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### Charitable activities reported by tax-exempt hospitals in Kentucky.

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CHARITABLE ACTIVITIES REPORTED BY  
TAX-EXEMPT HOSPITALS IN KENTUCKY

By

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B.S.B.E., University of Kentucky, 2005  
B.B.A., University of Kentucky, 2005  
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A Dissertation  
Submitted to the Faculty of the  
School of Public Health and Information Sciences of the University of Louisville  
in Partial Fulfillment of the Requirements  
for the Degree of

Doctor of Philosophy  
in  
Public Health Sciences

Department of Health Management and Systems Sciences  
University of Louisville  
Louisville, Kentucky

May 2015

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A Dissertation Approved on

April 6, 2015

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## DEDICATION

This dissertation is dedicated to my loving grandmother, Charlotte Aldridge.

Your wisdom, guidance, encouragement, support, and love made this experience possible. I appreciate everything that you have done for me!

You are an amazing person and I am truly blessed to have you in my life.

Thank you!

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ABSTRACT

CHARITABLE ACTIVITIES REPORTED BY  
TAX-EXEMPT HOSPITALS IN KENTUCKY

Alexander Aldridge Kerns

April 6, 2015

**Background:** This dissertation is the first attempt to elucidate and analyze charitable activity expenditures reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky. The study also represents the first attempt to examine the charitable activity expenditures reported by a constant set of 501(c)(3) tax-exempt hospitals over multiple fiscal years.

**Purpose:** The dissertation's primary research question: At what level were community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009, 2010, 2011, and 2012? Secondary research questions include: How have those reported expenditures changed year-over-year? What is the relative distribution of the expenditures reported? Compared to the results of studies conducted utilizing expenditure data reported by hospitals located in other states and nationwide, did the hospitals located within Kentucky provide more community benefit spending? What portion of the hospitals

included in the study population would have qualified for tax-exemption if minimum community benefit and certain other expenses spending policies had been in place during the study period?

**Methods:** A descriptive longitudinal research study utilizing descriptive methods and financial analysis tools was designed to answer the study's five research questions.

**Findings:** The dissertation is divided into five chapters. Chapter One contains an overview of the history of tax-exemption of hospitals. Chapter Two provides historical and political perspective of the issues related to tax-exemption in the United States of America with specific emphasis on 501(c)(3) tax-exempt hospitals. Chapter Three details the methodology that was used to analyze the charitable activity expenditures reported on Internal Revenue Service Form 990 Schedule H. Chapter Four details the results of the study. Chapter Five discusses the findings; offers recommendations for the use of the results; recommends policy changes, ways to improve the research, and future research topics; and offers concluding remarks.

**Conclusions:** This study showed that most 501(c)(3) and dual status tax-exempt general acute care hospitals located in the state of Kentucky are providing similar amounts of reported community benefit activities as compared to hospitals in other states and nationwide. Another positive sign was the amount of reported expenditures increased over time. As we move forward in time, hospitals should place emphasis on community health needs assessment and community engagement to ensure that community benefit and other charitable activity expenditures provided are promoting population health and meeting the health needs of the community they serve.

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## CHAPTER 1: INTRODUCTION

### 1.1 Background Information

Exempting charitable organizations from the payment of taxes in the United States of America is a long-held practice. The concept of tax-exemption in the United States of America was influenced by the British Statute of Charitable Uses of 1601 and dates back to the Wilson-Gorman Tariff Act of 1894.[1, 2] While the Wilson-Gorman Tariff Act of 1894 was eventually declared unconstitutional by the Supreme Court of the United States, the Revenue Act of 1909 contained similar phrasing to that included in the Wilson-Gorman Tariff Act, regarding tax-exemption of charitable organizations.[2]

Various policies or legislation implemented or passed throughout the period from 1894 until 1969 delineated the structure of tax-exemption of charitable organizations in the United States of America. For instance, the Revenue Act of 1909 set forth the concept that charitable organizations that seek tax-exemption should operate in a manner in which they do not produce profits.[2] According to Arnsberger, Ludlum, Ridley and Stanton, “under this statute, tax-exemption was granted to any corporation or association organized and operated exclusively for religious, charitable, or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual.”[2] Although tax-exemption of charitable organizations has been practiced in

the United States since this time, tax-exemption wasn't codified as Section 501(c) of the Internal Revenue Code until passage of the Revenue Act of 1954.[3]

One motivation for providing tax-exemption to charitable organizations is that the government foregoes "tax revenues in exchange for charitable activities that relieve the government of responsibilities that otherwise would have to be met at public cost." [3] In essence it can be considered that the government is providing, to the charitable organization, a subsidy equal to what the organization would have paid in taxes.[4] In exchange for this subsidy the government requires charitable organizations to provide benefit to the public. This concept is seen as logical to legislators because charitable organizations are not expected to produce large profits and what profits do exist are supposed to be used to further the good of the public.[1, 4]

As hospitals are the focus of this dissertation, it should be noted that they have never been expressly classified as tax-exempt organizations under Internal Revenue Code Section 501(c)(3), which does not distinguish the promotion of health as an explicitly listed charitable purpose.[3] Federal tax-exemption requirements for hospitals were established in 1956 by Internal Revenue Service Revenue Ruling 56-185 which allowed hospitals to qualify for tax-exemption if they met specific criteria.[3] Since 1956, governments within the United States of America, at all levels, have forgone countless dollars of tax revenue in exchange for public benefit provided by hospitals.

According to the American Hospital Association, as of January, 2014, there are a total of 5,723 hospitals in the United States of America.[5] Of those: 211 are classified as "Federal Government Hospitals;" 413 as "Nonfederal Psychiatric Hospitals;" 89 as "Nonfederal Long Term Care Hospitals;" 11 as "Hospital Units of Institutions (Prison

Hospitals, College Infirmaries, Etc.);” and 4,999 as “Community Hospitals.”[5]

According to the American Hospital Association, “community hospitals are defined as all nonfederal, short-term general, and other special hospitals.”[5]

The category of “Community Hospitals” can be further broken down into three subsections by ownership type: 2,894 are identified as “Nongovernment Not-For-Profit Community Hospitals;” 1,068 are identified as “Investor-Owned (For-Profit) Community Hospitals;” and 1,037 are identified as “State and Local Government Community Hospitals.”[5] Those that are identified as “Nongovernment Not-For-Profit Community Hospitals” are usually referred to as tax-exempt hospitals and are commonly exempt from taxation under Internal Revenue Code Section 501(c)(3).[6] Those that are identified as “Investor-Owned (For-Profit) Community Hospitals” are commonly referred to as for-profit hospitals and are required to pay taxes. Those that are identified as “State and Local Government Community Hospitals” are commonly referred to as government hospitals and are generally exempt from taxation under Internal Revenue Code Section 115 which exempts government organizations from the payment of taxes.[7]

Some of the government hospitals exempt under Internal Revenue Code Section 115 may also seek exemption from the payment of taxes under Internal Revenue Code Section 501(c)(3); those that are exempt from the payment of taxes under both sections of the Internal Revenue Code form a group of hospitals known as dual status hospitals.[8] Government hospitals exempt under Internal Revenue Code Section 115 that choose to do so, usually seek exemption under Internal Revenue Code Section 501(c)(3) because qualifying as a 501(c)(3) tax-exempt hospital allows them to offer certain employee

benefit plans that only 501(c)(3) tax-exempt organizations are allowed to offer, such as 403(b) pension plans.[8]

It is important to note that the terms nonprofit and tax-exempt are often used synonymously, however they have different legal meanings. Nonprofit, sometimes called not-for-profit, is a state law concept while tax-exempt is a federal law concept.[9]

According to the Internal Revenue Service, being organized as a nonprofit organization may allow the organization to receive exemption from state sales, property, and income tax.[9] If an organization qualifies as a tax-exempt entity at the federal level it is exempt from federal income tax, among other benefits.[9] The Internal Revenue Service states that, “all tax-exempt organizations are nonprofit, but not all nonprofits are necessarily tax-exempt.”[10] It should be noted that many states accept the federal government’s conveyance of tax-exemption as evidence enough to exempt eligible hospitals from the payment of state taxes. This is the case in the state of Kentucky. Throughout this dissertation, hospitals that have earned tax-exemption under Internal Revenue Code Section 501(c)(3), including dual status tax-exempt hospitals, will be referred to as 501(c)(3) tax-exempt to differentiate them from hospitals exempt from the payment of taxes under Internal Revenue Code Section 115.

With respect to 501(c)(3) tax-exempt hospitals, all levels of government in the United States of America forgo a large amount of tax revenue on a yearly basis to incentivize hospitals to provide public benefit to the communities they operate within. A Congressional Budget Office report published in December 2006 stated that in 2002, The Joint Committee on Taxation estimated the total value of tax-exemption at all levels of government granted to 501(c)(3) tax-exempt hospitals as \$12.6 billion.[11] The forgone

tax revenue associated with tax exemption was reported by the Joint Committee on Taxation to have been shared nearly evenly between the federal government and state and local governments (combined) at \$6.1 billion and \$6.4 billion respectively.[3] Applying the Bureau of Labor Statistics data on inflation from 2002 until 2013, measured by both the Consumer Price Index in total and the Medical Care subcategory, the estimated forgone tax revenue jumps to between \$15.5 billion and \$17.8 billion respectively.[12] This adjustment does not account for external changes that could increase or decrease the total value of tax-exemption. External changes could include: changes in the number of tax-exempt hospitals still in operation, changes in the amount of revenue generated by the organizations, changes in property value, or changes to the tax rate at any level of government, among many other potential changes. Another estimate stated that the value of tax exemption was thought to be as high as \$21 billion according to a 2006 report.[3] While each estimate varies in terms of total dollar amount, they show that the cost associated with providing tax-exemption and forgoing collection of taxes is quite large at all levels of government.

Hospitals in the United States of America operate in a very competitive environment, one where profit margins can be small, nonexistent, or expenses can exceed revenues generated. According to a report by the Medicare Payment Advisory Commission, between 2002 and 2011 the average all-payer margin for all types of hospitals, defined as tax-exempt, for-profit, and government hospitals, was 4.7 percent.[13] However, that figure included all types of revenue, including non-patient revenues, such as investment income or charitable contributions that is commonly used to offset losses associated with providing patient care. A report published by the American



Hospital Association in 2014 stated that the aggregate operating margin for hospitals in 2012 was 6.5%, however the report also noted that more than 1-in-4 hospitals (25.9%) ended the fiscal year with a negative operating margin.[14] In 2012, for the first time in over 20 years, the measure of aggregate patient margin, which measures the profitability of the organization based on net-patient revenue only, was positive at 0.7%.[14] In the previous 21 years for which data was indicated, the average aggregate patient margin was approximately -2.2%.[14] 501(c)(3) tax-exempt hospitals have come to rely on tax-exemption as a way of doing business. With respect to the tax-exempt benefits these hospitals receive, it has been stated that “few issues are more critical to the financial stability and mission credibility of nonprofit hospitals.”[15]

Increases in spending on public benefit, today known within the 501(c)(3) tax-exempt hospital sector as community benefit, compete directly with 501(c)(3) tax-exempt hospitals’ strategic planning priorities. Every dollar that 501(c)(3) tax-exempt hospitals spend on community benefit is a dollar less available to spend on gaining an edge in a competitive marketplace. According to Kane and Wubbenhorst the “charity provision must constantly compete for resources that might otherwise be channeled into competitive goals, such as investing in the latest technology, acquiring physician practices and absorbing the subsequent operating losses, paying ‘competitive’ salaries to hospital executives, or contracting with managed-care plans at rates below cost in order to capture market share.”[16] The decision of whether to increase the provision of community benefit expenditures effectively requires the hospital to make a choice between spending to provide community benefit, which increases the hospital’s expenses with no possible increase in revenue, or to instead invest in new technologies, talent, or

expansions that could provide a competitive advantage, increase market share, and even potentially increase revenues. When examined in this light it becomes clear that hospitals have an economic incentive to provide the minimum amount of community benefit necessary to receive tax-exemption.

The federal government's decision to exempt 501(c)(3) tax-exempt hospitals from the payment of taxes was not a decision that was made to ensure that hospitals increased their profits year-over-year. According to Kane and Wubbenhorst, "the tax exemption accorded nonprofit hospitals constitutes an investment of public resources for charitable purposes." [16] Throughout the last 30 years, the question of whether the public is receiving the value of that investment from 501(c)(3) tax-exempt hospitals has been asked by leaders at the federal level and more recently the state level. The federal government currently does not require 501(c)(3) tax-exempt hospitals to provide a minimum level of community benefit spending. Only five states currently require a minimum level of community benefit spending: Illinois, Nevada, Pennsylvania, Texas, and Utah. [17] The lack of a minimum spending requirement allows 501(c)(3) tax-exempt hospitals the opportunity to decide how much community benefit to provide and how to provide it; be it free hospital care, health screening events, medical education, etc.

A federal government requirement to provide documentation showing how much was spent on community benefit each year by 501(c)(3) tax-exempt hospitals was, until recently, non-existent. Since 1941 the Internal Revenue Service has required most tax-exempt organizations, not just 501(c)(3) tax-exempt hospitals, to file Internal Revenue Service Form 990 on a yearly basis. [18] Internal Revenue Service Form 990 titled, *Return of Organization Exempt from Income Tax*, requires tax-exempt organizations to

provide information about the economic events that took place throughout the fiscal year, including disclosure of revenues and expenses. Until fiscal year 2009, “hospitals were not required to document the community benefit activities they engaged in to maintain their federal tax-exempt status.”[19] Since fiscal year 2009, in addition to the basic Internal Revenue Service Form 990, the Internal Revenue Service has required 501(c)(3) tax-exempt hospitals to file a new supplementary information form, Internal Revenue Service Form 990 Schedule H.

Internal Revenue Service Form 990 Schedule H titled *Hospitals* requires 501(c)(3) tax-exempt hospitals to submit information related to their charitable activities performed during the fiscal year.[19] Internal Revenue Service Form 990 Schedule H also provides “standardized categories of allowed community benefit activities.”[19] These categories require 501(c)(3) tax-exempt hospitals to report as community benefit only the net expenditures associated with providing activities that fit within the categories identified on Internal Revenue Service Form 990 Schedule H and to report their value as the cost to the organization, not the amount regularly charged to a patient.[20] These requirements allow the Internal Revenue Service, government leaders, and the public to compare one hospital to another when evaluating the amount of community benefit provided.[21]

501(c)(3) tax-exempt hospitals are allowed to spend resources on any of the categories of community benefit as they see fit. However, they are not required to spend resources within any particular category, or to spend resources in every category of community benefit. Some have argued that 501(c)(3) tax-exempt hospitals should be working to promote the health of the communities they operate within. Shortell,

Washington, and Baxter argued that hospitals should be working “to address the underlying physical and social determinants of health.”[22] While it is difficult to dispute their argument, observing measureable improvement across these domains takes time and patience. In an effort to move hospitals toward this ideal, the Patient Protection and Affordable Care Act, signed into law March 23, 2010, requires 501(c)(3) tax-exempt hospitals to develop a community health needs assessment to evaluate the health of the community they serve, once every three years beginning with the fiscal year starting after March 23, 2012.[6] They are also required to prepare an implementation strategy to address the needs identified.[6] This requirement will push 501(c)(3) tax-exempt hospitals to begin ensuring that their community benefit spending is directed to activities that will impact the health of the community they serve. Shortell, Washington, and Baxter note that for this requirement to work, hospitals will have to collaborate with entities from sectors they may not have in the past including “education, housing, and transportation to address the root causes of poor health.”[22] While the community health needs assessment requirement may prove to be fortuitous and could help to determine the allocation of community benefit expenditures, not enough time has passed to allow us to make any broad generalizations about its effectiveness.

## **1.2 Previous Studies**

Beginning with fiscal year 2009, 501(c)(3) tax-exempt hospitals are required to use Internal Revenue Service Form 990 Schedule H to report community benefit activities provided by the hospital during the fiscal year. Due to Internal Revenue

Service filing rules, including the use of filing date extensions, much of the new data reported on Internal Revenue Service Form 990 Schedule H was unavailable for analysis until 2012. Since 2012, four major analyses have been released. Bakken and Kindig focused their analysis on fiscal year 2009 data for hospitals located within the state of Wisconsin.[23] Singh focused her analysis on fiscal year 2009 data for hospitals located within the state of California.[19] The American Hospital Association and Ernst and Young analyzed data for fiscal years 2009 and 2010 from over 900 hospitals required to file Internal Revenue Service Form 990 nationwide.[24] Young, Chou, Alexander, Lee, and Raver focused their analysis on fiscal year 2009 data from over 1,800 hospitals nationwide.[25] The studies by Bakken and Kindig and Singh described the community benefit activity expenditures provided by hospitals located within specific states; while the study by the American Hospital Association and Ernst and Young and the study by Young et al. focused on the same expenditures at hospitals located across state borders. Each of these studies provided benchmarks against which hospitals located within the state of Kentucky can be compared.

### **1.3 Problem Statement**

Since the Internal Revenue Service began requiring 501(c)(3) tax-exempt hospitals to file Internal Revenue Service Form 990 Schedule H in fiscal year 2009, the charitable activity expenditure data reported by hospitals located within Kentucky has yet to be studied. It is unknown at what level 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky reported community benefit and

other charitable activity expenditures, how the expenditures compare to hospitals located within other states or nationwide, and whether spending is concentrated within a small group of 501(c)(3) tax-exempt hospitals. It is the intent of this dissertation to elucidate and analyze community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky. The results of this study may help to inform actions by: state and national policy makers, hospital executives and boards of directors, public health leaders, community members, and further research on this topic.

#### **1.4 Research Questions**

This study was designed to develop answers to five research questions.

- Primary research question:
  - At what level were community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009, 2010, 2011, and 2012?
- Secondary research questions:
  - How have those reported expenditures changed year-over-year?
  - What is the relative distribution of the expenditures reported?
  - Compared to the results of studies conducted utilizing expenditure data reported by hospitals located in other states and nationwide, did the

hospitals located within Kentucky provide more community benefit spending?

- What portion of the hospitals included in the study population would have qualified for tax-exemption if minimum community benefit and certain other expenses spending policies had been in place during the study period?

## **1.5 Delimitations**

Delimitations for this study included geographical location, study population traits, and time. With the exception of two hospitals located in West Virginia included in a nine hospital Internal Revenue Service Form 990 and Schedule H filing, this study included only 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky that filed Internal Revenue Service Form 990 and Schedule H during fiscal years 2009 through 2012. The results of this study may not be generalizable to other locations, hospital types, or time periods. Differences between states in the number of uninsured, the number of Medicaid recipients, and Medicaid reimbursement rates may limit the generalizability to other locations. Non-general acute care hospitals may provide different services or treat different populations of patients, limiting the generalizability of the results to different hospital types. Reported expenditures by the same study population may not follow the trends observed during this study period limiting the generalizability of the results to different time periods.

## **1.6 Limitations**

This study was limited by the self-reporting accuracy of the participants. Study participants reported expenses associated with certain community benefit activities identified on Internal Revenue Service Form 990 Schedule H during each of the fiscal years of interest. Any inaccuracies in self-reports impacted the study results.

## **1.7 Assumptions**

The following assumption was made: the data reported on Internal Revenue Service Form 990 and Schedule H by the study participants was honest, accurate, and complete.

## **1.8 Operational Definitions**

**501(c)(3) tax-exempt hospital** – a hospital that is required to file Internal Revenue Service Form 990 because they are exempt from taxation under Internal Revenue Code Section 501(c)(3) or both Section 501(c)(3) and Section 115.

**Charitable activity expenditure** – expenditures reported on Internal Revenue Service Form 990 Schedule H in the following categories, community benefit, community building activities, bad debt expense (at cost), and Medicaid surplus (or shortfall).



**Community benefit** – expenditures reported on Internal Revenue Service Form 990 Schedule H in the subcategories recognized by the Internal Revenue Service as community benefit. These subcategories include charity care (financial assistance), unreimbursed Medicaid, unreimbursed costs – other means-tested government programs, community health improvement services and community benefit operations, health professions education, subsidized health services, research, and cash and in-kind contributions to community groups. This category is titled total charity care and certain other community benefits on Internal Revenue Service Form 990 Schedule H.

**Dual status hospital** – a hospital that is exempt from taxation under both Internal Revenue Code Section 501(c)(3) and Section 115.

**General acute care hospital** – a short term hospital that has the majority of its bed licenses assigned by the Cabinet for Health and Family Services of the state of Kentucky assigned as acute care beds.

**Hospital organization** – the organization that operates one or more hospitals and filed Internal Revenue Service Form 990 and Schedule H.

**Multiple hospital filing** – an Internal Revenue Service Form 990 Schedule H form that represents more than one hospital, as indicated on the form.

## CHAPTER 2: LITERATURE REVIEW

The purpose of this chapter is to provide historical and political perspective of the issues related to tax-exemption in the United States of America with specific emphasis on 501(c)(3) tax-exempt hospitals. This chapter has been structured in a chronological manner so that the reader can gain an understanding of the events that led to the policy used today by the Internal Revenue Service to determine whether an organization is eligible for tax-exempt status. Previous studies on the subject have been identified and their methods and results discussed, as is the evolution of Internal Revenue Service Form 990, the instrument used to gather data in each of the cited studies. The intent of this chapter is to show that further analysis of the charitable activities of 501(c)(3) tax-exempt hospitals located within the state of Kentucky is necessary.

### **2.1 Hospital Eligibility for Tax-Exemption**

Hospitals in the United States of America commonly qualify for tax-exempt status through one of two sections of the Internal Revenue Code. Tax-exemption is a federal law concept that frequently has ramifications at the state and local levels.[9] To be eligible for tax-exemption a hospital must meet the requirements spelled out in either Internal Revenue Code Section 115 titled, *Income of States, Municipalities, etc.* or more commonly, Internal Revenue Code Section 501 titled, *Exemption from tax on*

*corporations, certain trusts, etc.* Hospitals that qualify as tax-exempt under Internal Revenue Code Section 115 are organizations that are organized as a part of state or local government.[7] As entities of government they are not required to pay federal income tax on the revenues they earn. Hospitals that qualify as tax-exempt under Internal Revenue Code Section 501 typically qualify as tax-exempt under Internal Revenue Code Section 501(c)(3), which exempts corporations operated exclusively for one of eight identified purposes.[6] The eight identified purposes are identified in Section 2.2 of this document. Some government hospitals exempt under Internal Revenue Code Section 115 also seek exemption from the payment of taxes under Section 501(c)(3); those that are exempt under both sections of the Internal Revenue Code, form a group of hospitals known as dual status hospitals.[8]

## **2.2 Internal Revenue Code Section 501(c)(3)**

Charitable organizations that are not part of state or local government qualify for tax-exemption by meeting the requirements of Internal Revenue Code Section 501(c)(3). To qualify for tax-exemption under Internal Revenue Code Section 501(c)(3), “an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3).”[26] Internal Revenue Code Section 501(c)(3) identifies eight exempt purposes, they are: “religious; charitable; scientific; testing for public safety; literary; or educational purposes; or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment); or for the prevention of cruelty to children or animals.”[6] It is important to

note that these are the only identified exempt purposes and within the list there is no mention of health or hospitals. This is important because hospitals are not expressly eligible for tax-exemption under Internal Revenue Code Section 501(c)(3).[3] Because of this, 501(c)(3) tax-exempt hospitals must also meet additional requirements placed upon them by the Internal Revenue Service to be granted tax-exempt status; this includes providing community benefit among other requirements that will be discussed beginning in Section 2.6 of this document.

Organizations that qualify as tax-exempt under Internal Revenue Code Section 501(c)(3) are known as charitable organizations.[26] Internal Revenue Code Section 501(c)(3) establishes that charitable organizations can allow none of their excess revenues less expenses, referred to as profit in for-profit organizations, to inure to private shareholders or individuals.[6] Organizations that qualify as tax-exempt under Internal Revenue Code Section 501(c)(3) are to be operated to benefit public interests.[4] Additional restrictions placed upon organizations that qualify for tax-exemption under Internal Revenue Code Section 501(c)(3) limit their ability to lobby for/against legislation and political campaigns for public office.[6] 501(c)(3) tax-exempt hospitals are also required to pay taxes on any revenue derived from unrelated business income activities. Examples of unrelated business income activities could include “restaurants, health clubs, and physicians’ office building.”[4]

## **2.3 Organizational and Operational Tests**

All organizations that wish to qualify as tax-exempt under Internal Revenue Code Section 501(c)(3) must meet two tests, the Organizational Test and the Operational Test.[27] It has been stated that the Organizational Test is the easiest of the two tests to pass.[4] Requirements for hospitals to qualify under Section 501(c)(3) are more stringent; not only must they pass these two tests but they must also meet additional requirements placed upon them by the Internal Revenue Service including the provision of community benefit.

The Organizational Test is used to ensure that a charitable organization which desires to attain tax-exempt status is properly structured. The Internal Revenue Service allows the charitable organization to be structured under state law as a nonprofit corporation, trust, or unincorporated association but requires that its organizing documents: “limit its purposes to one or more of the exempt purposes listed in Code section 501(c)(3) and not permit the organization to engage in a nonexempt activity.”[27] Additionally, the Internal Revenue Service requires the assets of the organization to be dedicated to an exempt purpose for perpetuity.[27]

The Operational Test requires organizations seeking tax-exemption to behave in a particular manner. The organization “must show that it will engage primarily in activities that further its exempt purposes. This means that the entity must limit its participation in certain activities, while absolutely refraining from others.”[27] The Internal Revenue Service lists five types of activities that can jeopardize tax-exempt status, including: “private benefit/inurement; lobbying; political campaign activity; activities generating

excessive unrelated business income (UBI); and failure to comply with annual reporting obligation.”[27]

## **2.4 Benefits of 501(c)(3) Tax-Exemption**

There are many benefits of tax-exemption afforded to 501(c)(3) tax-exempt hospitals. 501(c)(3) tax-exempt charitable organizations are eligible to receive several benefits under federal law including: “exemption from federal income taxes; (eligible to receive) tax-deductible contributions; reduced postal rates; exemption from federal unemployment tax; and (eligible to use) tax-exempt financing.”[28] Charitable organizations that are recognized as tax-exempt at the federal level are also eligible to obtain “possible exemption from state income, sales, and employment taxes.”[28] Although it is up to the individual states whether to exempt federally designated tax-exempt organizations from state income, sales, and employment taxes, many states accept the federal government’s designation of a charitable organization as tax-exempt as evidence enough to confer these benefits.[4] State level community benefit requirements are discussed in Section 2.11 of this document.

Financially these benefits can have a significant impact on 501(c)(3) tax-exempt hospitals. The value of the tax-exemptions given to 501(c)(3) tax-exempt hospitals by federal, state, and local governments in 2002 was estimated by the Joint Committee on Taxation to be worth \$12.6 billion.[3] The breakdown of those dollars was as follows:

Table 2.1

*Joint Committee on Taxation's Estimated Value of Hospital Tax-Exemption in 2002 [3]*

<b>Estimated Value of Hospital Tax-Exemption in 2002</b>	
Federal income tax	\$2.5 billion
Use of federally tax-exempt debt (bond financing)	\$1.8 billion
Federal deductibility of charitable contributions	\$1.8 billion
<b>Total federal benefits</b>	<b>\$6.1 billion</b>
State corporate income tax	\$0.5 billion
State sales tax	\$2.8 billion
State and local property tax	\$3.1 billion
<b>Total state and local benefits</b>	<b>\$6.4 billion</b>

Applying the Bureau of Labor Statistics data on inflation from 2002 until 2013, measured by both the Consumer Price Index in total and the Medical Care subcategory the estimated forgone tax revenue in total jumps to between \$15.5 billion and \$17.8 billion respectively.[12] As stated in Section 1.1 of this document, this adjustment alone does not account for external changes that could increase or decrease the total value of tax-exemption. External changes could include: changes in the number of tax-exempt hospitals still in operation, changes in the amount of revenue generated by the organizations, changes in property value, or changes to the tax rate of any level of government, among many other potential changes. Each 501(c)(3) tax-exempt hospital throughout the United States of America receives a different amount of benefit from tax-exemption based on a number of factors including, amount of revenue generated, state corporate income tax rate, state sales tax rate, state and local property tax rate, whether the hospital utilized federally tax-exempt debt and if so how much they utilized, and the amount of charitable contributions they received, among other factors. The value of tax-

exemption varies “according to the amount of taxes a nonprofit hospital would pay on what would otherwise be calculated as taxable income.”[4]

## **2.5 Federal Yearly Reporting Requirement**

All tax-exempt organizations except those that are exempted, are required to report information to the Internal Revenue Service on a yearly basis. Internal Revenue Code Section 6033 titled, *Returns by exempt organizations*, stated that every organization granted tax-exempt status under Internal Revenue Code Section 501 must file an annual return with the Internal Revenue Service.[29] Some types of charitable organizations are exempted from this requirement including organizations structured as churches or entities of state government.[27, 30] Most organizations that qualify for tax-exemption under Internal Revenue Code Section 501(c), 527, or 4947(a)(1) are required to file a version of Internal Revenue Service Form 990 each fiscal year.[27] Internal Revenue Service Form 990 is titled *Return of Organization Exempt From Income Tax* and requires tax-exempt organizations to provide information about the economic events that took place within the organization throughout the fiscal year. [31] 501(c)(3) tax-exempt hospitals are among the organizations required to file a version of Internal Revenue Service Form 990 each fiscal year.

Internal Revenue Service Form 990 has been in existence for over 70 years. The Internal Revenue Service first began requiring tax-exempt organizations to file Internal Revenue Service Form 990 beginning with the 1941 tax year.[18] Since the tax period beginning after 2006, failure to file the appropriate version of Internal Revenue Service



Form 990 in three consecutive years has resulted automatic loss of tax-exempt status.[32] Internal Revenue Service Form 990 is discussed in more detail in Section 2.10 of this document.

## **2.6 Evolution of Hospital Tax-Exemption Via Internal Revenue Code Section 501(c)(3)**

501(c)(3) tax-exempt hospitals are not expressly classified as tax-exempt organizations under Internal Revenue Code Section 501(c)(3).[3] Organizations that qualify as tax-exempt under Internal Revenue Code Section 501(c)(3) “must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3).”[26] Internal Revenue Code Section 501(c)(3) identified eight exempt purposes that an organization must be operated for in order to receive tax-exempt status.[6] Internal Revenue Code Section 501(c)(3) does not distinguish the promotion of health as an explicitly listed charitable purpose.[3] Because of this 501(c)(3) tax-exempt hospitals are not expressly classified as tax-exempt organizations. 501(c)(3) tax-exempt hospitals must therefore meet additional requirements placed upon them by the Internal Revenue Service to be granted tax-exempt status under Internal Revenue Code Section 501(c)(3).[33] These additional requirements were first established by the Internal Revenue Service in 1956. Since then they have evolved mostly in an incremental fashion to meet concerns brought forth by hospitals, the public, and Congress, among other interested parties. Although the additional requirements placed upon 501(c)(3) tax-

exempt hospitals have changed over time, it is important to consider how, when, and why they changed to understand the context in which they are enforced today.

### **2.6.1 Establishment of the Charity Care Standard**

The first policy established by the Internal Revenue Service allowing hospitals to be recognized as tax-exempt organizations was published in 1956.[3] In 1956, the Internal Revenue Service released Revenue Ruling 56–185, 1956–1 C.B. 202, to provide “criteria or tests to be met” to determine if a hospital could qualify for tax exemption under Internal Revenue Code Section 501(c)(3).[34] Internal Revenue Service Revenue Ruling 56–185 established that of the eight exempt purposes identified in Internal Revenue Code Section 501(c)(3), there were only three that hospitals could potentially qualify as tax-exempt under: scientific; educational; or charitable purposes.[34] Internal Revenue Service Revenue Ruling 56–185 stated that most commonly, hospitals would qualify for tax-exemption under the charitable purpose.[34]

What constituted a charitable purpose for hospitals under Internal Revenue Code Section 501(c)(3), was until the publication of Internal Revenue Service Revenue Ruling 56–185, vague. Because there was no common definition of the term “charitable” in the Internal Revenue Code the interpretation of the concept was left up to the Internal Revenue Service.[33] Internal Revenue Service Revenue Ruling 56–185 established that for hospitals and similar organizations, the term charitable “in its legal sense” and in Internal Revenue Code Section 501(c)(3) “contemplates an implied public trust

constituted for some public benefit, the income or beneficial interest of which may not inure to the benefit of any private shareholder or individual.”[34]

Revenue Ruling 56–185 then prescribed four general requirements that a hospital must meet to establish that they are tax-exempt as a charitable organization: “1. It must be organized as a nonprofit charitable organization for the purpose of operating a hospital for the care of the sick;” “2. It must be operated to the extent of its financial ability for those not able to pay for the services rendered and not exclusively for those who are able and expected to pay;” “3. It must not restrict the use of its facilities to a particular group of physicians and surgeons, such as a medical partnership or association, to the exclusion of all other qualified doctors;” “4. Its net earnings must not inure directly or indirectly to the benefit of any private shareholder or individual.”[34] Each of the four prescribed general requirements is important, but the second established what is known as the charity care standard of tax-exemption.[35]

Revenue Ruling 56–185 established that hospitals which sought tax-exemption through Internal Revenue Code Section 501(c)(3) were unable to deny “medical care or treatment” to those unable to pay.[34] The requirement to provide care to patients “without charge or at rates below cost” became a “necessary characteristic” in order to receive tax-exemption under Internal Revenue Code Section 501(c)(3) and led to the establishment of the term, charity care standard.[36] According to Folkerts, “the charity care standard is a reflection of the long-lasting belief that helping the poor should be the determining factor in deciding whether an entity is a charity.”[37]

The small percent of the population with hospital insurance coverage provided ample opportunity for hospitals to provide charity care. According to Cohen, et. al. the

percentage of persons living in in the United States with hospital insurance in 1959, was 67.1 percent.[38] For those aged under 65 years, 69.1 percent had hospital insurance, however only 46.1 percent of those aged 65 years and over had hospital insurance.[38] By 1963, 70.7 percent of all aged Americans had hospital insurance, including 72.3 percent of those under 65 years of age.[38] The percent of those aged 65 years and older had grown to 54.2 percent.[38] The large number of individuals without hospital insurance provided 501(c)(3) tax-exempt hospitals ample opportunity to provide charity care, allowing them to meet the charity care standard established by Internal Revenue Service Revenue Ruling 56–185 and qualify for tax-exemption.

