARMACISTS, PSYCHOLOGISTS/BEHAVIOR COUNSELORS, SOCIAL WORKERS, CARDIAC REHABILITATION, HOME HEALTH PROVIDERS, AND COMMUNITY SUPPORT GROUPS. THE CLINIC ALSO FOCUSES ON IMPROVEMENT OF EACH PATIENT'S QUALITY OF LIFE. THE NURSE PRACTITIONER WILL MAKE REFERRALS TO PHYSICIAN SPECIALTIES, IF NEEDED, SUCH AS A NEPHROLOGIST, PULMONOLOGIST, A SLEEP STUDY OR WOUND CARE. PATIENTS MAY ALSO BE REFERRED TO A DIETICIAN AND/OR FREE CLASSES AT OUR HEALTH RESOURCE CENTER. THE COST TO MSHA FOR PROVIDING THIS FREE CLINIC WAS \$87,482 THIS YEAR. 406 PATIENTS WERE SEEN AT THE CLINIC AND PATIENT SATISFACTION RATE IS 99%. THE AVERAGE HOSPITAL READMISSION RATE FOR THOSE SEEN IN THE CLINIC IS 17% COMPARED TO 23% FOR PATIENTS NOT TAKING ADVANTAGE OF THE FREE CLINIC.

MSHA IS PART OF THE SURVIVING SEPSIS CAMPAIGN (SSC), A QUALITY IMPROVEMENT INITIATIVE TO INCREASE EARLY RECOGNITION AND TREATMENT OF SEPSIS IN PATIENTS ON HOSPITAL MEDICAL, SURGICAL AND TELEMETRY UNITS. MSHA CREATED A TOOL IN OUR CLINICAL SOFTWARE TO HELP WITH FAST RECOGNITION OF SEPSIS FOR EARLY TREATMENT. CAPTURING VAST AMOUNTS OF DETAILED DATA AT THE POINT OF CARE IN ORDER TO CALCULATE AND REPORT ON CLINICAL QUALITY MEASURES AND MEET MEANINGFUL USE (MU) REQUIREMENTS IMPROVES THE HEALTH AND SAFETY OF OUR PATIENTS. ALL OF MSHA'S FACILITIES HAVE ATTESTED FOR MU STAGE 1, WHILE THREE MSHA FACILITIES ATTESTED FOR STAGE 2. MORE IMPORTANTLY, MSHA IS LEVERAGING THE DETAILED DATA TO ACHIEVE BROADER QUALITY AND SAFETY IMPROVEMENTS IN PREVENTING CATHETER-ACQUIRED URINARY TRACT INFECTION AND SEVERE SEPSIS.

IN ADDITION TO THE IMPROVEMENTS GAINED BY EARLY IDENTIFICATION AND TREATMENT OF SEPSIS NOTED PREVIOUSLY, CLINICAL EXCELLENCE THROUGH TECHNOLOGY HAS BEEN INSTRUMENTAL IN ACHIEVING OTHER CLINICAL SUCCESSES. ACCORDING TO THE U.S. CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC), URINARY TRACT INFECTIONS ARE THE MOST COMMON TYPE OF HEALTHCARE-ASSOCIATED INFECTIONS REPORTED TO THE CDC. AMONG URINARY TRACT INFECTIONS ACQUIRED IN A HOSPITAL, APPROXIMATELY 75% ARE ASSOCIATED WITH A URINARY CATHETER. MSHA IS USING TECHNOLOGY TO PROTECT PATIENTS FROM THESE INFECTIONS BY CREATING A HARD STOP FOR PHYSICIANS, SO WHEN THEY ORDER A URINARY CATHETER THEY HAVE TO CHOOSE ONE OF THE "ACCEPTABLE REASONS" FOR DOING SO. THE "ACCEPTABLE REASONS" ARE DETERMINED BY A FEDERAL ADVISORY COMMITTEE ON INFECTION CONTROL. PHYSICIANS ARE ABLE TO USE FREE TEXT FOR A REASON OTHER THAN THE "ACCEPTABLE REASONS" AND THIS ALLOWS US TO MONITOR THESE OTHER REASONS. THE IMPLEMENTATION OF THESE PROCESSES HAS LED TO A REDUCTION IN THE USE OF URINARY CATHETERS AT MSHA HOSPITALS AND SUBSEQUENT PREVENTION OF CATHETER-ASSOCIATED INFECTIONS.

THE RESPOND DEPARTMENT AT WOODRIDGE HOSPITAL OFFERS ASSESSMENTS AND REFERRALS FOR INDIVIDUALS DEALING WITH MENTAL HEALTH ISSUES AND SUBSTANCE ABUSE. PROFESSIONAL STAFF INCLUDES BEHAVIORAL HEALTH COUNSELORS WHO ARE AVAILABLE 24 HOURS A DAY, SEVEN DAYS A WEEK TO ANSWER CALLS FROM THE COMMUNITY CONCERNING TREATMENT. THROUGHOUT THE ASSESSMENT PROCESS, RESPOND COLLABORATES WITH A PSYCHIATRIST TO DETERMINE THE MOST APPROPRIATE LEVEL OF CARE. THE RESPOND DEPARTMENT INCURRED UNREIMBURSED COSTS OF \$750,158 DURING FY15.

MSHA HOSPITALS ARE USING TELEHEALTH TO CONNECT PATIENTS IN ONE LOCATION WITH SPECIALISTS IN ANOTHER, FOR LIVE CONSULTATIONS OR EXAMS THROUGH A TWO-WAY VIDEO FEED. THE SERVICE IS ESPECIALLY VALUABLE TO RURAL COMMUNITIES WHERE PATIENTS WOULD HAVE TO TRAVEL A LONG DISTANCE TO SEE A SPECIALIST, SPARING PATIENTS THE EXPENSE AND TIME REQUIRED FOR TRAVEL. IT IS MAKING A DIFFERENCE. AT OUR SMALL JOHNSON COUNTY COMMUNITY HOSPITAL, LOCATED IN RURAL MOUNTAIN CITY, TENNESSEE, THE HOSPITAL HAS MULTIPLE CONSULTS EVERY MONTH, AND SOMETIMES EVEN A FEW PER DAY. TELEHEALTH HAS BECOME A REGULAR PART OF HEALTH CARE AT MSHA. IT CONNECTS PATIENTS WITH SPECIALISTS WITHIN OUR SYSTEM AND WITH SPECIALISTS AT OTHER HEALTH SYSTEMS. FOR INSTANCE, OUR FRANKLIN WOODS COMMUNITY HOSPITAL AND JOHNSON CITY MEDICAL CENTER HOSPITAL PARTNER WITH VANDERBILT UNIVERSITY MEDICAL CENTER IN NASHVILLE FOR TELENEUROLOGY SERVICES THROUGH VANDERBILT'S LARGE STAFF OF BOARD-CERTIFIED NEUROLOGISTS. ANOTHER COMMON USE IS FOR BEHAVIORAL HEALTH. ALL MSHA FACILITIES USE VIDEO CONSULTS IN THEIR EMERGENCY DEPARTMENTS TO ASSIST WITH THESE CASES, WHICH CAN HELP GET A PATIENT QUICKLY TRANSFERRED TO OUR BEHAVIORAL HEALTH HOSPITAL.

THE PARISH NURSE PROGRAM IS SPONSORED BY MSHA'S HOME HEALTH ORGANIZATION, WITH GOALS OF RECRUITING AREA CHURCHES AND REGISTERED NURSES TO THE PROGRAM AND PROVIDING PARTICIPANTS WITH EDUCATION ABOUT PARISH NURSING. PARISH NURSING IS AN AMALGAM OF SOCIAL WORK, GOOD NEIGHBORING AND NURSING. THE PARISH NURSE PROVIDES SUPPORT, HEALTH EDUCATION AND COUNSELING TO THOSE WITH HEALTHCARE NEEDS WITHIN THEIR PLACE OF WORSHIP. OTHER SERVICES PROVIDED BY THE PARISH NURSE INCLUDE BLOOD DRIVES, HEALTH SCREENINGS, HEALTH FAIRS AND MONTHLY BLOOD PRESSURE CLINICS. THE NURSE ALSO MAINTAINS AN ACTIVE VISITATION TO PARISHIONERS WHO ARE HOMEBOUND, HOSPITALIZED, OR IN LONG TERM CARE FACILITIES. SEVERAL OF THE NURSES ARE CERTIFIED TO TEACH CPR AND FIRST AID AT NO COST TO PARISHIONERS. MSHA PROVIDES THE PARISH NURSE PROGRAM WITH A COORDINATOR, SPONSORED ORIENTATION, MONTHLY EDUCATIONAL PROGRAMS AND OTHER SUPPORT FUNCTIONS. CURRENTLY, THERE ARE 24 CHURCHES IN TENNESSEE AND THREE IN SOUTHWEST VIRGINIA WITH PARISH NURSES ON STAFF. MSHA'S UNREIMBURSED COST FOR THE PARISH NURSE PROGRAM WAS \$59,542.