## **2.6.2 Establishment of Medicare and Medicaid**

In 1965, in an effort to reduce the number of uninsured elderly and low-income individuals in the United States of America, the federal government created two government run health insurance plans, Medicare and Medicaid.[38] Medicare is also known as Title 18 of the Social Security Act.[38] With some exceptions, Medicare finances health care “for three groups of people: persons 65 years and older; disabled individuals who are entitled to Social Security benefits; and people who have end-stage renal disease.”[39] Medicaid is also known as Title 19 of the Social Security Act.[38] Medicaid finances health care for certain categories of indigent persons.[39]

Following the creation of both health insurance plans the percentage of all persons in the United States with health insurance rose. In 1968, three years after the enactment of each program, the percentage of persons living in the United States with hospital

insurance was 80.8 percent up from 70.7 percent in 1963.[38] This included 79.3 percent of all persons aged under 65 years of age, up from 72.3 percent in 1963.[38] The largest increase occurred among those aged 65 years and over; in 1968, the percentage of individuals aged 65 and over with hospital insurance was 96.0 percent, up from 54.2 percent in 1963.[38] The increase in the number of individuals with health insurance left hospitals with more paying patients and fewer individuals seeking charity care.[36, 37] As a result, in 1969 the Internal Revenue Service issued a new revenue ruling to provide different guidelines for how 501(c)(3) tax-exempt hospitals must behave to continue to receive tax-exemption.

### **2.6.3 Establishment of the Community Benefit Standard**

The policy that the Internal Revenue Service uses today to determine whether a hospital qualifies for tax-exemption under Internal Revenue Code Section 501(c)(3) has been in existence for over 45 years. In 1969, the Internal Revenue Service released Revenue Ruling 69–545, 1969–2 C.B. 117 which modified Internal Revenue Service Revenue Ruling 56–185 and established the community benefit standard of tax-exemption.[36] Following the creation of Medicare and Medicaid, fewer individuals were without hospital insurance. As such, hospitals began serving a greater proportion of patients able to pay for their hospital care and fewer who could not. With this in mind the Internal Revenue Service released the guidance contained within Internal Revenue Service Revenue Ruling 69–545 to provide “a more flexible standard” for hospitals to meet, in order to maintain or receive tax-exempt status.[37]

Internal Revenue Code Section 501(c)(3) requires a tax-exempt organization to be operated for one of eight exempt purposes. Internal Revenue Service Revenue Ruling 56–185 established that hospitals can most commonly qualify for tax-exemption through the charitable purpose. The ruling stated that the term charitable “in its legal sense” and in Internal Revenue Code Section 501(c)(3) “contemplates an implied public trust constituted for some public benefit.”[34] Internal Revenue Service Revenue Ruling 56–185 required hospitals to meet four general requirements to gain tax-exemption through the charitable purpose. The most well-known requirement, termed the charity care standard, required a hospital to be operated “to the extent of its financial ability for those not able to pay for the services rendered and not exclusively for those who are able and expected to pay” in order to receive tax-exempt status under Internal Revenue Code Section 501(c)(3).[34] Internal Revenue Service Revenue Ruling 69–545 altered this expectation.

While Internal Revenue Code Section 501(c)(3) does not recognize the promotion of health as one of the eight charitable purposes, Internal Revenue Service Revenue Ruling 69–545 established it as a charitable purpose.[3, 40] It did so stating, “a nonprofit organization whose purpose and activity are providing hospital care is promoting health and may, therefore, qualify as organized and operated in furtherance of a charitable purpose.”[40] The Internal Revenue Service stated, promotion of health “is deemed beneficial to the community as a whole even though the class of beneficiaries eligible to receive a direct benefit from its activities does not include all members of the community” so long as “the class is not so small that its relief is not of benefit to the community.”[40] This meant that not everyone in the community must receive

individual benefit for the community as a whole to benefit; however, the number of persons receiving benefit must not be so small that the total benefit received is insignificant, or tax-exemption will not be granted.

Internal Revenue Service Revenue Ruling 69–545 examined the operations of two hypothetical hospitals to demonstrate whether either hospital was being managed to serve public or private interests and determine whether each independently should be granted tax exemption. Internal Revenue Service Revenue Ruling 69–545 established five factors for consideration in determining whether Hospital A and/or Hospital B should be granted tax-exemption under Internal Revenue Code Section 501(c)(3).[36] The five factors have been described as:

“1. Whether a board of trustees control the hospital and, if so, whether civic leaders compose the board; 2. Whether the hospital has an open medical staff and extends privileges to all qualified physicians in the area; 3. Whether the hospital operates an active and accessible emergency room, regardless of patients’ ability to pay; 4. Whether the hospital provides medical care to all persons able to pay; and 5. Whether surplus funds, when used, improve the quality of patient care.”[36]

As the community benefit standard was meant to be flexible, Internal Revenue Service Revenue Ruling 69 –545 stated, “the absence of particular factors set forth above or the presence of other factors will not necessarily be determinative” when considering whether a hospital is granted tax-exemption.[40]

Internal Revenue Service Revenue Ruling 69–545 modified rather than replaced Internal Revenue Service Revenue Ruling 56–185. Internal Revenue Service Revenue

Ruling 69–545 stated, “Revenue Ruling 56–185, C.B. 1956-1, 202, sets forth requirements for exemption of hospitals under section 501(c)(3) more restrictive than those contained in this Revenue Ruling with respect to caring for patients without charge or at rates below cost.”[40] It went on to state “Revenue Ruling 56–185 is hereby modified to remove therefrom the requirements relating to caring for patients without charge or at rates below cost. Furthermore, requirement four has been modified by section 1.501(c)(3)–(b)(4) of the regulations.”[40] The fourth requirement of Internal Revenue Service Revenue Ruling 56–185 related to net earnings was found to be vague and to have already been modified in the interim by Internal Revenue Code Section 501(c)(3)–1(b)(4).[40]

Following the publication of Internal Revenue Service Revenue Ruling 69–545, the requirements that a hospital must meet to obtain tax-exemption under Internal Revenue Code Section 501(c)(3) were a combination of those contained within Internal Revenue Service Revenue Ruling 56–185 and Internal Revenue Service Revenue Ruling 69–545. Although Internal Revenue Service Revenue Ruling 56–185 was modified by Internal Revenue Service Revenue Ruling 69–545, the first and third requirements remained. The first required a hospital to “be organized as a nonprofit charitable organization for the purpose of operating a hospital for the care of the sick.”[34] The third required a hospital not to “restrict the use of its facilities to a particular group of physicians and surgeons...to the exclusion of all other qualified doctors.”[34] In addition to these requirements, Internal Revenue Service Revenue Ruling 69–545 added five additional factors to consider when evaluating whether a hospital should be granted tax-



exemption.[36] By 1969, these elements, while not determinative, formed the basis for evaluating whether a hospital should be eligible to receive tax-exempt status.

#### **2.6.4 Removal of the Requirement to Operate an Emergency Room**

In 1983, the Internal Revenue Service further developed the community benefit standard through the publication of Internal Revenue Service Revenue Ruling 83–157, 1983-2 C.B. 94. Internal Revenue Service Revenue Ruling 83–157 amplified the content contained within Internal Revenue Service Revenue Ruling 69–545.[41] Internal Revenue Service Revenue Ruling 69–545 established five factors for consideration for determining whether a hospital should be granted tax-exemption under Internal Revenue Code Section 501(c)(3).[36] The third of those five factors was “whether the hospital operates an active and accessible emergency room, regardless of patients’ ability to pay.”[36] Internal Revenue Service Revenue Ruling 83–157 revisits the discussion of Hospital A, outlined within Internal Revenue Service Revenue Ruling 69–545.

Internal Revenue Service Revenue Ruling 83–157 relaxed the third factor contained within Internal Revenue Service Revenue Ruling 69–545 for consideration when determining whether a hospital should be granted tax-exemption under Internal Revenue Code Section 501(c)(3), related to operating an open and accessible emergency room. Internal Revenue Service Revenue Ruling 83–157 stated that in certain cases, such as when a “state health planning agency has made an independent determination” that the operation of an emergency room at a particular hospital “would be unnecessary and duplicative” or at certain specialized hospitals that “offer medical care limited to special

conditions unlikely to necessitate emergency care” it would be unnecessary to require these hospitals to operate an open and accessible emergency room as a matter of determining whether they should be granted or maintain tax-exempt status.[41] To be granted 501(c)(3) tax-exempt status, a hospital was still required to “present similar, significant factors that demonstrate that the hospital operates exclusively to benefit the community.”[41]

Following the publication of Internal Revenue Service Revenue Ruling 83–157, the requirements that a hospital had to meet to be eligible for tax-exemption under Internal Revenue Code Section 501(c)(3) were a combination of those contained within Internal Revenue Service Revenue Ruling 56–185, Internal Revenue Service Revenue Ruling 69–545, and Internal Revenue Service Revenue Ruling 83–157. A hospital seeking tax-exemption under Internal Revenue Code Section 501(c)(3) had to offer evidence that it provided “benefits to the community by promoting the health of a broad class of persons.”[35] Evidence could include that the hospital operated an open and accessible emergency room regardless of a patient’s ability to pay, but it was no longer a necessary component for tax-exemption under Internal Revenue Code Section 501(c)(3).[36] Other factors reiterated in Internal Revenue Service Revenue Ruling 83–157 that could show the hospital was “operating exclusively to benefit the community” included: “a board of directors drawn from the community; an open medical staff policy; treatment of persons paying their bills with the aid of public programs like Medicare and Medicaid; and the application of any surplus to improving facilities, equipment, patient care, and medical training, education, and research.”[41] These elements, while not determinative, formed the basis for evaluating whether a hospital “provides benefits to

the community by promoting the health of a broad class of persons” and should therefore be eligible to receive tax-exemption.[35]

## **2.7 Efforts to Examine the Community Benefit Standard and the Amount of Community Benefit Provided by 501(c)(3) Tax-Exempt Hospitals**

Over the subsequent years since the publication of Internal Revenue Service Revenue Ruling 83–157, entities including the General Accounting Office (renamed the Government Accountability Office in 2004), the Congressional Budget Office, the Internal Revenue Service, Congress, and the public have examined and evaluated the appropriateness of the community benefit standard and the amount of community benefit hospitals supplied in exchange for federal tax-exemption. Some have also suggested changes to the standard to allow for better documentation and presentation of community benefit expenditures by 501(c)(3) tax-exempt hospitals. This section provides in a chronological manner, details of the important inquiries, proposed alterations, and changes related to the community benefit standard.

### **2.7.1 99<sup>th</sup> Congress, 1<sup>st</sup> Session, Senate Bill 1781**

On October 21, 1985, Senator Donald Riegle introduced Senate Bill 1781 titled *Health Care for the Uninsured Act of 1985*.<sup>[42]</sup> Senate Bill 1781 was introduced to allow individual states to “establish health care pools to: 1. Provide health care services to all uninsured individuals; and 2. Share among all hospitals in the state the costs of

uncompensated care.”[42] It also included the establishment of a health care pool at the federal level should states opt not to create one.[42] Senate Bill 1781 proposed that some of the revenues to pay for the health care pools be derived from a “tax imposed on the operating revenue of hospitals” located within each state.[42] It also proposed that hospitals could be exempted from the tax “if it: 1. Provides uncompensated care at a rate equal to or greater than 200 percent of the state average; or 2. Provides care to individuals eligible for Medicaid at a rate equal to or greater than 200 percent of the state average.”[42] Senate Bill 1781 was referred to the Senate Finance Committee, but it never progressed out of committee.[42] The bill was an attempt to hold 501(c)(3) tax-exempt hospitals responsible for earning a federal tax-exemption.

### **2.7.2 100<sup>th</sup> Congress, 1<sup>st</sup> Session, Senate Bill 177**

On January 6, 1987, Senator Donald Riegle introduced Senate Bill 177 titled *Health Care for the Uninsured Act of 1987*. [43] Senate Bill 177 proposed the creation of health care pools for the uninsured in the same manner as Senator Riegle’s previous bill, Senate Bill 1781, proposed in 1985. It also proposed the same tax be placed upon hospitals and the same methods for hospitals to be exempted from the tax. Senate Bill 177 was referred to the Senate Finance Committee.[43] In much the same manner as Senator Riegle’s previous bill, Senate Bill 177 did not progress out of the Senate Finance committee.[43]

### 2.7.3 1990 General Accounting Office Report

On May 30, 1990, the United States General Accounting Office, renamed the Government Accountability Office in 2004, provided a report to the House of Representatives, Select Committee on Aging's Chairman Edward Roybal.[44] This report, titled, *Nonprofit Hospitals: Better Standards Needed for Tax Exemption* was issued in response to a request made by the Committee.[44] The Committee requested information "regarding the role played by nonprofit hospitals in delivering care to the medically indigent" in light of concerns that some hospitals were "reducing their provision of indigent care and other charitable activities."[44]

The General Accounting Office examined "the distribution of uncompensated care among hospitals" in California, Florida, Iowa, Michigan, and New York, "to analyze the role of nonprofit hospitals in supplying such care."[44] In the examination, the General Accounting Office included both charity care and bad debt expense as uncompensated care "because of inconsistencies in the way hospitals distinguish between charity care and bad debt."[44] The General Accounting Office acknowledged that this lead to an overstatement of the amount of uncompensated care provided by the 501(c)(3) tax-exempt hospitals examined.[44]

The General Accounting Office found that spending on uncompensated care by nonprofit hospitals was not evenly distributed among the 501(c)(3) tax-exempt hospitals within each state; rather it was concentrated among a group of hospitals.[44] Additionally, the General Accounting Office found that commonly, "hospitals with the highest operating margins...have the lowest rates of uncompensated care" and those

501(c)(3) tax-exempt hospitals that spent the least amount on uncompensated care had better fiscal outcomes than those who spent the most.[44] The General Accounting Office also found that when measuring uncompensated care as both charity care and bad debt, 80 percent of the 501(c)(3) tax-exempt hospitals examined provided care at a level greater than the General Accounting Office's "estimate of their federal tax exemption," but when measured as only charity care "a far lower percentage" exceeded the estimated value.[44] It is important to note that the General Accounting Office's estimate only included the value of the federal tax exemption and it omitted the value of all of the other tax-exempt benefits granted 501(c)(3) tax-exempt hospitals. The General Accounting Office concluded that if Congress wanted to change the uncompensated care spending habits of 501(c)(3) tax-exempt hospitals, they needed to revise the conditions for tax-exemption.[44]

#### **2.7.4 101<sup>st</sup> Congress, 2<sup>nd</sup> Session, House of Representatives Bill 5686**

On September 21, 1990, Chairman of the House of Representatives Select Committee on Aging, Edward Roybal attempted to amend the conditions a 501(c)(3) tax-exempt hospital must meet in order to receive tax-exemption when he introduced House of Representatives Bill 5686, titled *Charity Care and Hospital Tax-Exempt Status Reform Act of 1990*. [45] House of Representatives Bill 5686 proposed to amend Section 501 of the Internal Revenue Code to state that a 501(c)(3) tax-exempt hospital would not be exempt from federal taxation unless, it accepted all Medicare and Medicaid patients and served a reasonable number of such patients, and it provided sufficient charity care and

community benefits.[45] The bill also provided definitions of what would qualify as charity care and community benefits, established reporting requirements, and rewards for 501(c)(3) hospitals that consistently met the requirements.[46] House of Representatives Bill 5686 was referred to three House of Representatives Committees or Subcommittees in the days following its introduction, including: Ways and Means; Energy and Commerce; and Health and the Environment.[46] House of Representatives Bill 5686 never progressed out of committee.[46]

#### **2.7.5 102<sup>nd</sup> Congress, 1<sup>st</sup> Session, House of Representatives Bill 790**

On February 4, 1991, Chairman of the House of Representatives Select Committee on Aging, Edward Roybal introduced House of Representatives Bill 790 titled *Charity Care and Hospital Tax-Exempt Status Reform Act of 1991*. [47] House of Representatives Bill 790 proposed to amend Section 501 of the Internal Revenue Code in the same manner that Chairman Roybal's previous bill, House of Representatives Bill 5686, proposed in 1990 did. The bill also proposed that 501(c)(3) tax-exemption would be earned by hospitals in the same manner as in the previous bill. House of Representatives Bill 790 was referred to the House Committee on Energy and Commerce where it was referred to the Subcommittee on Health and the Environment.[48] It was also referred to the House Committee on Ways and Means where on July 10, 1991 a hearing was held.[48] The hearing is discussed in Section 2.7.7 of this document.

## **2.7.6 102<sup>nd</sup> Congress, 1<sup>st</sup> Session, House of Representatives Bill 1374**

On March 12, 1991, Representative Brian Donnelly attempted to amend the conditions a 501(c)(3) tax-exempt hospital must meet in order to receive tax-exemption when he introduced House of Representatives Bill 1374, titled *To amend the Internal Revenue Code of 1986 to clarify the requirements that hospitals provide certain emergency medical care in order to be exempt from income tax, and for other purposes*.<sup>[49]</sup> Among other propositions, House of Representatives Bill 1374 proposed to amend Section 501 of the Internal Revenue Code to require hospitals to behave in three ways to maintain tax-exempt status.<sup>[50]</sup> The requirements set forth in the bill included “1. the provision of certain emergency medical care; 2. the acceptance of Medicaid and Medicare patients;”<sup>[50]</sup> and 3. “charity care or other community benefit” spending.<sup>[51]</sup> The third requirement could be met in one of five ways, which included the option of requiring 501(c)(3) tax-exempt hospitals to spend 5 percent of their gross revenues on charity care or 10 percent of their gross revenues on “qualified services and benefits” which was defined within the bill.<sup>[49]</sup> House of Representatives Bill 1374 was referred to the House Committee on Ways and Means where on July 10, 1991 a hearing was held.<sup>[50]</sup> The hearing is discussed in Section 2.7.7 of this document.



### **2.7.7 House of Representatives – Ways and Means Committee Hearing – July 10, 1991**

The House of Representatives, Ways and Means Committee held a public hearing on July 10, 1991 on “the tax-exempt status of not-for-profit hospitals.”[52] The hearing also included a discussion of the bills proposed by Representative Edward Roybal, House of Representatives Bill 790 and Representative Brian Donnelly, House of Representatives Bill 1374.[51] The purpose of the hearing was to take comments on each of the bills and hear testimony regarding the practice of tax-exemption of hospitals.[52] Chairman of the committee Dan Rostenkowski stated that the House of Representatives, Ways and Means Committee had not discussed tax-exemption of 501(c)(3) tax-exempt hospitals since 1969.[52]

A number of witnesses spoke before the committee, including representatives from the United States Treasury Department and the Internal Revenue Service.[52] Treasury Department Deputy Assistant Secretary of Tax Policy Michael Graetz stated that the position of the Treasury Department was that the community benefit standard was a more appropriate standard than the proposed charity care standards in each of the House of Representatives bills.[52] Assistant Secretary Graetz stated that the community benefit standard encouraged the belief that the promotion of health was a charitable purpose.[52] The community benefit standard, according to Assistant Secretary Graetz, allowed 501(c)(3) tax-exempt hospitals to be treated under Federal tax law in the same manner as government hospitals, which encouraged “pluralistic alternatives to government activity – the *raison d’être* for tax exemption.”[52]

Assistant Secretary Graetz also testified that by allowing 501(c)(3) tax-exempt hospitals to choose how they provided community benefit, rather than by requiring them to provide a set amount of charity care, they would be free to choose how they spend their resources to maintain tax-exemption.[52] Rather than requiring them to fund services for those who are unable to afford them, the hospital may instead choose to provide preventive services for the community or engage in medical training or research, activities that the Internal Revenue Service had already identified as important for tax-exemption under the community benefit standard.[52]

In general, the Treasury Department was opposed to both House of Representatives Bills 790 and 1374.[51] The representatives from both the Treasury Department and the Internal Revenue Service testified that both organizations believed a need existed “for intermediate sanctions for violations of tax exempt status as opposed to the present sole sanction of revocation.”[51] During the hearing, the main point of emphasis in the discussion of intermediate sanctions centered on what are known as unrelated business income tax regulations.[4]

Unrelated business income tax regulations are applicable to exempt organizations including 501(c)(3) tax-exempt hospitals. According to Internal Revenue Service Publication 598 titled *Tax on Unrelated Business Income of Exempt Organizations*, “an exempt organization is not taxed on its income from an activity substantially related to the” charitable purpose it serves.[53] In the case of 501(c)(3) tax-exempt hospitals this is the promotion of health. However, unrelated business income is taxable. Internal Revenue Service Publication 598 defined unrelated business income as “the income from a trade or business regularly conducted by an exempt organization and not substantially

related to the performance by the organization of its exempt purpose or function, except that the organization uses the profits derived from this activity.”[53]

At the hearing, general agreement existed on the notion that “stricter enforcement of current regulations” related to unrelated business income tax was necessary and “the imposition of penalties if an IRS audit revealed that a nonprofit hospital was in violation” of those tax laws should be implemented.[4] A push was made by the Treasury Department and the Internal Revenue Service to promote the creation of intermediate sanctions to be levied against those organizations that violated unrelated business income tax laws, because at the time of the hearing the only option the Internal Revenue Service had following an audit that revealed inconsistencies in unrelated business income tax activities was to revoke a 501(c)(3) tax-exempt hospital’s tax-exemption.[52] As a result of the hearing and in light of the support for more stringent oversight of unrelated business income tax activities, the bills proposed by Representatives Roybal and Donnelly, House of Representatives Bills 790 and 1374, were withdrawn following the hearing.[4]

#### **2.7.8 102<sup>nd</sup> Congress, 2<sup>nd</sup> Session, House of Representatives Bill 5970**

On September 17, 1992 Representative Sam Johnson proposed legislation to amend the conditions a 501(c)(3) tax-exempt hospital must meet in order to receive tax-exemption when he introduced House of Representatives Bill 5970, titled *American Health Care Access Improvements Act of 1992*. [54] The text of the bill is identical to that

contained within House of Representatives Bill 1374, proposed by Representative Brian Donnelly on March 21, 1991, during the 102<sup>nd</sup> Congress' 1<sup>st</sup> Session.

Among other propositions, House of Representatives Bill 5970 proposed to amend Section 501 of the Internal Revenue Code to require hospitals to behave in three ways to maintain tax-exempt status.[54] The requirements set forth in the bill included “1. the provision of certain emergency medical care; 2. the acceptance of Medicaid and Medicare patients;”[54] and 3. “charity care or other community benefit” spending.[51] The third requirement could be met in one of five ways, which included the option of requiring 501(c)(3) tax-exempt hospitals to spend 5 percent of their gross revenues on charity care or 10 percent of their gross revenues on “qualified services and benefits” which was defined within the bill.[55] House of Representatives Bill 5970 was referred to the House Committee on Energy and Commerce, where it was referred to both the Subcommittee on Commerce, Consumer Protection, and Competitiveness and the Subcommittee on Health and the Environment.[54] The bill was also referred to the House Committee on Judiciary where it was referred to the Subcommittee on Economic and Commercial Law and the House Committee on Ways and Means where it was referred to the Subcommittee on Health.[54] House of Representatives Bill 5970 never progressed out of committee.[54]

A common theme of the six bills presented in the United States Congress between 1985 and 1992 was increasing access to health care for Americans by altering the behavior of 501(c)(3) tax-exempt hospitals. The six proposed bills consistently recommended more stringent requirements be placed upon 501(c)(3) tax-exempt hospitals in order for them to receive or continue to receive tax-exemption. During his

campaign for President of the United States, Bill Clinton placed health care reform near the top of his agenda. With the new focus on overall health reform, the focus on 501(c)(3) tax-exempt hospitals and the need for new requirements to ensure that they earn tax-exemption became less of a priority. From a federal legislative standpoint it was not until the year 2004 that the focus again began to increase on ensuring that 501(c)(3) tax-exempt hospitals earned their tax-exemption.

## **2.8 Internal Revenue Service, Field Service Advice Number 200110030**

On February 5, 2001, the Internal Revenue Service's Assistant Chief Counsel of Exempt Organizations/Employment Tax/Government Entities issued Field Service Advice Number 200110030.[56] Field Service Advice Number 200110030 was issued in response to a "request for interim guidance on the legal criteria for hospitals to qualify for exemption under Section 501(c)(3)" by the Internal Revenue Service's Area Counsel for the Great Lakes and Gulf Coast Area.[56] The essence of the question posited by the Area Counsel was, to earn tax exemption, is it enough that a hospital has a written policy stating that it will "provide health care services to individuals regardless of their ability to pay" or must the hospital demonstrate "that such policies actually result in the delivery of significant health care services to the indigent." [56]

The conclusion provided within Field Service Advice Number 200110030 was that to maintain tax-exemption, 501(c)(3) tax-exempt hospitals must demonstrate that they have provided "significant health care services to the indigent" rather than just have in place the policies that state they will "provide health care services to individuals

regardless of their ability to pay.”[56] This advice was given with the caveat that “the provision of free or subsidized care to the indigent is a significant indicator to the courts and the Service that a hospital promotes health for the benefit of the community.”[56] Field Service Advice Number 200110030 stated that “Field Service Advice is not binding on Examination or Appeals and is not a final case determination. This document is not to be used or cited as precedent.”[56]

Even though Field Service Advice Number 200110030 is not precedential it did provide guidance to Internal Revenue Service agents. It has been suggested that Field Service Advice Number 200110030 indicated that when the Internal Revenue Service reviews the tax-exempt status of a 501(c)(3) tax-exempt hospital they will “look critically at the amount of charity care the hospital actually provided.”[57] This examination would be performed by asking fourteen questions outlined within Field Service Advice Number 200110030 that would provide a “factual record on the charitable care policies and activities of a hospital.”[56]

## **2.9 Renewed Congressional Efforts to Examine the Community Benefit Standard and the Amount of Community Benefit Provided by 501(c)(3) Tax-Exempt Hospitals**

In 2004, Congressional inquiries into the Internal Revenue Service’s use of the community benefit standard of tax-exemption for 501(c)(3) tax-exempt hospitals began again; as did an examination of the amount of community benefit provided by 501(c)(3) tax-exempt hospitals. Congressional committees, most notably the Senate Finance

Committee and the House Committee on Ways and Means, began holding hearings and requesting reports from government agencies and industry representatives on topics related to the tax-exempt sector, including 501(c)(3) tax-exempt hospitals. The United States Government Accountability Organization, the Internal Revenue Service, and the Congressional Research Service publish a number of reports in response to Congressional requests. This section provides, in a chronological manner, details of the hearings and important inquiries, proposed alterations related to the community benefit standard, and alterations to the 501(c)(3) tax-exempt hospital yearly reporting requirement document, Internal Revenue Service Form 990.

### **2.9.1 Senate Finance Committee Hearing – June 22, 2004**

On June 22, 2004, the United States Senate Committee on Finance held a hearing titled *Charity Oversight and Reform: Keeping Bad Things from Happening to Good Charities*.<sup>[58]</sup> Senator Charles Grassley, Chairman of the committee, reflected in his opening statement that “far too many charities have broken the understood covenant between the taxpayers and nonprofits – that charities are to benefit the public good, not fill the pockets of private individuals.”<sup>[58]</sup> Senator Grassley recounted that oversight of charities was one of the areas he had been most active in since becoming chairman of the Finance Committee.<sup>[58]</sup> While the hearing did not focus specifically on 501(c)(3) tax-exempt hospitals, enough questions remained about the tax-exempt sector following the hearing that subsequent hearings and inquiries continued for the next few years, some of which did focus specifically on 501(c)(3) tax-exempt hospitals.

### **2.9.2 Senate Finance Committee Hearing – April 5, 2005**

On March 1, 2005, Senator Charles Grassley, Chairman of the Senate Finance Committee, held a news conference where he cited a report published by the Commissioner of the Internal Revenue Service.[59] The Commissioner, according to Senator Grassley, had outlined in the report a list of “the worst tax scams.”[59] Included on the list were abuses by charitable organizations.[59] During the news conference Senator Grassley stated that he wished to hold a hearing on the matter during the spring.[59]

On April 5, 2005, the Senate Finance Committee held a hearing titled *Charities and Charitable Giving: Proposals for Reform*. [60] While the focus of this hearing was not specifically on 501(c)(3) tax-exempt hospitals, it was on the entire tax-exempt sector and this hearing informed subsequent hearings. In his opening statement, Senator Grassley stated that since 1969, Congress had not thoroughly reviewed tax-exempt organizations and that his desire was for the Senate Finance Committee to develop legislation that would “strengthen charitable governance.”[60] Commissioner of the Internal Revenue Service, Mark Everson, provided both testimony and a written statement for the hearing.

Commissioner Everson’s remarks were varied but a significant portion of his written statement was dedicated to discussing the transparency of organizations operating within the tax-exempt sector and the benefit that transparency provided. Commissioner Everson defined transparency as “the ability of outsiders to review data concerning the



finances and operations of a tax-exempt organization” and he identified it as “a lynchpin of compliance within the sector.”[61] Commissioner Everson stated that changes to Internal Revenue Service Form 990, the yearly reporting document required of tax-exempt organizations, were being considered to increase transparency, increase data availability, and improve data quality.[61]

Another area of concern that was identified in Commissioner Everson’s written statement was compensation of employees at tax-exempt organizations. Commissioner Everson stated that “an organization that overcompensates its officers and directors risks revocation of its tax-exempt status.”[61] While the topic is not the focus of this dissertation, Commissioner Everson’s identification of the issues at the hearing led to later study of compensation of employees at tax-exempt organizations, including 501(c)(3) tax-exempt hospitals.

The Attorney General of the state of Minnesota, Mike Hatch, provided both testimony and a written statement for the hearing. Attorney General Hatch “testified about highly questionable activities by non-profit health care operations” located within the state of Minnesota.[62] A major section of his written testimony was focused on the practices of 501(c)(3) tax-exempt hospitals related to billing, debt collection, and charity care.[63] Attorney General Hatch chose to focus on these issues because, as he stated, they relate to whether 501(c)(3) tax-exempt hospitals “are appropriately fulfilling their missions in a manner that justifies their tax-exempt status.”[63] Attorney General Hatch stated: nearly half of all bankruptcies are related to medical bills; among creditors, medical providers are more likely to utilize debt collection agencies; and according to

one study, over half of all patients with medical debt stated that they've delayed seeking care because of unpaid medical bills.[63]

Attorney General Hatch cited four problems or ways that 501(c)(3) tax-exempt hospitals needed to alter their actions to ensure that they were working to earn their tax-exempt status. The four problems or ways cited by Attorney General Hatch in his written statement were: 1. "hospitals must end brutal and inhumane debt collection practices;" 2. hospitals charge uninsured patients 'substantially more' for the same service; 3. many 501(c)(3) tax-exempt hospitals deliver small levels of charity care; and 4. many 501(c)(3) tax-exempt hospitals engage in "fraudulent solicitation of charitable donations" by charging uninsured patients at rates higher than those with insurance, utilizing debt collection agencies, and not providing high levels of charity care while touting "their benevolent good works to donors when they solicit tax-deductible donations." [63]

Of particular interest for the purpose of this dissertation are Attorney General Hatch's comments on the delivery of small levels of charity care. Attorney General Hatch wrote that many 501(c)(3) tax-exempt hospitals "deliver charity care at paltry levels, far less than the need of their patients or their revenue, assets, or fundraising would allow." [63] Attorney General Hatch continued, stating that 501(c)(3) tax-exempt hospitals often refer to the treatment of patients paying with Medicare and Medicaid as charity care because they are receiving discounted reimbursement from the government, they sometimes consider bad debt as charity care, and often charity care items referred to as educational expenses "appear designed less to deliver health care to the patient than to increase the hospital's market share." [63]

A number of other witnesses testified at the hearing on a wide variety of aspects related to the tax-exempt sector. At the conclusion of the hearing, Senator Grassley stated that testimony had shown that reforms were needed within the tax-exempt sector.[60] While the Senate Finance Committee hearing held on April 5, 2005 was not expressly held to discuss 501(c)(3) tax-exempt hospitals, the questions and responses provided to questions related to the tax-exempt sector, particularly those of Internal Revenue Service Commissioner Mark Everson and Minnesota Attorney General Mike Hatch, directed subsequent inquiry related to 501(c)(3) tax-exempt hospitals.[62]

### **2.9.3 Senate Finance Committee Press Release – May 25, 2005**

On May 25, 2005, the United States Senate Committee on Finance published a press release titled *Grassley Asks Non-Profit Hospitals to Account for Activities Related to Their Tax-Exempt Status*. [62] In the press release, Senator Charles Grassley, Chairman of the Senate Committee on Finance, requested detailed information from ten “of the nation’s largest non-profit hospitals” related to their charitable activities.[62] The press release stated that tax-exemption results in tax benefits “totaling tens of billions of dollars” each year.[62] Senator Grassley stated that the request was “a continuation of his effort to review the non-profit sector in advance of legislation he will introduce to prevent abuse of the federal tax laws that created non-profit organizations.”[62] Senator Grassley also called tax-exemption a privilege and stated that his inquiry would help to inform whether the benefits the ten hospitals provided to their communities justified their tax-exempt status.[62] The press release showed Senator Grassley’s continued efforts to

better understand 501(c)(3) tax-exempt hospitals and how they earn tax-exemption and signaled that Congressional inquiries would not cease in the near future.

#### **2.9.4 House of Representatives, Committee on Ways and Means Hearing – May 26, 2005**

On May 26, 2005, the House of Representatives Committee on Ways and Means held a hearing titled *The Tax-Exempt Hospital Sector*.<sup>[64]</sup> Representative William Thomas, Chairman of the Committee on Ways and Means, stated in his opening remarks that the hearing held on May 26, 2005 was the continuation of a series of hearings planned to occur during the 109<sup>th</sup> Congress related to the tax-exempt sector.<sup>[64]</sup> Representative Thomas stated that the reason the committee chose to have a hearing on 501(c)(3) tax-exempt hospitals was because hospitals accounted for “three-quarters of the revenue” derived by charitable organizations, which made 501(c)(3) tax-exempt hospitals a strong choice for further discussion.<sup>[64]</sup>

Representative Thomas stated that it had been 25 years since Congress had examined the tax-exempt benefits granted to 501(c)(3) tax-exempt hospitals and that this series of hearings afforded an opportunity to learn, “what is the tax payer getting in return for the tens of billions of dollars per year in tax subsidy.”<sup>[64]</sup> At the hearing, Representative Fortney Starks, the Ranking Member of the Subcommittee on Health of the House of Representatives Committee on Ways and Means, stated that in his opinion the biggest problem related to tax-exemption of 501(c)(3) tax-exempt hospitals was in “how we define charitable care. That has been before us for 30 years that I am aware of,

and it is elusive.”[64] Defining charitable care and what qualifies as charitable care continued to be identified as a problem by a number of sources over the next few years.

Mark Everson, Commissioner of the Internal Revenue Service, testified at the hearing with remarks that were very similar to those he delivered at the hearing held by the Senate Finance Committee on April 5, 2005. Commissioner Everson commented on a number of issues and opportunities the Internal Revenue Service was taking on as part of the Internal Revenue Service’s 2005–2009 Strategic Plan.[64] Just as he did at the Senate Finance Committee hearing, an important topic that Commissioner Everson commented on was the need to increase the financial transparency of tax-exempt organizations.[64]

Testifying at the hearing from the Government Accountability Office was David Walker, Comptroller General of the United States.[64] At the request of the House of Representatives Committee on Ways and Means, the Government Accountability Office undertook a study that examined levels of uncompensated care and other community benefits of 501(c)(3) tax-exempt hospitals, for-profit hospitals, and government hospitals in an effort to determine if the three groups of hospitals behaved differently from one another.[65] Financial data from hospitals located in five states was examined, the states included: California, Florida, Georgia, Indiana, and Texas.[65] According to Mr. Walker, “hospitals in these states included 46 percent of the Nation’s for-profit hospitals and more than a quarter of all hospitals in the three major ownership groups.”[64]

The Government Accountability Organization examined cost data in two ways and chose to include bad debt expense as part of uncompensated care costs[64, 65] The total amount of uncompensated care was tallied in each state and then analyzed to

determine what percentage of the total was provided by each of the three types of hospital groups.[65] Then the total amount of patient operating expenses was tallied within each state.[65] The total amount of uncompensated care was then divided by the total amount of patient operating expenses to develop a percent metric for each of the three hospital groups within each state.[65] This process attempted to standardize the way uncompensated care was conveyed in the report.

The report published by the Government Accountability Office as part of the hearing found variety in the types of community benefits reported by hospitals in the five states.[65] Due to the variety described, the Government Accountability Office was unable to make comparisons “between hospitals or across states.”[65] Among the five states, uncompensated care costs were reported to be highest as a percent of patient operating expenses at government hospitals.[65] In four of the five states, 501(c)(3) tax-exempt hospitals provided a higher percentage of uncompensated care costs than did for-profit hospitals, however the “difference was small.”[65] Additionally, within each of the three groups of hospitals, there was a concentrated cluster of a small number of hospitals that “accounted for substantially more of the uncompensated care burden than did others receiving the same tax preference.”[65] The report provided an example of 501(c)(3) tax-exempt hospitals located within the state of California stating, “the top quarter of hospitals, ranked by uncompensated care as a percentage of patient operating expenses, averaged 7.2 percent devoted to uncompensated care compared with an average of 1.4 percent for hospitals in the bottom quarter.”[65] These figures showed a substantial difference in the amount of uncompensated care cost percentage provided by hospitals that were earning the same type of benefits from tax-exemption.

A number of other individuals provided testimony or submissions for the record but the content provided by Commissioner Everson and Mr. Walker is the most relevant and substantive with respect to the purpose of this dissertation. Following the hearing, the House of Representatives Committee on Ways and Means continued to review topics related to tax-reform and the tax-exempt sector, however a continued focus on 501(c)(3) tax-exempt hospitals was not popular with all of the members of the committee. Committee member, Representative Charles Rangel, asked during the hearing why Chairman of the Committee, Representative Thomas, was “picking on hospitals” by focusing on their behavior rather than proceeding with tax reform in general.[64] This was the last 501(c)(3) tax-exempt hospital specific hearing that the House of Representatives Committee on Ways and Means held during this period. Nevertheless, the results of the study performed by the Government Accountability Office prompted a number of questions that could not be definitively answered due to a lack of data at the time.

#### **2.9.5 Representative Bill Thomas Announces Retirement March 6, 2006**

On March 6, 2006, Chairman of the House of Representatives Committee on Ways and Means, Representative Bill Thomas announced he was retiring from politics at the end of the year.[66] Representative Thomas, had led the House of Representatives Committee on Ways and Means hearing that examined the community benefit activities of hospitals in May 2005, the last hearing that the committee held on the subject. At his retirement announcement Representative Thomas indicated that with the nine months he

had remaining in office he was interested in pursuing “tax cuts, trade and pension restructuring.”[66] No mention was made of a desire to continue inquiries into the charitable activities of 501(c)(3) tax-exempt hospitals, ending the impetus for change sought by the Committee on Ways and Means.

#### **2.9.6 Internal Review Service Begins Hospital Compliance Project Study**

In May 2006, the Internal Revenue Service sent a nine page questionnaire, Internal Revenue Service Form 13790, titled *Compliance Check Questionnaire Tax-Exempt Hospitals*, to 544, 501(c)(3) tax-exempt hospitals requesting information related to their community benefit activities and executive compensation practices as part of a study titled *Hospital Compliance Project*.<sup>[67, 68]</sup> The Internal Revenue Service’s request for information and subsequent report was issued at the request of a “Senior Staff Advisor of the Senate Finance Committee.”<sup>[67]</sup> The questionnaire requested three types of information: general organizational information; “information to determine whether and how the tax-exempt hospital demonstrates its qualification for exemption”; and information related to executive compensation.<sup>[67]</sup> The Internal Revenue Service indicated that it was proceeding with the Hospital Compliance Project so that it could “assess how tax-exempt hospitals believe they provide a community benefit in exchange for tax-favored status.”<sup>[67]</sup> The Internal Revenue Service also indicated that responses to the questionnaire, Internal Revenue Service Form 13790, may determine whether new tax laws related to hospitals 501(c)(3) tax-exempt status were necessary.<sup>[67]</sup> An interim



report detailing responses to the community benefit questions was published in July 2007.[67] It is discussed in Section 2.9.14 of this document.

### **2.9.7 Senate Committee on Finance Hearing – September 13, 2006**

One September 12, 2006, a day before the Senate Committee on Finance’s scheduled hearing into 501(c)(3) tax-exempt hospitals, the United States Senate Committee on Finance published a press release titled *Grassley Releases Non-Profit Hospital Responses, Expresses Concern Over Shortfalls in Charity Care, Community Benefit*. [69] The press release referenced the request made by Senator Charles Grassley, Chairman of the Senate Committee on Finance, in a press release dated May 25, 2005.[69]

On May 25, 2005, Senator Grassley requested detailed information from ten “of the nation’s largest non-profit hospitals” related to their charitable activities in an effort to “review the non-profit sector in advance of legislation he will introduce to prevent abuse of the federal tax laws that created non-profit organizations.”[62] Senator Grassley stated that his inquiry would help to inform whether the benefits the ten hospitals provided to their communities justified their tax-exempt status.[62] In the September 12, 2006 press release, Senator Grassley stated that based on the information reported to him by the ten 501(c)(3) tax-exempt hospitals, it was “almost impossible to get an exact measurement of how much charity care and community benefit” was provided by each organization because 501(c)(3) tax-exempt hospitals “don’t have to report any kind of information about those activities to the IRS.”[69] Senator Grassley found that as such,

there were “no uniform standards or definitions for charity care and community benefit” which made comparing the information provided by each of the 501(c)(3) tax-exempt hospitals impossible.[69]

Senator Grassley found the responses to basic questions such as: “how charity care is valued, who is eligible for charity care, and what constitutes community benefit and how that’s measured” varied so widely that making comparisons between the 501(c)(3) tax-exempt hospitals that responded to the request, was analogous to “comparing apples to farm tractors.”[69] Senator Grassley indicated that a potential solution to the inability to compare the community benefit activities of 501(c)(3) tax-exempt hospitals was coming as the Internal Revenue Service was working to create a supplemental schedule to Internal Revenue Service Form 990.[69] The supplemental schedule would require 501(c)(3) tax-exempt hospitals to report information on charity care and community benefits provided during the fiscal year.[69] To realize this solution, he called on the Internal Revenue Service and 501(c)(3) tax-exempt hospitals to commit to using common reporting standards with respect to charity care and community benefit activities at 501(c)(3) tax-exempt hospitals throughout the United States.[69] A commitment to doing so would allow policy makers the opportunity to compare 501(c)(3) tax-exempt hospitals to one another and develop policy solutions to guide 501(c)(3) tax-exempt hospitals to behave in a manner consistent with legislators’ desires.

On September 13, 2006, the Senate Committee on Finance held a hearing titled *Taking the Pulse of Charitable Care and Community Benefits at Nonprofit Hospitals*. [70] Senator Charles Grassley, Chairman of the Committee on Finance, stated in his opening remarks that 501(c)(3) tax-exempt hospitals are provided with “tens of billions

of dollars each year in tax breaks” and that it was the responsibility of the committee to “examine these billions of dollars of tax breaks to understand what benefits they are providing to Americans.”[70] Senator Grassley reiterated a number of points that were included in his press release dated September 12, 2006, namely that the information provided to him by the ten 501(c)(3) tax-exempt hospitals lacked common definitions making it “very difficult to measure and compare” the community benefit activities at one hospital to another.[70] Senator Grassley stated that this made it “extremely difficult to make policy judgments.”[70]

At the September 13, 2006 hearing, testimony was given by a small group of individuals. This group of individuals included: a state attorney general; the Chairman and Chief Executive Officer of the Catholic Health Association of the United States, an industry trade group; Chair-Elect of the American Hospital Association, an industry trade group; a hospital chief executive officer; a university professor; and the director of a legal aid program.[70] Absent from the list of those testifying was a representative from the Internal Revenue Service, the agency charged with enforcing the Internal Revenue Code enacted by Congress. The Internal Revenue Service did not send a representative to testify at the hearing because they were not invited to testify.[70]

Overall, the industry representatives testified that many 501(c)(3) tax-exempt hospitals were providing enough community benefit to justify their tax-exemption.[70] The representative from the Catholic Health Association of the United States promoted the criteria her organization had developed for standardizing nomenclature, accounting, and reporting of community benefit activities.[70] Criteria that Senator Grassley, in his opening statement, commended and indicated would perhaps be sensible for all 501(c)(3)

tax-exempt hospitals to agree to use.[70] The Catholic Health Association of the United States has developed tools related to community benefit accounting and reporting for a number of years. Within the hospital industry they are viewed as leaders in this area. While their accomplishments in the area are noteworthy, the purpose of this dissertation is to analyze community benefit in the manner developed and implemented by the government.

The hearing provided little new evidence as to whether a problem existed in terms of the amount of community benefit activities provided by 501(c)(3) tax-exempt hospitals, but it did provide Senator Grassley the opportunity to promote potential policy intervention. As part of Senator Grassley's closing statement he indicated that he would be "directing the Finance Committee staff to develop a staff discussion paper that will provide the Finance Committee members proposals to consider in addressing the issues we've heard discussed today and in the written testimony." [70] A press release dated September 14, 2006 indicated Senator Grassley's desire to ensure that 501(c)(3) tax-exempt hospitals delivered "their fair share of care to the poor." [71] This press release served as notice that Senator Grassley was committed to policy reform related to the tax-exempt status of 501(c)(3) tax-exempt hospitals.

#### **2.9.8 Congressional Budget Office Report – December 6, 2006**

On December 6, 2006, the Congressional Budget Office published a report at the request of Representative Bill Thomas, Chairman of the House Committee on Ways and Means.[72] The report, titled, *Nonprofit Hospitals and the Provision of Community*

*Benefits* measured the amount of community benefits provided by 501(c)(3) tax-exempt, for-profit, and government hospitals located in five states.[72] The five states that were included in the report were: California, Florida, Georgia, Indiana, and Texas; the same five states included in the Government Accountability Office report published on May 26, 2005.[72] Data from the five states represented 1,057 hospitals.[72] The report provided information related to the community benefit activities of the hospitals, but did not provide policy recommendations.[72]

The Congressional Budget Office acknowledged that agreement on the types of services that should count as community benefit was lacking.[72] For the purpose of the report they elected to define community benefits as “the provision of uncompensated care, the provision of Medicaid-covered services, and the provision of certain specialized facilities or services (burn intensive care, emergency room care, high-level trauma care, and labor and delivery services).”[72] Just as in the Government Accountability Office report published on May 26, 2005, within this definition both charity care and bad debt were included as a measure of the provision of uncompensated care.[72] This was done even though the Congressional Budget Office acknowledged charity care was “more clearly a type of community benefit, whereas bad debt is not necessarily a community benefit.”[72]

With respect to the provision of uncompensated care, in general, the findings contained within the Congressional Budget Office report were identical to those contained within the Government Accountability Office report published roughly 18 months earlier. This was to be expected as the data used by the Congressional Budget Office was provided by the Government Accountability Office.[72] Overall, the

Congressional Budget Office reported that within the five states studied, 501(c)(3) tax-exempt hospitals “provided higher levels of uncompensated care than did otherwise similar for-profit hospitals” but within each subcategory of hospital type the amount of community benefit spending was concentrated within a small group of hospitals.[72] As in the Government Accountability Office report published May 26, 2005, this indicated that a small group of hospitals provided substantially more community benefit services, than other hospitals in the same subcategory.

In addition to the provision of uncompensated care, the Congressional Budget Office also examined the provision of Medicaid-covered services and the provision of specialized services. For these two measures only, the analysis included “all community hospitals nationwide for which data were available ( $N = 4,397$ ).”[72] The Congressional Budget Office reported that Medicaid shortfall, “the difference between the costs that hospitals incur as a result of providing services to Medicaid enrollees and Medicaid’s payments to hospitals for those services” was estimated at 5 percent, meaning that Medicaid payments “covered about 95 percent of the Medicaid-related costs that hospitals incur.”[72] Hospitals that treat a higher number of patients paying for services with Medicaid were found to be more likely to incur a higher Medicaid shortfall.[72]

The provision of Medicaid-covered services was measured as the number of “Medicaid-covered hospital inpatient days as a share of total hospital inpatient days, expressed as a percentage.”[72] The Congressional Budget Office found that for-profit hospitals provided a “statistically significant” higher amount of Medicaid-covered services than did 501(c)(3) tax-exempt hospitals included in the study.[72] The provision of specialized services was measured as “the fraction of hospitals of different ownership

types that provided” each of the four specialized services: burn intensive care, emergency room care, high-level trauma care, and labor and delivery services.[72] The Congressional Budget Office reported that these four services were selected because they were generally unprofitable services.[72] 501(c)(3) tax-exempt hospitals were found “to be significantly more likely than for-profit hospitals to provide each of the specialized services examined.”[72]

While the Congressional Budget Office’s report largely confirmed the findings contained within the Government Accountability Office’s report published May 26, 2005, it provided only a small amount of new information beyond what was already included in the Government Accountability Office’s report. The Congressional Budget Office reported two limitations related to the provision of uncompensated care in the report. This included: the use of bad debt as a portion of the measure of uncompensated care and that data related to the amount of uncompensated care provided was only available for hospitals located within the five states included in the report.[72] The Congressional Budget Office indicated that bad debt was “not necessarily a community benefit” even though within the study it was being counted as one.[72] Additionally, the Congressional Budget Office acknowledged that hospitals located within the five states included in the study were “not necessarily representative of all hospitals nationwide” which limited generalizations of the data.[72]

### **2.9.9 109<sup>th</sup> Congress, 2<sup>nd</sup> Session, House of Representatives Bill 6420**

On December 8, 2006, Representative Bill Thomas proposed legislation to amend the conditions a 501(c)(3) tax-exempt hospitals must meet in order to receive tax-exemption when he introduced House of Representatives Bill 6420, titled *Tax Exempt Hospitals Responsibility Act of 2006*.<sup>[73]</sup> House of Representatives Bill 6420 proposed to amend the Internal Revenue Code to: 1. “deny a tax exemption to medical care providers...that fail to adopt and carry out policies for providing medically necessary care to low-income individuals without health insurance;”<sup>[74]</sup> 2. “deny a tax deduction for contributions to such providers;”<sup>[74]</sup> and 3. “impose excise tax penalties on such medical care providers for failing to provide medically necessary care to low-income uninsured individuals, for overcharging for such care, and for failing to make certain disclosures to patients and the public relating to medical care and pricing.”<sup>[74]</sup> House of Representatives Bill 6420 was introduced on the final day of the 2<sup>nd</sup> Session of the 109<sup>th</sup> Congress, Representative Thomas’ last day in office. It was referred to the House of Representatives Committee on Ways and Means where it never progressed out of committee.<sup>[74]</sup>

### **2.9.10 Senator Grassley Loses Chairmanship**

Following the election cycle preceding the 110<sup>th</sup> Congress, Senator Charles Grassley lost his Chairmanship of the Senate Committee on Finance.<sup>[75]</sup> The act of losing the Chairmanship limited his ability to set the policy of the Senate Committee on



Finance. Senator Grassley remained a member of the committee following the loss of his Chairmanship and is still a member of the committee today.[76]

#### **2.9.11 Senator Grassley Requests Report From Government Accountability Office**

In a letter dated April 5, 2007, Senator Charles Grassley, member of the Senate Committee on Finance, requested that the Government Accountability Office prepare a report on “uncompensated care and other community benefits provided by nonprofit hospitals.”[77] Senator Grassley indicated that he was concerned with whether 501(c)(3) tax-exempt hospitals were earning their tax-exempt status by providing sufficient community benefit.[77] Part of Senator Grassley’s concern was that 501(c)(3) tax-exempt hospitals had the ability to decide what categories of patients were eligible for uncompensated care programs and whether to include bad debt as a part of reported uncompensated care.[77] Senator Grassley noted that these issues “may contribute to inconsistent reporting of charity care to external parties.”[77] He requested that the Government Accountability Office provide a report that examined: state and industry established standards related to community benefit; how 501(c)(3) tax-exempt hospitals define items such as uncompensated care, charity care, and bad debt; and how 501(c)(3) tax-exempt hospitals measure and report community benefits.[78] The Government Accountability Office report was released in September, 2008 and is discussed in Section 2.9.16 of this document.

### **2.9.12 Internal Revenue Service Releases Draft Form 990**

On June 14, 2007, the Internal Revenue Service released for discussion and comment, a draft version of Internal Revenue Service Form 990.[79] Internal Revenue Service Form 990 titled, *Return of Organization Exempt from Income Tax*, requires tax-exempt organizations to provide information about the economic events that took place during the fiscal year. The Internal Revenue Service stated that Internal Revenue Service Form 990 serves as the “primary tax compliance tool for tax-exempt organizations.”[80] The changes made to Internal Revenue Service Form 990 represented its largest redesign in nearly 30 years.[80]

Internal Revenue Service Form 990 last underwent a thorough redesign in 1979 and since then it had been revised only “on a piecemeal basis.”[80] The draft Internal Revenue Service Form 990 was developed based on three principles: enhanced transparency, promotion of compliance, and minimization of burden for filing organizations.[81] The draft Internal Revenue Service Form 990 included a ten page form that was required for all tax-exempt organizations that filed Internal Revenue Service Form 990 and an additional fifteen optional schedules that were only required to be completed if they were relevant to the activities of the individual organization.[81] A specific schedule, Internal Revenue Service Form 990 Schedule H titled, *Hospitals*, was included to request information about community benefit activities at 501(c)(3) tax-exempt hospitals.[81] Internal Revenue Service Form 990 Schedule H was modeled after the community benefit reporting format developed by the Catholic Health Association that was praised by Senator Charles Grassley during the September 13, 2006 Senate

Committee on Finance hearing.[80] Internal Revenue Service Form 990 and Schedule H are discussed in more detail in Section 2.10 of this document.

### **2.9.13 Senate Committee on Finance Staff Release Discussion Draft of Potential Legislation – July 18, 2007**

During Senator Charles Grassley’s closing statement at the Senate Committee on Finance’s hearing on September 13, 2006, he indicated that he would be “directing the Finance Committee staff to develop a staff discussion paper that will provide the Finance Committee members proposals to consider” to deal with the issues of community benefit and whether 501(c)(3) tax-exempt hospitals are earning their tax-exempt status.[70] On July 18, 2007, the Senate Committee on Finance minority staff released a document titled, *Tax-Exempt Hospitals: Discussion Draft*. [82] The Senate Committee on Finance minority staff indicated concern over whether 501(c)(3) tax-exempt hospitals provided enough community benefit to justify their tax-exempt status.[82] The minority staff cited the Congressional Budget Office report of December 6, 2006, when reporting that 501(c)(3) tax-exempt hospitals provided, on average, 4.7 percent of total hospital operating costs as uncompensated care, while acknowledging, “many nonprofit hospitals” provide less than 3 percent.[82] The minority staff stated that this indicated that some 501(c)(3) tax-exempt hospitals were “helping pull the wagon” while “far too many nonprofit hospitals are sitting in the wagon.”[82]

The minority staff put forth a number of recommendations in the discussion draft. Most notably was a “requirement that each hospital maintain and publicize a charity care

program and provide minimum amounts of charity care measured as a percentage of that hospital's total operating expenses.”[33] Other requirements included: “govern all joint ventures with non–Section 501(c)(3) hospitals according to these Section 501(c)(3) standards; regularly conduct a community needs assessment; follow a specified formula for determining charges for uninsured or underinsured patients; meet detailed specifications for the make-up of the board of directors; and file annual reports in specified areas.”[37] The minority staff recommended a 501(c)(3) tax-exempt hospital must provide a minimum of five percent “of its annual patient operating expenses or revenues to charity care, whichever is greater” to remain eligible for tax-exempt status.[82] The minority staff also recommended defining charity care, the discount rate that should be applied to the value of charity care, and excluding bad debt from the measure of charity care.[82]

#### **2.9.14 Internal Revenue Service Releases Hospital Compliance Project Interim Report – July 19, 2007**

On July 19, 2007, the Internal Revenue Service released the interim report of their Hospital Compliance Project that began in May 2006.[83] To collect data for the project, the Internal Revenue Service sent a nine page questionnaire, Internal Revenue Service Form 13790, titled *Compliance Check Questionnaire Tax-Exempt Hospitals* to 544, 501(c)(3) tax-exempt hospitals requesting information related to their community benefit activities and executive compensation practices.[67] The interim report summarized information reported by 487, 501(c)(3) tax-exempt hospitals.[84] Trends reported by the

Internal Revenue Service included reporting of “similar information in different ways” and widely varied levels of community benefit spending by individual 501(c)(3) tax-exempt hospitals.[85] The Internal Revenue Service purposefully did not define uncompensated care for the hospitals queried because it wanted to know how 501(c)(3) tax-exempt hospitals defined the measure; significant variation was found in the way the measure was defined.[85] For example, variation existed at 501(c)(3) tax-exempt hospitals over eligibility criteria necessary to qualify for uncompensated care, whether they included bad debt, whether they included Medicare and Medicaid shortfalls, and whether they used charges or costs to measure the value of services provided.[85]

For the 487, 501(c)(3) tax-exempt hospitals that responded, the Hospital Compliance Project interim report stated mean community benefit spending was found to be 9 percent of total revenues while median spending was 5 percent.[85] The interim report found that 21.6 percent of the 501(c)(3) tax-exempt hospitals that responded to the questionnaire reported community benefit spending to be at a rate of less than 2 percent of total revenues.[84] The Internal Revenue Service reported these figures with the caveat that individual hospitals definitions of uncompensated care “resulted in the inclusion of some items that might not constitute community benefit.”[85] The Internal Revenue Service also reported that measuring community benefit spending as a percentage of total expenses could provide a better picture of the amount of community benefit provided.[85] The Internal Revenue Service stated that the lack of consistency in definitions and measurements limited “the usefulness of some of the reported data.”[85]

Senator Charles Grassley, whose staff released a discussion draft of potential reforms a day earlier, stated “the report makes clear that we need to change business as

usual at many of our nation's nonprofit hospitals.”[86] Acknowledging the Internal Revenue Service's contention that the amount of community benefit spending, self-reported by 501(c)(3) tax-exempt hospitals, was most certainly higher than what would have been reported if standardized definitions had been used when the data was requested, Senator Grassley stated “it's troubling that even the overly broad figures paint a bad picture of a significant number of nonprofit hospitals doing very little charity care.”[86] Senator Grassley finished his remarks by stating, “we need common terms and measurements so taxpayers can have confidence that nonprofit hospitals are providing benefits commensurate with the billions of dollars in tax breaks they receive every year.”[86] The interim report cited the draft Internal Revenue Service Form 990 and Schedule H published on June 14, 2007, proposed to be used by 501(c)(3) tax-exempt hospitals, as a means for obtaining more accurate and reliable data, the type that Senator Grassley stated was necessary.[85]

### **2.9.15 Internal Revenue Service Finalizes Form 990 Changes**

The Internal Revenue Service announced on December 20, 2007, that following a public comment period it had finalized changes to Internal Revenue Service Form 990.[87] Internal Revenue Service Form 990 titled, *Return of Organization Exempt from Income Tax*, requires tax-exempt organizations to provide information about the economic events that took place throughout the fiscal year. Internal Revenue Service Form 990 last underwent a thorough redesign in 1979, since then it had been revised only

“on a piecemeal basis.”[80] The finalized Internal Revenue Service Form 990 included “a core form and a series of schedules.”[87]

Tax-exempt organizations were required to begin using the finalized Internal Revenue Service Form 990 to report fiscal year 2008 returns.[87] The Internal Revenue Service partially delayed the requirement that 501(c)(3) tax-exempt hospitals file Internal Revenue Service Form 990 Schedule H titled, *Hospitals*, by requiring only certain identification information be reported for fiscal year 2008 returns.[87] The press release stated that 501(c)(3) tax-exempt hospitals would be required to complete Internal Revenue Service Form 990 Schedule H in its entirety for fiscal year 2009 returns and beyond.[87] 501(c)(3) tax-exempt hospitals that share a single employer identification number with one or more additional hospitals will only be required to file one Schedule H for all of the 501(c)(3) tax-exempt hospitals utilizing the same employer identification number.[35] An employer identification number is assigned by the Internal Revenue Service and is “used to identify the tax accounts of employers.”[88] Internal Revenue Service Form 990 and Schedule H will be discussed in more detail in Section 2.10 of this document.

#### **2.9.16 Government Accountability Office Publishes Report – September 12, 2008**

On September 12, 2008, the Government Accountability Office released the results of its study conducted at the request of Senator Charles Grassley, member of the Senate Committee on Finance.[89] The Government Accountability Office stated that “previous studies indicated that nonprofit hospitals may not be defining community

benefit in a consistent and transparent manner that would enable policy makers to hold them accountable for providing benefits commensurate with their tax-exempt status.”[89]

In a letter dated April 5, 2007, Senator Grassley requested that the Government Accountability Office provide a report that examined: state and industry established standards related to community benefit; how 501(c)(3) tax-exempt hospitals define items such as uncompensated care, charity care, and bad debt; and how 501(c)(3) tax-exempt hospitals measure and report community benefits .[78]

The Government Accountability Office report found that state community benefit requirements varied significantly.[89] Current state requirements will be discussed in more detail in Section 2.11 of this document. The report stated that among 501(c)(3) tax-exempt hospitals reviewed, agreement existed to include in the definition of community benefit the following items: charity care, the unreimbursed cost of Medicaid, and other types of activities that benefited the community.[89] Agreement did not exist to include bad debt or the unreimbursed cost of Medicare as community benefit.[89] The Government Accountability Office report also found variation in the way that 501(c)(3) tax-exempt hospitals measured the costs associated with providing community benefits.[89] Variation existed as to whether 501(c)(3) tax-exempt hospitals included offsetting revenue from uncompensated care pools, payments from the Medicaid Disproportionate Share Hospital program, and how to differentiate between bad debt and charity care, among other variation.[89]

The Government Accountability Office indicated that the Internal Revenue Service’s requirement that 501(c)(3) tax-exempt hospitals file Internal Revenue Service Form 990 and Schedule H, a yearly report on the community benefit activities performed



during the fiscal year, was “an encouraging prospect” and that it “should be helpful in standardizing reporting on community benefit activities and informing public policy on the community benefit standard.”[89] In response to the report, Senator Grassley stated “this report makes clear that tax-exempt hospitals are free to define community benefits as they see fit.”[90] Senator Grassley stated that he believed the community benefit standard was “weak and that the IRS needs a bright line test” to judge whether 501(c)(3) tax-exempt hospitals are providing enough community benefit to justify their tax-exemption.[90] Establishment of a bright line test could involve setting a minimum spending threshold against which 501(c)(3) tax-exempt hospitals could be held accountable for meeting. Senator Grassley also stated that the redesigned Internal Revenue Service Form 990 would help to provide clarity and consistency in measuring the community benefit activities at 501(c)(3) tax-exempt hospitals.[90]

#### **2.9.17 Internal Revenue Service Releases Hospital Compliance Project – Final Report – February 12, 2009**

The Internal Revenue Service released the final report of their Hospital Compliance Project on February 12, 2009.[20] The project began in May 2006, when the Internal Revenue Service sent a nine page questionnaire, Internal Revenue Service Form 13790 titled *Compliance Check Questionnaire Tax-Exempt Hospitals* to 544, 501(c)(3) tax-exempt hospitals requesting information related to their community benefit activities and executive compensation practices.[67] On July 19, 2007, the Internal Revenue Service released the interim report of the Hospital Compliance Project.[83] In the

Hospital Compliance Project interim report, the Internal Revenue Service focused on reporting summarized community benefit data, leaving more in depth analysis of the community benefit data and all of the executive compensation data for the final report.[20] As it is outside the focus of this dissertation, discussion related to the executive compensation data will be omitted.

With respect to the community benefit data included in the final report, it is important to note that the questionnaire used to obtain the data included in both the interim and final reports did not stipulate what activities could be counted as community benefit or how to assign a cost to the activities, among other undefined items.[91] As such, variation among the respondent hospitals existed in terms of what activities 501(c)(3) tax-exempt hospitals included in their measures of community benefit, whether those activities were reported at the cost to the organization or the amount regularly charged for the service provided, and whether bad debt was included, among other variation.[91] Limitations of the final report were stated as follows: the majority of the information reported was not independently verified; the reported data is from one fiscal year and “may not be representative of results for a different tax year or on an ongoing basis”; and the hospitals included in the study “may not be representative of the sector at large.”[20] The Internal Revenue Service stated that use of the redesigned Internal Revenue Service Form 990 and the new Schedule H should lead to reductions in the variation of community benefit activities reported by 501(c)(3) tax-exempt hospitals.[20]

The final report found that on average 501(c)(3) tax-exempt hospitals spent 9 percent of total revenue on community benefit spending, while the median amount was 6 percent.[91] This varied only slightly from the interim report which stated the median

amount was 5 percent.[85] Both the interim and final reports stated that community benefit spending was concentrated in a small group of 501(c)(3) tax-exempt hospitals.[20] 9 percent of respondent hospitals were responsible for 60 percent of the aggregate community benefit spending.[92] 47 percent of respondent hospitals reported community benefit spending of less than 5 percent of total revenues while 21 percent of respondent hospitals reported community benefit spending of less than 2 percent of total revenues.[20]

In response to suggested policies that would require 501(c)(3) tax-exempt hospitals to provide, for example, 3 percent of revenues as uncompensated care or 5 percent of revenue as aggregate community benefit spending, the Internal Revenue Service stated that “a significant percentage of the hospitals in the study reported uncompensated care and aggregate community benefit expenditures that were below various ‘percentage of revenues’ levels.”[20] The final report stated that this was due to the concentration of community benefit spending in the small group of 501(c)(3) tax-exempt hospitals that raised the average amount of expenditures.[20] 501(c)(3) tax-exempt hospitals reported excess revenues, known as profit in a for-profit hospital, of 5 percent, however, 21 percent all 501(c)(3) tax-exempt hospitals included in the survey reported a financial loss for the fiscal year.[91] The Internal Revenue Service stated that this information was important to understand the impact “attempts to modify the present standard could have.”[91]

The Internal Revenue Service’s Hospital Compliance Project was issued at the request of a “Senior Staff Advisor of the Senate Finance Committee.”[67] Senator Charles Grassley, member of the Senate Committee on Finance, issued a statement on

February 12, 2009, following the final report's publication.[93] Senator Grassley stated that he was "disappointed that the IRS didn't provide guidance to the hospitals on how to define community benefit and uncompensated care, so the numbers are likely to be overstated." [93] Senator Grassley also stated that he believed "the Treasury Department could do a lot of good" by altering the requirement for tax-exemption away from the community benefit standard, back to the charity care standard.[93] Suggesting that Congressional intervention could occur, Senator Grassley stated "if it looks like that can't get done, then Congress will have to step in." [93]

#### **2.9.18 President Obama Pushes Health Reform Agenda**

During the 2008 quadrennial United States Presidential election, voters placed health reform high on the list of issues most important to them.[94] Preceding the election, Congress began examining many elements of health care. For example, between May and October 2008, the Senate Committee on Finance held ten hearings related to health reform.[95] Following his election to office, President Barack Obama continued to push the health reform agenda. On February 24, 2009, President Obama spoke in his first address to a joint session of Congress.[96] During the address, President Obama stated that through his budget, he was making a "historic commitment to comprehensive health care reform." [97] President Obama summarized his intentions for health care reform stating, "let there be no doubt: health care reform cannot wait, it must not wait, and it will not wait another year." [97] With President Obama's budget in the hands of members of congress and his call for health reform made public,

Congressional inquiries into the community benefit activities of 501(c)(3) tax-exempt hospitals became a lower priority and most impetus for change was lost.