BOTH IPMC AND JCMC ARE CERTIFIED BY THE JOINT COMMISSION AS CENTERS OF EXCELLENCE FOR JOINT REPLACEMENT. IPMC'S CERTIFICATION WAS THE FIRST SUCH HONOR IN THE AREA, FOLLOWED CLOSELY BY JCMC. THERE ARE NO OTHER CERTIFIED JOINT REPLACEMENT CENTERS WITHIN A 75-MILE RADIUS TO THE TRI-CITIES. THE CERTIFICATION VALIDATES A COMMITMENT TO A HIGHER STANDARD OF SERVICE, PROVIDES A FRAMEWORK FOR ORGANIZATIONAL STRUCTURE AND MANAGEMENT, ENHANCES STAFF RECRUITMENT AND DEVELOPMENT, AND IS RECOGNIZED BY INSURERS AND OTHER THIRD PARTIES.

WINGS AIR RESCUE (WINGS), THE REGION'S EMERGENCY MEDICAL HELICOPTER SERVICE, IS CONSIDERED BY MSHA TO BE A REGIONAL ASSET. LICENSED IN THE STATE OF TENNESSEE AND THE COMMONWEALTHS OF KENTUCKY AND VIRGINIA, WINGS PROVIDES AIR TRANSPORT OF CRITICALLY ILL AND INJURED PATIENTS TO THE CLOSEST TERTIARY FACILITIES. MSHA OPERATES EMERGENCY TRANSPORT DISPATCH SERVICES AS THE STATE DESIGNATED REGIONAL MEDICAL COMMUNICATIONS CENTER FOR TENNESSEE REGION 1. THE COMMUNICATION CENTER IS OPERATIONAL 24 HOURS DAILY AND PROVIDES COMMUNICATION SERVICES TO BOTH AIR AND GROUND EMERGENCY TRANSPORT SYSTEMS IN THE REGION. MSHA INCURRED \$137,557 IN UNREIMBURSED COSTS FOR EMERGENCY TRANSPORT DISPATCH SERVICES THIS YEAR.

NURSELINK MEDICAL CALL CENTER IS A 24-HOUR TOLL-FREE MEDICAL INFORMATION PHONE LINE. EXPERIENCED REGISTERED NURSES SPEAK WITH CALLERS TO PROVIDE INVALUABLE



CONFIDENTIAL HEALTH INFORMATION AND TRIAGE UTILIZING PHYSICIAN-APPROVED GUIDELINES. IN FY15, NURSELINK HANDLED 21,110 CALLS. MSHA INCURRED AN EXPENSE OF \$242,765 TO PROVIDE THIS SERVICE AT NO COST TO THE COMMUNITY.

WHILE PROGRESS CONTINUES ON THE PLANNING OF THE NEW UNICOI COUNTY MEMORIAL HOSPITAL, WE CONTINUE TO ADD SERVICES AT THE CURRENT HOSPITAL. WE ADDED A SLEEP LAB THIS YEAR. THE SLEEP LAB WILL OFFER IN-LAB SLEEP DIAGNOSTIC TESTING FOR SLEEP APNEA, UNDETERMINED EXCESSIVE DAYTIME SLEEPINESS, RESTLESS LEG SYNDROME AND INSOMNIA, ALONG WITH CPAP MANAGEMENT AND FOLLOW-UP. HOME SLEEP TESTING WILL ALSO BE AVAILABLE AND ALL CONSULTATIONS ARE DONE BY BOARD-CERTIFIED SLEEP PHYSICIANS. IN ADDITION TO THE NEW SLEEP LAB, WE EXPANDED IMAGING CAPABILITIES.

THE HEALTH RESOURCES CENTER (HRC) IS A COMMUNITY OUTREACH SERVICE PROVIDED BY MSHA IN TWO LOCATIONS. THE JOHNSON CITY HRC IS CONVENIENTLY LOCATED IN THE REGION'S LARGEST SHOPPING MALL AND THE HRC IN KINGSFORT IS LOCATED IN THE KINGSFORT TOWN CENTER MALL. THE HRC OFFERS FREE CLASSES, SCREENINGS, BLOOD PRESSURE CHECKS, INFORMATIONAL MATERIALS AND RESOURCES AS WELL AS A NUMBER OF OTHER SERVICES IN AN EFFORT TO MEET COMMUNITY MEMBERS' HEALTH AND HEALTH EDUCATION NEEDS. THE JOHNSON CITY HRC HAD 18,294 VISITS TO THEIR OFFICE AND PERFORMED 667 HEALTH SCREENINGS IN FY15. THIS HRC ALSO HOSTED 5,577 ATTENDEES WHO PARTICIPATED IN MONTHLY HEALTH EDUCATION PROGRAMS. THE HRC ALSO PROVIDED OUTREACH SERVICES WHERE THEY CONNECTED WITH AN ADDITIONAL 5,095 COMMUNITY MEMBERS. THE UNCOMPENSATED COST OF THE JOHNSON CITY HRC WAS \$294,830. THE HRC IN KINGSFORT HAD 13,345 VISITS TO THE OFFICE AND PERFORMED 367 HEALTH SCREENINGS. THIS HRC HOSTED 4,437 ATTENDEES AT MONTHLY HEALTH EDUCATION PROGRAMS AND PROVIDED OUTREACH SERVICES TO ANOTHER 7,602 COMMUNITY MEMBERS. THE KINGSFORT HRC'S UNCOMPENSATED COST THIS YEAR WAS \$269,233.

BASED ON DOCUMENTED COMMUNITY NEEDS, MSHA INCURRED EXPENSES OF \$1,583,292 FOR PHYSICIAN AND MID-LEVEL PROVIDER RECRUITMENT. JOHNSON CITY MEDICAL CENTER, A TERTIARY REFERRAL CENTER AND LEVEL ONE TRAUMA CENTER, DRAWS CLOSE TO 50 PERCENT OF ITS PATIENTS FROM MEDICALLY UNDERSERVED AREAS. RECRUITMENT ACTIVITY WAS FOR SPECIALTIES NECESSARY TO SERVE THE INPATIENT AND OUTPATIENT NEEDS OF A LARGE GEOGRAPHIC AREA. SPECIALTIES INCLUDE HOSPITAL-BASED PROVIDERS, PEDIATRIC SPECIALTIES, PRIMARY CARE PROVIDERS, AND SURGEONS. IT IS DIFFICULT TO RECRUIT MEDICAL PROVIDERS TO RURAL AREAS AND THE COST IS HIGHER TO RECRUIT TO THOSE AREAS. SYCAMORE SHOALS HOSPITAL DRAWS A SIGNIFICANT NUMBER OF PATIENTS FROM JOHNSON AND CARTER COUNTIES, BOTH OF WHICH ARE LISTED ON THE TENNESSEE DEPARTMENT OF HEALTH'S WEBSITE AS MEDICALLY UNDERSERVED AREAS. RUSSELL COUNTY MEDICAL CENTER LOCATED IN RUSSELL COUNTY, VIRGINIA IS DESIGNATED BY THE STATE OF VIRGINIA AS A WHOLE-COUNTY HEALTH PROFESSIONAL SHORTAGE AREA. RECRUITMENT EXPENSES FOR THIS HOSPITAL WERE DEDICATED TO THE AREAS OF MENTAL HEALTH, PRIMARY CARE, AND ADVANCED PRACTICE PROVIDERS TO IMPROVE ACCESS TO PATIENTS IN ORTHOPEDIC AND CARDIOVASCULAR CLINICS. UNICOI COUNTY MEMORIAL HOSPITAL IS LISTED AS A WHOLE-COUNTY MEDICALLY UNDERSERVED AREA ON THE TENNESSEE DEPARTMENT OF HEALTH'S WEBSITE. RECRUITMENT EXPENSE FOR THIS HOSPITAL WAS FOR A PRIMARY CARE PHYSICIAN. A PORTION OF OUR RECRUITMENT EXPENSE IS PHYSICIAN DEBT FORGIVEN BY OUR HOSPITALS IN EXCHANGE FOR TIME SPENT WORKING IN THE COMMUNITY. ALL RECRUITMENT EFFORTS ARE BASED ON DOCUMENTED COMMUNITY NEED. OUR PHYSICIAN RECRUITMENT DEPARTMENT PROVIDES SUPPORT SERVICES FOR MSHA'S 13 HOSPITALS AND PHYSICIAN PRACTICES.

JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH) IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS FACILITY IS LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES AND PROVIDES EMERGENCY INPATIENT AND OUTPATIENT CARE TO THE COUNTY'S RESIDENTS, MANY OF WHOM ARE OVER 65 YEARS OLD. JCCH'S LOCATION IS DESIGNATED AS A PHYSICIAN SHORTAGE AREA FOR MANY SPECIALTIES. JCCH OPERATES A PHYSICIAN SPECIALTY CLINIC INSIDE THE HOSPITAL. THE SPECIALTY CLINIC INCLUDES ONCOLOGY, PODIATRY, CARDIOLOGY AND OTHER SPECIALTY SERVICES. THE CLINIC ALSO PROVIDES TELEMEDICINE SERVICES TO INCLUDE: PULMONARY, GENERAL SURGERY, DIABETES AND OTHER SPECIALTY SERVICES. THE CLINIC CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY SOLVING TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE LOCATED MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION. JCCH INCURRED A LOSS OF \$54,215 OPERATING THE CLINIC.