### **2.9.19 Patient Protection and Affordable Care Act**

On March 23, 2010, President Barack Obama signed into law House of Representative Bill 3590, titled *Patient Protection and Affordable Care Act*.<sup>[98]</sup> The Patient Protection and Affordable Care Act added new requirements that 501(c)(3) tax-exempt hospitals must meet to maintain tax-exempt status. Section 9007 of the Patient Protection and Affordable Care Act added section 501(r) to the Internal Revenue Code.<sup>[99]</sup> Internal Revenue Code Section 501(r) added four requirements to the existing community benefit standard that 501(c)(3) tax-exempt hospitals must meet.<sup>[6]</sup> Section 501(r) required that each 501(c)(3) tax-exempt hospital must: perform a community health needs assessment once every three fiscal years; establish and promote a financial assistance policy; limit financial charges to individuals without health insurance; and not undertake excessive collection activities for debts owed by patients.<sup>[6]</sup>

Today the requirements that a hospital must meet to be eligible for tax-exemption under Internal Revenue Code Section 501(c)(3) are a combination of those contained within Internal Revenue Service Revenue Ruling 56–185, Internal Revenue Service Revenue Ruling 69–545, Internal Revenue Service Revenue Ruling 83–157, and Internal Revenue Code Section 501(r). A hospital seeking tax-exemption under Internal Revenue Code Section 501(c)(3) must offer evidence that it provides “benefits to the community by promoting the health of a broad class of persons.”<sup>[35]</sup> Evidence could include that the

hospital operates an open and accessible emergency room regardless of a patient's ability to pay, but it is not a necessary component for tax-exemption under Internal Revenue Code Section 501(c)(3).[36] Other factors that could show the hospital is "operating exclusively to benefit the community" include: "a board of directors drawn from the community; an open medical staff policy; treatment of persons paying their bills with the aid of public programs like Medicare and Medicaid; and the application of any surplus to improving facilities, equipment, patient care, and medical training, education, and research." [41] These elements, while not determinative, form the basis for evaluating whether a hospital "provides benefits to the community by promoting the health of a broad class of persons" and should therefore be eligible to receive tax-exemption.[35] In addition a hospital must: perform a community health needs assessment once every three fiscal years; establish and promote a financial assistance policy; limit financial charges to individuals without health insurance; and not undertake excessive collection activities for debts owed by patients.[6] There is no federally defined dollar amount or percent of revenue or expenses that a 501(c)(3) tax-exempt hospital must provide to receive tax-exempt status. While each of these new requirements is important, the focus of this dissertation is on the provision of expenditures associated with community benefit activities provided by 501(c)(3) tax-exempt hospitals.

## **2.10 Internal Revenue Service Form 990**

Since 1941, the Internal Revenue Service has required most tax-exempt organizations, not just 501(c)(3) tax-exempt hospitals, to file Internal Revenue Service

Form 990 on a yearly basis.[18] Internal Revenue Service Form 990 titled, *Return of Organization Exempt from Income Tax*, requires tax-exempt organizations to provide information about the economic events that took place during the fiscal year, including disclosure of revenues and expenses. The Internal Revenue Service has stated that Internal Revenue Service Form 990 serves “as the primary tax compliance tool for tax-exempt organizations.”[80] Internal Revenue Service Form 990 serves as a public document, open to inspection by anyone in the community who requests to do so.[80] As such, the Internal Revenue Service has called Internal Revenue Service Form 990 “the key transparency tool relied on by the public, state regulators, the media, researchers, and policymakers to obtain information about the tax-exempt sector and individual organizations.”[80]

On December 20, 2007, following a public comment period, the Internal Revenue Service announced that it had finalized changes to redesign Internal Revenue Service Form 990.[87] The revision represented the first substantial redesign of Internal Revenue Service Form 990 since 1979.[80] The redesign of Internal Revenue Service Form 990 came after several years of Congressional inquiry into tax-exempt organizations, including 501(c)(3) tax-exempt hospitals. Internal Revenue Service Form 990 was also redesigned to help answer public questions regarding whether 501(c)(3) tax-exempt hospitals were providing sufficient community benefits in exchange for tax-exempt status.[100] The Internal Revenue Service stated that the redesigned Internal Revenue Service Form 990 was based on three principles: enhancing transparency; promoting compliance; and minimizing the burden on filing organizations.[80] A copy of the fiscal year 2009 Form 990 is included in Appendix A.

Until fiscal year 2009, “hospitals were not required to document the community benefit activities they engaged in to maintain their federal tax-exempt status.”[19] Steven Miller, Commissioner of the Tax Exempt and Government Entities Division of the Internal Revenue Service, stated that before fiscal year 2009, “the determination and measurement of community benefit was, as a practical matter, largely a matter of discretion. Every hospital had its own way of measuring community benefit – its own view of what counted and how to report it.”[21] Since fiscal year 2009, in addition to the core Internal Revenue Service Form 990, the Internal Revenue Service has required 501(c)(3) tax-exempt hospitals to file a new supplementary information schedule, Internal Revenue Service Form 990 Schedule H, titled *Hospitals*. Internal Revenue Service Form 990 Schedule H was created to “provide uniformity regarding the types and amounts of programs and expenditures reported as community benefit by nonprofit hospitals.” [20] It was developed to do so by “providing clear standards regarding the types of programs and expenditures the filing organization is to report as community benefit” and explaining “how to measure community benefit expenditures.”[20]

Internal Revenue Service Form 990 Schedule H requires 501(c)(3) tax-exempt hospitals to submit information related to their charitable activities performed during the fiscal year.[19] Internal Revenue Service Form 990 Schedule H provides “standardized categories of allowed community benefit activities.”[19] These categories require 501(c)(3) tax-exempt hospitals to report as community benefit expenses only the expenditures from activities that can be classified within the categories identified on Internal Revenue Service Form 990 Schedule H and to report their value as the cost to the organization, not the amount regularly charged to a patient.[20] These requirements



allow the Internal Revenue Service, government leaders, and the public to compare one hospital to another when evaluating the amount of community benefit provided.[21]

The fiscal year 2009 Internal Revenue Service Form 990 Schedule H identified community benefit activities as those included in the categories titled charity care and means-tested government programs and other benefits.[101] The category of charity care and means-tested government programs included the following titles of subcategories: charity care at cost; unreimbursed Medicaid; and unreimbursed costs – other means-tested government programs.[101] The subcategories identified as other benefits included the following titles: community health improvement services and community benefit operations; health professions education; subsidized health services; research; and cash and in-kind contributions to community groups.[101]

The total amounts reported from the categories of charity care and means-tested government programs and other benefits are added together to form a category titled charity care and certain other community benefits at cost.[101] This category represents the amount spent on activities the Internal Revenue Service recognizes as community benefit. Definitions for the activities that generate expenses in each of these subcategories have been defined by the literature; Singh cited definitions used by Bakken and Kindig:

Figure 2.1

*Literature Established Definitions of the Subcategories of Community Benefit Reported on Internal Revenue Service Form 990 Schedule H [19]*

Community Benefit Activity	Definition
1. Financial assistance at cost (charity care)	Cost of care provided to charity patients
2. Unreimbursed Medicaid and other means-tested government programs	Net cost of providing care to patients covered under Medicaid and other means-tested government programs
3. Subsidized health services	Clinical inpatient and outpatient services provided by the hospital despite a financial loss, which otherwise would be undersupplied to the community
4. Community health improvement services	Activities or programs subsidized by the organization for the express purpose of community health improvement, documented by a community health needs assessment
5. Health professional education	Net cost associated with educating certified health professionals
6. Research	Cost of internally funded research as well as the cost of research funded by a tax-exempt or government entity
7. Cash and in-kind contributions	Contributions to community benefit activities made by the organization to community groups

Source: Bakken and Kindig, from "Is Hospital 'Community Benefit' Charity Care?" *Wisconsin Medical Journal*, 11(5): 215–219 (2012).

The fiscal year 2009 Internal Revenue Service Form 990 Schedule H requested information on expenditures reported in a category titled community building activities. The expenditures reported in the subcategories that constitute community benefit activities were not counted as community benefit. The subcategories of expense to be reported in the community building activities category were titled: physical improvements and housing; economic development; community support; environmental improvements; leadership development and training for community members; coalition building; community health improvement advocacy; workforce development; and other. Although definitions for these categories have not been elucidated in the literature, the activities that should be counted in each category are indicated in the instructions for Internal Revenue Service Form 990 Schedule H. The author has provided an adaptation of the instructions to indicate the expenditures that could be reported in each subcategory:

Table 2.2

*Adaptation of the Instructions For Community Building Activities That Accompany Internal Revenue Service Form 990 Schedule H*

<b>Community Building Activities</b>	
<b>Physical Improvements and Housing</b>	Can include providing or improving the housing of vulnerable populations, among others measures.
<b>Economic Development</b>	Can include assisting small business development in neighborhoods with vulnerable populations or creating new employment opportunities in areas with high rates of joblessness, among other measures.
<b>Community Support</b>	Can include providing child care and mentoring programs, violence prevention programs, disaster readiness and public health emergency activities, such as community disease surveillance, among other measures.
<b>Environmental Improvements</b>	Can include, addressing environmental hazards that affect community health, removal of garbage or other waste products, and other activities to protect the community from environmental hazards, among other measures.
<b>Leadership Development and Training for Community Members</b>	Can include providing training in conflict resolution; civic, cultural, or language skills; and medical interpreter skills for community residents, among other measures.
<b>Coalition Building</b>	Can include, participating in community coalitions and other collaborative efforts with the community to address health and safety issues, among other measures.
<b>Community Health Improvement Advocacy</b>	Can include, efforts to support policies and programs to safeguard or improve public health, access to health care services, housing, the environment, and transportation, among other measures.
<b>Workforce Development</b>	Can include, recruitment of physicians and other health professionals to medical shortage areas and collaboration with educational institutions to train and recruit health professionals needed in the community, among other measures.
<b>Other</b>	Refers to community building activities that protect or improve the community's health or safety that are not described in the categories above.

Two additional categories of interest, bad debt expense (at cost) and Medicare surplus or shortfall are also required to be reported.[101] As with the categories of community building activities, the literature does not elucidate definitions of the activities that should be counted in each category; again however, the instructions for Internal Revenue Service Form 990 Schedule H provide an indication of how the activities should be reported in each category. The author has provided an adaptation of the instructions to indicate how the expenditures are to be reported in each category:

Table 2.3

*Adaptation of the Instructions For Bad Debt Expense (At Cost) and Medicare Surplus (Or Shortfall) That Accompany Internal Revenue Service Form 990 Schedule H*

<b>Bad Debt Expense (At Cost)</b>	
<b>Bad Debt Expense (At Cost)</b>	Use the most accurate system and methodology available to the organization to report bad debt expense at cost.
<b>Medicare Surplus (Or Shortfall)</b>	
<b>Medicare Surplus (Or Shortfall)</b>	Aggregate allowable costs to provide services reimbursed by Medicare less aggregate Medicare reimbursements attributable to such costs.

The requirement that 501(c)(3) tax-exempt hospitals report expenditures in defined categories marked the first time that the Internal Revenue Service had specified which activities should be counted as community benefit.

Tax-exempt organizations were required to begin using the redesigned Internal Revenue Service Form 990 to report fiscal year 2008 returns; however, for fiscal year 2008 filings only, 501(c)(3) tax-exempt hospitals were required to submit only certain identification information on Internal Revenue Service Form 990 Schedule H.[87] 501(c)(3) tax-exempt hospitals were required to complete Internal Revenue Service Form 990 Schedule H in its entirety for fiscal year 2009 returns and beyond.[87] Any 501(c)(3) tax-exempt hospital that fails to file Internal Revenue Service Form 990 and Schedule H faces possible revocation of their tax-exempt status.[102] 501(c)(3) tax-exempt hospitals that share a single employer identification number with one or more hospitals are only required to file one Schedule H for all of the 501(c)(3) tax-exempt hospitals utilizing the same employer identification number.[35] An employer identification number is assigned by the Internal Revenue Service and is “used to identify the tax accounts of employers.”[88] In an ideal research scenario every 501(c)(3) tax-exempt hospital would be required to report community benefit information as an individual hospital, however the Internal Revenue Service did not decide to require 501(c)(3) tax-exempt hospitals to report in this manner.

The information reported on fiscal year 2009 Internal Revenue Service Form 990 and Schedule H forms was studied in a 2013 article published in the New England Journal of Medicine titled, *Provision of Community Benefits by Tax-Exempt U.S. Hospitals*. [25] In the supplementary appendix to the article, the authors noted that they

found “evidence supporting the general validity” of the Schedule H form.[103]

Moreover, all information reported on Internal Revenue Service Form 990 and all of the supplementary schedules that accompany the form, is open to audit by the Internal Revenue Service, providing inherent motivation for respondents to provide accurate information.

## **2.11 Current State Level Community Benefit Requirements**

The Hilltop Institute at the University of Maryland-Baltimore County maintains a website that lists the state level community benefit requirements necessary for hospitals to receive tax-exemption in each of the 50 states.[104] The website provides information regarding the requirements and a link to a profile of each state that identifies where in state law the requirement is listed. The information available on the website includes whether the state requires a minimum amount of community benefit be provided by a hospital in order to receive tax-exempt status at the state level and whether a hospital must report information to a state agency, among a number of other categories.[104] The website also reports whether each state provides an income tax, property tax, or sales tax exemption for hospitals that meet the state level criteria necessary to be eligible for such an exemption.[104]

According to the information reported on The Hilltop Institute’s website, 5 states require hospitals to provide a minimum amount of community benefit spending, 28 states require community benefit reporting, 11 states require hospitals to perform a community health needs assessment and create a community benefits plan/implementation strategy,

20 states require hospitals to have a financial assistance policy, 24 states require that a financial assistance policy be disseminated to patients, and 23 states place limitations on charges, billing, and collections.[104] 44 states provide an income tax exemption, while 5 of the remaining 6 states do not collect income taxes.[104] All 50 states provide a property tax exemption.[104] 37 states provide a sales tax exemption, while 6 of the remaining 13 states do not collect sales tax.[104]

According to the The Hilltop Institute's website, the five states that currently require hospitals to provide a minimum amount of community benefit spending to be eligible for tax-exemption at the state level are: Illinois, Nevada, Pennsylvania, Texas, and Utah.[104] Illinois requires "nonprofit hospitals seeking property tax exemption provide charity care or other specified services or activities at levels at least equivalent to what the hospital otherwise would be required to pay in property taxes." [105] Nevada requires "nonprofit and for-profit hospitals that have at least 100 beds and are located in a county that has at least 2 licensed hospitals annually provide care for indigent inpatients in an amount that represents at least 0.6 percent of the hospital's net revenue for the preceding fiscal year." [106] Failure to provide at least this amount will result in deductions from "payments otherwise owed to the hospital." [106] Pennsylvania "permits most nonprofit hospitals to choose from among seven alternative community benefit standards in order to qualify as tax-exempt." [107] Six of the seven standards "specify a minimum level of community benefits." [107] In order to qualify for tax-exemption, Texas requires that nonprofit hospitals "provide community benefits in accordance with one of four alternative community benefit standards," three of which "specify a minimum level of community benefits that a hospital must provide." [108] In order to qualify for a

property tax exemption, Utah “requires a nonprofit hospital to contribute annual ‘gifts to the community’ (community benefits) in an amount exceeding the value of its annual property tax liability in the absence of the exemption.”[109]

According to The Hilltop Institute, the state of Kentucky “does not expressly require nonprofit hospitals to provide community benefits.”[110] The institute identified areas of Kentucky law that allow for state level income, property, and sales tax-exemptions for 501(c)(3) tax-exempt hospitals.[110] Title XI of Kentucky Revised Statute, Chapter 141.040, titled *Corporation income tax – Exemption – Rate*, states that “corporations or other entities exempt under Section 501 of the Internal Revenue Code” are exempt from the payment of income taxes at the state level.[111] With respect to property tax exemption, Section 170 of the Kentucky Constitution, titled *Property exempt from taxation – Cities may exempt factories for five years* states “there shall be exempt from taxation...institutions of purely public charity.”[112] With respect to sales tax exemption, Title XI of Kentucky Revised Statute, Chapter 139.495 titled *Application of taxes to resident nonprofit institutions* states for organizations that qualify as tax-exempt under Internal Revenue Code Section 501(c)(3), “tax does not apply to sales of tangible personal property, digital property, or services to such institutions provided the tangible personal property, digital property, or service is to be used solely within the educational, charitable, or religious function.”[113] In addition to these tax-exemptions afforded hospitals, the state of Kentucky does not require hospitals to provide a minimum amount of community benefit, perform a community health needs assessment, create a community benefits plan/implementation strategy, establish a financial assistance policy,

require that a financial assistance policy be disseminated to patients, or place limitations on charges, billing, and collections.[104]

## **2.12 Recap of Studies Published Since the Introduction of Form 990 Schedule H**

Prior to the introduction of Internal Revenue Service Form 990 Schedule H, reporting of community benefit expenditures was not required at a federal level. Some states required 501(c)(3) tax-exempt hospitals to file informational reports with state agencies in exchange for exemption from state tax, but often discretion of what activities counted as a community benefit and how to measure those activities was left up to the 501(c)(3) tax-exempt hospitals. Without formalized reporting standards the utility associated with comparing one hospital to another was limited. Since fiscal year 2009, when the requirement that 501(c)(3) tax-exempt hospitals had to file Internal Revenue Service Form 990 Schedule H on a yearly basis and adhere to the reporting methodology indicated in the form's instructions went into place, more accurate and reliable data has been available to compare hospitals' community benefit expenditures.

### **2.12.1 Wisconsin Hospital Survey**

Beginning in October 2012 and continuing into the following spring, various researchers and the American Hospital Association released reports on the charitable activities of 501(c)(3) tax-exempt hospitals that utilized data reported on Internal Revenue Service Form 990 Schedule H. The first report, published in the Wisconsin



Medical Journal by Bakken and Kindig in October 2012, titled, *Is Hospital 'Community Benefit' Charity Care?* examined the community benefit activities at 127 of 131, “nonprofit general hospitals” located within the state of Wisconsin.[23] The four hospitals that were excluded from the study were omitted due to the unavailability of data.[23] This study elected to include hospitals that filed one Internal Revenue Service Form 990 and Schedule H form that reported data for more than one hospital.[23] Data for the 127 hospitals was obtained from 108 “electronic copies of 2009 IRS Form 990 nonprofit tax filings” that were obtained from GuideStar’s website.[23] GuideStar is a “501(c)(3) public charity that collects” information from tax-exempt organizations.[114] GuideStar is an aggregator of data, specifically data reported on Internal Revenue Service Form 990. GuideStar is discussed in more detail in Section 3.5 of this document.

Utilizing data reported on Internal Revenue Service Form 990 and Schedule H for hospitals located within the state of Wisconsin, Bakken and Kindig used descriptive methods to analyze the data. Their analysis included reporting community benefit activities in terms of both total dollars and total dollars as a percent of total expenditures.[23] The data was reported at a statewide level and at a subcategory level. The study utilized three subcategories established based on the amount of revenue generated by a hospital, for further analysis.[23] The large category (N=17) included hospitals with revenues greater than \$300M, the medium category (N=23) included hospitals with revenues between \$100M and \$300M, and the small category (N=68) included hospitals with revenues less than \$100M.[23] The authors reported on the eight “categories of allowed community benefit activity” and three “additional supplemental

categories that are reported but not allowed to be counted as community benefit.”[23]

The authors findings are included below:

Table 2.4

*Bakken and Kindig Reported Community Benefit Results [23]*

<b>State Totals</b>	<b>Total (US dollars)</b>	<b>Average Percent (of total expenditures)</b>	<b>Percent Range</b>
Charity care	96,629,458	1.26	0-9.50
Unreimbursed Medicaid	536,292,658	3.95	-3.77 <sup>a</sup> -9.02
Other means tested government programs	12,908,862	0.11	0-2.70
Community health improvement services	47,137,597	0.40	0-7.10
Health professionals education	136,358,971	0.37	0-6.38
Subsidized health services	121,300,534	1.29	0-17.78
Research	15,951,185	0.04	0-1.48
Cash and in-kind contributions	18,194,501	0.16	0-1.14
Community benefit total	1,064,802,784	7.52	-2.59*-20.50

<sup>a</sup>These negative numbers come from 4 hospitals due to 2009 hospital tax assessment revenues and differences between calendar year and fiscal year dates. However, negative figures were listed on only 2 of the 108 forms examined, with a negligible effect of the overall data.

Table 2.5

*Bakken and Kindig Reported Supplemental Category Results [23]*

<b>Supplemental Categories</b>	<b>Total Expenditures (in US dollars)</b>	<b>Average Percent of Expenditures</b>
Community building expenses	8,512,232	0.08
Bad debt attributable to charity care	25,923,373	0.35
Unreimbursed Medicare	726,280,309	4.13
Supplemental measures total	760,715,914	4.56

Bakken and Kindig reported average community benefit expenditures by hospitals included in the study as 7.52%. They reported the three community benefit categories

with the highest level of expenditures as “unreimbursed Medicaid at 3.95%, subsidized health services at 1.29%, and charity care at 1.26% of total expenditures.”[23] Spending on activities in the supplemental categories was reported as 4.56% of total expenditures, including only 0.08% of total expenditures for community building activities.[23] Little difference between the three sizes of hospitals was noted.[23]

The authors reported surprise over the low amount of charity care reported by hospitals located within Wisconsin, noting that spending in that category represented only nine percent of total community benefit spending.[23] Unreimbursed Medicaid expenses represented nearly half of all community benefit expenditures, “followed by education and subsidized services at 12% and 11% respectively.”[23] The category of community health improvement represented only 4.4 percent of total community benefit expenditures.[23]

### **2.12.2 California Hospital Survey**

A similar study to that performed in Wisconsin examined the community benefit activities of non-profit hospitals located within California. Titled, *Community Benefit in Exchange for Non-Profit Hospital Tax Exemption: Current Trends and Future Outlook*, the study was published in the Journal of Health Care Finance by Singh during early 2013. GuideStar provided 115 Internal Revenue Service Form 990 and Schedule H reports to the author.[19] Singh opted to supplement this information with data from hospital’s annual financial reports “obtained from California’s Office of Statewide Health Planning and Development.”[19] The study included specialty hospitals, excluded

hospitals that filed one Internal Revenue Service Form 990 and Schedule H form for more than one hospital, and excluded hospitals that failed to provide complete community benefit information and hospitals that filed Internal Revenue Service Form 990 and Schedule H for more than one hospital.[19] 100, 501(c)(3) tax-exempt hospitals were included in the analysis; this represented “46 percent of all not-for-profit hospitals in the state of California in 2009.”[19] The study used descriptive methods consistent with studies published by Clement, Smith, and Wheeler and Gray and Schlesinger, prior to the establishment of Internal Revenue Service Form 990 Schedule H to analyze the data.[19]

The results of the analysis were reported as a percent of operating expenses to eliminate issues with organizations of different sizes and allow for comparison of hospitals included in the study.[19] The results are the hospital average amount of expenditures reported.[19] The study focused only on the eight categories of community benefit activity identified by the Internal Revenue Service and examined only fiscal year 2009 data.[19] Singh did not report or analyze data associated with the three categories that are reported on Internal Revenue Service Form 990 Schedule H but not counted as community benefit: community building activities, bad debt, and Medicare surplus of shortfall. The author’s findings are included below:

Table 2.6

Singh Reported Community Benefit Expenditures [19]

**Figure 2. Type of Community Benefit Expenditures as Percentage of Operating Expenses and Total Community Benefit Expenditures—California Hospitals, 2009**

Type of Expenditure	As Percentage of Total Community Benefits	As Percentage of Operating Expenses				
		Average	Minimum	Maximum	25th Percentile	75th Percentile
Charity care and means-tested government programs						
Charity care	18.6%	1.7%	0.0%	6.9%	0.7%	2.4%
Unreimbursed Medicaid	69.7%	6.8%	0.0%	27.9%	3.2%	9.6%
Other means-tested government programs	7.8%	0.9%	0.0%	9.5%	0.0%	1.4%
Total charity care and means-tested government programs	80.0%	9.4%	0.2%	33.4%	5.5%	12.9%
Other community benefits						
Community health improvement services	6.6%	0.7%	0.0%	7.0%	0.1%	0.8%
Health professions education	5.2%	0.5%	0.0%	5.9%	0.0%	0.5%
Subsidized health services	5.2%	0.6%	0.0%	13.9%	0.0%	0.4%
Research	1.7%	0.2%	0.0%	6.4%	0.0%	0.0%
Cash and in-kind contributions to community groups	1.3%	0.1%	0.0%	0.7%	0.0%	0.1%
Total other community benefits	20.0%	2.1%	0.0%	14.1%	0.4%	2.5%
Total community benefits						
Total community benefits	100.0%	11.5 %	0.4%	33.6%	6.8%	15.8%

Source: Author's analysis of IRS Form 990 Schedule H.

The author reported average community benefit expenditures by the studied 501(c)(3) tax-exempt hospitals as 11.5% of total operating expenses.[19] The average charity care expense was reported at 1.7% of total operating expenses or 18.6% of total community benefit spending.[19] Unreimbursed Medicaid represented the largest portion of average community benefit expense, reported as 6.8% of total operating expenses and

53.7% of total community benefit spending.[19] The author noted this was mainly “a result of high levels of uninsurance and low Medi-Cal reimbursement rates.”[19]

Reported community benefit expenditures varied widely at the studied 501(c)(3) tax-exempt hospitals.[19] Spending on community benefit activities ranged from 0.4% of total operating expenses to 33.6% of total operating expenses.[19] Those in the lower quartile spent on average 6.8% of total operating expenses on community benefit activities while those in the upper quartile spent on average 15.8% of total operating expenses on community benefit activities.[19]

The study also compared 501(c)(3) tax-exempt hospitals’ community benefit expenditures to minimum spending levels to determine what portion of 501(c)(3) tax-exempt hospitals included in the study would have been eligible for tax-exemption if a minimum community benefit spending policy had been implemented in California. The author used a five percent threshold that was similar to that proposed by the Senate Finance Committee’s minority staff in a discussion draft published in 2007 and also chose to use minimum spending thresholds of both three and seven percent, consistent with a study performed by Gray and Schlesinger that evaluated community benefit expenditures by hospitals located within Maryland prior to the introduction of Internal Revenue Service Form 990 Schedule H.[19] The author detailed what portion of hospitals would have qualified as tax exempt at each of the minimum community benefit spending thresholds.[19] Singh used multiple measures of community benefit spending in the evaluation including: measuring charity care only, charity care and government payer payment shortfalls, charity care and other community benefits (not

counting/without government payer payment shortfalls, and total community benefits as defined in IRS Form 990 Schedule H.[19] That author’s findings are included below:

Table 2.7

*Singh Minimum Community Benefit Spending Threshold Evaluation [19]*

**Figure 3. Percentage of California Hospitals That Would Have Exceeded Various Community Benefit Spending Threshold Levels Using Various Measures of Charitable Activity, 2009**

Measure of Charitable Activity	Threshold Level (As % of Operating Expenses)		
	3 Percent	5 Percent	7 Percent
Charity care only	14%	4%	0%
Charity care and government payer payment shortfalls	88%	78%	64%
Charity care and other community benefits (not counting/without government payer payment shortfalls)	47%	28%	14%
Total community benefits as defined in IRS Form 990 Schedule H	93%	85%	73%

Source: Author's analysis of IRS Form 990 Schedule H.

The author noted that “the adequacy of a hospital’s charitable spending depended to a large extent on what activities were considered to be community benefits.”[19] When only charity care was counted, at each of the spending thresholds few hospitals would have been eligible for tax-exempt status, but when spending in all of the categories of community benefit recognized by the Internal Revenue Service was considered, the majority of hospitals would have been eligible at each of the spending thresholds.

### 2.12.3 American Hospital Association National Survey

On April 15, 2013, Ernst and Young released a report titled, *Results from 2009 & 2010 Hospitals’ Schedule H Community Benefit Reporting* on behalf of the American Hospital Association.[24] The study examined Internal Revenue Service Form 990

Schedule H data for fiscal years 2009 and 2010 of “over 900 member hospitals” from across the United States of America.[24] The American Hospital Association asked member hospitals to provide to Ernst and Young a copy of their fiscal year 2009 and 2010 Internal Revenue Service Form 990 Schedule H forms.[24] This was inconsistent with the published studies released prior to this analysis that obtained Internal Revenue Service Form 990 and Schedule H forms from GuideStar. This method of data collection allowed member hospitals to determine whether they wanted to participate in the study which could have biased the reported results.

For fiscal year 2009, Ernst and Young analyzed data from 571 Internal Revenue Service Form 990 and Schedule H forms that represented “nearly 900 hospitals or 30 percent of the hospitals required to file Schedule H.”[24] For fiscal year 2010, 524 Internal Revenue Service Form 990 and Schedule H forms were analyzed representing “972 hospitals or one-third of the hospitals required to file a Schedule H.”[24] Community benefit data was analyzed using descriptive methods and was reported as a percent of total expenses.[24]

The study utilized subcategories for further analysis.[24] The subcategories established were: system, for hospitals that filed one Internal Revenue Service Form 990 and Schedule H for more than one hospital; size, based on total hospital expenses; location, based on hospital zip code; and hospital type, based on each hospitals response.[24] The subcategory of size was defined in three ways.[24] The large category included hospitals with revenues greater than \$300M, the medium category included hospitals with revenues between \$100M and \$299M, and the small category included hospitals with revenues less than \$100M.[24] The subcategory of location was defined



by the zip code the hospital was located within; United State Census Bureau data was used to determine whether the hospital was located in a rural or urban/suburban area.[24] Hospital type allowed each 501(c)(3) tax-exempt hospital to classify itself in up to three different areas, these included general medical and surgical, children's, teaching, and critical access.[24]

Four categories were reported as the hospital average as a percent of total expenses, including those titled: total charity care, unreimbursed means-tested government programs and other benefits, community building activities, Medicare shortfall, and bad debt expense attributable to charity care.[24] The first category included the eight categories of community benefit recognized by the Internal Revenue Service, while the remaining categories represented the information that is reported on Internal Revenue Service Form 990 Schedule H but not counted as community benefit. The study reported all categories combined in a final column titled total benefits to the community.[24] The results of the study are included below:

Table 2.8

*American Hospital Association and Ernst and Young Reported Hospital Average Charitable Activity Expenditures*[24]

Table 4. Hospitals' Benefit to the Community, by Type of Benefit

Average percent of total expense.

Hospital Category	Total Charity Care, Unreimbursed Means-Tested Government Programs and Other Benefits		Community Building Activities		Medicare Shortfall**		Bad Debt Expense Attributable to Charity Care		Total Benefits to the Community	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Overall*	8.2	8.4	0.1	0.1	2.8	2.4	0.5	0.4	11.6	11.3
System	8.1	9.3	0.1	0.1	2.9	3.8	0.5	0.5	11.6	13.7
Individual Hospitals: Size										
Small	7.3	7.3	0.1	0.1	2.9	2.0	0.8	0.5	11.1	9.9
Medium	7.5	8.0	0.1	0.2	2.6	3.6	0.5	0.5	10.8	12.3
Large	9.2	9.8	0.1	0.2	2.6	2.6	0.3	0.3	12.2	12.8
Individual Hospitals: Location										
Urban/Suburban	8.2	8.3	0.1	0.2	2.9	3.0	0.6	0.4	11.7	11.9
Rural	7.2	8.1	0.1	0.2	2.6	2.7	0.6	0.5	10.5	11.5
Individual Hospitals: Type										
General Medical	7.7	7.9	0.1	0.2	2.9	3.2	0.6	0.4	11.3	11.7
Children's	12.6	14.1	0.1	0.4	2.1	0.5	0.2	0.2	15.0	15.2
Teaching	9.7	10.1	0.1	0.2	1.7	1.8	0.4	0.3	12.0	12.4
Critical Access	8.1	8.3	0.1	0.1	0.6	1.0	0.8	0.5	9.7	10.0

\*Overall averages include hospital system and individual hospital results.

\*\*Net shortfall (gross shortfall less surplus).

The study reported the hospital average total benefits to the community of 11.3% of total expense in fiscal year 2009 and 11.6% of total expense in fiscal year 2010, however there figures include measures that the Internal Revenue Service does not count as community benefit.[24] Counting only the categories recognized as community benefit by the Internal Revenue Service on Internal Revenue Service Form 990 Schedule H, the study reported average community benefit spending of 8.4% of total expense in fiscal year 2009 and 8.2% of total expense in fiscal year 2010.[24] Community building activity expenditures were reported as 0.1% of total expenses in both fiscal year 2009 and 2010.[24] A further breakdown of the expenses reported within the categories identified as community benefit by the Internal Revenue Service is included below:

Table 2.9

*American Hospital Association and Ernst and Young Reported Hospital Average Community Benefit Expenditures*[24]

Table 5. Charity care, means-tested programs, and other benefits

Average percent of total expense.

Hospital Category	Charity care, unreimbursed Medicaid, and other unreimbursed costs from means-tested government programs		Health professions education		Medical research		Cash and in-kind contributions to community groups		Other benefits		Total charity care, means-tested government programs, and other benefits*	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Overall	5.7	5.7	0.9	0.8	0.6	0.3	0.3	0.3	1.0	0.8	8.2	8.4
System	5.2	5.8	1.1	1.2	0.2	0.5	0.5	0.6	1.0	0.7	8.1	9.3
Individual Hospitals: Size												
Small	5.9	5.7	0.1	0.2	0.0	0.0	0.2	0.1	1.1	1.0	7.3	7.3
Medium	5.5	5.8	0.4	0.6	0.0	0.1	0.3	0.2	1.3	0.9	7.5	8.0
Large	5.5	5.7	1.6	1.6	1.1	0.9	0.2	0.4	0.9	0.7	9.2	9.8
Individual Hospitals: Location												
Urban/Suburban	5.7	5.5	0.8	0.9	0.4	0.4	0.2	0.2	1.1	0.7	8.2	8.3
Rural	5.6	6.1	0.2	0.2	0.0	0.0	0.1	0.1	1.2	1.2	7.2	8.1
Individual Hospitals: Type												
General Medical	5.7	5.7	0.6	0.6	0.2	0.1	0.2	0.2	1.0	0.8	7.7	7.9
Children's	6.7	6.7	1.8	2.0	1.8	2.4	0.2	0.8	2.1	1.2	12.6	14.1
Teaching	5.7	5.9	1.7	1.9	1.1	0.7	0.1	0.2	1.1	1.1	9.7	10.1
Critical Access	6.5	6.1	0.3	0.3	0.0	0.0	0.1	0.1	1.1	1.4	8.1	8.3

\*Does not include Medicare shortfall, bad debt expense attributable to charity care, or community building activities

The hospital average expenditures in the first three allowable categories of community benefit titled charity care, unreimbursed Medicaid, and other unreimbursed costs from means-tested government programs totaled 5.7% of total expenses in both fiscal year 2009 and 2010 and accounted for 68% of total community benefit spending in fiscal year 2009 and 70% of total community benefit spending in fiscal year 2010.[24]

Unfortunately, this category of spending was not further broken down and therefore the hospital average expenditures as a percent of total expenses devoted to each of the categories of charity care, unreimbursed Medicaid, and other unreimbursed costs from means-tested government programs was not reported. The amount of expenditures devoted to the other categories of community benefit varied between 0.3% and 1.0% of total expenses.[24]

#### **2.12.4 National Hospital Survey**

On April 18, 2013, an article that studied the community benefit activities of 501(c)(3) tax-exempt hospitals during fiscal year 2009 titled, *Provision of Community Benefits by Tax-Exempt U.S. Hospitals* was published in the New England Journal of Medicine by Young, Chou, Alexander, Lee, and Raver.[25] Internal Revenue Service Form 990 and Schedule H forms were obtained for fiscal year 2009 from GuideStar for more than 1,800 hospitals representing “approximately two thirds of all private, tax-exempt hospitals that provide general, acute care services in the United States.”[25] Young, et. al. stated that fiscal year 2009 was chosen for inclusion “because it was the first year in which the IRS required hospitals to file the revised Schedule H and for which the reported information was most complete, since many hospitals receive extensions to file these forms each year.”[25] The data collected from Internal Revenue Service Form 990 and Schedule H forms was merged with data sets from the American Hospital Association, the Department of Health and Human Services, and the Centers for Medicare and Medicaid Services.[25] 501(c)(3) tax-exempt hospitals that shared an Internal Revenue Service employer identification number with another or multiple 501(c)(3) tax-exempt hospitals and therefore filed one Internal Revenue Service Form 990 that included data from more than one 501(c)(3) tax-exempt hospital were not included in the study.[25] Descriptive methods were used to analyze the data related to community benefit activities.[25] Community benefit spending was reported as a percent of total operating expenses.[25]

Young, et al. chose to combine two of the eight categories of community benefit recognized by the Internal Revenue Service; the categories titled unreimbursed Medicaid and other means-tested government programs were combined and therefore community benefit data was reported over seven categories. The seven categories were titled: charity care, unreimbursed costs for means-tested government programs, subsidized health services, community health improvement, cash or in-kind contributions to community groups, research, and health-professions education.[25] The authors' findings are included below:

Table 2.10

*Young, et. al. Reported Community Benefit Expenditures as a Percentage of Hospital Operating Expenses*[25]

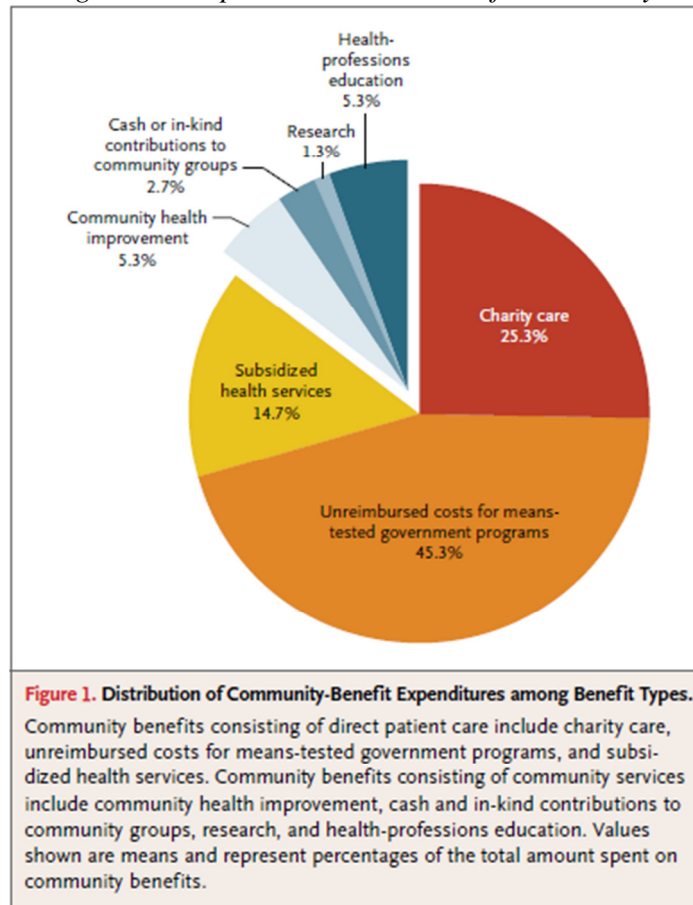
<b>Table 2. Provision of Community Benefits as a Percentage of Hospital Operating Expenses.</b>			
<b>Community Benefit</b>	<b>Mean Percentage of Operating Expenses</b>	<b>Standard Deviation</b>	<b>Interquartile Range</b>
All	7.5	6.4	3.9–9.1
Charity care	1.9	1.9	0.6–2.6
Unreimbursed costs for means-tested government programs	3.4	4.3	0.8–4.7
Subsidized health services	1.1	2.8	0–1.0
Community health improvement	0.4	1.0	0–0.4
Cash or in-kind contributions to community groups	0.2	2.4	0–0.1
Research	0.1	0.7	0–0
Health-professions education	0.4	1.1	0–0.3

Young, et al. reported that on average, 501(c)(3) tax-exempt hospitals spent 7.5% of total operating expenses on community benefit.[25] The largest category of community benefit spending was unreimbursed costs for means-tested government programs which

included the expense associated with unreimbursed Medicaid, at 3.4% of total operating expenses.[25] The authors of the study noted that community benefit spending varied among the studied 501(c)(3) tax-exempt hospitals. Total community benefit spending by those in the top decile to averaged 20.1 percent of total expenses while those in the bottom decile averaged 1.1 percent of total expenses.[25] Young, et. al. noted that “the inclusion of bad debt alone would increase the average level of total hospital expenditures on community benefits from 7.5 percent to more than 11 percent.”[25] The authors provided a distribution of community benefit expenditures pie chart that is included below:

Figure 2.2

*Young, et. al. Reported Distribution of Community Benefit Expenditures*[25]



The pie chart showed that the category titled unreimbursed costs for means-tested government programs made up 45.3% of total community benefit expense while charity care accounted for an additional 25.3%.[25] The other five categories combined accounted for the remaining 29.3% of total community benefit expense, indicating that community benefit spending was heavily concentrated within a few of the categories.[25] As part of their analysis the authors of the study examined variables to determine whether they were associated with community benefit spending. Young, et al. reported that “one variable that did show a relationship with community-benefit expenditures was state-level requirements for broad community-benefit reporting, which were significantly and positively associated with hospital expenditures for both patient care and community services.”[25] The authors noted that because their study “consisted of a cross-sectional analysis, the causal connection between the reporting requirements and provision of benefits cannot be ascertained and thus requires further investigation.”[25] States that require community benefit reporting and/or minimum levels of community benefit or charity care spending was discussed in Section 2.11 of this document.

The four reviewed studies provided for the first time, points of reference that are similarly structured and allow for comparison of 501(c)(3) tax-exempt hospitals. The information contained within the published studies offer a baseline for comparison of hospitals to average community benefit spending rates, thus providing “new sources of data and research for assessing the provision of community benefits by tax-exempt hospitals.”[25] With the establishment of standardized data reporting following the introduction of Internal Revenue Service Form 990 Schedule H and the results of these

studies, future policy debates surrounding 501(c)(3) tax-exempt hospitals and their tax-exempt status will be better informed.

### **2.13 Literature Review Summary**

The purpose of this chapter was to provide historical and political perspective of the issues related to tax-exemption in the United States of America with specific emphasis on 501(c)(3) tax-exempt hospitals. Since 1969, the Internal Revenue Service has used the community benefit standard to determine whether hospitals qualify for tax-exemption at the federal level in the United States of America. Under Internal Revenue Code Section 501, 501(c)(3) tax-exempt hospitals are required be structured and behave in certain ways. Under the community benefit standard they are also required to provide community benefit, in exchange for tax-exempt status at the federal level. The community benefit standard does not require 501(c)(3) tax-exempt hospitals to provide a minimum amount of expenditures to be eligible for tax-exemption.

Federal tax-exempt status is a designation that often has tax-exempt ramifications at the state and local levels. The state of Kentucky for example, grants hospitals recognized by the Internal Revenue Service as 501(c)(3) tax-exempt organizations, exemption from state income, property, and sales taxes. In 2002, the Joint Committee on Taxation estimated the value of hospital tax-exemption at the federal, state, and local levels at \$12.6 billion.

During the last 35 years, on many occasions, the United States Congress debated whether 501(c)(3) tax-exempt hospitals provide sufficient community benefit in



exchange for the value of tax-exemption. In 1992 and again in 2008, Congress appeared primed to address the issue, but each time national health reform minimized the concern and Congressional hearings and legislation on the subject concluded. Prior to 2009, in studies that attempted to measure the amount of community benefit provided by 501(c)(3) tax-exempt hospitals, government organizations, including the Congressional Budget Office, the Internal Revenue Service, and the Government Accountability Office, cited concerns that different hospitals counted different activities as community benefit and that they measured the value of the expenditures in different ways. Due to the non-standardization, comparisons of community benefit expenditures provided by different hospitals could not be made.

An outcome of the Congressional activities and government studies lead the Internal Revenue Service to revise Internal Revenue Service Form 990, the reporting form the Internal Revenue Service requires certain tax-exempt organizations, including 501(c)(3) tax-exempt hospitals, to file on a yearly basis. The revision of Internal Revenue Service Form 990 included the creation of Internal Revenue Service Form 990 Schedule H, a supplementary reporting form that only hospitals were required to file. For the first time beginning with fiscal year 2009, Internal Revenue Service Form 990 Schedule H and the instructions for filing it, provided by the Internal Revenue Service, identified important categories of expenditures that hospitals were required to report in a standardized manner. Among these categories were a subgroup recognized by the Internal Revenue Service as community benefit. The standardized reporting requirement led to data that allowed, for the first time, the value of community benefit and other

charitable activities expenditures reported by 501(c)(3) tax-exempt hospitals to be compared to one another in a meaningful way.

Beginning in 2012, studies focused on the community benefit expenditure patterns of tax-exempt hospitals that utilized Internal Revenue Service Form 990 and Schedule H data were published. To date, two national studies and two state specific studies; one focused on hospitals located within California and the other on hospitals located within Wisconsin, have been published that examined fiscal year 2009 data reported on these forms. One of the national studies, an industry generated study by the American Hospital Association and Ernst & Young, also examined fiscal year 2010 data.

These studies provide important points of comparison with respect to the community benefit expenditure levels reported by hospitals throughout the United States, including those located within Kentucky, a previously unstudied population of hospitals. Because hospitals in Kentucky have yet to be studied, it is unknown at what level 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky report community benefit and other charitable activity expenditures, how the expenditures compare to hospitals located within other states or nationwide, and whether spending is concentrated within a small group of 501(c)(3) tax-exempt hospitals.

The intent of this chapter was to show that further analysis of the charitable activities of 501(c)(3) tax-exempt hospitals located within the state of Kentucky is necessary.

## CHAPTER 3: METHODS

Since the Internal Revenue Service began requiring 501(c)(3) tax-exempt hospitals to file Internal Revenue Service Form 990 Schedule H in fiscal year 2009, the charitable activity expenditure data reported by hospitals located within Kentucky has yet to be studied. It is unknown at what level 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky reported community benefit and other charitable activity expenditures, how the expenditures compare to hospitals located within other states or nationwide, and whether spending is concentrated within a small group of 501(c)(3) tax-exempt hospitals. It is the intent of this dissertation to elucidate and analyze community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky. A descriptive longitudinal research study was utilized to answer five research questions.

Chapter 3, the methods chapter is presented with the following subsections, research questions, overview of descriptive research, study population, data reporting form, Internal Revenue Service Form 990 Schedule H validity, access to data repository, data collection procedures, data analysis procedures, data presentation, and confidentiality.

### 3.1 Research Questions

This study was designed to develop answers to five research questions.

- Primary research question:
  - At what level were community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009, 2010, 2011, and 2012?
- Secondary research questions:
  - How have those reported expenditures changed year-over-year?
  - What is the relative distribution of the expenditures reported?
  - Compared to the results of studies conducted utilizing expenditure data reported by hospitals located in other states and nationwide, did the hospitals located within Kentucky provide more community benefit spending?
  - What portion of the hospitals included in the study population would have qualified for tax-exemption if minimum community benefit and certain other expenses spending policies had been in place during the study period?

A descriptive longitudinal research study was utilized to answer five research questions.

The study data was obtained from an archived data set. Analysis included the use of

descriptive methods and traditional managerial financial analysis tools including: vertical analysis, horizontal analysis, comparative analysis, and percent change analysis. Each of the managerial financial analysis tools is discussed in detail in Section 3.7.

### **3.2 Overview of Descriptive Research**

Descriptive research is used “to describe the characteristics of a population or phenomenon.”[115] The objective of a descriptive study “is the determination of who, what, when, where, and how of a topic.”[116] The purpose of descriptive research has been defined as providing “a ‘picture’ of a phenomenon as it naturally occurs, as opposed to studying the impacts of the phenomenon or intervention.”[117] Descriptive research studies are “designed to describe, through the use of numbers, percentages, and averages, characteristics of a group of people or some other phenomenon.”[118] Descriptive research “is appropriate when the researcher is attempting to answer ‘what is’ or ‘what was’ questions.”[117]

### **3.3 Study Population**

The inclusion criteria used to establish the study population for this dissertation included the following: all study participants must be a licensed hospital operating within the state of Kentucky, the majority of the licensed beds allocated to the hospital by the state of Kentucky must be acute care beds, each hospital must have filed Internal Revenue Service Form 990 and Schedule H as an individual hospital filing or as a

multiple hospital filing in each of the following fiscal years, 2009, 2010, 2011, and 2012. Hospitals are licensed to operate by the state they are located within. In the state of Kentucky, licensure of hospitals is performed by the Cabinet for Health and Family Services, the entity that also oversees the state's certificate of need process which allocates bed licenses to individual hospitals.

The Cabinet for Health and Family Services' health care facility directory titled *Hospitals* and the Division of Certificate of Need's *Inventory of Health Facilities and Services* documents were used to identify licensed hospitals located within the state of Kentucky. The information contained within those reports was matched to a report titled *Kentucky Hospital Statistics* published in 2009 by the Kentucky Hospital Association. 123 total hospitals were initially identified. Two of the identified hospitals are no longer in operation, one filed Internal Revenue Service Form 990 as part of a hospital system based in Florida, 20 were identified as specialty hospitals, 16 were identified as for-profit hospitals, and seven were identified as governmental hospitals; each of these hospitals were excluded from the study population as they did not meet the inclusion criteria.

Seventy-seven identified 501(c)(3) and dual status tax-exempt general acute care hospitals remained. Four hospitals failed to file completed Internal Revenue Service Form 990 and Schedule H forms in at least one year of the study period. Each of these hospitals was excluded from the study population. One Internal Revenue Service Form 990 and Schedule H form included two hospitals located in the state of West Virginia. This multiple hospital filing included seven hospitals located in Kentucky that would have been omitted if the hospitals in West Virginia had been excluded; therefore, the

decision was made to include the two hospitals located in West Virginia in the study population.

Seventy-five, 501(c)(3) and dual status tax-exempt general acute care hospitals were left to constitute the study population. The 75, 501(c)(3) tax-exempt hospitals were represented by 49 Internal Revenue Service Form 990 and Schedule H forms. Each hospital in the study population is identified in Appendix C. Appendix C identifies each hospital's name; address; whether the hospital was included in a multiple hospital filing of Internal Revenue Service Form 990 and Schedule H as indicated on the forms; whether the hospital was located in a rural, micropolitan, or metropolitan county as indicated in the Kentucky Hospital Association's 2009 report titled *Kentucky Hospital Statistics*; whether the hospital was designated a Critical Access Hospital as indicated by the Kentucky Cabinet for Health and Family Services; and the number of licensed beds assigned to the hospital, as indicated by the Kentucky Cabinet for Health and Family Services. No sampling of the population occurred.

### **3.4 Data Reporting Form**

Consistent with similar studies that used different study populations, published by Bakken and Kindig; Singh; the American Hospital Association and Ernst and Young; and Young, Chou, Alexander, Lee, and Raver, this study utilized archival data reported to the Internal Revenue Service on Internal Revenue Service Form 990 and Schedule H.[19, 23-25] Archival data is “data that is already available” that was usually collected for another use.[119] It “can range from public information such as census data, court records,

genealogical data, corporate annual reports, and patent office records to more private information.”[119] Internal Revenue Service Form 990 and Schedule H are government documents that certain tax-exempt organizations are required to file on a yearly basis. Each Internal Revenue Service Form 990 and Schedule H was self-administered by each hospital organization in the study population in accordance with standardized instructions provided by the Internal Revenue Service. Each form is subject to audit by the Internal Revenue Service.

A copy of fiscal year 2009 Internal Revenue Service Form 990 is included in Appendix A. The categories reported on Internal Revenue Service Form 990 relevant to this study are Part I – Summary, lines 12, 18, and 19 titled total revenue, total expenses, and revenue less expenses and Part IX – Statement of Functional Expenses, bad debt expense, reported in line 24. Each of these items reported on Internal Revenue Service Form 990 is reported in United States Dollars.

A copy of fiscal year 2009 Internal Revenue Service Form 990 Schedule H is included in Appendix B. The categories of expenditures reported on Internal Revenue Service Form 990 Schedule H relevant to this study are Part I – Charity Care and Certain Other Community Benefits at Cost, column e, titled net community benefit expense, lines 7a–7k titled: charity care at cost, unreimbursed Medicaid, unreimbursed costs – other means-tested government programs, total charity care and means-tested government programs, community health improvement services and community benefit operations, health professions education, subsidized health services, research, cash and in-kind contributions to community groups, total other benefits, and total. Although the definitions of the activities to be reported in each category did not change, Internal



Revenue Service Form 990 Schedule H was reworded for fiscal year 2010 and beyond to replace the term charity care with the term financial assistance. This change was made to lines 7a and 7d. For fiscal year 2011 and beyond the word unreimbursed was removed from lines 7b and 7c.

Internal Revenue Service Form 990 Schedule H categories of additional interest to this study are Part II – Community Building Activities, column e, titled net community building expense, lines 1–10 titled: physical improvements and housing, economic development, community support, environmental improvements, leadership development and training for community members, coalition building, community health improvement advocacy, workforce development, other, and total. Additional categories of interest are reported in Part III – Bad Debt, Medicare and Collection Practices, lines 2 and 7 that report bad debt expense at cost and Medicare surplus or shortfall. Although the definition of how to measure the expenditures reported in Part III line 2 did not change, for fiscal year 2011 and beyond, the words at cost were removed.

Each of the items reported on Internal Revenue Service Form 990 Schedule H was reported in United States Dollars. The items reported on the identified lines were entered into a spreadsheet for analysis. All of the categories of interest reported on Internal Revenue Service Form 990 Schedule H, including the categories that constitute community benefit, community building activities, bad debt at cost, and Medicare surplus or shortfall, in total, will be referred to as charitable activity expenditures throughout this dissertation.

### **3.5 Internal Revenue Service Form 990 Schedule H Validity**

Young, Chou, Alexander, Lee, and Raver examined the validity of Internal Revenue Service Form 990 Schedule H as part of their national study of community benefit expenditures reported in fiscal year 2009 by 501(c)(3) tax-exempt hospitals. Young, et. al. stated, “based on our analyses there is evidence supporting the general validity of the Schedule H data.”[103] They did however note that “Schedule H data are subject to the same errors, misinterpretations, and manipulations to which all such accounting data are subject.”[103] Even so, Young et. al. reported “there is no reason to believe that such differences in interpretation and compliance with Schedule H results in systematic error; that is, there is no reason to believe that error or manipulation is more likely to be associated with one type of hospital versus another in terms of the structural, operating, or community characteristics that we examined.”[103]

### **3.6 Access to Data Repository**

Internal Revenue Service Form 990 serves as a public document, open to inspection by anyone in the community who requests to do so.[80] According to the organization GuideStar, the Internal Revenue Service and tax-exempt organizations provide Internal Revenue Service Form 990 documents to GuideStar on an on-going basis.[120] The Internal Revenue Services “sends the 990s to GuideStar as TIFF images, which GuideStar converts to PDFs and posts on the site.”[120] To access the data on their website, GuideStar offers two types of plans, free to subscribe which offers access

to the three most recent years of Internal Revenue Service Form 990 and all filed supplementary schedules or a pay option titled “GuideStar Premium” which offers access to all Internal Revenue Service Form 990 forms that GuideStar has on file. A subscription to “GuideStar Premium” is \$250 per month or \$1,500 per year.[121] GuideStar also operates a program titled “GuideStar for Education” which allows individuals doing unsponsored research free access to “GuideStar Premium.”[122] In support of this dissertation an application was submitted and approved for the “GuideStar for Education” program.

### **3.7 Data Collection Procedures**

Internal Revenue Service Form 990 and Schedule H forms were collected for each of the 501(c)(3) and dual status tax-exempt general acute care hospitals included in the study population for each of the following fiscal years, 2009, 2010, 2011, and 2012. Each of the forms was obtained from GuideStar’s website located at the following URL, <http://www.guidestar.org>. The items identified as relevant to this study in section 3.4 were collected from each of the forms and entered into a spreadsheet at the same value that was reported on Internal Revenue Service Form 990 and Schedule H. In a few rare instances a hospital failed to subtract column B from column A on Internal Revenue Service Form 990 Schedule H, making the value reported in column C incorrect. In these instances the difference between the values reported in columns A and B were calculated and entered into the spreadsheet.

### **3.8 Data Analysis Procedures**

Consistent with similar studies that used different study populations, published by Bakken and Kindig; Singh; the American Hospital Association and Ernst and Young; and Young, Chou, Alexander, Lee, and Raver, this study utilized descriptive statistics to analyze the reported data.[19, 23-25] Descriptive statistics can include measures of central tendency such as mean, median, standard deviation, and interquartile range.[115] As was consistent with the published studies, this study reports the mean rather than the median. Additional descriptive statistics from this study are reported in Tables D.1, D.2, D.3, and D.4 in Appendix D. The amount of expenditures reported on Internal Revenue Service Form 990 in the categories relevant to this study were further analyzed using managerial financial analysis tools that standardized expenditures reported, compared them over time, measured changes in the values reported, and compared the reported expenditures in this study to results of other studies and targets.

The following managerial financial analysis tools were used to analyze reported expenditures in each of the subcategories of charitable activity expenditures: vertical analysis, sometimes referred to as common sizing; horizontal analysis, sometimes referred to as trend analysis; comparative analysis, sometimes referred to as benchmarking; and percentage change analysis. Vertical analysis is used to place “information on the same relative basis” by “converting dollar amounts to percentages.”[123] This is done by dividing each item by a standard, such as total revenues or total expenses to “facilitate comparisons of income statement and balance sheets over time and across companies because they remove the influence of the scale

(size) of the business.”[124] Vertical analysis allows the researcher to answer the question of which organization provided the greatest amount of a specific line item.[125] Except where indicated, this study elected to use total expense less bad debt as the standard, as is consistent with the Internal Revenue Service’s instructions that accompany Internal Revenue Service Form 990 Schedule H. Horizontal analysis is used to “compare figures over several time periods.”[123] In horizontal analysis “dollar amounts are converted to percentages to obtain a relative basis for purposes of comparison, but now the comparison is across time.”[123] Horizontal analysis is used to gauge improvement or decline of a specific measure over time.[124] Comparative analysis compares financial or operational “measures of one business with those of comparable businesses or industry averages.”[124] Percentage change analysis is “a technique to analyze a business’s financial statements that expresses the year-to-year changes in income statement items and balance accounts as percentages.”[124] Percentage change analysis is useful because it identifies what line items “are growing faster or slower than others.”[124]

### **3.9 Data Presentation**

A profile for each hospital organization in the study population that filed Internal Revenue Service Form 990 and Schedule H was created that reports total revenue, total expenses, revenues less expenses, profit margin, bad debt expense, expenses less bad debt, total charitable activity expenditures for each category of interest, charitable activity expenditures for each category of interest measured as a percent of total expense less bad

debt, and the first to last year percent change in these categories during the study time period. The hospital organization profiles are listed in Appendix E. Study data was primarily presented in table and chart format as was appropriate for most meaningful display.

### **3.10 Confidentiality**

This study analyzed financial data reported on Internal Revenue Service Form 990 and Schedule H. Internal Revenue Service Form 990 serves as a public document, open to inspection by anyone in the community who requests to do so.[80] No patient identifiable data is reported on Internal Revenue Service Form 990 or Schedule H. This study was submitted to The University of Louisville Institutional Review Board. After review, The University of Louisville Institutional Review Board issued a Not Human Subjects Research (NHSR) determination. A copy of this determination is included in Appendix N.

## CHAPTER 4: RESULTS

The purpose of this dissertation was to elucidate and analyze community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009 through 2012. A descriptive longitudinal research study was utilized to answer five research questions.

- Primary research question:
  - At what level were community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009, 2010, 2011, and 2012?
- Secondary research questions:
  - How have those reported expenditures changed year-over-year?
  - What is the relative distribution of the expenditures reported?
  - Compared to the results of studies conducted utilizing expenditure data reported by hospitals located in other states and nationwide, did the hospitals located within Kentucky provide more community benefit spending?
  - What portion of the hospitals included in the study population would have qualified for tax-exemption if minimum community benefit and certain

other expenses spending policies had been in place during the study period?

The purpose of this chapter is to describe the characteristics of the study population and to present findings addressing the study's five research questions.

#### **4.1 Characteristics of the Study Population**

Section 3.3 of this document details the study population. Seventy-five, 501(c)(3) and dual status tax-exempt general acute care hospitals constituted the study population. These hospitals were represented by 49 Internal Revenue Service Form 990 and Schedule H forms filed in each year of the study period. Each hospital included in the study population is identified in Appendix C.

Table 4.1 reports demographics of the study population. Forty-one hospitals (54.7%) filed Internal Revenue Service Form 990 and Schedule H as an individual hospital filing; 34 hospitals (45.3%) filed as part of a multiple hospital filing. The 34 hospitals that filed as part of a multiple hospital filing were represented by eight Internal Revenue Service Form 990 and Schedule H forms.

Twenty-three of the 41 individual hospitals (56.1%) were located in a rural designated county, ten (24.4%) were located in a micropolitan designated county, and the remaining eight (19.5%) were located in a metropolitan designated county. Seventeen of the 41 individual hospitals (41.5%) were designated as Critical Access Hospitals, the remaining 24 (58.5%) were not. Twenty-seven of the 41 individual hospitals (65.9%)



operated fewer than 100 licensed beds, nine (22.0%) operated between 100 and 300 licensed beds, and five (12.2%) operated more than 300 licensed beds.

Table 4.1

*Demographics of the Study Population*

<b>Number Of Hospital By Filing Status</b>		
<b>Characteristic</b>	<b>Number</b>	<b>Percent</b>
Multiple Hospital Filing	34	45.3%
Individual Hospital Filing	41	35.3%
Total	75	100%

<b>U.S. Census County Designation - Individual Hospitals</b>		
<b>Designation</b>	<b>Number</b>	<b>Percent</b>
Rural	23	56.1%
Micropolitan	10	24.4%
Metropolitan	8	19.5%
Total	41	100%

<b>Critical Access Designation - Individual Hospitals</b>		
<b>Designation</b>	<b>Number</b>	<b>Percent</b>
Yes	17	41.5%
No	24	58.5%
Total	41	100%

<b>Number Of Licensed Beds - Individual Hospitals</b>		
<b>Licensed Beds</b>	<b>Number</b>	<b>Percent</b>
Less Than 100	27	65.9%
100 - 300	9	22.0%
More Than 300	5	12.2%
Total	41	100%

Table 4.2 states the total dollars reported by all hospitals in the study population, in each of the following categories: total revenue, total expenses, revenue less expenses, profit margin, bad debt expense, and total expense less bad debt.

Table 4.2

*Total Reported in Each Category by Hospitals in the Study Population*

<b>Total Reported In Each Category By Hospitals In The Study Population - Fiscal Years 2009 - 2012 (N=49)</b>				
<b>Category</b>	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>
Total Revenue	\$9,470,050,726	\$9,939,826,022	\$10,115,720,678	\$10,284,493,386
Total Expenses	\$9,020,662,840	\$9,407,503,963	\$9,578,979,891	\$9,881,664,420
Revenue Less Expenses	\$449,387,886	\$532,322,059	\$536,740,787	\$402,828,966
Profit Margin	4.745%	5.355%	5.306%	3.917%
Bad Debt Expense	\$645,108,641	\$697,357,996	\$604,532,010	\$583,347,969
Total Expense Less Bad Debt	\$8,375,554,199	\$8,710,145,967	\$8,974,447,881	\$9,298,316,451

Table 4.2 shows that hospitals in the study population reported total revenue of over \$9 billion in fiscal years 2009 and 2010 and over \$10 billion in fiscal years 2011 and 2012. Total expenses reported were more than \$9 billion in each of the years of the study period. Revenue less expense was reported at more than \$400 million in fiscal years 2009 and 2012 and more than \$500 million in fiscal years 2010 and 2011. The overall profit margin of all hospitals in the study population was 4.745% in fiscal year 2009, 5.355% in fiscal year 2010, 5.306% in fiscal year 2011, and 3.917% in fiscal year 2012. However, the average hospital organization reported profit margin of 2.79% in fiscal year 2009, 3.08% in fiscal year 2010, 2.14% in fiscal year 2011, and -0.42% in fiscal year 2012 (see Table F.1 in Appendix F). Bad debt expense reported by all hospitals in the study population was reported in Table 4.2 for each of the years of the study period and then removed from total expenses to generate the value reported as total expense less bad debt.

#### **4.2 Primary Research Question**

The primary research question asked:

“At what level were community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009, 2010, 2011, and 2012?”

Results relevant to answering this question are reported in two tables. The total dollars of expense reported in each category by all of the hospitals in the study population combined and those dollars expressed as a percent of total expense less bad debt are reported in Table 4.3. The average hospital expenditures reported in each category expressed as a percent of total expense less bad debt are reported in Table 4.4. The mean, median, standard deviation, and interquartile range for each category of charitable activity expenditure, for each year of the study period are reported in Tables D.1, D.2, D.3, and D.4 in Appendix D. The expenditure values reported by each hospital organization, in each fiscal year, are summarized in a series of one page profiles in Appendix E. The results of subgroup calculations are reported in Table G.1 in Appendix G. The results of rank ordering the hospitals based on the average amount of community benefit provided during the study period are reported in Table H.1 in Appendix H.