MSHA GIFTS A LAND LEASE TO THE RONALD MCDONALD HOUSE AT A FAIR MARKET VALUE OF \$60,000. THE RONALD MCDONALD HOUSE IS LOCATED ON THE CAMPUS OF NISWONGER CHILDREN'S HOSPITAL AND JOHNSON CITY MEDICAL CENTER. THOUGH LOCATED ON OUR CAMPUS, THE RONALD MCDONALD HOUSE PROVIDES A TEMPORARY HOME FOR CHILDREN AND FAMILIES OF SERIOUSLY ILL CHILDREN THROUGHOUT THE SOUTHERN APPALACHIAN REGION. FORTY COUNTIES LOCATED THROUGHOUT NE TENNESSEE, SW VIRGINIA AND EASTERN KENTUCKY, COVERING A 125 MILE RADIUS OUTSIDE THE CITY LIMITS OF JOHNSON CITY, ARE SERVED BY THIS REGIONAL FACILITY.

JCMC LACTATION CONSULTANTS AT JCMC CONTINUED A PROGRAM BEGUN LAST YEAR TO INCREASE BREASTFEEDING RATES IN OUR COMMUNITY BY GIVING EXPECTANT MOTHERS MORE EDUCATION ABOUT THE BENEFITS OF BREASTFEEDING BEFORE THEY COME TO THE HOSPITAL FOR DELIVERY. MSHA LACTATION CONSULTANTS SPENT MORE THAN 400 HOURS VISITING AREA OB/GYN PRACTICES DURING THE YEAR. IN PRIOR YEARS, THE RATE FOR MOTHERS WHO EXCLUSIVELY BREASTFED RANGED BETWEEN 36% - 40%. SINCE IMPLEMENTING THE LACTATION PROGRAM, RATES HAVE BEEN CONSISTENTLY 50% AND OUR NURSES HOPE TO SEE AN EVEN HIGHER RATE OVER TIME. THIS OUTREACH PROGRAM COSTS MSHA MORE THAN \$14,000, WITH NO COST TO THE COMMUNITY.

MSHA SUB-LEASES SPACE TO WASHINGTON COUNTY EMS AND CHARGES THE EMS JUST \$1. MSHA PAID \$24,725 FOR THIS SPACE DURING FY15.

MSHA OFFERS A VARIETY OF SCREENINGS, SUPPORT GROUPS, HEALTH EDUCATION, AND HEALTH FAIRS ON AN ONGOING BASIS THROUGHOUT THE YEAR. MOST OF THESE WERE FREE OF CHARGE. THE FEW THAT IMPOSED A CHARGE SET A LOW FEE OF \$5 - \$10. SOME OF THE FREE CLASSES AND SUPPORT GROUPS OFFERED TO THE PUBLIC BY MSHA INCLUDE: SMOKING CESSATION ; DIABETES EDUCATION AND MANAGEMENT; NUTRITION AND COOKING; CPR; CANCER EDUCATION AND SUPPORT GROUPS; HEART HEALTH; RELAXATION TRAINING; SAFE BABYSITTING TRAINING; BREASTFEEDING; YOGA; BALANCE AND FALLS PREVENTION; CHILD ILLNESSES AND SPECIAL NEEDS PROGRAMS AND CLASSES; WEIGHT LOSS AND SUPPORT GROUPS; MEDICARE INFORMATION SESSIONS FOR SENIORS TURNING 65; SENIOR CAREGIVER SUPPORT GROUP; OTHER DISEASE-SPECIFIC CLASSES AND SUPPORT GROUPS; AND, MANY GENERAL HEALTH CLASSES. SOME OF OUR NEWER OFFERINGS INCLUDE: CLASSES ON MEDICATION MANAGEMENT AND MONEY MATTERS (COVERS SOCIAL SECURITY STRATEGIES, ETC.), CHILD ID KIT & FINGERPRINTING, AND SLEEP APNEA SCREENING.

THE HOSPICE PROGRAM OFFERS EXTENDED 13-MONTH BEREAVEMENT SUPPORT RATHER THAN THE REQUIRED 12-MONTH PERIOD, THUS SUPPORTING FAMILIES DURING THE ANNIVERSARY MONTH OF THE PATIENT'S DEATH, WHICH CAN BE A CHALLENGING TIME. ALSO PROVIDED IS A

CELEBRATION OF LIFE PROGRAM FOR FAMILIES OF FORMER HOSPICE PATIENTS AND THE COMMUNITY AT LARGE.

MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS. SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS. MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTH CARE AND EDUCATION.

MSHA, IN COLLABORATION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY AND PUBLICITY; PROVIDE SPACE; OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES.

## COMMUNITY HEALTH EDUCATIONAL PROGRAMS:

STUDIES SHOW THAT KIDS WHOSE PARENTS READ ALOUD TO THEM WILL DEVELOP BETTER LITERARY PROFICIENCY. DOING THIS IS SO VALUABLE, THAT THE AMERICAN ACADEMY OF PEDIATRICS RECOMMENDS PEDIATRICIANS PROVIDE CHILDREN'S BOOKS TO PARENTS AND COUNSELS THEM ON HOW TO READ ALOUD TO THEIR KIDS. PEDIATRICIANS AT EAST TENNESSEE STATE UNIVERSITY AND NISWONGER CHILDREN'S HOSPITAL DO THAT, AND HAVE LED DEVELOPMENT OF A NEW CHILDREN'S BOOK SERIES TO ENCOURAGE LITERACY DEVELOPMENT AND HEALTHY BEHAVIORS DURING EARLY CHILDHOOD. ACCORDING TO A POLICY STATEMENT FROM THE AMERICAN ACADEMY OF PEDIATRICS, TWO-THIRDS OF U.S. CHILDREN – AND 80% OF CHILDREN LIVING BELOW THE POVERTY LINE – DO NOT DEVELOP READING PROFICIENCY BY THE THIRD GRADE. A NEW REGIONAL FAMILY LITERACY PROGRAM STARTED THIS YEAR OFFERS MONTHLY PARENTING SUPPORT GROUPS, READING ACTIVITIES IN LOCAL PRESCHOOLS, AND COMMUNITY EVENTS. KEY PARTNERS IN THE PROJECT INCLUDE NISWONGER CHILDREN'S HOSPITAL, ETSU DEPARTMENT OF PEDIATRICS, CLEMMER COLLEGE OF EDUCATION, JOHNSON CITY SCHOOLS, AND LOCAL ADULT EDUCATION PROGRAMS. THE GROUP IS ALSO PLANNING TO EXPAND ADULT LITERACY AND PARENT-CHILD TOGETHER CLASSES IN THE REGION.

NISWONGER CHILDREN'S HOSPITAL OFFERS ACTIVITIES FOR CHILDREN DESIGNED TO ENCOURAGE PHYSICAL ACTIVITY. WE OPERATED BOOTHS AT LOCAL FESTIVALS PROVIDING NUTRITION/HEALTH EDUCATION TO KIDS IN A KID-FRIENDLY ATMOSPHERE OF LEARNING. WE ALSO HELD A FAMILY ACTIVITY DAY AND A CHILD EXPO EVENT. THE COST OF THESE ACTIVITIES WAS \$25,086.

MSHA PROVIDED A VARIETY OF WELLNESS AND HEALTH INFORMATION TO HELP EDUCATE AREA RESIDENTS ABOUT COMMUNITY-SPECIFIC HEALTH ISSUES. INFORMATION WAS PROVIDED THROUGH PRINTED MATERIALS, SPEAKING ENGAGEMENTS, RADIO AND TELEVISION INTERVIEWS, HEALTH FAIRS AND EXPOS.

MSHA PROVIDES ACCESS TO SEVERAL ONLINE HEALTH INFORMATION SERVICES. "MY HEALTH NEWS" ALLOWS ACCESS TO HEALTH INFORMATION TOPICS AND SERVICES THAT MATTER TO THE USER. THIS SERVICE SENDS UP-TO-DATE INFORMATION FROM NATIONAL HEALTH RESOURCES TAILORED TO THE INDIVIDUAL'S NEEDS AND IS FREE OF CHARGE. MSHA PAYS \$24,000 YEARLY FOR MY HEALTH NEWS. MSHA PROVIDES ACCESS TO "KIDSHEALTH", A SERVICE THAT PROVIDES PRACTICAL PARENTING INFORMATION AND NEWS. THIS SERVICE ALSO PROVIDES HOMEWORK HELP FOR KIDS AND STRAIGHT TALK ANSWERS FOR TEENS. MSHA PAYS \$15,750 ANNUALLY TO PROVIDE KIDSHEALTH.

IN ADDITION, WE PROVIDE TELEVISION HEALTH INFORMATION NEWS, SUCH AS THE WEEKLY "YOUR HEALTH MATTERS", COSTING \$15,549 AND A ONE-HOUR CARDIO HEALTH SEGMENT THAT COST \$19,032. NISWONGER CHILDREN'S HOSPITAL SPONSORS "JUST FOR KIDS" HEALTH INFORMATION AT AN ANNUAL COST OF \$118,746.

## PROGRAMS FOR SPECIAL POPULATIONS:

DUE TO THE USE OF EMERGENCY DEPARTMENTS AS WALK-IN CLINICS BY THE POOR AND UNDERSERVED, MSHA HAS HELPED ESTABLISH AND FINANCE ALTERNATIVE CARE SETTINGS SUCH AS THE ETSU DOWNTOWN DAY CENTER LOCATED IN JOHNSON CITY. THE CENTER IS DEDICATED TO SERVING THE PRIMARY NEEDS OF THE HOMELESS, INDIGENT AND UNINSURED POPULATIONS. IT PROVIDES SHELTER WHEN THE WEATHER IS UNSUITABLE TO BE OUTDOORS, OFFERS A MEDICAL CLINIC TWO TIMES A WEEK, AND PROVIDES A MENTAL HEALTH PROVIDER ONE DAY A WEEK. MSHA GIFTS THE CLINIC FREE RENT, WHICH IS VALUED AT \$30,000 ANNUALLY.