Table 4.3

*Total Dollars of Expenditures Reported in Each Category on Internal Revenue Service Form 990 Schedule H by All of the Hospitals in the Study Population and the Value Expressed as a Percent of Total Expense Less Bad Debt*

Measure	Charitable Activity Expenditures - Fiscal Years 2009-2012 - N = 49							
	Total As A Percent Of Total Expense Less Bad Debt							
	Fiscal Year 2009		Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
	Total Dollars	Total As A Percent	Total Dollars	Total As A Percent	Total Dollars	Total As A Percent	Total Dollars	Total As A Percent
Charity Care (Financial Assistance)	\$272,520,186	3.25%	\$288,300,913	3.31%	\$329,048,106	3.67%	\$304,944,879	3.28%
Unreimbursed Medicaid	\$214,318,080	2.56%	\$267,047,773	3.07%	\$325,558,762	3.63%	\$333,171,913	3.58%
Unreimbursed Costs-Other Means-Tested Government Programs	\$14,839,532	0.18%	\$17,728,309	0.20%	\$19,711,343	0.22%	\$19,073,944	0.21%
Charity Care and Means-Tested Government Programs	\$501,677,798	5.99%	\$573,076,995	6.58%	\$674,318,211	7.51%	\$657,190,736	7.07%
Community Health Improvement	\$45,145,909	0.54%	\$44,934,182	0.52%	\$49,044,214	0.55%	\$54,178,116	0.58%
Health Professions Education	\$89,218,580	1.07%	\$101,094,496	1.16%	\$91,887,118	1.02%	\$102,548,478	1.10%
Subsidized Health Services	\$29,203,049	0.35%	\$27,966,943	0.32%	\$33,633,584	0.37%	\$31,331,962	0.34%
Research	\$8,483,133	0.10%	\$7,573,302	0.09%	\$8,568,574	0.10%	\$10,075,278	0.11%
Cash and In-Kind Contributions	\$13,833,428	0.17%	\$11,925,241	0.14%	\$13,279,710	0.15%	\$11,169,773	0.12%
Total Other Benefits	\$185,884,099	2.22%	\$193,494,164	2.22%	\$196,413,200	2.19%	\$209,303,607	2.25%
Total Charity Care and Certain Other Community Benefits	\$687,561,897	8.21%	\$766,571,159	8.80%	\$870,731,411	9.70%	\$866,494,343	9.32%
Physical Improvements and Housing	\$10,774	0.000%	\$2,710	0.000%	\$9,999	0.000%	\$3,640	0.000%
Economic Development	\$195,343	0.002%	\$233,395	0.003%	\$387,665	0.004%	\$386,598	0.004%
Community Support	\$1,478,481	0.018%	\$652,677	0.007%	\$631,837	0.007%	\$1,957,723	0.021%
Environmental Improvements	\$885	0.000%	\$992	0.000%	\$8,467	0.000%	\$959	0.000%
Leadership Development and Training for Community Members	\$28,851	0.000%	\$19,234	0.000%	\$86,559	0.001%	\$39,143	0.000%
Coalition Building	\$256,029	0.003%	\$285,770	0.003%	\$138,487	0.002%	\$167,867	0.002%
Community Health Improvement Advocacy	\$74,845	0.001%	\$1,153,653	0.013%	\$91,814	0.001%	\$265,293	0.003%
Workforce Development	\$1,938,455	0.023%	\$2,100,143	0.024%	\$2,588,527	0.029%	\$1,988,245	0.021%
Other	\$26,040	0.000%	\$335,489	0.004%	\$141,995	0.002%	\$126,565	0.001%
Total Community Building Activities	\$4,009,703	0.048%	\$4,784,063	0.055%	\$4,085,350	0.046%	\$4,936,033	0.053%
Bad Debt Expense (At Cost)	\$388,235,808	4.64%	\$256,706,510	2.95%	\$470,339,572	5.24%	\$610,132,063	6.56%
Medicare Surplus (Or Shortfall)	-\$149,769,609	-1.79%	-\$156,528,476	-1.80%	-\$125,519,905	-1.40%	-\$150,419,162	-1.62%
Total	\$1,229,577,017	14.68%	\$1,184,590,208	13.60%	\$1,470,676,238	16.39%	\$1,631,981,601	17.55%

Table 4.3 stated that the total amount of charitable activity expenditures reported by the hospitals in the study population exceeded \$1.2 billion (14.68% of total expenses less bad debt) in fiscal year 2009, \$1.1 billion (13.6%) in fiscal year 2010, \$1.4 billion (16.39%) in fiscal year 2011, and \$1.6 billion (17.55%) in fiscal year 2012. These totals include the categories that the Internal Revenue Service recognizes as community benefit along with three additional categories it currently does not: community building activities, bad debt expense at cost, and Medicare surplus or shortfall.

Reported community benefit spending in the categories recognized by the Internal Revenue Service, reported in Table 4.3 on the line titled total charity care and certain other community benefits, exceeded \$687 million (8.21%) in fiscal year 2009, \$766 million (8.8%) in fiscal year 2010, \$870 million (9.7%) in fiscal year 2011, and \$866

(9.32%) million in fiscal year 2012. Community benefit is comprised of two subcategories. The first subcategory, titled charity care and means-tested government programs, includes subcategories titled: charity care (or financial assistance), unreimbursed Medicaid, and unreimbursed costs of other means-tested government programs. This subcategory reported expenditures exceeding \$501 million (5.99%) in fiscal year 2009, \$573 million (6.58%) in fiscal year 2010, \$674 million (7.51%) in fiscal year 2011, and \$657 million (7.07%) in fiscal year 2012. The second subcategory, titled total other benefits, includes five subcategories, one of which, titled community health improvement, has potential significance for population health efforts. Together, reported expenditures in this subcategory exceeded \$185 million (2.22%) in fiscal year 2009, \$193 million (2.22%) in fiscal year 2010, \$196 million (2.19%) in fiscal year 2011, and \$209 million (2.25%) in fiscal year 2012. The subcategory titled community health improvement reported expenditures that exceeded \$45 million (0.54%) in fiscal year 2009, \$44 million (0.52%) in fiscal year 2010, \$49 million (0.55%) in fiscal year 2011, and \$54 million (0.58%) in fiscal year 2012.

The category titled community building activities includes nine subcategories that have potential significance for population health efforts. In total, reported community building activities expenditures exceeded \$4 million (0.048%) in fiscal year 2009, \$4.7 million (0.055%) in fiscal year 2010, \$4 million (0.046%) in fiscal year 2011, and \$4.9 million (0.053%) in fiscal year 2012. Reported bad debt expense at cost exceeded \$388 million (4.64%) in fiscal year 2009, \$256 million (2.95%) in fiscal year 2010, \$470 million (5.24%) in fiscal year 2011, and \$610 million (6.56%) in fiscal year 2012. The category titled Medicare surplus or shortfall reported a shortfall in each of the four years

of the study period. The reported shortfall exceeded \$149 million (1.79%) in fiscal year 2009, \$156 million (1.8%) in fiscal year 2010, \$125 million (1.4%) in fiscal year 2011, and \$150 million (1.62%) in fiscal year 2012.

Table 4.4

*Hospital Average Expenditures Reported in Each Category on Internal Revenue Service Form 990 Schedule H as a Percent of Total Expense Less Bad Debt*

Charitable Activity Expenditures - Fiscal Years 2009-2012 - N = 49				
Hospital Average Measured As A Percent Of Total Expense Less Bad Debt				
Measure	Fiscal Year 2009 Hospital Average	Fiscal Year 2010 Hospital Average	Fiscal Year 2011 Hospital Average	Fiscal Year 2012 Hospital Average
Charity Care (Financial Assistance)	3.86%	3.93%	3.96%	3.98%
Unreimbursed Medicaid	4.08%	3.21%	4.09%	3.85%
Unreimbursed Costs-Other Means-Tested Government Programs	0.16%	-0.14%	0.23%	0.26%
<b>Charity Care and Means-Tested Government Programs</b>	<b>8.10%</b>	<b>7.00%</b>	<b>8.28%</b>	<b>8.08%</b>
Community Health Improvement	0.30%	0.31%	0.40%	0.41%
Health Professions Education	0.47%	0.54%	0.45%	0.49%
Subsidized Health Services	0.42%	0.36%	0.34%	0.43%
Research	0.02%	0.02%	0.02%	0.03%
Cash and In-Kind Contributions	0.07%	0.09%	0.08%	0.07%
<b>Total Other Benefits</b>	<b>1.27%</b>	<b>1.31%</b>	<b>1.28%</b>	<b>1.43%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>9.37%</b>	<b>8.31%</b>	<b>9.56%</b>	<b>9.51%</b>
Physical Improvements and Housing	0.000%	0.000%	0.000%	0.000%
Economic Development	0.004%	0.007%	0.008%	0.007%
Community Support	0.013%	0.011%	0.008%	0.011%
Environmental Improvements	0.000%	0.000%	0.000%	0.000%
Leadership Development and Training for Community Members	0.000%	0.000%	0.003%	0.001%
Coalition Building	0.003%	0.006%	0.002%	0.003%
Community Health Improvement Advocacy	0.001%	0.008%	0.001%	0.004%
Workforce Development	0.014%	0.019%	0.020%	0.017%
Other	0.000%	0.002%	0.002%	0.002%
<b>Total Community Building Activities</b>	<b>0.035%</b>	<b>0.054%</b>	<b>0.044%</b>	<b>0.045%</b>
Bad Debt Expense (At Cost)	5.01%	4.00%	6.65%	8.31%
Medicare Surplus (Or Shortfall)	-1.95%	-0.87%	3.04%	-1.04%
<b>Total</b>	<b>16.37%</b>	<b>13.24%</b>	<b>13.22%</b>	<b>18.90%</b>

Table 4.4 reports the hospital average expenditures in each category as a percent of total expense less bad debt. The percentages reported in Table 4.4 and noted below report the level of spending by the average hospital in the study population.

The average amount of total reported charitable activity expenditures by the hospitals included in the study population was 16.37% of in fiscal year 2009, 13.24% in

fiscal year 2010, 13.22% in fiscal year 2011, and 18.9% in fiscal year 2012. These totals include the categories that the Internal Revenue Service recognizes as community benefit along with three additional categories it currently does not: community building activities, bad debt expense at cost, and Medicare surplus or shortfall.

The hospital average percent of reported community benefit expenditures in the categories recognized by the Internal Revenue Service, reported in Table 4.4 on the line titled total charity care and certain other community benefits, was 9.37% in fiscal year 2009, 8.31% in fiscal year 2010, 9.56% in fiscal year 2011, and 9.51% in fiscal year 2012. The first community benefit subcategory, titled charity care and means-tested government programs, includes subcategories titled: charity care (financial assistance), unreimbursed Medicaid, and unreimbursed costs of other means-tested government programs and reported average expenditures of 8.1% in fiscal year 2009, 7% in fiscal year 2010, 8.28% in fiscal year 2011, and 8.08% in fiscal year 2012. The second subcategory, titled total other benefits, reported average expenditures of 1.27% in fiscal year 2009, 1.31% in fiscal year 2010, 1.28% in fiscal year 2011, and 1.43% in fiscal year 2012. Included among those figures, the subcategory titled community health improvement reported average expenditures of 0.30% in fiscal year 2009, 0.31% in fiscal year 2010, 0.40% in fiscal year 2011, and 0.41% in fiscal year 2012.

Reported average community building activities expenditures were 0.035% in fiscal year 2009, 0.054% in fiscal year 2010, 0.044% in fiscal year 2011, and 0.045% in fiscal year 2012. Hospital average bad debt expense at cost expenditures were reported at 5.01% in fiscal year 2009, 4% in fiscal year 2010, 6.65% in fiscal year 2011, and 8.31% in fiscal year 2012. Medicare surplus or shortfall reported an average shortfall in three of

the four years, fiscal year 2011 was the exception. The average reported shortfall was 1.95% in fiscal year 2009, 0.87% in fiscal year 2010, and 1.04% in fiscal year 2012. In fiscal year 2011 Medicare surplus was reported as 3.04%.

### **4.3 Secondary Research Question One**

Secondary research question one asked:

“How have those reported expenditures changed year-over-year?”

Results relevant to answering this question are reported in Table 4.5. Results are reported as the year-over-year and first to last year percent change of the total expenditures expressed as a percent of total expense less bad debt for each category (values reported in Table 4.3). In addition, Table 4.5 reports the year-over-year and first to last year percent change of profit margin (values reported in Table 4.2). The subcategories that comprise community building activities reported minimal expenditures (values reported in Table 4.3), as such the year-over-year and first to last year percent changes indicated large increases or decreases that were not representative of the real changes reported in Table 4.3. Therefore, the decision was made to report only the year-over-year and first to last year percent change for community building activities in total, rather than each of the subcategories that constitute the category.



Table 4.5

*Year-Over-Year and First To Last Year Percent Change of Total Expenditures as a Percent of Total Expense Less Bad Debt*

Year-Over-Year and First To Last Year Percent Change of Total Expenditures As A Percent Of Total Expense Less Bad Debt - Fiscal Years 2009-2012 - N = 49				
Measure	FY 2009-2010 Year-Over-Year Percent Change	FY 2010-2011 Year-Over-Year Percent Change	FY 2011-2012 Year-Over-Year Percent Change	FY 2009-2012 First To Last Year Percent Change
Profit Margin	13%	-1%	-26%	-17%
Charity Care (Financial Assistance)	2%	11%	-11%	1%
Unreimbursed Medicaid	20%	18%	-1%	40%
Unreimbursed Costs-Other Means-Tested Government Programs	15%	8%	-7%	16%
<b>Charity Care and Means-Tested Government Programs</b>	<b>10%</b>	<b>14%</b>	<b>-6%</b>	<b>18%</b>
Community Health Improvement	-4%	6%	7%	8%
Health Professions Education	9%	-12%	8%	4%
Subsidized Health Services	-8%	17%	-10%	-3%
Research	-14%	10%	13%	7%
Cash and In-Kind Contributions	-17%	8%	-19%	-27%
<b>Total Other Benefits</b>	<b>0%</b>	<b>-1%</b>	<b>3%</b>	<b>1%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>7%</b>	<b>10%</b>	<b>-4%</b>	<b>14%</b>
Physical Improvements and Housing	NR	NR	NR	NR
Economic Development	NR	NR	NR	NR
Community Support	NR	NR	NR	NR
Environmental Improvements	NR	NR	NR	NR
Leadership Development and Training for Community Members	NR	NR	NR	NR
Coalition Building	NR	NR	NR	NR
Community Health Improvement Advocacy	NR	NR	NR	NR
Workforce Development	NR	NR	NR	NR
Other	NR	NR	NR	NR
<b>Total Community Building Activities</b>	<b>15%</b>	<b>-17%</b>	<b>17%</b>	<b>11%</b>
Bad Debt Expense (At Cost)	-36%	78%	25%	42%
Medicare Surplus (Or Shortfall)	0%	-22%	16%	-10%
<b>Total</b>	<b>-7%</b>	<b>20%</b>	<b>7%</b>	<b>20%</b>

\*NR (Not Representative) - spending in each of these categories was reported at such small levels that minor changes in spending resulted in high values of percent change that were not representative of meaningful change

Percent change analysis was used to calculate the year-over-year and first to last year percent changes presented in Table 4.5. Variation among categories occurred year-over-year with some categories showing increases and some decreases, however, in general most categories showed increases from the first to the last year of the study period, indicating an overall increase in the level of reported charitable activity expenditures. From the first to last year the percent change for the category of total charitable activities increased by 20%, the Internal Revenue Service recognized

categories of community benefit increased by 14%, community building activities increased by 11%, bad debt expense at cost increased by 42% and Medicare shortfall decreased by 10%.

Of the Internal Revenue Service recognized subcategories that constitute community benefit expenditures, one category, unreimbursed Medicaid, showed a large increase in both year-over-year and first to last year percent change. Fiscal year 2009 to 2010 year-over-year percent change reported a 20% increase, fiscal year 2010 to 2011 reported an 18% increase, fiscal year 2011 to 2012 reported a 1% decrease, and the first to last year percent change reported a 40% increase. Although the subcategory titled cash and in-kind contributions showed a large first to last year percent change, a decrease of 27%, the total dollars of expenditures reported in this category were not considerable in relation to the overall totals (see Table 4.3 for values), making the category's large percent decrease less impactful.

Community building activities reported a year-over-year 15% increase from fiscal year 2009 to 2010, a 17% decrease from fiscal year 2010 to 2011, and a 17% increase from fiscal year 2011 to 2012. Bad debt expense reported large year-over-year percent change shifts. Fiscal year 2009 to 2010 reported a 36% decrease, fiscal year 2010 to 2011 reported a 78% increase, and fiscal year 2011 to 2012 reported a 25% increase. Medicare surplus or shortfall reported a 0% increase from fiscal year 2009 to 2010, a 22% decrease from fiscal year 2010 to 2011, and an 11% increase from fiscal year 2011 to 2012.

#### 4.4 Secondary Research Question Two

Secondary research question two asked:

“What is the relative distribution of the expenditures reported?”

Results relevant to answering this question are reported in Table 4.6. Results are reported as the distribution of the total expenditures in each category (values reported in Table 4.3). The distribution of the expenditures reported in the Internal Revenue Service recognized categories of community benefit are reported in Table I.1 in Appendix I.

Table 4.6

*Distribution of Total Charitable Activity Expenditures by Category*

Distribution Of Total Charitable Activity Expenditures By Category - Fiscal Years 2009-2012 - N = 49				
Measure	Distribution Of Total Expenditures			
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Charity Care (Financial Assistance)	22%	24%	22%	19%
Unreimbursed Medicaid	17%	23%	22%	20%
Unreimbursed Costs-Other Means-Tested Government Programs	1%	1%	1%	1%
<b>Charity Care and Means-Tested Government Programs</b>	<b>41%</b>	<b>48%</b>	<b>46%</b>	<b>40%</b>
Community Health Improvement	4%	4%	3%	3%
Health Professions Education	7%	9%	6%	6%
Subsidized Health Services	2%	2%	2%	2%
Research	1%	1%	1%	1%
Cash and In-Kind Contributions	1%	1%	1%	1%
<b>Total Other Benefits</b>	<b>15%</b>	<b>16%</b>	<b>13%</b>	<b>13%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>56%</b>	<b>65%</b>	<b>59%</b>	<b>53%</b>
Physical Improvements and Housing	0%	0%	0%	0%
Economic Development	0%	0%	0%	0%
Community Support	0%	0%	0%	0%
Environmental Improvements	0%	0%	0%	0%
Leadership Development and Training for Community Members	0%	0%	0%	0%
Coalition Building	0%	0%	0%	0%
Community Health Improvement Advocacy	0%	0%	0%	0%
Workforce Development	0%	0%	0%	0%
Other	0%	0%	0%	0%
<b>Total Community Building Activities</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Bad Debt Expense (At Cost)	32%	22%	32%	37%
Medicare Surplus (Or Shortfall)	12%	13%	9%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Expenditures in the categories of community benefit recognized by the Internal Revenue Service accounted for 56% all charitable activity expenditures reported in fiscal year 2009, 65% in fiscal year 2010, 59% in fiscal year 2011, and 53% in fiscal year 2012. Community building activity expenditures in total were reported at such low values that they accounted for less than 1% of all charitable activity expenditures in each fiscal year. Bad debt expense at cost accounted for 32% of all charitable activity expenditures reported in fiscal year 2009, 22% in fiscal year 2010, 32% in fiscal year 2011, and 37% in fiscal year 2012. Medicare shortfall accounted for 12% of all charitable activity expenditures reported in fiscal year 2009, 13% in fiscal year 2010, and 9% in fiscal years 2011 and 2012.

#### **4.5 Secondary Research Question Three**

Secondary research question three asked:

“Compared to the results of studies conducted utilizing expenditure data reported by hospitals located in other states and nationwide, did the hospitals located within Kentucky provide more community benefit spending?”

Results relevant to answering this question are reported in Tables 4.7, 4.8, and 4.9. Consistent with the results reported by Bakken and Kindig, the results reported in Table 4.7 are reported as the total expenditures expressed as a percentage in each category. Consistent with the results reported by Singh, the American Hospital Associate

and Ernst & Young, and Young et. al., the results reported in Tables 4.8 and 4.9 are reported as the hospital average expenditures in each category. Each of the four prior studies reported their results as a percent of total expense, rather than as a percent of total expense less bad debt as this study has done prior to this research question. To answer this research question, the results of this study, reported in Tables 4.7, 4.8, and 4.9, are provided as a percent of total expense and for that reason, the percentages reported in these tables are not the same as the percentages reported in Table 4.4.

Table 4.7

*Comparison of the Study's Fiscal Year 2009 Results to Bakken and Kindig's Study of Hospitals Located In Wisconsin*

Comparison Of Results To Other Studies		
Measure	FY 2009	
	Kentucky	Wisconsin
	Total As A Percent Of Total Expense	Total As A Percent Of Total Expense
Charity Care	3.02%	1.26%
Unreimbursed Medicaid	2.38%	3.95%
Unreimbursed Costs Other Means-Tested Government Programs	0.17%	0.11%
<b>Charity Care and Means-Tested Government Programs</b>	<b>5.56%</b>	<b>5.32%</b>
Community Health Improvement Services	0.50%	0.40%
Health Professions Education	0.99%	0.37%
Subsidized Health Services	0.32%	1.29%
Research	0.09%	0.04%
Cash and In-Kind Contributions	0.15%	0.16%
<b>Total Other Benefits</b>	<b>2.06%</b>	<b>2.26%</b>
<b>Community Benefit Total</b>	<b>7.62%</b>	<b>7.52%</b>

Table 4.7 reported the results of this study and the results of Bakken and Kindig's study of hospitals located within Wisconsin. Each study examined fiscal year 2009 Internal Revenue Service Form 990 and Schedule H forms. The weighted average of community benefit expenditures reported by hospitals in this study was 7.62% of total expenses. Bakken and Kindig reported average community benefit expenditures of 7.52% of total expenses in their study of Wisconsin hospitals.[23]

Table 4.8

*Comparison of the Study's Fiscal Year 2009 Results to Various Studies Conducted at a State or National Level*

Comparison Of Results To Other Studies				
	FY 2009			
	Kentucky	California	AHA - Ernst & Young	NEJM
Study Area	State	State	National	National
Measure	Hospital Average As A Percent Of Total Expense	Hospital Average As A Percent Of Total Expense	Hospital Average As A Percent Of Total Expense	Hospital Average As A Percent Of Total Expense
Charity Care	3.55%	1.70%		1.90%
Unreimbursed Costs Other Means-Tested Government Programs	3.69%	6.80%		3.40%
Other Means Tested Government Programs	0.15%	0.90%		
<b>Charity Care and Means-Tested Government Programs</b>	<b>7.39%</b>	<b>9.40%</b>	<b>5.70%</b>	<b>5.30%</b>
Community Health Improvement Services	0.28%	0.70%		0.40%
Health Professions Education	0.45%	0.50%	0.80%	0.40%
Subsidized Health Services	0.38%	0.60%		1.10%
Research	0.02%	0.20%	0.30%	0.10%
Cash and In-Kind Contributions	0.06%	0.10%	0.30%	0.20%
Other Benefits			0.80%	
<b>Total Other Benefits</b>	<b>1.19%</b>	<b>2.10%</b>		<b>2.20%</b>
<b>Community Benefit Total</b>	<b>8.58%</b>	<b>11.50%</b>	<b>8.40%</b>	<b>7.50%</b>

Table 4.8 reported the results of various studies that examined fiscal year 2009 Internal Revenue Service Form 990 and Schedule H forms. The average amount of community benefit expenditures reported by hospitals in this study was 8.58% of total expenses. In Singh's study of California hospitals, average community benefit expenditures were reported as 11.5% of total expenses.[19] The American Hospital Association and Ernst & Young study that utilized data from hospitals located throughout the United States reported average community benefit expenditures of 8.4% of total expenses, while a nationwide study conducted by Young et. al. reported the value in their study as 7.5% of total expenses.[24, 25]

Table 4.9

*Comparison of the Study's Fiscal Year 2010 Results to a Nationwide Study Conducted by the American Hospital Association and Ernst & Young*

Comparison Of Results To Other Studies		
Study Area	Fiscal Year 2010	
	Kentucky State	AHA - Ernst & Young National
Measure	Hospital Average As A Percent Of Total Expense	Hospital Average As A Percent Of Total Expense
Charity Care	3.58%	
Unreimbursed Medicaid	2.94%	
Unreimbursed Costs Other Means-Tested Government Programs	-0.11%	
<b>Charity Care and Means-Tested Government Programs</b>	<b>6.41%</b>	<b>5.20%</b>
Community Health Improvement Services	0.28%	
Health Professions Education	0.51%	0.90%
Subsidized Health Services	0.34%	
Research	0.02%	0.60%
Cash and In-Kind Contributions	0.08%	0.30%
Other Benefits		1.00%
<b>Total Other Benefits</b>	<b>1.23%</b>	
<b>Community Benefit Total</b>	<b>7.64%</b>	<b>8.20%</b>

Table 4.9 reported the results of this study and the American Hospital Association and Ernst & Young study that examined fiscal year 2010 Internal Revenue Service Form 990 and Schedule H forms. The average amount of community benefit expenditures reported by hospitals in this study was 7.64% of total expenses. The American Hospital Association and Ernst & Young study that utilized data from hospitals located throughout the United States reported average community benefit expenditures of 8.2% of total expenses.[24]

#### 4.6 Secondary Research Question Four

Secondary research question four asked:

“What portion of the hospitals included in the study population would have qualified for tax-exemption if minimum community benefit and certain other expenses spending policies had been in place during the study period?”

As part of her review of hospitals located within California, Singh evaluated potential policy minimum spending thresholds by determining what portion of hospitals in her study would have met each threshold.[19] Using the category definitions and spending thresholds established by Singh, Table 4.10 reports the number and portion of hospital organizations in the study population that reported expenditures at a level that would have met the indicated thresholds. Results relevant to answering this question are reported in Table 4.10.



Table 4.10

*Number and Percent of Kentucky Hospital Organizations That Would Have Met a Minimum Spending Threshold in Each Year of the Study Period*

Fiscal Year 2009 (N=49)						
Measure of Charitable Activity	Threshold Level As A Percent Of Total Expense Less Bad Debt					
	3 Percent		5 Percent		7 Percent	
	Number	Percent	Number	Percent	Number	Percent
Charity Care Only	32	65%	13	27%	6	12%
Charity Care And Government Payer Payment Shortfalls	45	92%	39	80%	26	53%
Charity Care And Other Community Benefits (Not Counting/Without Government Payer Payment Shortfalls)	38	78%	22	45%	12	24%
Total Community Benefits As Defined In IRS Form 990 Schedule H (Community Benefit)	47	96%	43	88%	33	67%

Fiscal Year 2010 (N=49)						
Measure of Charitable Activity	Threshold Level As A Percent Of Total Expense Less Bad Debt					
	3 Percent		5 Percent		7 Percent	
	Number	Percent	Number	Percent	Number	Percent
Charity Care Only	32	65%	10	20%	5	10%
Charity Care And Government Payer Payment Shortfalls	46	94%	35	71%	19	39%
Charity Care And Other Community Benefits (Not Counting/Without Government Payer Payment Shortfalls)	38	78%	18	37%	11	22%
Total Community Benefits As Defined In IRS Form 990 Schedule H (Community Benefit)	47	96%	42	86%	28	57%

Fiscal Year 2011 (N=49)						
Measure of Charitable Activity	Threshold Level As A Percent Of Total Expense Less Bad Debt					
	3 Percent		5 Percent		7 Percent	
	Number	Percent	Number	Percent	Number	Percent
Charity Care Only	37	76%	11	22%	4	8%
Charity Care And Government Payer Payment Shortfalls	47	96%	36	73%	25	51%
Charity Care And Other Community Benefits (Not Counting/Without Government Payer Payment Shortfalls)	41	84%	20	41%	9	18%
Total Community Benefits As Defined In IRS Form 990 Schedule H (Community Benefit)	48	98%	42	86%	34	69%

Fiscal Year 2012 (N=49)						
Measure of Charitable Activity	Threshold Level As A Percent Of Total Expense Less Bad Debt					
	3 Percent		5 Percent		7 Percent	
	Number	Percent	Number	Percent	Number	Percent
Charity Care Only	33	67%	13	27%	3	6%
Charity Care And Government Payer Payment Shortfalls	45	92%	39	80%	27	55%
Charity Care And Other Community Benefits (Not Counting/Without Government Payer Payment Shortfalls)	39	80%	23	47%	8	16%
Total Community Benefits As Defined In IRS Form 990 Schedule H (Community Benefit)	46	94%	39	80%	34	69%

Had the threshold utilized only charity care expenditures, most hospitals in the study would not have met a 5% or 7% spending threshold, however more than half would have met a 3% threshold. Had the threshold consisted of charity care, unreimbursed Medicaid, and other means-tested government programs, more than 90% of the hospital organizations would have met a 3% threshold in each fiscal year, more than 70% would have met a 5% threshold in each fiscal year, and in every year except fiscal year 2010 more than 50% would have met a 7% threshold. In fiscal year 2010, 39% of the hospital organizations would have met a 7% threshold. Had the threshold consisted of charity

care and other community benefits that did not include unreimbursed Medicaid and other means-tested government programs, more than 75% of all hospitals organizations would have met a 3% threshold in each fiscal year, more than 40% would have met a 5% threshold in each year except fiscal year 2010 when 37% would have met the threshold, more than 20% would have met a 7% threshold in fiscal year 2009 and 2010, and more than 15% would have met the same threshold in fiscal year 2011 and 2012. Had the threshold consisted of total community benefits as recognized by the Internal Revenue Service, more than 90% of all hospitals organizations would have met a 3% threshold in each fiscal year, more than 80% would have met a 5% threshold in each fiscal year, and more than 65% would have met a 7% threshold in fiscal years 2009, 2011, and 2012. In fiscal year 2010 57% would have met a 7% threshold.

#### **4.7 Summary Of Results**

This completes the review of the results. Chapter 4 began by providing demographic information of the study population. It then provided results relevant to answering the five research questions.

The results showed that in fiscal year 2009, total charitable activity expenditures reported by all hospitals in the study population exceeded \$1.2 billion (14.68% of total expense less bad debt). The amount reported in fiscal year 2010 exceeded \$1.1 billion (13.6%), in fiscal year 2011 it exceeded \$1.4 billion (16.39%), and in fiscal year 2012 it exceeded \$1.6 billion (17.55%). Expenditures in the categories recognized by the Internal Revenue Service as community benefit exceeded \$687 million (8.21%) in fiscal

year 2009, \$766 million (8.8%) in fiscal year 2010, \$870 million (9.7%) in fiscal year 2011, and \$866 million (9.32%) in fiscal year 2012.

The average amount of reported expenditures by hospitals in the study population for all charitable activity expenditures was 16.37% of total expense less bad debt in fiscal year 2009, 13.24% in fiscal year 2010, 13.22% in fiscal year 2011, and 18.9% in fiscal year 2012. The average amount of reported expenditures by hospitals in the categories recognized as community benefit by the Internal Revenue service was 9.37% of total expense less bad debt in fiscal year 2009, 8.31% in fiscal year 2010, 9.56% in fiscal year 2011, and 9.51% in fiscal year 2012.

With respect to total reported expenditures, the categories that showed the largest first to last year percent change increase were bad debt expense at cost (42%) and unreimbursed Medicaid (40%). Cash and in-kind contributions showed the largest decrease over the same period (27%).

Of all charitable activity expenditures reported in fiscal year 2009, 56% were reported among the categories recognized by the Internal Revenue Service as community benefit. Community benefit expenditures were reported as 65% of all expenditures reported in fiscal year 2010, 59% of all expenditures reported in fiscal year 2011, and 53% of all expenditures reported in fiscal year 2012.

Measured as the total reported community benefit expenditures as a percent of total expense, the hospitals included in the study population reported community benefit expenditures as 7.62% in fiscal year 2009. Bakken and Kindig reported total community benefit spending by hospitals located within Wisconsin of 7.52% during the same period.[23]

Measured as the average community benefit expenditures reported as a percent of total expense, the hospitals in the study population reported community benefit expenditures of 8.58% in fiscal year 2009. Singh reported average community benefit expenditures by hospitals located within California of 11.5% during the same time period.[19] The American Hospital Association and Ernst & Young reported average community benefit expenditures in fiscal year 2009 of 8.4% in their study of hospitals located the across nation, while Young, et. al. reported average community benefit expenditures of 7.5% in their national study of the same time period.[24, 25] Measured in the same manner, hospitals in this study reported community benefit expenditures of 7.64% in fiscal year 2010. The American Hospital Association and Ernst & Young reported community benefit expenditures of 8.2% during the same time period.[24]

Utilizing the Internal Revenue Service recognized categories of community benefit, 96% of all hospital organizations in the study population met a 3% minimum spending threshold in fiscal year 2009. 96% met the threshold in fiscal year 2010, 98% in fiscal year 2011, and 94% in fiscal year 2012. 88% met a 5% minimum spending threshold in fiscal year 2009, 86% in fiscal years 2010 and 2011, and 80% in fiscal year 2012. 67% met a 7% minimum spending threshold in fiscal year 2009, 57% in fiscal year 2010, and 69% in fiscal years 2011 and 2012.

This concludes Chapter 4. Chapter 5 will focus on the interpretation of the results presented in this chapter and provide discussion of the study's conclusions. Recommendations for the use of the results, suggested policy changes, and suggestions for future research will be discussed.

## CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

### 5.1 Introduction

Chapters 1 and 2 of this dissertation provided the context and background for why this study is important. Since 1969, the Internal Revenue Service has used the community benefit standard to determine whether hospitals qualify for tax-exemption at the federal level in the United States of America. Throughout the last 35 years, the United States Congress debated whether 501(c)(3) tax-exempt hospitals have provided sufficient community benefit in exchange for the value of tax-exemption. Prior to 2009, in studies that attempted to measure the amount of community benefit provided by 501(c)(3) tax-exempt hospitals, government organizations, including the Congressional Budget Office, the Internal Revenue Service, and the Government Accountability Office, cited concerns that different hospitals counted different activities as community benefit and that they measured the value of the expenditures in different ways.