MSHA PROCESSED LAB SPECIMENS FOR VARIOUS LOCAL ORGANIZATIONS THAT PROVIDE HEALTH SERVICES TO THE POOR. MSHA WROTE OFF \$177,832 IN LAB CHARGES FOR THESE LAB TESTS.

MSHA ASSISTED A SATELLITE DISPENSARY OF HOPE THAT PROVIDES PRESCRIPTION DRUGS TO THOSE WHO MAY HAVE OTHERWISE BEEN UNABLE TO AFFORD NEEDED MEDICATIONS. THE SITE IS OPERATED BY EAST TENNESSEE STATE UNIVERSITY (ETSU). THE LOCAL DISPENSARY OF HOPE IS STAFFED, IN PART, BY VOLUNTEER PHARMACISTS FROM THE COMMUNITY AND SERVES AS A TRAINING SITE FOR THE BILL GATTON COLLEGE OF PHARMACY AT ETSU. MSHA INCURRED UNREIMBURSED EXPENSES OF \$15,082 FOR THIS PROGRAM. AS NOTED IN OUR CHARITABLE CONTRIBUTION SECTION OF THIS DOCUMENT, WE ALSO MADE A DONATION OF \$177,200 TO ETSU IN SUPPORT OF THE PROGRAM.

MSHA ASSISTED SOME PATIENTS WHO COULD NOT PAY FOR THEIR PRESCRIPTIONS UPON DISCHARGE FROM THE HOSPITAL. MSHA'S UNREIMBURSED COST FOR THESE PRESCRIPTIONS WAS \$157,943.

MSHA PARTNERED WITH THE COMPANIES FIRSTSOURCE SOLUTIONS USA AND ADVANCED PATIENT ADVOCACY TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. REPRESENTATIVES WERE AVAILABLE AT ALL MSHA FACILITIES TO DETERMINE POSSIBLE GOVERNMENTAL MEDICAL ASSISTANCE (TENNCARE OR MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. 7,851 PATIENTS WERE APPROVED DURING FY15 FOR COVERAGE. ONCE A PERSON IS APPROVED FOR TENNCARE OR MEDICAID THROUGH THIS PROGRAM OFFERED THROUGH MSHA, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. THE TWO COMPANIES WERE COMPENSATED BY MSHA. MSHA'S COST FOR THIS PROGRAM WAS \$701,226.

## CHARITY AND UNREIMBURSED COSTS:

CHARITY CARE: WHILE REIMBURSEMENT FOR HEALTHCARE SERVICES RENDERED IS CRITICAL TO THE OPERATION AND SUSTAINABILITY OF THE ORGANIZATION, MSHA RECOGNIZES ITS OBLIGATION TO PROVIDE CARE TO INDIVIDUALS WHO CANNOT AFFORD ESSENTIAL MEDICAL SERVICES, INCLUDING EMERGENCY CARE. MSHA ACCEPTS ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. A PATIENT IS CLASSIFIED AS A CHARITY PATIENT WHEN THEY MEET THE ESTABLISHED POLICIES OF MSHA AND GUIDELINES OUTLINED BY THE FEDERAL

GOVERNMENT. HOWEVER, FINANCIAL ASSISTANCE DECISIONS ARE NOT SOLELY BASED ON INCOME. UNIQUE FINANCIAL CIRCUMSTANCES ARE WEIGHED WITH VERIFIED PATIENT ASSETS WHICH CAN DETERMINE FINANCIAL ASSISTANCE ELIGIBILITY. IT IS NOT UNTIL AFTER VERIFICATION OF INCOME AND ASSETS THAT A DECISION REGARDING THE AMOUNT OF WRITE-OFF WILL BE MADE. IN FISCAL YEAR 2015, MSHA INCURRED A LOSS OF \$12,019,626 ATTRIBUTABLE TO THE PROVISION OF FREE CARE.

MSHA PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS, SUCH AS MEDICAID (TENNCARE IN TENNESSEE). MSHA INCURRED A LOSS OF \$29,830,468 PROVIDING CARE TO THIS POPULATION OF PATIENTS DURING THE YEAR.

ALL UNINSURED PATIENTS RECEIVE A 66 PERCENT DISCOUNT AT MSHA HOSPITALS, EXCEPT FOR OUR CRITICAL ACCESS HOSPITALS. CRITICAL ACCESS HOSPITALS PROVIDE FOR A 50 PERCENT DISCOUNT. THIS UNINSURED DISCOUNT IS CALCULATED EACH YEAR IN ACCORDANCE WITH TENNESSEE REGULATIONS AND WITHOUT REGARD TO A PATIENT'S INCOME OR ASSETS. ALTHOUGH THE UNINSURED DISCOUNT IS NOT REQUIRED BY THE COMMONWEALTH OF VIRGINIA, MSHA APPLIES THE SAME DISCOUNT TO OUR VIRGINIA HOSPITALS. THE APPROXIMATE COST OF THIS DISCOUNT IN FY15, USING A COST TO CHARGE RATIO, WAS \$19,900,384. AS WITH ALL AMOUNTS REPORTED IN MSHA'S FORM 990, WE ONLY INCLUDE AMOUNTS RELATED TO OUR WHOLLY OWNED HOSPITALS. WE ARE NOT INCLUDING AMOUNTS RELATED TO THE FOUR VIRGINIA HOSPITALS THAT FILE SEPARATE FORMS 990.

BAD DEBT: DURING FY15, PATIENT CHARGES WRITTEN OFF TO BAD DEBT TOTALED \$84,032,514. MSHA BELIEVES MANY OF THE ACCOUNTS CLASSIFIED AS BAD DEBT WOULD HAVE QUALIFIED FOR FINANCIAL ASSISTANCE IF THE PATIENTS ASSOCIATED WITH THESE ACCOUNTS HAD PROVIDED FINANCIAL DOCUMENTATION TO OUR HOSPITALS. EVEN WHEN MSHA HOSPITAL TEAM MEMBERS ENCOURAGE PATIENTS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION AND TELL THEM IT IS LIKELY THEY WILL QUALIFY FOR ASSISTANCE, MANY PATIENTS REMAIN UNWILLING TO PROVIDE THE INFORMATION WE NEED TO DETERMINE ELIGIBILITY. THE SIGNIFICANT MAJORITY OF PATIENTS WHO SUPPLY FINANCIAL INFORMATION TO US DO, IN FACT, RECEIVE EITHER A FULL OR PARTIAL FINANCIAL ASSISTANCE ADJUSTMENT.

## COMMUNITY CONTRIBUTIONS TO CHARITIES AND SCHOOLS:

AS THE LARGEST EMPLOYER IN THE REGION, MSHA IS ONE OF THE AREA'S PRINCIPAL BENEFACTORS AND HAS MADE CORPORATE CITIZENSHIP AN INTEGRAL PART OF ITS CULTURE. FROM SYSTEM-WIDE INITIATIVES TO INDIVIDUAL EFFORTS OF CARING TEAM MEMBERS, OUR AIM IS TO ENRICH THE COMMUNITIES THAT WE SERVE. MSHA'S COMMITMENT INCLUDES DIRECT FINANCIAL CONTRIBUTIONS THAT SUPPORT COMMUNITY HEALTHCARE NEEDS AND THOSE NON-PROFIT AGENCIES THAT ADVOCATE THE HEALTH AND WELL-BEING OF COMMUNITY MEMBERS.

**SUMMARY LIST OF CHARITABLE GIVING:** IN FY15, MSHA MADE DONATIONS TO NUMEROUS HEALTH AND HUMAN SERVICE ORGANIZATIONS, SOCIAL AND WELL-BEING NON-PROFITS, AND OTHERS WITHIN OUR SERVICE AREA.

DONATIONS TO LOCAL ORGANIZATIONS THAT PROVIDE HEALTH CARE, WORK TO INCREASE ACCESS TO HEALTH CARE AND/OR CONDUCT RESEARCH WITH THE AIM OF IMPROVING HEALTH:

- APPALACHIAN MOUNTAIN PROJECT ACCESS: MATCHES LOW INCOME PATIENTS WITH PROVIDERS WILLING TO DONATE THEIR CARE, OFFERS INSURANCE PREMIUM

ASSISTANCE TO QUALIFYING INDIVIDUALS, AND OTHER PROGRAMS TO INCREASE ACCESS TO MEDICAL SERVICES - **\$336,846**

- FRIENDS IN NEED HEALTH CENTER: SERVES THE WORKING UNINSURED WITH PRIMARY MEDICAL CARE AND DENTAL CARE - **\$15,000**
- CROSSROADS MEDICAL MISSION: PROVIDES PRIMARY MEDICAL SERVICES TO THE UNINSURED, THE UNDERINSURED, AND THOSE WITH POOR ACCESS TO CARE - **\$10,000**
- GOVERNOR'S FDN FOR HEALTH & WELLNESS: COMBAT PREVENTABLE DISEASES THROUGH PHYSICAL ACTIVITY, DIET, AND SMOKING CESSATION - **\$25,000**
- KINGSPORT CHAMBER OF COMMERCE FOUNDATION: HEALTHY KINGSPORT PROGRAM - **\$20,000**
- MENDED HEARTS, INC.: ASSIST PATIENTS WITH HEART DISEASE - **\$500**
- JOHNSON CITY PARKS & RECREATION FOUNDATION: PROGRAMS FOR CHILDREN, SENIORS, AND PARK FITNESS PROGRAMS/ACTIVITIES - **\$5,000**
- CRUMLEY HOUSE BRAIN INJURY REHABILITATION CENTER - **\$5,083**
- MEDICATIONS FROM OUR HOSPITAL PHARMACIES TO LOCAL RESCUE SQUADS - **\$12,885**
- RED LEGACY RECOVERY, INC. - **\$2,500**
- FRANCIS MARION MANOR HEALTH & REHABILITATION CENTER - **\$400**
- CITY OF JOHNSON CITY: DONATION FOR THE NEW TWEETSIE TRAIL; PROVIDING OPPORTUNITIES FOR WALKING, HIKING, RUNNING, AND BIKING - **\$20,000**
- FOOD BANKS AND OTHER PROGRAMS FOR LOW-INCOME PEOPLE - **\$2,640**
- VARIOUS HEALTH ORGANIZATIONS - **\$2,695**

#### EDUCATION:

- MILLIGAN COLLEGE: DONATION PLEDGE (AT PRESENT VALUE) FOR NEW PHYSICIAN ASSISTANT PROGRAM - **\$432,948**
- EAST TN STATE UNIVERSITY FOUNDATION: QUILLEN COLLEGE OF MEDICINE - **\$5,000**
- EAST TN STATE UNIVERSITY : ETSU COLLEGE OF NURSING COMMUNITY HEALTH CENTER IN JOHNSON CITY SERVING UNINSURED, UNDERINSURED, MEDICALLY INDIGENT, HOMELESS PEOPLE, AND TENNCARE ENROLLEES - **\$182,200**
- ETSU COLLEGE OF NURSING: FUNDRAISING SPONSOR - **\$4,600**
- ETSU - HEALTH SERVICES PROGRAMS - **\$544,347**
- JOHNSON CITY SCHOOLS: SPONSOR ROBOTICS TEAM - **\$5,000**
- KERMIT TIPTON SCHOLARSHIP FOUNDATION - **\$2,200**
- VIRGINIA FOUNDATION FOR COMMUNITY COLLEGE EDUCATION: SCHOLARSHIP FUND - **\$1,000**

YOUTH: THROUGHOUT THE YEAR, MSHA MAKES CONTRIBUTIONS TO LOCAL SCHOOLS AND ORGANIZATIONS THAT PROVIDE EDUCATIONAL, HEALTH, AND SOCIAL SUPPORT. THE SIGNIFICANT MAJORITY OF OUR DONATIONS TO CHARITIES THAT BENEFIT YOUNG PEOPLE ARE DIRECTED TO PROGRAMS THAT FOCUS ON REDUCING CHILDHOOD OBESITY. FOR EXAMPLE, A GRANT WAS MADE TO HELP FUND A WALKING TRAIL AT A LOCAL SCHOOL.

- BOYS & GIRLS CLUB - **\$1,800**
- GIRLS ON THE RUN OF NE TN, INC.: LESSONS AND RUNNING GAMES TO INSPIRE, BUILD CONFIDENCE AND ENCOURAGE GIRLS TO A LIFETIME OF HEALTHY LIVING - **\$5,000**
- COALITION FOR KIDS - **\$500**
- MOUNTAIN EMPIRE CHILDREN'S CHORAL ACADEMY - **\$1,000**
- YOUNG LIFE OF UPPER EAST TENNESSEE - **\$450**
- GRANTS MADE TO TWO SCHOOLS AND A CHURCH SPECIFIC TO PROGRAMS FOCUSED ON REDUCING CHILDHOOD OBESITY - **\$1,750**
- TENNESSEE BAPTIST CHILDREN'S HOME - **\$250**
- KIWANIS FOUNDATION: SERVICE TO CHILDREN - **\$1,000**

- HANDS ON REGIONAL MUSEUM: INTERACTIVE SCIENCE AND ARTS DISCOVERY CENTER FOR CHILDREN - **\$7,500**
- KARI'S HEART FOUNDATION, PROVIDING TRANSPORTATION, MEALS, AND OTHER ASSISTANCE TO PARENTS OF SICK CHILDREN - **\$2,500**
- SOUTHERN APPALACHIAN RONALD MCDONALD HOUSE CHARITIES, INC. - **\$2,204**
- BOY SCOUTS OF AMERICA - **\$500**
- SUMMIT LEADERSHIP FOUNDATION: CAMP FOR CHILDREN WITH SPECIAL NEEDS - **\$1,000**
- CASA FOR CHILDREN: COURT APPOINTED SPECIAL ADVOCATES REPRESENT CHILDREN IN JUVENILE ABUSE AND NEGLECT COURT CASES. THEY ALSO HELP FIND SAFE, PERMANENT HOMES FOR CHILDREN - **\$12,500**
- JASON WITTEN SCORE FOUNDATION - **\$3,650**

MSHA CONTRIBUTES ANNUALLY TO LOCAL CHAPTERS OF SEVERAL NATIONAL NON-PROFIT ORGANIZATIONS WHOSE RESEARCH FOCUSES ON THOSE DISEASES AND CONDITIONS MOST PREVALENT IN THE REGION:

- AMERICAN HEART ASSOCIATION - **\$41,250**
- JUVENILE DIABETES RESEARCH FOUNDATION, EAST TN - **\$5,000**
- MARCH OF DIMES - **\$10,000**
- SUSAN G. KOMEN BREAST CANCER FOUNDATION - **\$10,000**
- AMERICAN CANCER SOCIETY - **\$26,000**
- SALVATION ARMY - **\$800**
- WOUNDED WARRIORS' PROJECT - **\$10,500**
- SECOND HARVEST FOOD BANK - **\$500**

THE ARTS, FESTIVALS, AND CHURCHES/MINISTRIES:

- BARTER THEATRE - **\$18,800**
- TOWN OF JONESBOROUGH: THEATRE PRODUCTIONS - **\$2,492**
- UMOJA UNITY FESTIVAL - **\$247**
- ROGERSVILLE 4<sup>TH</sup> OF JULY CELEBRATION - **\$2,500**
- OTHER LOCAL THEATRES - **\$666**
- CHURCHES AND MINISTRIES - **\$3.350**
- TOWN OF LEBANON - **\$500**

MSHA HAS A LONG-RUNNING PROGRAM CALLED "SERVANT HEART AWARD" TO RECOGNIZE MSHA TEAM MEMBERS, PHYSICIANS, AND VOLUNTEERS WHO REPRESENT EXCEPTIONAL SERVICE TO THEIR COMMUNITY. THE AWARD RECIPIENTS SELECT NON-PROFIT CHARITIES THEY WISH TO REWARD AND MSHA MAKES A CHARITABLE CONTRIBUTION TO THE SELECTED CHARITIES IN THE NAME OF THE SERVANT HEART AWARD WINNERS. MEMORIALS ARE ALSO MADE OCCASIONALLY (MANY OF THESE ARE MADE TO CHURCHES, REPORTED ABOVE) SOME OF THE AWARDS DURING THE YEAR:

- THE HUMANE SOCIETY OF WASHINGTON COUNTY - **\$2,500**
- PROMISED LAND ANIMAL RESCUE - **\$400**
- MOUNTAIN STATES FOUNDATION - **\$2,825**

MANY INNOVATIVE PROGRAMS HAVE BEEN AIDED BY MSHA CONTRIBUTIONS. MOST OF OUR DONATIONS GO TO CHARITABLE ORGANIZATIONS THAT PARTNER WITH OTHERS TO COMBINE RESOURCES, EXPERIENCE, AND EXPERTISE. MANY OFFER PROGRAMS THAT INCLUDE PHYSICAL ACTIVITIES, HEALTHY EATING, WELL-BEING AND SELF CONFIDENCE. OTHER PROGRAMS TARGET AT-RISK/LOW INCOME CHILDREN. SOME PROGRAMS ARE AIMED AT TEENS TO PROVIDE OPPORTUNITIES THAT ENCOURAGE INTERESTS THEY MIGHT NOT HAVE OTHERWISE HAD SINCE MANY OF OUR DONATIONS GO TO ORGANIZATIONS/AGENCIES IN HIGH POVERTY AREAS. SOME OF THE DONATION RECIPIENTS USE EVIDENCE-BASED ACTIVITIES AND UTILIZE COMPONENTS

OF SIMILAR AND SUCCESSFUL PROGRAMS WHEN DEVELOPING THEIR OWN ACTIVITIES. WE SUPPORT HEALTH PROFESSION PROGRAMS WITH DONATIONS TO LOCAL UNIVERSITIES AND COLLEGES. MANY OF OUR HOSPITALS ARE LOCATED IN RURAL AREAS THAT ARE VERY DIFFICULT TO RECRUIT HEALTH PROFESSIONS TO. STUDENTS ENROLLED IN HEALTH PROFESSION PROGRAMS LOCALLY ARE MORE LIKELY TO STAY IN THE AREA TO PRACTICE. ALL DONATION RECIPIENTS ARE EXPECTED TO PROVIDE MEASURABLE RESULTS TO MSHA.