An outcome of the Congressional activities and government studies lead the Internal Revenue Service to revise Internal Revenue Service Form 990, the reporting form the Internal Revenue Service requires certain tax-exempt organizations, including 501(c)(3) tax-exempt hospitals, to file on a yearly basis. The revision of Internal Revenue Service Form 990 included the creation of Internal Revenue Service Form 990 Schedule H, a supplementary reporting form that only hospitals were required to

file. For the first time beginning with fiscal year 2009, Internal Revenue Service Form 990 Schedule H and the instructions for filing it, provided by the Internal Revenue Service, identified important categories of expenditures that hospitals were required to report in a standardized manner. Among these categories were a subgroup recognized by the Internal Revenue Service as community benefit. The standardized reporting requirement led to data that allowed, for the first time, the value of community benefit and other charitable activities expenditures reported by 501(c)(3) tax-exempt hospitals to be compared to one another in a meaningful way.

Beginning in 2012, studies focused on the community benefit expenditure patterns of tax-exempt hospitals that utilized Internal Revenue Service Form 990 and Schedule H data were published. To date, two national studies and two state specific studies; one focused on hospitals located within California and the other on hospitals located within Wisconsin, have been published that examined fiscal year 2009 data reported on these forms. One of the national studies, an industry generated study by the American Hospital Association and Ernst & Young, also examined fiscal year 2010 data, however, it did not utilize a consistent study population in each fiscal year, therefore changes in the level of reported expenditures may not provide an accurate representation of true change from one year to the next. Nevertheless, these studies provide important points of comparison with respect to the community benefit expenditure levels reported by hospitals throughout the United States, including those located within Kentucky, a previously unstudied population of hospitals.

Chapter 3 outlined the parameters of this study. This study examined the charitable activity expenditures reported by 501(c)(3) and dual status tax-exempt

hospitals located within the state of Kentucky. Charitable activity expenditures include categories recognized as community benefit by the Internal Revenue Service as well as additional categories that the Internal Revenue Service currently does not recognize as community benefit but requires hospitals to report on Internal Revenue Service Form 990 Schedule H. The titles of the categories that are not currently recognized as community benefit are: community building activities, bad debt expense at cost, and Medicare surplus or shortfall. It was the intent of this dissertation to elucidate and analyze community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky. A descriptive longitudinal research study utilizing descriptive methods and financial analysis tools was designed to answer five research questions:

- Primary research question:
  - At what level were community benefit and certain other expenses reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky during fiscal years 2009, 2010, 2011, and 2012?
- Secondary research questions:
  - How have those reported expenditures changed year-over-year?
  - What is the relative distribution of the expenditures reported?
  - Compared to the results of studies conducted utilizing expenditure data reported by hospitals located in other states and nationwide, did the

hospitals located within Kentucky provide more community benefit spending?

- What portion of the hospitals included in the study population would have qualified for tax-exemption if minimum community benefit and certain other expenses spending policies had been in place during the study period?

The results presented in Chapter 4 represent the first attempt to elucidate and analyze charitable activity expenditures reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located within the state of Kentucky. The results presented also represent the first attempt to examine the charitable activity expenditures reported by a constant set of 501(c)(3) tax-exempt hospitals over multiple fiscal years. The results of this study were reported as the total dollars spent in each category of charitable activity, the total dollars expressed as a percent of total expense less bad debt, the hospital average expenditures in each category, the year-over-year and first to last year percent change of the total dollars expressed as a percent of total expense less bad debt, the distribution of the total expenditures among the categories, a comparison of the results of this study to other published studies that examined community benefit expenditures by hospitals on a state specific or national level, and the results of hypothetical minimum spending thresholds that illustrated what portion of the hospital organizations in the study would have qualified for tax-exemption if a minimum spending threshold were used to evaluate hospitals charitable activity expenditures for the purpose of granting tax-exemption.



The purpose of Chapter 5 is to interpret the results presented in Chapter 4 and provide discussion of the key findings, recommendations for the use of the results, suggested policy changes, suggestions for further research, and limitations of the study.

## **5.2 Conclusions**

Chapter 4 provided the results to the study's five research questions. The results required to answer the primary research question, which asked, at what level were expenditures reported by hospitals in the study population in each year of the study period were provided in Tables 4.3 and 4.4. This study was the first to establish the level of charitable activity expenditures reported on Internal Revenue Service Form 990 and Schedule H by 501(c)(3) and dual status tax-exempt general acute care hospitals located in the state of Kentucky during fiscal years 2009 through 2012.

The results required to answer secondary research question one, which asked, how those expenditures changed year-over-year were provided in Table 4.5. Despite a downward trend in the profitability of the hospitals included in the study population, most categories of reported charitable activity expenditures reported increases in the level of spending over the study period. The results required to answer secondary research question two, which asked, what was the relative distribution of the expenditures reported were provided in Table 4.6. Table 4.6 showed that during each year of the study period, more than half of all charitable activity expenditures reported on Internal Revenue Service Form 990 Schedule H were reported in the categories recognized by the Internal Revenue Service as community benefit.

The results required to answer secondary research question three, which asked, with respect to reported community benefit spending, how did the results of this study compare to the results of other studies, were provided in Tables 4.7, 4.8, and 4.9. For fiscal year 2009, the total community benefit expenditures reported by hospitals in this study was slightly more than that reported by hospitals located in Wisconsin in Bakken and Kindig's study. The average amount of community benefit expenditures reported by hospitals in this study was comparable to that reported by hospitals in the national study conducted by the American Hospital Association and Ernst and Young and more than one percent higher than the amount reported in the national study conducted by Young, et. al. The amount reported in this study was nearly three percent less than what was reported by hospitals located in California in Singh's study.

The results required to answer secondary research question four, which asked, what portion of the hospitals included in the study would have qualified for tax-exemption if various minimum spending thresholds had been in place during the study period were provided in Table 4.10. While the portion of hospitals in the study population that would have met the threshold varied based on which threshold was utilized, in general the portion of hospital organizations that would have met each threshold changed little during the study period. In addition, the results show that the majority of the hospital organizations in the study would have met a minimum spending threshold that was based on the Internal Revenue Service recognized categories of community benefit.

### **5.3 Discussion**

The results reported in this study are important because they provide a baseline of the charitable activity expenditures reported by 501(c)(3) and dual status tax-exempt hospitals located within the state of Kentucky from fiscal year 2009 through fiscal year 2012. The results also provide the opportunity to evaluate how charitable activity expenditures reported by the hospitals in the study population changed over time and to compare individual organizations' charitable activity expenditures to one another in a standardized manner.

Prior to this study, the level and structure of charitable activity expenditures reported by the hospitals in the study population was unknown. The results of this study show that the level of charitable activity expenditures, of more than \$1.6 billion in fiscal year 2012 alone, and perhaps more importantly, the level of community benefit expenditures, of more \$866 million in fiscal year 2012 alone, reported by the hospitals in the study population in total, are significant and did increase over the study period. This is significant because it shows that, in general, the hospitals in the study population are providing sizeable benefit to the community in exchange for tax-exemption.

As can be expected, some hospitals provided more community benefit than others, however, in contrast to studies performed before the implementation of Internal Revenue Service Form 990 Schedule H by the General Accounting Office in 1990, the Government Accountability Office in 2005, the Congressional Budget Office in 2007, and the Internal Revenue Service in 2007 and 2009, this study did not find that

community benefit spending was concentrated within a small group of hospitals (see Figures J.1, J.2, J.3, and J.4 in Appendix J).[20, 44, 65, 72, 84] Tables H.1 and H.2 in Appendix H provided a rank ordering of the hospital organizations based on two factors. Table H.1 reported the rank order of hospital organizations based on the four-year average of reported community benefit expenditures as a percent of total expense less bad debt. Table H.2 reported the rank order of hospital organizations based on the four-year average of the individual fiscal year rank order. Table H.2 provided results that indicated that most of the hospitals remained near the same rank order during the study period, regardless of whether they reported high or low amounts of community benefit expenditures. However, Table H.2 also showed that a few hospital organizations significantly increased or decreased their rank order in an individual fiscal year during the study period. Why the increase or decrease occurred may be of interest to future studies on this subject.

Community benefit expenditures in total, measured as a percent of total expense less bad debt, showed several trends. Charity care (financial assistance) expenditures were reported as generally constant over the study period showing a 1% increase. Unreimbursed Medicaid and unreimbursed costs other means-tested government programs reported large increases over the study period of 40% and 16% respectively. The state of Kentucky adopted Managed Medicaid in November 2011, but it is unknown what role the program played in the changes of these figures. The potential impact of the program on reported unreimbursed Medicaid expenditures may be of interest to future research.

Table 4.6 reported the distribution of the total expenditures by category for all of the charitable activity expenditures reported by the hospitals in the study population; Table I.1 in Appendix I reported the distribution of the total expenditures by category as well, but it focused only on the categories of community benefit expenditures. Table I.1 showed that charity care (financial assistance) accounted for 40% of all reported community benefit expenditures in fiscal year 2009, falling to 35% in fiscal year 2012. Unreimbursed Medicaid grew from 31% of all reported community benefit expenditures in fiscal year 2009, to 39% in fiscal year 2012. This is a significant shift in the distribution of the dollars of expenditures and a shift that occurred prior to the January 1, 2014 implementation of the Patient Protection and Affordable Care Act's individual mandate and the Kentucky Medicaid expansion that reported a 76.89% increase in Medicaid enrollment.[126] As a result of the Kentucky Medicaid expansion, it should be expected that the expenditures reported as unreimbursed Medicaid on Internal Revenue Service Form 990 Schedule H will continue to grow.

Although the increase reported over the study period in the subcategory titled community health improvement was not substantial at only 8%, it is important and promising. The literature has defined the category as "activities or programs subsidized by the organization for the express purpose of community health improvement, documented by a community health needs assessment." [19] Reported increases of expenditures devoted to this category have the potential to positively impact population health efforts. Bakken and Kindig proposed a minimum spending requirement that focused on this category in a follow up article to their study of fiscal year 2009 data reported by hospitals located in Wisconsin.[127] They noted that increases in this

category would increase “the amount of available public health dollars through the community benefit provision.”[127]

This study reported an encouraging trend that saw community benefit expenditures expressed as a percent of total expense less bad debt rise by 14% during the study period, even as profit margin declined by 17% during the same time. This indicates that the hospitals in the study population provided an increasing amount of community benefit even while profitability was reduced. Although these changes may appear distinct from one another, they could be related. As the dollars of community benefit expense increase, *ceteris paribus*, the profitability of the organization decreases. Nevertheless, the increase in community benefit expenditures is encouraging.

The total dollars of reported community building activities, categories that focus on population health efforts, was unexpectedly very low, ranging from just over \$4 million in fiscal year 2009, to just under \$5 million in fiscal year 2012. The category represented just 0.54% of total expense less bad debt in fiscal year 2009 and 0.58% in fiscal year 2012. This resulted in a 14% increase over the study period, but reported expenditures continued to remain low. One of the reasons for the low amount of total expenditures reported is that few hospitals reported any expenditure at all in a number of the subcategories that constitute community benefit activities. The problem is illustrated in Table K.1 in Appendix K. In each subcategory, in every year of the study period, at least 31 of the 49 hospital organizations reported zero dollars of expense.

While this was unexpected, perhaps it should not have been. Although the subcategories that comprise community building activities show promise for population health efforts, they are not among the categories of community benefit recognized by the

Internal Revenue Service and as such, hospitals may not feel obligated to provide expenditures in them. Potential does exist for increased expenditures in the category of community building activities as the community health needs assessment requirement began for fiscal years beginning after March 23, 2012.[128] The effect of this requirement may be seen in fiscal year 2013 returns and beyond, nevertheless, further investigation of the expenditures reported in this category should be explored.

Reported bad debt expense at cost accounted for over 30% of all charitable activity expenditures reported during each year of the study period except fiscal year 2010 when it accounted for 22%. Reported expenditures increased by 42% during the study period. As the number of uninsured individuals declines as a result of health reform, there is potential for expenditures in this category to also decline. However, it should be noted that even among the newly insured population, there may be individuals, who based on their financial ability, would be expected to be able to pay any remainder of their hospital bill, but choose not to. Frequently health insurance plans require patients to pay cost sharing amounts in the form of co-pays, co-insurance, or deductibles to the hospital provider directly. If, based on the hospital's financial assistance policy, the patient is expected to be able to pay these amounts and they do not, the amounts owed would continue to be reported as bad debt. Therefore, even though the number of uninsured is expected to decrease, a similar decrease in reported bad debt expense at cost may not be realized.

The total amount of Medicare surplus or shortfall reported, was reported as a shortfall in each year of the study period. The reported shortfall approached \$150 million in each fiscal year except for fiscal year 2011 when the reported shortfall exceeded \$125

million. In each year of the study period the expenditures reported in the category account for at least 9% of total reported charitable activity expenditures. The total dollar amount of Medicare shortfall reported in each of the years of the study period approached half the value of unreimbursed Medicaid. Given that Internal Revenue Service Revenue Rulings 69–545 and 83–157 indicate that a potential form of community benefit could include treating patients who pay for services with Medicare or Medicaid, there is a question as to why unreimbursed Medicaid was included as an Internal Revenue Service recognized category of community benefit and Medicare surplus or shortfall was not.[40, 41]

There was a possible reporting error that may have impacted the hospital average amount of Medicare surplus or shortfall reported for fiscal year 2011, reported in Table 4.4 as a surplus of 3.04%. While the value reported in Table 4.4 is correct as reported by all hospitals in the study population, it may not represent what actually occurred. Two hospitals reported on separate Internal Revenue Service Form 990 Schedule H forms a Medicare surplus expressed as a percentage of more than 90%. Upon further inspection of the two Internal Revenue Service Form 990 and Schedule H forms in question, it was revealed that the same public accounting firm was listed as the paid preparer on each form, leading to the belief that the value each hospital reported for this particular category is a reporting error. The median value for this measure showed a shortfall of 0.42% which is a reasonable value in comparison to prior and later years. If this was a reporting error, there would be a small effect on the total amount of Medicare shortfall reported, resulting in an increase in the total dollar amount and percent of reported shortfall during fiscal year 2011.



Providing comparisons of the reported values in this study to the values reported in other studies proved to be complicated. First, this study elected to report expenditures as a percent of total expense less bad debt, consistent with the Internal Revenue Service's instructions that accompany Internal Revenue Service Form 990 Schedule H. This was also consistent with the Financial Accounting Standards Board's Accounting Standards Update 2011-07 titled *Health Care Entities (Topic 954)*. Since 1973, the Financial Accounting Standards Board has developed the generally accepted accounting principles, commonly referred to as GAAP, on behalf of the Securities and Exchange Commission.[129] Accounting Standards Update 2011-07 requires some health care organizations to report bad debt expense as a reduction of revenue rather than as an expense.[130] The standard was effective for fiscal years beginning after December 15, 2011, however early adoption was permitted.[130] Some hospital organizations in the study population commented in Internal Revenue Service Form 990 that they followed Accounting Standards Update 2011-07 and reported bad debt expense as a reduction of revenue rather than as an expense in fiscal years 2011 and 2012. This was not an obstacle that prior studies encountered, given their focus on fiscal years 2009 and 2010 which commonly occurred prior to the publication of Accounting Standards Update 2011-07. Because this study covered additional fiscal years where some hospitals followed the guidance, the decision was made to remove bad debt expense from total expense when calculating the percentages reported. Failing to remove bad debt expense would have resulted in the organizations that elected to utilize the guidance in Accounting Standards Update 2011-07 reporting a community benefit percentage that utilized a smaller denominator and artificially increased the reported value of charitable

activity expenditures as compared to those organizations that did not and as compared to the values reported in the other studies.

Bakken and Kindig's study of hospitals located in Wisconsin, the first published study to examine community benefit after the implementation of Internal Revenue Service Form 990 Schedule H, reported results as the total expenditures expressed as a percent of total expense. The other three studies reported results as the hospital average expressed as a percent of total expense. While the literature has not established a proper method to report the results, the decision by one study to report the total dollars as a percent and the others to report the hospital average required this study to report the results both ways. In a state such as Kentucky, it proved informative to report the results both ways due to the large number of hospitals (34) that filed Internal Revenue Service Form 990 and Schedule H (8 returns) as part of a multiple hospital filing. This led to a large difference in the total amount of community benefit reported as a percentage and the hospital average amount reported.

Compared to Bakken and Kindig's study of hospitals located in Wisconsin, this study showed that total community benefit spending as a percent of total expense, was slightly higher in Kentucky than in Wisconsin in fiscal year 2009 (results reported in Table 4.7). Reported charity care was higher in Kentucky at 3.02% versus 1.26% in Wisconsin. Reported unreimbursed Medicaid was higher in Wisconsin at 3.95% versus 2.38% in Kentucky. Health professions education was reported higher in Kentucky at 0.99% versus 0.37% in Wisconsin. The remaining categories were reported as similar values.

Reported hospital average community benefit expenditures as a percent of total expense for this study and those published by Singh, the American Hospital Association and Ernst & Young, and Young, et. al. for fiscal year 2009, were reported in Table 4.8. Hospital average community benefit expenditures were reported as more than 1% higher in Kentucky than in Young et. al.'s study and slightly more than that reported by the American Hospital Association. Kentucky hospital average community benefit expenditures were reported as nearly 3% less than that reported by hospitals located in California in Singh's study.

There was significant variation among the studies in the amount of expenditures reported in the categories of charity care, unreimbursed Medicaid, and unreimbursed costs other means-tested government programs. Hospitals in this study reported far more charity care than those in the other studies. The amount of unreimbursed Medicaid reported in this study was similar to that reported by Young et. al. California hospitals reported a substantially higher amount of unreimbursed Medicaid than was reported in this study and the other published studies. Small variation existed in many of the subcategories that constitute total other benefits, however, on average, hospitals in this study reported lower amounts of expenditures for total other benefits than did those in the other studies. Table 4.8 reported the results of this study for fiscal year 2010 and the results reported by the American Hospital Association and Ernst & Young for the same period. Although results were not provided for the subcategories of charity care, unreimbursed Medicaid, and unreimbursed costs other means-tested government programs in the American Hospital Association study, the hospitals in this study reported more expenditures in those categories combined.

The results presented in Tables 4.7, 4.8, and 4.9 indicate that there may be variation in reported hospital community benefit between hospitals located in one state and another, perhaps based on each state's health policies. The size of the uninsured population, the size of the population receiving Medicaid benefits, the prevailing Medicaid reimbursement rates, and the existence of any community benefit policies that must be met to receive state designated not-for-profit status, may affect the type and amount of community benefit reported. While Internal Revenue Service Form 990 and Schedule H has allowed for comparisons to be made between hospitals in one state and another on a standardized basis, the expenditures reported by these hospitals may be somewhat influenced by factors that exist outside of the hospital's domain.

The analysis of minimum spending thresholds reported in Table 4.10 was prompted by Singh's study of hospitals located in California. Both the categories and thresholds included in Table 4.10 are the same as those reported by Singh. In her study, Singh reported the thresholds as a percent of total expense.[19] In Table L.1 in Appendix L, the results of Singh's fiscal year 2009 evaluation of hospitals located in California are compared to the results of this study. For this table only, the results of the minimum spending threshold evaluation are reported as a percent of total expense to remain consistent with Singh's evaluation. Table L.1 showed that compared to the hospitals in Singh's study, Kentucky hospitals would have been more likely to meet all three percent thresholds based on charity care only and all three percent thresholds based on charity care and other community benefits that did not include government payer payment shortfalls. California hospitals would have been more likely to meet the 7% threshold based on charity care and government payer payment shortfalls and the 7% threshold

based on community benefits in total. For the remaining thresholds, the portion of hospitals that would have met the minimum spending thresholds was comparable.

Table 4.10 indicated that from fiscal year 2009 to fiscal year 2012 the percent of hospitals in this study that would have met each threshold was generally consistent over time. Table 4.10 showed that if a minimum spending threshold based on reported expenditures in the categories recognized by the Internal Revenue Service as community benefit had been used in fiscal year 2012, 94% of hospital organizations would have met a 3% threshold, 80% of hospital organizations would have met a 5% threshold, and 69% of hospital organizations would have met a 7% threshold.

A minimum spending threshold has been advocated by some, including Senator Charles Grassley and his staff, as an easier way to evaluate whether hospitals are providing enough community benefit expenditures in exchange for the benefits of tax-exemption.[82] This study shows that if community benefits as recognized by the Internal Revenue Service were to be used as the threshold category, the majority of the hospitals in the study population would be positioned to meet a threshold of 7% or less of total expense less bad debt. Though the use of a minimum spending threshold is a clearer way to evaluate the level of community benefit spending provided by 501(c)(3) tax-exempt hospitals in exchange for tax-exemption, there are potential problems with the use of a minimum spending threshold. A study by Kennedy, Burney, Troyer, and Stroup found that when the state of Texas began requiring not-for-profit hospitals to provide a minimum percent of charity care in exchange for not-for-profit status, the hospitals that previously did not reach the required level of spending increased expenditures by 1.4% on average, to meet the threshold.[131] However, the hospitals that previously exceeded

the threshold began to spend less than they had before, on average 1.1% less.[131] The study showed that the “spending behavior” of hospitals in Texas could be influenced by policy, but it also showed that when a minimum spending threshold is established, some hospital organizations will view it as a maximum spending threshold, an important point when considering the implementation of a minimum spending threshold.[131]

Another potential issue with a minimum spending threshold is that a large portion of the hospitals in the study population reported a negative profit margin. This was especially true of hospitals that filed Internal Revenue Service Form 990 and Schedule H as individual hospitals. Table M.1 in Appendix M reported the number and percent of hospitals that filed Internal Revenue Service Form 990 and Schedule H as individual hospitals and reported a negative profit margin. The number reporting a negative profit margin grew from 13 of 41 returns (32%) during fiscal year 2009, to 19 of 41 returns (46%) during fiscal year 2012. Table M.2 in Appendix M reported the number and percent of hospitals that filed Internal Revenue Service Form 990 and Schedule H as a multiple hospital filing and reported a negative profit margin. In hospitals that filed as part of a multiple hospitals filing, only one of the eight returns in any fiscal year, fiscal year 2012, reported a negative profit margin. The future financial success of hospitals in the study population may be hindered by a requirement to provide more community benefit. This could lead to hospital closures that could leave patients without local access to a hospital. For instance, Nicholas County Hospital, which provided on average the least amount of community benefit expenditures during the study period, ceased operations in May 2014, citing “insurmountable financial challenges.”[132] A requirement to provide community benefit expenditures at a minimum level may have

required Nicholas County Hospital to close sooner. Speaking about hospitals' requirement to provide community benefit expenditures and the closure of Nicholas County Hospital, Kentucky State Auditor Adam Edelen said hospitals "do have a responsibility to help, although they need to remain solvent themselves." [133] The establishment of a minimum spending threshold should only be pursued when potential unintended consequences have been considered.

## **5.4 Recommendations**

Recommendations will be provided in three areas. Recommendations for the use of the results and recommended policy changes will be discussed in section 5.4.1. Recommendations for improving the research will be discussed in section 5.4.2. Recommendations for future research will be provided in section 5.4.3.

### **5.4.1 Recommendations For Practice Or Implementation**

This study provided the first description of charitable activity expenditures reported by 501(c)(3) and dual status tax-exempt general acute care hospitals located in Kentucky since the Internal Revenue Service began requiring the use of the revised Internal Revenue Service Form 990 and Schedule H forms for fiscal year 2009. The following stakeholders may be able to utilize the results of this study.

Members of the local communities in which the hospitals in the study population are located can use the results of this study to ensure that the hospitals are providing

significant amounts of community benefit in exchange for tax-exemption. They should encourage local hospitals to devote community benefit expenditures in a manner that meets the health needs of the community. Community members stand to gain the most from the effective use of community benefit expenditures.

Hospital board of directors and administrators should be aware of the results of this study and the community benefit expenditures reported by their hospital. Hospitals that reported a small percentage of community benefit expenditures should work to increase their level of community benefit expenditures, so long as the increase does not compromise their financial solvency. Hospitals that reported a large percentage of community benefit expenditures should embrace the opportunity to work with other hospitals and community organizations, including public health departments, to ensure that the dollars of community benefit expenditures they are providing are being used to promote population health effectively. Several health policies will require hospitals to change the way they view population health and the way they interact with the community, including the community health needs assessment requirement and movement toward bundled payments for services. Now more than ever, hospitals have reason to reach into communities and ensure the health of community members. The results of this study can be coupled with other data sources, such as a needs assessment, to redirect community benefit expenditures to areas of need to most effectively promote population health.

Public health departments and practitioners should view the results of this study as an indicator that they need to forge strong bonds with local hospitals. The community benefit expenditures reported in this study represent significant expenditures of resources,



\$866 million in fiscal year 2012 alone. Public health departments must attempt to work with hospitals to make certain that these dollars are being used to positively affect population health. The community health needs assessment requirement included in the Patient Protection and Affordable Care Act provides public health departments an avenue to begin to further develop relationships with hospital leaders; public health must capitalize on this opportunity.

Policy makers at the state and federal level can use the results of this study to help evaluate future policy decisions. While most hospitals in the study population provided at least a reasonable amount of community benefit expenditures when compared to hospitals in other states and nationally, some fell short of that mark. There may be economic reasons that kept some hospitals from providing additional community benefit expenditures, such as in the case of Nicholas County Hospital which provided, on average, the least amount of community benefit expenditures of any hospital in the study population and then in 2014, filed for bankruptcy.

There are a number of policy changes that have gone, or will go into effect in the coming years that have the potential to affect the amount and type of community benefit expenditures reported by hospitals in Kentucky. These include impacts related to the Patient Protection and Affordable Care Act's individual mandate and community health needs assessment requirements, the expansion of Medicaid in Kentucky, the ending of hospital disproportionate share payment programs, and the move toward bundled payment reimbursement, among other policies. Until we are able to study the ramifications of these policy changes, this study cannot advocate for the use of minimum spending thresholds, more data is needed.

This study does recommend a few policy changes at the federal and state levels. It is recommended that the Internal Revenue Service require hospitals to file Internal Revenue Service Form 990 and Schedule H on an individual hospital basis. This requirement would prove more burdensome on multiple hospital filing organizations, however it will lead to an increase in the number of data points, which will lead to a more accurate evaluation of average community benefit expenditures. A second recommendation is that the Internal Revenue Service should either designate an organization to analyze the charitable activity expenditures reported on Internal Revenue Service Form 990 and Schedule H returns or perform the analysis themselves. The data should be analyzed using consistent methods and made widely available online in a timely manner. A third recommendation is that the Internal Revenue Service should include community building activities as a recognized category of community benefits. Expenditures in the subcategories of community building activities have the potential to positively impact population health. The paltry level of spending reported in this study, slightly less than \$5 million in total in fiscal year 2012, should be seen as a failure. Including the subcategories of community building activities as recognized categories of community benefit, will indicate their importance to hospitals and encourage expenditures in these categories.

At the state level, this study recommends that Kentucky policy makers begin requiring hospitals to file an individual Internal Revenue Service Form 990 and Schedule H with a selected state agency, even if the Internal Revenue Service does not move to enact this recommendation. Although Internal Revenue Service Form 990 and Schedule H are forms developed by a federal agency, they are standardized and hospitals are

already familiar with the type of data that is to be reported. The state agency should make the data accessible online and provide a rank order of the community benefit expenditures reported by each hospital in the same manner as in Tables H.1 and H.2 in Appendix H. While the general public may not seek the data, having it available to policy makers, other hospitals, researchers, and journalists should encourage hospitals with low levels of community benefit expenditures to increase the dollars provided to avoid public ridicule. To quote Supreme Court Justice Louis Brandeis, “sunlight is said to the best of disinfectants.”[134]

#### **5.4.2 Recommendations For Improving The Research**

Several changes could be made to improve this study. This is the first study that analyzed reported charitable activity expenditures of 501(c)(3) and dual status tax exempt general acute care hospitals located within the state of Kentucky. In addition, this was the first study that utilized a constant set of hospitals to examine how charitable activity expenditures changed over periods of time.

The results of this study focus on the charitable activity expenditures self-reported by hospitals in the study population. Although Internal Revenue Service Form 990 Schedule H identified categories of expenditures to be reported and although the instructions for completing the form identified what types of expenditures should be reported in each category, there is some level of subjectivity regarding what value each hospital organization reported on the form. While the literature has indicated the general validity of the reporting form, Internal Revenue Service Form 990 Schedule H, all of the

data utilized in this study was self-reported and reporting errors may have been present.[103] Future research on this topic should attempt to verify the legitimacy of the dollars reported.

As is consistent with the published literature, this study reported charitable activity expenditures as a percent to enable comparison of hospitals of different size. As Young et. al. identified, doing so negates the actual dollar differences of expenditures that exist in the comparison of a large hospital to a small hospital. Based on the design of this study, this was not a concern however use of the results should take this consideration into account.[103]

This study limited its analysis to hospitals located within the state of Kentucky. Although a comparison of the results of this study to other studies indicated that differences in community benefit expenditures in hospitals located in different states may be influenced by individual states' health policy decisions, it may be of interest to compare the charitable activity expenditures of hospitals located in border towns of one state to another. In an effort to improve the research, future research should expand the study population to include hospitals in communities that border the state of Kentucky.

#### **5.4.3 Recommendations for Future Research**

This study was descriptive by design, providing a baseline of charitable activity expenditures reported by the hospitals in the study population and reporting changes in those expenditures. However, it was the first step in a research process. Future research on the charitable activity expenditures reported by 501(c)(3) and dual status tax-exempt

general acute care hospitals located in Kentucky should include analysis of hospitals that behaved in certain ways. Answers to questions such as, why did some hospitals increase or decrease community benefit expenditures in relation to other hospitals during the study period should be sought.

Some hospitals reported both a high profit margin and a high level of community benefit and charitable activity expenditures while some organizations reported low levels of each. Some organizations reported a high profit margin and a low level of community benefit and charitable activity expenditures or vice-versa. Why this occurrence was observed merits further study; future research should attempt to determine if the changes were a natural occurrence or rather were planned.

Overall community building activity expenditures were report as less than \$5 million in fiscal year 2012. Future research should focus on discovering why hospitals did not provide more dollars of expenditure in this category. Research should also focus on what policy or practice changes could be implemented to encourage hospital expenditures in this category.

This study's study period was limited by the unavailability of more recent fiscal year Internal Revenue Service Form 990 and Schedule H returns. The final year of the study period, fiscal year 2012, was also the first year that many hospitals were required to file a community health needs assessment and implementation strategy.[128] Future research should return to this study population to measure changes that occur in expenditure patterns as hospitals continue to adapt to the community health needs assessment requirement. Future research should combine more recent fiscal year data with an evaluation of hospital completed community health needs assessment and

implementation strategy reports to evaluate if hospitals' charitable activity expenditures have changed over time in the manner expected, based on their implementation strategy.

Future research should return to this study population to measure changes in charitable activity expenditures that occur in subsequent fiscal years, especially following the implementation of the individual mandate requirement of the Patient Protection and Affordable Care Act and the expansion of Kentucky Medicaid. Each of these policies went into effect January 1, 2014. It is anticipated that the amount of reported charity care (financial assistance) will decline and the amount of reported unreimbursed Medicaid will grow. Whether this change occurs should be examined by future studies. Finally, future research should attempt to measure health status change and established links to charitable activity and community benefit expenditures provided by 501(c)(3) tax-exempt hospitals. Proven linkages will further help hospitals, public health practitioners, and policy makers ensure that expenditures are provided in the categories that make the most difference in health status.

## **5.5 Concluding Remarks**

Much was learned through this study, but it is only valid for the hospitals included in the study population. This study showed that most 501(c)(3) and dual status tax-exempt general acute care hospitals located in the state of Kentucky are providing reasonable amounts of reported community benefit activities as compared to hospitals in other states and nationwide. Another positive sign was the amount of reported expenditures increased over time. Future reported community benefit expenditures by

the same study population may not follow the trends observed during this study period.

As we move forward in time, hospitals should place emphasis on community health needs assessment and community engagement to ensure that community benefit and other charitable activity expenditures provided are promoting population health and meeting the health needs of the community they serve.