## MEDICAL EDUCATION AND RESEARCH:

A TRAUMATIC INJURY IS SOMETHING THAT CAN STRIKE ANYONE, ANYTIME, ANYWHERE. IT IS THE LEADING CAUSE OF DEATH FOR AGES 1 TO 44 IN THE NATION. THAT'S WHY JCMC HOSTED, ALONG WITH ETSU, THE 6<sup>TH</sup> ANNUAL TRAUMA CONFERENCE. THE EVENT WAS OPEN TO ANYONE INVOLVED IN TREATING TRAUMA – EMERGENCY PERSONNEL, PHYSICIANS, NURSES, REHAB SPECIALISTS, PUBLIC HEALTH PROFESSIONALS, STUDENTS, AND OTHERS. THE CONFERENCE LOOKED AT THE MANY ASPECTS OF TRAUMA, WITH A FOCUS ON DEALING WITH TRAUMA IN A RURAL AREA. RURAL TRAUMA IS OFTEN DIFFERENT FROM WHAT IS COMMON IN A LARGER CITY. OUR REGION RECEIVES 85 TO 90% BLUNT TRAUMA, WHILE IN LARGE INNER-CITY SETTINGS, THERE MAY BE A HIGHER INCIDENCE OF PENETRATING TRAUMA. RURAL TRAUMA IS MORE LIKELY TO BE FROM ACCIDENTS RELATED TO HIKING, HORSEBACK RIDING, FARMING, USE OF FOUR-WHEELERS, ETC. AND THE PATIENTS HURT IN RURAL AREAS MAY EXPERIENCE EXTENDED TIMES FOR RESCUE, DUE TO PHYSICAL AND GEOGRAPHICAL CHALLENGES INVOLVED. THE CONFERENCE PROMOTED BEST PRACTICES AND NATIONAL GUIDELINES IN TRAUMA CARE. MSHA IS THE FIRST IN THE REGION TO PROVIDE A TRAUMA CONFERENCE THAT IS OPEN TO EVERYONE AS AN OUTREACH TO OUR ENTIRE REGION AND NOT JUST SPECIFIC TO OUR TEAM MEMBERS. THE CONFERENCE GOAL IS TO IMPROVE TRAUMA EDUCATION FOR CARE PROVIDERS IN NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, WESTERN NORTH CAROLINA AND SOUTHEASTERN KENTUCKY, AND TO IMPROVE OUTCOMES FOR TRAUMA PATIENTS IN THIS REGION. CONFERENCE OBJECTIVES ARE TO COVER THE VARIOUS ROLES OF RURAL TRAUMA CARE (RESUSCITATIVE, DIAGNOSTIC, AND ACUTE CARE REQUIRED FOR THE SEVERELY ILL AND INJURED PATIENT); RECOGNIZE THE MULTIDISCIPLINARY CARE REQUIRED FOR TRAUMATICALLY INJURED PATIENTS; DISCUSS THE TRAINING, SKILLS AND SYSTEM OF CARE REQUIRED TO TREAT THE TRAUMA POPULATION ACROSS THE CONTINUUM, INCLUDING PRE-HOSPITAL THROUGH REHABILITATION; RECOGNIZE THE NEEDS OF BOTH THE PATIENT AND THE FAMILY OF THE SEVERELY ILL AND INJURED PATIENT; AND, DISCUSS CHARACTERISTICS AND CHALLENGES FACED BY A RURAL REGION PROVIDING BEST PRACTICES IN TRAUMA CARE. MSHA INCURRED COSTS RELATED TO THE CONFERENCE OF MORE THAN \$7,000.

MSHA PROVIDES CLINICAL EXPERIENCE TO MEDICAL STUDENTS AND RESIDENTS OF THE JAMES H. QUILLEN COLLEGE OF MEDICINE AT ETSU. MSHA CONTRIBUTED AN UNREIMBURSED COST AMOUNT OF \$5,676,297 TO THE RESIDENCY PROGRAM IN FY15.

MSHA FACILITIES SERVE AS CLINICAL TRAINING AREAS FOR HEALTH PROFESSIONAL EDUCATION STUDENTS. MSHA HAS DEDICATED STAFF TO WORK WITH REGIONAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTHCARE PROFESSIONAL STUDENTS AS PART OF THEIR EDUCATIONAL CURRICULUM. MANY OF THE HEALTH CARE STUDENTS ENTERING OUR SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING.

INCLUDED IN THE NUMBER OF PARTICIPANTS RECEIVING CLINICAL EXPERIENCE AT MSHA, WERE 1,419 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROGRAMS. THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE MSHA NURSING STAFF



INVOLVEMENT AT FIVE MSHA FACILITIES. THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST MSHA \$2,835,075.

MSHA PROVIDED A CLINICAL SETTING FOR ANOTHER 763 STUDENTS TRAINING IN HEALTH-RELATED PROGRAMS SUCH AS RADIOLOGY, PHARMACY, LABORATORY, PHYSICAL THERAPY, SOCIAL WORK, AND OTHER ALLIED-HEALTH DISCIPLINES. THESE ADDITIONAL CLINICAL STUDENTS COST MSHA \$727,624.

MSHA'S LEARNING RESOURCE CENTER (LRC), LOCATED AT JOHNSON CITY MEDICAL CENTER, IS A MEDICAL LIBRARY THAT PROVIDES ACCESS TO MEDICAL DATABASES, VARIOUS PAPER PUBLICATIONS AND FACILITATES INTER-LIBRARY JOURNAL AND BOOK LOANS TO INCREASE LIBRARY RESOURCES. THE LRC MAINTAINS BOOK COLLECTIONS INCLUDING MEDICAL, NURSING, LEADERSHIP, AND CULTURAL DIVERSITY BOOKS FOR LENDING. THE LRC SUBSCRIBES TO SEVERAL ONLINE MEDICAL DATABASES AS WELL AS PRINTED MEDICAL EDUCATION MATERIALS. THE LRC IS UTILIZED BY PHYSICIANS, NURSES, PHARMACISTS, MEDICAL RESIDENTS, NURSING STUDENTS AND PHYSICAL/OCCUPATIONAL/SPEECH THERAPY STUDENTS. THIS SERVICE IS ALSO OPEN TO THE COMMUNITY. WE SUPPLIED APPROXIMATELY 3,300 ARTICLES TO NUMEROUS PATRONS DURING FY15. OUR COST FOR THE YEAR WAS \$250,000.

MSHA'S CORPORATE DEPARTMENT OF RESEARCH SERVES AS THE CENTRAL OFFICE FOR MULTI-SPECIALTY RESEARCH OVERSIGHT IN THE MSHA HEALTHCARE SYSTEM WHICH IS COMPOSED OF 13 HOSPITALS AND PROVIDES AN INTEGRATED COMPREHENSIVE CONTINUUM OF CARE TO OVER 1 MILLION PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY, AND NORTH CAROLINA. IN ADDITION TO PROVIDING OVERSIGHT FOR ALL TYPES OF RESEARCH CONDUCTED AT MSHA FACILITIES, THE OFFICE ALSO PROVIDES SUPPORT TO PRINCIPAL INVESTIGATORS IN A VARIETY OF THERAPEUTIC AREAS (ONCOLOGY, TRAUMA/ORTHO, PEDIATRIC, CARDIOLOGY, AND NURSING). THE RESEARCH DEPARTMENT PROVIDES SUPPORT TO INVESTIGATORS IN COLLABORATIVE, INDUSTRY-SPONSORED AND INVESTIGATOR-INITIATED STUDIES BY FACILITATING REVIEW OF CONFIDENTIALITY AGREEMENTS, CLINICAL TRIAL AGREEMENTS, SERVICE PURCHASE AGREEMENTS, BUDGET DEVELOPMENT/NEGOTIATIONS, REGULATORY SUBMISSIONS, APPROPRIATE COLLABORATIVE ARRANGEMENTS, INITIATION OF IMPLEMENTATION MEETINGS AND STAFF TRAINING. THE RESEARCH DEPARTMENT IS ALSO RESPONSIBLE FOR ADMINISTRATIVE FUNCTIONS REQUIRED TO MANAGE PROJECTS, RECONCILE FINANCIAL BUDGETS, AND MAINTAIN REGULATORY COMPLIANCE. AS A TEACHING ORGANIZATION, AND WITH HELP OF THE RESEARCH DEPARTMENT, MSHA SUPPORTS RESEARCH STUDIES INITIATED BY EAST TENNESSEE STATE UNIVERSITY FACULTIES, RESIDENTS AND STUDENTS, AND PROVIDES MONTHLY EDUCATIONAL SESSIONS. DURING FY15, 11 RESEARCH PROJECTS WERE CLOSED WHILE 55 PROJECTS WERE ONGOING. THE UNREIMBURSED EXPENSES OF THE RESEARCH DEPARTMENT WERE \$237,449.