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<b>Form 990</b> Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b> 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 <b>2009</b> <b>Open to Public Inspection</b>	
<b>A. For the 2009 calendar year, or tax year beginning 2009, and ending 20</b>	
<b>B. Check if applicable:</b> <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C. Name of organization</b> Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite City or town, state or country, and ZIP + 4 <b>F. Name and address of principal officer:</b>
<b>D. Employer identification number</b> _____	
<b>E. Telephone number</b> _____	
<b>G. Gross receipts</b> \$ _____	
<b>H. Is this a group return for affiliated?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <b>Are all affiliates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
<b>I. Tax-exempt status:</b> <input type="checkbox"/> 501(c)1 <input type="checkbox"/> 501(c)2 <input type="checkbox"/> 501(c)3 <input type="checkbox"/> 501(c)4 <input type="checkbox"/> 501(c)6 <input type="checkbox"/> 501(c)7 <input type="checkbox"/> 501(c)8 <input type="checkbox"/> 501(c)9 <input type="checkbox"/> 501(c)10 <input type="checkbox"/> 501(c)11 <input type="checkbox"/> 501(c)12 <input type="checkbox"/> 501(c)13 <input type="checkbox"/> 501(c)14 <input type="checkbox"/> 501(c)15 <input type="checkbox"/> 501(c)16 <input type="checkbox"/> 501(c)17 <input type="checkbox"/> 501(c)18 <input type="checkbox"/> 501(c)19 <input type="checkbox"/> 501(c)20 <input type="checkbox"/> 501(c)21 <input type="checkbox"/> 501(c)22 <input type="checkbox"/> 501(c)23 <input type="checkbox"/> 501(c)24 <input type="checkbox"/> 501(c)25 <input type="checkbox"/> 501(c)26 <input type="checkbox"/> 501(c)27 <input type="checkbox"/> 501(c)28 <input type="checkbox"/> 501(c)29 <input type="checkbox"/> 501(c)30 <input type="checkbox"/> 501(c)31 <input type="checkbox"/> 501(c)32 <input type="checkbox"/> 501(c)33 <input type="checkbox"/> 501(c)34 <input type="checkbox"/> 501(c)35 <input type="checkbox"/> 501(c)36 <input type="checkbox"/> 501(c)37 <input type="checkbox"/> 501(c)38 <input type="checkbox"/> 501(c)39 <input type="checkbox"/> 501(c)40 <input type="checkbox"/> 501(c)41 <input type="checkbox"/> 501(c)42 <input type="checkbox"/> 501(c)43 <input type="checkbox"/> 501(c)44 <input type="checkbox"/> 501(c)45 <input type="checkbox"/> 501(c)46 <input type="checkbox"/> 501(c)47 <input type="checkbox"/> 501(c)48 <input type="checkbox"/> 501(c)49 <input type="checkbox"/> 501(c)50 <input type="checkbox"/> 501(c)51 <input type="checkbox"/> 501(c)52 <input type="checkbox"/> 501(c)53 <input type="checkbox"/> 501(c)54 <input type="checkbox"/> 501(c)55 <input type="checkbox"/> 501(c)56 <input type="checkbox"/> 501(c)57 <input type="checkbox"/> 501(c)58 <input type="checkbox"/> 501(c)59 <input type="checkbox"/> 501(c)60 <input type="checkbox"/> 501(c)61 <input type="checkbox"/> 501(c)62 <input type="checkbox"/> 501(c)63 <input type="checkbox"/> 501(c)64 <input type="checkbox"/> 501(c)65 <input type="checkbox"/> 501(c)66 <input type="checkbox"/> 501(c)67 <input type="checkbox"/> 501(c)68 <input type="checkbox"/> 501(c)69 <input type="checkbox"/> 501(c)70 <input type="checkbox"/> 501(c)71 <input type="checkbox"/> 501(c)72 <input type="checkbox"/> 501(c)73 <input type="checkbox"/> 501(c)74 <input type="checkbox"/> 501(c)75 <input type="checkbox"/> 501(c)76 <input type="checkbox"/> 501(c)77 <input type="checkbox"/> 501(c)78 <input type="checkbox"/> 501(c)79 <input type="checkbox"/> 501(c)80 <input type="checkbox"/> 501(c)81 <input type="checkbox"/> 501(c)82 <input type="checkbox"/> 501(c)83 <input type="checkbox"/> 501(c)84 <input type="checkbox"/> 501(c)85 <input type="checkbox"/> 501(c)86 <input type="checkbox"/> 501(c)87 <input type="checkbox"/> 501(c)88 <input type="checkbox"/> 501(c)89 <input type="checkbox"/> 501(c)90 <input type="checkbox"/> 501(c)91 <input type="checkbox"/> 501(c)92 <input type="checkbox"/> 501(c)93 <input type="checkbox"/> 501(c)94 <input type="checkbox"/> 501(c)95 <input type="checkbox"/> 501(c)96 <input type="checkbox"/> 501(c)97 <input type="checkbox"/> 501(c)98 <input type="checkbox"/> 501(c)99 <input type="checkbox"/> 501(c)100	
<b>J. Website:</b> _____	
<b>K. Form of organization:</b> <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/> _____	
<b>L. Year of formation:</b> _____	
<b>M. State of legal domicile:</b> _____	
<b>Part I Summary</b>	
<b>1. Briefly describe the organization's mission or most significant activities:</b> _____ _____ _____	
<b>2. Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.</b>	
<b>3. Number of voting members of the governing body (Part VII, line 1a):</b> _____	
<b>4. Number of independent voting members of the governing body (Part VII, line 1b):</b> _____	
<b>5. Total number of employees (Part V, line 2a):</b> _____	
<b>6. Total number of volunteers (estimate if necessary):</b> _____	
<b>7a. Total gross unrelated business revenue from Part VIII, column (C), line 12:</b> _____	
<b>b. Net unrelated business taxable income from Form 990-T, line 34:</b> _____	
<b>8. Contributions and grants (Part VII, line 1h):</b> _____	
<b>9. Program service revenue (Part VII, line 2g):</b> _____	
<b>10. Investment income (Part VII, column (A), lines 3, 4, and 7d):</b> _____	
<b>11. Other revenue (Part VII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11a):</b> _____	
<b>12. Total revenue—add lines 8 through 11 (must equal Part VII, column (A), line 12):</b> _____	
<b>13. Grants and similar amounts paid (Part IX, column (A), lines 1–3):</b> _____	
<b>14. Benefits paid to or for members (Part IX, column (A), line 4):</b> _____	
<b>15. Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10):</b> _____	
<b>16a. Professional fundraising fees (Part IX, column (A), line 11a):</b> _____	
<b>b. Total fundraising expenses (Part IX, column (D), line 25):</b> _____	
<b>17. Other expenses (Part IX, column (A), lines 11a–11d, 11e–24e):</b> _____	
<b>18. Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25):</b> _____	
<b>19. Revenue less expenses. Subtract line 18 from line 12:</b> _____	
<b>20. Total assets (Part X, line 15):</b> _____	
<b>21. Total liabilities (Part X, line 26):</b> _____	
<b>22. Net assets or fund balances. Subtract line 21 from line 20:</b> _____	
<b>Part II Signature Block</b>	
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.	
<b>Signature of officer</b> _____ <b>Date</b> _____	
<b>Type or print name and title</b> _____	
<b>Preparer's signature</b> _____ <b>Date</b> _____ <b>Check if self-employed</b> <input type="checkbox"/> <b>Preparer's identifying number (see instructions)</b> _____	
<b>Firm's name (if you are a self-employed individual, enter your name)</b> _____ <b>FIN</b> _____ <b>Phone no.</b> _____	
<b>May the IRS discuss this return with the preparer shown above? (see instructions)</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	

**Part III** Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:

.....

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 exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4047(a)(1) trusts 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 \$ \_\_\_\_\_ Including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

[illegible]

4b (Code: \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

[illegible]

4c (Code: \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

[illegible]

4d Other program services. (Describe in Schedule O.)				
(Expenses \$	including grants of \$	) (Revenue \$	)	

(expenses) \$	including grants of \$	(revenue) \$
4a Total program service expenses ▶		

Form 990 2002

**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 . . . . .	1	
2 Is the organization required to complete Schedule B, Schedule of Contributors? . . . . .	2	
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 . . . . .	3	
4 Section 501(c)(7) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II . . . . .	4	
5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(a) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III . . . . .	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where 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 . . . . .	6	
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 . . . . .	7	
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	8	
9 Did the organization report an amount in Part X, line 21; 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 . . . . .	9	
10 Did the organization, directly or through a related organization, hold assets in form, permanent, or quasi-permanent? If "Yes," complete Schedule D, Part V . . . . .	10	
11 Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable . . . . .	11	
• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .		
• 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 10? If "Yes," complete Schedule D, Part VII . . . . .		
• 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 10? If "Yes," complete Schedule D, Part VIII . . . . .		
• 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 10? If "Yes," complete Schedule D, Part IX . . . . .		
• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .		
• 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? If "Yes," complete Schedule D, Part X . . . . .		
12 Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII . . . . .	12	
12A Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII is optional . . . . .	12A	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	13	
14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	14a	
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I . . . . .	14b	
15 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, Part II . . . . .	15	
16 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, Part III . . . . .	16	
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 11a? If "Yes," complete Schedule G, Part I . . . . .	17	
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .	18	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VII, line 9a? If "Yes," complete Schedule G, Part III . . . . .	19	
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H . . . . .	20	

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**Part IV** Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II . . . . .	21	
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 II . . . . .	22	
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 . . . . .	23	
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 . . . . .	24a	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	24b	
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? . . . . .	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	24d	
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 . . . . .	25a	
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 . . . . .	25b	
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II . . . . .	26	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III . . . . .	27	
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 . . . . .	28a	
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	28b	
c An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV . . . . .	28c	
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M . . . . .	29	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M . . . . .	30	
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I . . . . .	31	
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II . . . . .	32	
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 . . . . .	33	
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1 . . . . .	34	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 . . . . .	35	
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 . . . . .	36	
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 . . . . .	37	
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O. . . . .	38	

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**Part V** Statements Regarding Other IRS Filings and Tax Compliance

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1099, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable . . . . .	<b>1a</b>	
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .	<b>1b</b>	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	
<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 . . . . .	<b>2a</b>	
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . .	<b>2b</b>	
Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)		
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .	<b>3a</b>	
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	<b>3b</b>	
<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)? . . . . .	<b>4a</b>	
<b>b</b> If "Yes," enter the name of the foreign country: _____ See the instructions for exceptions and 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? . . . . .	<b>5a</b>	
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .	<b>5b</b>	
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? . . . . .	<b>5c</b>	
<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? . . . . .	<b>6a</b>	
<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>6b</b>	
<b>7 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? . . . . .	<b>7a</b>	
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7b</b>	
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7c</b>	
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7d</b>	
<b>e</b> Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7e</b>	
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .	<b>7f</b>	
<b>g</b> For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7g</b>	
<b>h</b> For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .	<b>7h</b>	
<b>8</b> 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? . . . . .	<b>8</b>	
<b>9</b> Sponsoring organizations maintaining donor advised funds.		
<b>a</b> Did the organization make any taxable distributions under section 4959? . . . . .	<b>9a</b>	
<b>b</b> Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9b</b>	
<b>10</b> Section 501(c)(7) organizations. Enter:		
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10a</b>	
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .	<b>10b</b>	
<b>11</b> Section 501(c)(12) organizations. Enter:		
<b>a</b> Gross income from members or shareholders . . . . .	<b>11a</b>	
<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>11b</b>	
<b>12a</b> Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12a</b>	
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .	<b>12b</b>	

**Part VII 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.

**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body . . . . .	1a	
b Enter the number of voting members that are independent . . . . .	1b	
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	
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	
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .	4	
5 Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .	5	
6 Does the organization have members or stockholders? . . . . .	6	
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	7a	
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	7b	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: . . . . .		
a The governing body? . . . . .	8a	
b Each committee with authority to act on behalf of the governing body? . . . . .	8b	
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 . . . . .	9a	

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Does the organization have local chapters, branches, or affiliates? . . . . .	10a	
b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	10b	
11 Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? . . . . .	11	
11A Describe in Schedule O the process, if any, used by the organization to review this Form 990. . . . .		
12a Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	12a	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	12c	
13 Does the organization have a written whistleblower policy? . . . . .	13	
14 Does the organization have a written document retention and destruction policy? . . . . .	14	
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	
b Other officers or key employees of the organization . . . . .	15b	
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	
b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b	

**Section C. Disclosure**

17 List the states with which a copy of this Form 990 is required to be filed: \_\_\_\_\_

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
☐ Own website ☐ Another's website ☐ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: \_\_\_\_\_

## Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

• 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 officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (C), (E), and (F) if no compensation was paid.
  - List all of the organization's current key employees. 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 the organization did not compensate any current officer, director, or trustee.

[illegible]

[illegible]

	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 for services rendered to the organization? If "Yes," complete Schedule J for such person	5	

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

(4) Name and business address	(5) Description of services	(6) Compensation

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Part VIII Statement of Revenue				(A) Total revenue	(B) Reimbursed or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants, and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f					
Program Service Revenue	2a	Business Code					
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f					
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)				
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross Rents	(I) Real (J) Personal				
b		Less: rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss)					
7a		Gross amount from sales of assets other than inventory	(I) Securities (J) Other				
b		Less: cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss)					
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		Net income or (loss) from fundraising events					
9a		Gross income from gaming activities. See Part IV, line 19	a				
b		Less: direct expenses	b				
c		Net income or (loss) from gaming activities					
10a		Gross sales of inventory, less returns and allowances	a				
b	Less: cost of goods sold	b					
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue			Business Code				
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See instructions.						

**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) but are not required to complete columns (B), (C), and (D).

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				
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 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				
8 Pension plan contributions (include section 401(k) and section 408(a) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a				
b				
c				
d				
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f				
26 Joint costs. Check here <input type="checkbox"/> if following SOP 95-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X** Balance Sheet

		(A) Beginning of year	(B) End of year
<b>Assets</b>	1 Cash—non-interest-bearing . . . . .	1	
	2 Savings and temporary cash investments . . . . .	2	
	3 Pledges and grants receivable, net . . . . .	3	
	4 Accounts receivable, net . . . . .	4	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .	6	
	7 Notes and loans receivable, net . . . . .	7	
	8 Inventories for sale or use . . . . .	8	
	9 Prepaid expenses and deferred charges . . . . .	9	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	
	b Less: accumulated depreciation . . . . .	10b	10c
	11 Investments—publicly traded securities . . . . .	11	
	12 Investments—other securities. See Part IV, line 11 . . . . .	12	
	13 Investments—program-related. See Part IV, line 11 . . . . .	13	
	14 Intangible assets . . . . .	14	
	15 Other assets. See Part IV, line 11 . . . . .	15	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	16		
<b>Liabilities</b>	17 Accounts payable and accrued expenses . . . . .	17	
	18 Grants payable . . . . .	18	
	19 Deferred revenue . . . . .	19	
	20 Tax-exempt bond liabilities . . . . .	20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .	21	
	22 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 . . . . .	23	
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	24	
25 Other liabilities. Complete Part X of Schedule D . . . . .	25		
26 <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	26		
<b>Net Assets or Fund Balances</b>	27 Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. . . . .	27	
	28 Unrestricted net assets . . . . .	28	
	29 Temporarily restricted net assets . . . . .	29	
	30 Permanently restricted net assets . . . . .	30	
	31 Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. . . . .	31	
	32 Capital stock or trust principal, or current funds . . . . .	32	
	33 Paid-in or capital surplus, or land, building, or equipment fund . . . . .	33	
	34 Retained earnings, endowment, accumulated income, or other funds . . . . .	34	
35 <b>Total net assets or fund balances.</b> Add lines 27 through 34 . . . . .	35		
36 <b>Total liabilities and net assets/fund balances.</b> Add lines 26 and 35 . . . . .	36		

**Part 9** Financial Statements and Reporting

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input 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? . . .	2a	
b Were the organization's financial statements audited by an independent accountant? . . . . .	2b	
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.	2c	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
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? . . . . .	3a	
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.	3b	

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# Appendix B: Fiscal Year 2009 Internal Revenue Service Form 990 Schedule H

SCHEDULE H (Form 990)		<b>Hospitals</b>		OMB No. 1545-0047 <b>2009</b> Open to Public Inspection		
Department of the Treasury Internal Revenue Service		▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20. ▶ Attach to Form 990. ▶ See separate instructions.		Employer identification number		
Name of the organization						
<b>Part I</b> Charity Care and Certain Other Community Benefits at Cost						
				Yes	No	
1a Does the organization have a charity care policy? If "No," skip to question 6a . . . . .				1a		
b If "Yes," is it a written policy? . . . . .				1b		
2 If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals.						
<input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals						
3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients.						
a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care: . . . . .				3a		
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %						
b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care: . . . . .				3b		
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %						
c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.						
4 Does the organization's policy provide free or discounted care to the "medically indigent"? . . . . .				4		
5a Does the organization budget amounts for free or discounted care provided under its charity care policy?				5a		
b If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .				5b		
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? . . . . .				5c		
6a Does the organization prepare an annual community benefit report? . . . . .				6a		
b If "Yes," does the organization make it available to the public? . . . . .				6b		
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.						
<b>7 Charity Care and Certain Other Community Benefits at Cost</b>						
Charity Care 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 Charity care at cost (from Worksheets 1 and 2) . . . . .						
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .						
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .						
d Total Charity Care and Means-Tested Government Programs . . . . .						
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .						
f Health professions education (from Worksheet 5) . . . . .						
g Subsidized health services (from Worksheet 6) . . . . .						
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .						
j Total Other Benefits . . . . .						
k Total. Add lines rd and j) . . . . .						

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

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Schedule H (Form 990) 2009

**Part II** Community Building Activities Complete this table if the organization conducted any community building activities.

	(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**

	Yes	No
1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 157? . . . . .	1	
2 Enter the amount of the organization's bad debt expense (at cost) . . . . .	2	
3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy. . . . .	3	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit.		

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	
7 Subtract line 6 from line 5. This is the surplus or (shortfall) . . . . .	7	
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:		
<input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

9a Does the organization have a written debt collection policy? . . . . .	9a	
b If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI . . . . .	9b	

**Part IV** Management Companies and Joint Ventures

(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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

## Name and address

[illegible]



## Part VI Supplemental Information

Complete this part to provide the following information.

1. Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (j); Part I, line 7; Part II, line 4; Part III, line 8; Part III, line 9b, and Part V. See instructions.
2. Needs assessment. Describe how the organization assesses the health care needs of the communities it serves.
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 charity care policy.
4. Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
5. Community building activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
6. Provide any other information important to describing how the organization's hospitals 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.).
7. 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.
8. If applicable, identify all states with which the organization, or a related organization, files a community benefit report.



## Appendix C: Hospital's Included In The Study Population

Table C.1

### *Listing of all Hospitals Included in the Study Population*

Hospital Name	Hospitals Included In The Study				US Census County Designation	Critical Access Hospital	Licensed Bed Count
	Address	City	County	Multi Hospital Filing			
Baptist Health Corbin	1 Trillium Way	Corbin	Whitley	Yes	Metropolitan		273
Baptist Health Lexington	1740 Nicholasville Road	Lexington	Fayette	Yes	Metropolitan		383
Baptist Health Louisville	4000 Kresge Way	Louisville	Jefferson	Yes	Metropolitan		519
Baptist Health Madisonville	900 Hospital Drive	Madisonville	Hopkins		Metropolitan		390
Baptist Health Northeast	1025 New Moody Lane	Lagrange	Oldham		Metropolitan		90
Baptist Health Paducah	2501 Kentucky Avenue	Paducah	McCracken	Yes	Metropolitan		349
Baptist Health Richmond	801 Eastern Bypass	Richmond	Madison		Metropolitan		105
Caldwell Medical Center	100 Medical Center Drive	Princeton	Caldwell		Rural	Yes	25
Carroll County Memorial Hospital	309 Eleventh Street	Carrollton	Carroll		Rural	Yes	25
Casey County Hospital	187 Wolford Avenue	Liberty	Casey		Rural	Yes	24
Clinton County Hospital	723 Burkesville Road	Albany	Clinton		Rural		42
Crittenden Health System	520 West Gum Street	Marion	Crittenden		Rural		48
Cumberland County Hospital	299 Glasgow Road	Burkesville	Cumberland		Rural	Yes	25
Ephraim McDowell Fort Logan Hospital	110 Metker Trail	Stanford	Lincoln		Metropolitan	Yes	25
Ephraim McDowell Regional Medical Center	217 South Third Street	Danville	Boyle		Metropolitan		197
Flaget Memorial Hospital	4305 New Shepherdsville Road	Bardstown	Nelson		Metropolitan		40
Harlan ARH Hospital	81 Ball Park Road	Harlan	Harlan	Yes	Rural		150
Harrison Memorial Hospital	1210 Kentucky Highway 36 East	Cynthiana	Harrison		Rural		61
Hazard ARH Regional Medical Center	100 Medical Center Drive	Hazard	Perry	Yes	Rural		308
Highlands Regional Medical Center	5000 Kentucky Route 321	Prestonsburg	Floyd		Rural		166
Jane Todd Crawford Memorial Hospital	202 Milby Street	Greensburg	Green		Rural	Yes	35
Jennie Stuart Medical Center Inc	320 West 18th Street	Hopkinsville	Christian		Metropolitan		194
Jewish Hospital & St. Mary's Healthcare	200 Abraham Flexner Way	Louisville	Jefferson	Yes	Metropolitan		462
Jewish Hospital Shelbyville	727 Hospital Drive	Shelbyville	Shelby	Yes	Metropolitan		70
Kings Daughters Medical Center	2201 Lexington Ave	Ashland	Boyd		Metropolitan		455
Langston Hosp. & Healthcare Svcs. Inc.	1731 Hospital Drive	Salem	Livingston		Metropolitan	Yes	25
Louder Hospital	1530 Lone Oak Rd	Paducah	McCracken		Metropolitan		359
Manchester Memorial Hospital	210 Marie Langdon Drive	Manchester	Clay		Rural		63
Marcum And Wallace Memorial Hospital	60 Mercy Court	Irvine	Estill		Rural	Yes	25
Marshall County Hospital	615 Old Symonia Road, PO Box 630	Benton	Marshall		Rural	Yes	25
McDowell ARH Hospital	9879 Kentucky Route 122	McDowell	Floyd	Yes	Rural	Yes	25
Methodist Hospital	1305 N Elm Street	Henderson	Henderson	Yes	Metropolitan		192
Methodist Hospital Union County	4604 U.S. Hwy. 60W	Morganfield	Union	Yes	Rural	Yes	25
Middlesboro ARH Hospital	3600 W Cumberland Ave	Middlesboro	Bell	Yes	Metropolitan		96
Monroe County Medical Center	529 Capp Harlan Rd	Tompkinsville	Monroe		Rural		49
Morgan County ARH Hospital	476 Liberty Road	West Liberty	Morgan	Yes	Rural	Yes	25
Muhlenberg Community Hospital	440 Hopkinsville Street	Greenville	Muhlenberg		Metropolitan		90
New Horizons Medical Center	330 Roland Ave	Owenton	Owen		Rural	Yes	25
Nicholas County Hospital	2323 Concrete Rd.	Carlsde	Nicholas		Rural	Yes	18
Norton Audubon Hospital	One Audubon Plaza Drive	Louisville	Jefferson	Yes	Metropolitan		432
Norton Brownshorn Hospital	4060 Norton Healthcare Boulevard	Louisville	Jefferson	Yes	Metropolitan		127
Norton Hospital/Kosair Children's Hospital/Norton Healthcare Pavilion	200 East Chestnut Street	Louisville	Jefferson	Yes	Metropolitan		905
Norton Suburban Hospital	4001 Dutchmans Lane	Louisville	Jefferson	Yes	Metropolitan		373
Ohio County Hospital	1211 Old Main St.	Hartford	Ohio		Rural	Yes	25
Our Lady of Bellefonte Hospital	1000 St. Christopher Drive	Ashland	Greentap		Metropolitan		190
Owensboro Medical Health System	811 E Parrish Ave	Owensboro	Daviess		Metropolitan		447
Pikeville Medical Center	911 Bypass Rd	Pikeville	Pike		Rural		261
Pineville Community Hospital	850 Riverview Ave	Pineville	Bell		Metropolitan		120
Rockcastle Regional Hospital & Respiratory Care Center	145 Newcomb Ave	Mt Vernon	Rockcastle		Metropolitan		26
Russell County Hospital	153 Dowell Rd., PO Box 1610	Russell Springs	Russell		Rural	Yes	25
Saint Joseph - Martin	11203 Main Street	Martin	Floyd	Yes	Rural	Yes	25
Saint Joseph Berea	305 Estill Street	Berea	Madison	Yes	Metropolitan	Yes	25
Saint Joseph East	150 N Eagle Creek Drive	Lexington	Fayette	Yes	Metropolitan		217
Saint Joseph Hospital	One St Joseph Drive	Lexington	Fayette	Yes	Metropolitan		433
Saint Joseph Hospital London	1001 Saint Joseph Lane	London	Laurel	Yes	Metropolitan		120
Saint Joseph Mount Sterling	225 Falcon Drive	Mt. Sterling	Montgomery	Yes	Metropolitan		42
Saints Mary & Elizabeth Hospital	1850 Bhegrass Avenue	Louisville	Jefferson	Yes	Metropolitan		298
St. Clare Regional Medical Center	222 Medical Circle	Morehead	Rowan		Rural		149
St. Elizabeth Edgewood	1 Medical Village Dr.	Edgewood	Kenton	Yes	Metropolitan		494
St. Elizabeth Florence	4900 Houston Road	Florence	Boone	Yes	Metropolitan		161
St. Elizabeth Ft. Thomas	85 North Grand Avenue	Ft. Thomas	Campbell	Yes	Metropolitan		278
St. Elizabeth Grant	238 Barnes Rd.	Williamstown	Grant	Yes	Metropolitan	Yes	25
T J Sammon Community Hospital	1301 North Race Street	Glasgow	Barren		Metropolitan		180
The James B. Huggin Memorial Hospital	464 Linden Ave.	Harrodsburg	Mercer		Rural	Yes	25
The Medical Center at Bowling Green	250 Park Street	Bowling Green	Warren	Yes	Metropolitan		337
The Medical Center At Franklin	1100 Brookhaven Road	Franklin	Simpson		Rural	Yes	25
The Medical Center At Scottsville	456 Bumley Road	Scottsville	Allen	Yes	Rural	Yes	25
Trigg County Hospital Inc.	254 Main Street	Cadiz	Trigg		Metropolitan	Yes	25
Twin Lakes Regional Medical Center	910 Wallace Avenue	Leitchfield	Grayson		Rural		75
University Of Louisville Hospital	530 S Jackson St	Louisville	Jefferson		Metropolitan		404
Wayne County Hospital, Inc.	166 Hospital Street	Monticello	Wayne		Rural	Yes	25
Whitesburg ARH Hospital	240 Hospital Road	Whitesburg	Lecher	Yes	Rural		90
Williamson ARH Hospital	260 Hospital Drive	South William	Pike	Yes	Rural		113
Beckley ARH Hospital	306 Sumaford Road	Beckley, WV	Raleigh	Yes			173
Summers County ARH	1500 Terrace Street	Hinton, WV	Summers	Yes		Yes	25

Table C.2

*Listing of Hospitals Included in the Study that Filed Internal Revenue Service Form 990 and Schedule H as an Individual Hospital filing*

Hospitals Included In The Study As Individual Hospitals						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Baptist Health Madisonville	900 Hospital Drive	Madisonville	Hopkins	Metropolitan		390
Baptist Health Northeast	1025 New Moody Lane	Lagrange	Oldham	Metropolitan		90
Baptist Health Richmond	801 Eastern Bypass	Richmond	Madison	Metropolitan		105
Caldwell Medical Center	100 Medical Center Drive	Princeton	Caldwell	Rural	Yes	25
Carroll County Memorial Hospital	309 Eleventh Street	Carrollton	Carroll	Rural	Yes	25
Casey County Hospital	187 Wolford Avenue	Liberty	Casey	Rural	Yes	24
Clinton County Hospital	723 Burkesville Road	Albany	Clinton	Rural		42
Crittenden Health System	520 West Gum Street	Marion	Crittenden	Rural		48
Cumberland County Hospital	299 Glasgow Road	Burkesville	Cumberland	Rural	Yes	25
Ephraim McDowell Fort Logan Hospital	110 Metker Trail	Stanford	Lincoln	Metropolitan	Yes	25
Ephraim McDowell Regional Medical Center	217 South Third Street	Danville	Boyle	Metropolitan		197
Fleet Memorial Hospital	4305 New Shepherdsville Road	Bardonia	Nelson	Metropolitan		40
Harrison Memorial Hospital	1210 Kentucky Highway 36 East	Cynthiana	Harrison	Rural		61
Highlands Regional Medical Center	5000 Kentucky Route 321	Prestonsburg	Floyd	Rural		166
Jane Todd Crawford Memorial Hospital	202 Milby Street	Greensburg	Green	Rural	Yes	35
Jennie Stuart Medical Center Inc.	320 West 18th Street	Hopkinsville	Christian	Metropolitan		194
Kings Daughters Medical Center	2201 Lexington Ave	Ashland	Boyd	Metropolitan		455
Livingston Hosp. & Healthcare Svcs. Inc.	131 Hospital Drive	Salem	Livingston	Metropolitan	Yes	25
Louder Hospital	1530 Lone Oak Rd	Paducah	McCracken	Metropolitan		359
Manchester Memorial Hospital	210 Marie Langdon Drive	Manchester	Clay	Rural		63
Marum And Wallace Memorial Hospital	60 Mercy Court	Irvine	Estill	Rural	Yes	25
Marshall County Hospital	615 Old Symsonia Road, PO Box 630	Benton	Marshall	Rural	Yes	25
Monroe County Medical Center	529 Capp Harlan Rd	Tompkinsville	Monroe	Rural		49
Muhlenberg Community Hospital	440 Hopkinsville Street	Greenville	Muhlenberg	Metropolitan		90
New Horizons Medical Center	330 Roland Ave.	Owenton	Owen	Rural	Yes	25
Nicholas County Hospital	2323 Concrete Rd.	Carlisle	Nicholas	Rural	Yes	18
Ohio County Hospital	1211 Old Main St.	Hartford	Ohio	Rural	Yes	25
Our Lady of Bellefonte Hospital	1000 St. Christopher Drive	Ashland	Greenup	Metropolitan		190
Owensboro Medical Health System	811 E Parrish Ave	Owensboro	Daviess	Metropolitan		447
Pikeville Medical Center	911 Bypass Rd	Pikeville	Pike	Rural		261
Pineville Community Hospital	850 Riverview Ave	Pineville	Bell	Metropolitan		120
Rockcastle Regional Hospital & Respiratory Care Center	145 Newcomb Ave	Mt Vernon	Rockcastle	Metropolitan		26
Russell County Hospital	153 Dowell Rd., PO Box 1610	Russell Springs	Russell	Rural	Yes	25
St. Claire Regional Medical Center	222 Medical Circle	Morehead	Rowan	Rural		149
T J Samson Community Hospital	1301 North Race Street	Glasgow	Barren	Metropolitan		180
The James B. Huggin Memorial Hospital	464 Linden Ave.	Harrodsburg	Mercer	Rural	Yes	25
The Medical Center At Franklin	1100 Brookhaven Road	Franklin	Simpson	Rural	Yes	25
Trigg County Hospital Inc.	254 Main Street	Cadiz	Trigg	Metropolitan	Yes	25
Twin Lakes Regional Medical Center	910 Wallace Avenue	Leitchfield	Grayson	Rural		75
University Of Louisville Hospital	530 S Jackson St	Louisville	Jefferson	Metropolitan		404
Wayne County Hospital, Inc.	166 Hospital Street	Monticello	Wayne	Rural	Yes	25

Table C.3

*Hospitals Included in the Study on the Appalachian Regional Healthcare Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Appalachian Regional Healthcare						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Harlan ARH Hospital	81 Ball Park Road	Harlan	Harlan	Rural		150
Hazard ARH Regional Medical Center	100 Medical Center Drive	Hazard	Perry	Rural		308
McDowell ARH Hospital	9879 Kentucky Route 122	McDowell	Floyd	Rural	Yes	25
Middlesboro ARH Hospital	3600 W Cumberland Ave	Middlesboro	Bell	Metropolitan		96
Morgan County ARH Hospital	476 Liberty Road	West Liberty	Morgan	Rural	Yes	25
Whitesburg ARH Hospital	240 Hospital Road	Whitesburg	Leitcher	Rural		90
Williamson ARH Hospital	260 Hospital Drive	South Williamson	Pike	Rural		113
Beckley ARH Hospital	306 Stamford Road	Beckley, WV	Raleigh			173
Summers County ARH	1500 Terrace Street	Hinton, WV	Summers		Yes	25

Table C.4

*Hospitals Included in the Study on the Baptist Healthcare System Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Baptist Healthcare System						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Baptist Health Corbin	1 Trillium Way	Corbin	Whitley	Metropolitan		273
Baptist Health Lexington	1740 Nicholasville Road	Lexington	Fayette	Metropolitan		383
Baptist Health Louisville	4000 Kresge Way	Louisville	Jefferson	Metropolitan		519
Baptist Health Paducah	2501 Kentucky Avenue	Paducah	McCracken	Metropolitan		349

Table C.5

*Hospitals Included in the Study on the Community United Methodist Hospitals Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Community United Methodist Hospitals						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Methodist Hospital	1305 N Elm Street	Henderson	Henderson	Metropolitan		192
Methodist Hospital Union County	4604 U.S. Hwy. 60W	Morganfield	Union	Rural	Yes	25

Table C.6

*Hospitals Included in the Study on the Jewish Hospital & St. Mary's Healthcare Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Jewish Hospital & St. Mary's Healthcare						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Jewish Hospital & St. Mary's Healthcare	200 Abraham Flexner Way	Louisville	Jefferson	Metropolitan		462
Jewish Hospital Shelbyville	727 Hospital Drive	Shelbyville	Shelby	Metropolitan		70
Saints Mary & Elizabeth Hospital	1850 Bluegrass Avenue	Louisville	Jefferson	Metropolitan		298

Table C.7

*Hospitals Included in the Study on the Norton Healthcare Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Norton Healthcare						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Norton Audubon Hospital	One Audubon Plaza Drive	Louisville	Jefferson	Metropolitan		432
Norton Brownsboro Hospital	4960 Norton Healthcare Boulevard	Louisville	Jefferson	Metropolitan		127
Norton Hospital/Kosair Children's Hospital/Norton Healthcare Pavilion	200 East Chestnut Street	Louisville	Jefferson	Metropolitan		905
Norton Suburban Hospital	4001 Dutchmans Lane	Louisville	Jefferson	Metropolitan		373

Table C.8

*Hospitals Included in the Study on the Saint Elizabeth Healthcare Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Saint Elizabeth Healthcare						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
St. Elizabeth Edgewood	1 Medical Village Dr.	Edgewood	Kenton	Metropolitan		494
St. Elizabeth Florence	4900 Houston Road	Florence	Boone	Metropolitan		161
St. Elizabeth Ft. Thomas	85 North Grand Avenue	Ft. Thomas	Campbell	Metropolitan		278
St. Elizabeth Grant	238 Barnes Rd.	Williamstown	Grant	Metropolitan	Yes	25

Table C.9

*Hospitals Included in the Study on the Saint Joseph Health System Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - Saint Joseph Health System						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
Saint Joseph - Martin	11203 Main Street	Martin	Floyd	Rural	Yes	25
Saint Joseph Berea	305 Esail Street	Berea	Madison	Metropolitan	Yes	25