## OTHER:

MSHA CONTINUES THE LEADERSHIP SYSTEM CALLED THE VALUE OPTIMIZATION SYSTEM (VOS). THE GOAL OF THE MSHA VOS SYSTEM IS TO ACCELERATE ACHIEVEMENT OF PATIENT-CENTERED CARE TO MEET PATIENTS' EXPECTATIONS OF HIGH QUALITY, HIGH SATISFACTION, AND EFFICIENT CARE. EACH VOS TEAM MEETS OVER AN INTENSE 4 ½ DAY PERIOD TO IDENTIFY WASTE/INEFFICIENCIES, DEVELOP AN IMPROVED WORK PLAN, AND THEN IMPLEMENT THE PLAN IMMEDIATELY. THE RESULTS ARE REFERRED TO AS "VALUE STREAMS". SPECIFIC TO FY15, SOME OF OUR VALUE STREAMS:

THE INDIAN PATH MEDICAL CENTER (IPMC) EMERGENCY DEPARTMENT (ED) WAS ABLE TO DECREASE THE TIME IT TAKES FOR PATIENTS TO INITIALLY SEE A MEDICAL PROVIDER FROM 47 MINUTES TO 20 MINUTES, A 57.5% IMPROVEMENT.

PATIENTS AT IPMC ED THAT NEED TO BE MOVED TO INPATIENT STATUS ARE NOW MOVED TO AN INPATIENT BED 36% MORE QUICKLY ONCE INPATIENT STATUS IS DETERMINED. THE AMOUNT OF TIME TAKEN TO DETERMINE INPATIENT STATUS IS NEEDED WAS ALSO REDUCED BY 16%. PATIENTS ARE GENERALLY MORE COMFORTABLE ONCE THEY ARE MOVED TO AN INPATIENT ROOM.

IPMC ED WAS ABLE TO DECREASE BY 16.3% THE LENGTH OF TIME IT TAKES TO DISCHARGE PATIENTS.

IPMC ALSO IMPLEMENTED VOS PLANS TO INPATIENT SERVICES. THE VOS TEAM FOCUSED ON TWO MAIN AREAS OF THE HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (HCAHPS) SCORES FOR IPMC. THE TEAM'S PLAN RESULTED IN IMPROVED COMMUNICATION RELATIVE TO PATIENT MEDICATION ISSUES AND WERE ALSO ABLE TO IMPROVE THE HOSPITAL'S SCORE FOR PAIN MANAGEMENT, A METRIC THAT IS TYPICALLY CHALLENGING TO MOVE.

IPMC'S CARDIOLOGY SERVICES FOCUSED ON STRESS OBSERVATION PATIENTS. THE TEAM INITIATED A PROCESS THAT RESULTED IN REDUCING PHYSICIAN READ TIME OF STRESS TEST IMAGES BY 8 HOURS.

AT SYCAMORE SHOALS HOSPITAL, EMERGENCY DEPARTMENT VOLUME INCREASED BY 15% OVER PRIOR YEAR. A VOS TEAM WORKED THROUGH A PROCESS IMPROVEMENT EVENT THAT RESULTED IN A DECREASE IN ED LENGTH OF STAY BY 25%, OR 34 MINUTES OVERALL. FOR PATIENTS REQUIRING INPATIENT ADMISSION, TIME FROM PATIENT ARRIVAL TO THE HOSPITAL TO TIME ARRIVING IN A PATIENT ROOM WAS REDUCED BY 17%.

ANOTHER VOS TEAM FROM OUR CORPORATE DIVISION FOCUSED ON IMPROVING THE MEDICAL CALL CENTER'S PROCESSES. THIS TEAM DEVELOPED AN IMPROVED COMPREHENSIVE TRAINING MANUAL AND CREATED STANDARDIZED WORK FOR NEW TEAM MEMBERS. THIS DECREASED THE AMOUNT OF TIME NEEDED TO TRAIN NEW TEAM MEMBERS FROM SIX WEEKS TO FOUR. ADHERENCE TO THE NEW STANDARD WORK IS NOW AT 100%.

THE TEAM ADJUSTED SCHEDULES TO INCREASE COVERAGE DURING A HEAVY CALL PERIOD. SOFTWARE COMPLEXITIES WERE REMOVED AND UPDATES WERE MADE TO IMPROVE UTILIZATION OF SOURCE INFORMATION. THE TEAM ANALYZED THE MANY DIFFERENT CALL TYPES AND ELIMINATED THOSE NO LONGER NEEDED. STANDARDIZING WORK HAS SIGNIFICANTLY REDUCED MISTAKES, WHICH ALSO REDUCED REWORK TO CORRECT MISTAKES. MEDICAL CALL CENTER LEADERS HAVE STARTED TO LEARN ABOUT AND UTILIZE THE KAMISHIBAI (LEADER) BOARD FOR EXISTING AND FUTURE STANDARD WORK VERIFICATION. THE BOARD IS A VISUAL MANAGEMENT TOOL FOR PERFORMING QUALITY CHECKS.

THE CALL CENTER OFFERS MANY SERVICES TO INCLUDE MDLINK (TRANSFERRING PATIENTS BETWEEN FACILITIES), NURSELINK (COMMUNITY SERVICES OFFERED FOR THE PUBLIC TO SPEAK WITH A NURSE), AND AFTER-HOURS CALL SERVICE FOR MEDICAL PROVIDERS' OFFICES WHEN THEIR OFFICES ARE CLOSED. THE DAILY WORKFLOW WAS NOT OPTIMAL. THE VOS PROJECT TEAM WORKED TO DEFINE A "4-PERSON TEAM" FOR MDLINK, DEVELOPED A PLAYBOOK FOR QUICK ACCESS TO THE DIFFERENT PROCESSES EACH FACILITY FOLLOWS, DEVELOPED AN EDUCATIONAL INITIATIVE TO FOCUS ON NURSING CRITICAL THINKING SKILLS, WORKED WITH THE EMERGENCY DEPARTMENTS TO ELIMINATE INCORRECT CALLS COMING TO THE MEDICAL CALL CENTER, AND MADE OTHER PROCESS CHANGES TO EXPEDITE SERVICES AND IMPROVE PRODUCTIVITY FOR THE CALL CENTER.

MSHA'S INFORMATION SERVICES' (IS) SUPER-USER PROGRAM NAMED "ADOPT IT" WAS INITIATED AND IS LED BY OUR CLINICAL INFORMATICS DEPARTMENT ON BOTH THE ACUTE AND AMBULATORY SIDES OF THE ORGANIZATION. A NON-CLINICAL SUPER-USER GROUP WORKS WITH IS APPLICATIONS ANALYSTS. THESE SUPER-USERS RECEIVE ADDITIONAL TRAINING AND ACTIVELY WORK TO INCREASE THEIR TECHNOLOGY EXPERTISE. THEY SEEK OUT CO-WORKERS IN NEED OF HELP AND ASSIST THEM WITH EFFECTIVE USE OF TECHNOLOGY.

## AWARDS AND RECOGNITIONS:

MSHA HAS BEEN RECOGNIZED AS A HEALTHIER TENNESSEE WORKPLACE ONCE AGAIN. WE ALSO RECEIVED THIS DESIGNATION LAST YEAR. TENNESSEE IS ONE OF THE LEAST HEALTHY STATES AND HAS BEEN FOR THE LAST 20 YEARS. BECAUSE OF THIS, WE ARE NOW FACING AN EPIDEMIC OF PREVENTABLE CHRONIC DISEASES SUCH AS DIABETES, HEART DISEASE, OBESITY AND CERTAIN TYPES OF CANCER. HEALTHIER TENNESSEE IS A MOVEMENT TO ENCOURAGE AND ENABLE OUR RESIDENTS TO IMPROVE OUR STATE'S HEALTH. MSHA HAS EARNED RECOGNITION FOR PROMOTING BETTER HEALTH THROUGH PROGRAMS THAT ENCOURAGE OUR TEAM MEMBERS TO TAKE STEPS TOWARD BECOMING HEALTHIER.

JOHNSON CITY MEDICAL CENTER HAS BEEN INCLUDED AMONG THE NATION'S "100 HOSPITALS AND HEALTH SYSTEMS WITH GREAT ONCOLOGY PROGRAMS" IN THE 2014 EDITION OF BECKER'S HOSPITAL REVIEW. JCMC WAS ONE OF ONLY FOUR HOSPITALS IN TENNESSEE TO BE INCLUDED IN THIS DISTINGUISHED GROUP. THE LIST RECOGNIZES HEALTH SYSTEMS THAT ARE LEADING THE WAY IN TERMS OF QUALITY PATIENT CARE, CANCER OUTCOMES AND RESEARCH.

CARECHEX RANKED FRANKLIN WOODS COMMUNITY HOSPITAL #1 IN OUR REGION FOR OVERALL HOSPITAL CARE, WITH JOHNSON CITY MEDICAL CENTER RANKED 2<sup>ND</sup> AND OUR MAJORITY OWNED HOSPITAL, JOHNSTON MEMORIAL HOSPITAL RANKED 3<sup>RD</sup>.

IN RURAL AREAS LIKE JOHNSON COUNTY, TN, COUNSELING AND THERAPY FOR EMOTIONAL STRESS ASSOCIATED WITH AGING IS OFTEN HARD TO FIND. AT JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH), OUR INTENSIVE OUTPATIENT PROGRAM FOR SENIORS MAKES IT EASIER FOR OUR OLDER RESIDENTS TO RECEIVE HELP FOR PSYCHOLOGICAL CHANGES RELATED TO AGING. SENIOR LIFE SOLUTIONS PRESENTED JCCH WITH ITS ANNUAL PROGRAM OF THE YEAR AWARD. JCCH'S INTENSIVE OUTPATIENT PROGRAM IS LED BY A PSYCHOTHERAPIST WHO IS A LIFELONG RESIDENT OF JOHNSON COUNTY. JCCH'S PROGRAM RECOGNITION CAN BE ATTRIBUTED TO THIS PSYCHOTHERAPIST AND HER DEDICATION TO THE PROGRAM'S PATIENTS. SHE AND THE PROGRAM'S HEAD NURSE HAVE HELPED TO SPREAD INFORMATION ABOUT THIS MUCH-NEEDED SERVICE ACROSS THE REGION.

MSHA WAS NAMED BY HEALTH FORUM AS A 2015 MOST WIRED HEALTH SYSTEM. MSHA CONSISTENTLY MAKES THE LIST AND WAS NAMED AS A "100 MOST WIRED HOSPITALS" WINNER IN 2014. BEGINNING IN 2015, THE LIST NO LONGER LIMITS "MOST WIRED" STATUS TO THE TOP 100 HOSPITALS OR HEALTH SYSTEMS. HOSPITALS & HEALTH NETWORKS SPONSORS THE ANNUAL MOST WIRED SURVEY, WHICH IS AN INDUSTRY-STANDARD BENCHMARK STUDY. THE STUDY IS DESIGNED TO MEASURE THE LEVEL OF IT ADOPTION IN U.S. HOSPITALS AND HEALTH SYSTEMS. HEALTH FORUM DISTRIBUTES, COLLECTS AND ANALYZES THE MOST WIRED DATA AND DEVELOPS BENCHMARKS THAT ARE BECOMING THE INDUSTRY STANDARD FOR MEASURING IT ADOPTION. THE METHODOLOGY SETS SPECIFIC REQUIREMENT IN FOUR FOCUS AREAS: INFRASTRUCTURE, BUSINESS AND ADMINISTRATIVE MANAGEMENT, CLINICAL QUALITY AND SAFETY (INPATIENT/OUTPATIENT HOSPITAL), AND CLINICAL INTEGRATION (AMBULATORY/PHYSICIAN/PATIENT/COMMUNITY). THERE WERE ADDITIONAL REQUIREMENTS IN 2015, MANY RELATING TO MEANINGFUL USE.

JOHNSON CITY MEDICAL CENTER (JCMC) WAS NAMED WINNER OF THE 2015 ANNUAL CONSUMER CHOICE AWARD FOR THE MOST PREFERRED HOSPITAL IN OUR REGION. THE NATIONAL RESEARCH CORPORATION ANNUALLY PROVIDES CONSUMER CHOICE AWARDS FOR THE MOST-PREFERRED HOSPITALS IN MARKETS ACROSS THE U.S. JCMC HAS WON THIS AWARD EVERY YEAR SINCE 2001 AND JCMC IS ONE OF ONLY EIGHT HOSPITALS IN TENNESSEE TO RECEIVE THE AWARD. THE CONSUMER CHOICE AWARD IDENTIFIES THE TOP HOSPITALS THAT HEALTHCARE CONSUMERS HAVE CHOSEN AS HAVING THE HIGHEST QUALITY AND IMAGE IN MARKETS THROUGHOUT THE U.S. THE STUDY SURVEYS OVER 300,000 HOUSEHOLDS AND HOSPITALS ARE RANKED BASED ON SERVICE AREAS AS DEFINED BY THE U.S. CENSUS BUREAU. WINNERS ARE SELECTED FROM THE NATION'S LARGEST AND MOST COMPREHENSIVE NATIONWIDE CONSUMER HEALTH CARE PROFILE. NO OTHER STUDY MEASURES HOSPITAL PERFORMANCE AND PREFERENCES AND CONTAINS MORE CONSUMER RESPONSES THAN THIS STUDY.

PREMIER HEALTHCARE ALLIANCE'S 2014 AWARD WINNERS INCLUDED FIVE MSHA HOSPITALS – SYCAMORE SHOALS HOSPITAL (SSH), INDIAN PATH MEDICAL CENTER (IPMC), FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH), JOHNSON CITY MEDICAL CENTER (JCMC), AND MSHA MAJORITY-OWNED SMYTH COUNTY COMMUNITY HOSPITAL (SCCH). SSH AND SCCH EARNED THE HIGHEST HONOR BY ACHIEVING TOP PERFORMANCE IN ALL OF THE SIX AREAS MEASURED IN PREMIER'S QUEST COLLABORATIVE. THESE TWO MSHA HOSPITALS WERE AMONG ONLY 18 HOSPITALS NATIONWIDE TO RECEIVE THE QUEST AWARD FOR HIGH-VALUE HEALTHCARE. FRANKLIN WOODS AND INDIAN PATH WERE FINALISTS FOR THE QUEST AWARD FOR HIGH-VALUE HEALTHCARE. THE HIGH-VALUE HEALTHCARE AWARDS ARE DETERMINED BASED ON SIX MEASURES: COST OF CARE, EVIDENCE-BASED CARE; MORTALITY; POTENTIAL HARM; PATIENT EXPERIENCE; AND, READMISSIONS. JOHNSON CITY MEDICAL CENTER RECEIVED THE AEIX RISK MANAGEMENT AWARD FOR CREATING PRACTICES TO REDUCE LIABILITY AND ENHANCE QUALITY OF CARE. WINNERS ARE SELECTED BASED ON NEW PRACTICES' EFFECTIVENESS AND POTENTIAL APPLICABILITY TO OTHER HEALTHCARE SETTINGS. INDIAN PATH ALSO RECEIVED THE PARTNERSHIP FOR PATIENTS AWARD CITATION OF MERIT FOR REDUCING READMISSIONS AND HOSPITAL-ACQUIRED CONDITIONS.

WOODRIDGE HOSPITAL WAS NAMED A 2015 GUARDIAN OF EXCELLENCE AWARD WINNER FOR PATIENT EXPERIENCE BY PRESS GANEY ASSOCIATES, INC. THE AWARD HONORS CLIENTS WHO HAVE ACHIEVED THE 95<sup>TH</sup> PERCENTILE OR HIGHER FOR PATIENT SATISFACTION. AWARD WINNERS MUST SUSTAIN PERFORMANCE IN THE TOP 5% FOR EACH REPORTING PERIOD FOR THE ENTIRE YEAR.

BLUECROSS BLUESHIELD OF TENNESSEE RECOGNIZED JCMC AS A "BLUE DISTINCTION CENTER + " HOSPITAL IN THE AREAS OF KNEE AND HIP REPLACEMENT, MATERNITY CARE, AND SPINAL CARE. FWCH RECEIVED THE SAME DESIGNATION FOR MATERNITY CARE. THIS DISTINCTION RECOGNIZES HOSPITALS FOR THEIR EXPERTISE AND EFFICIENCY IN DELIVERING SPECIALTY CARE. IPMC RECEIVED THE "BLUE DISTINCTION CENTER", A DISTINCTION FOR HOSPITALS RECOGNIZED FOR THEIR EXPERTISE IN DELIVERING SPECIALTY CARE. BLUE CROSS AND BLUE SHIELD COMPANIES WORK WITH MORE THAN 90 PERCENT OF ALL HOSPITALS AND DOCTORS IN THE U.S. AND SERVE NEARLY 105 MILLION MEMBERS. AS A RESULT, THEY HAVE A UNIQUE PERSPECTIVE ON HOSPITALS AND DOCTORS THAT ARE EFFECTIVE IN IMPROVING PATIENT CARE AND HEALTH. THIS PERSPECTIVE IS THE FOUNDATION OF "BLUE DISTINCTION", THEIR NATIONAL HOSPITAL AND DOCTOR RECOGNITION PROGRAM. BLUE CROSS BLUE SHIELD BELIEVES THESE RECOGNIZED HOSPITALS AND DOCTORS ARE CHANGING HEALTHCARE TO BE MORE PATIENT-FOCUSED, COORDINATED AND, IN MANY CASES, AFFORDABLE.

FOR THE TENTH CONSECUTIVE QUARTER, MOUNTAIN STATES REHABILITATION AT INDIAN PATH MEDICAL CENTER HAS BEEN AWARDED AN OUTCOMES EXCELLENCE AWARD FROM

FOCUS ON THERAPEUTIC OUTCOMES, INC. (FOTO), A NATIONWIDE OUTCOMES DATABASE AND REPORTING SERVICE FOR HEALTHCARE PROVIDERS. TO RECEIVE THE HONOR, A PROVIDER MUST BEAT THE NATIONAL AVERAGE ON A SET OF MEASUREMENTS FOR FOUR CONSECUTIVE QUARTERS. INDIAN PATH HAS CONTINUED TO EXCEED MEASUREMENTS THAT SHOW ITS PATIENTS ACHIEVE SIGNIFICANTLY HIGHER FUNCTIONAL IMPROVEMENTS, IN FEWER VISITS, AND WITH HIGHER PATIENT SATISFACTION COMPARED TO OTHER CLINICS IN THE FOTO NETWORK. ONLY ABOUT 12 PERCENT OF NEARLY 3,000 ELIGIBLE CLINICS RECEIVED THIS AWARD OVER THE LAST YEAR NATIONALLY. FOTO HAS THE FIRST HEALTH STATUS MEASURE APPROVED FOR PHYSICAL REHABILITATION BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES' LIST OF APPROVED QUALITY MEASURES IN THE NATIONAL QUALITY MEASURES CLEARINGHOUSE, A PUBLIC REPOSITORY FOR EVIDENCE-BASED QUALITY MEASURES SPONSORED BY THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY.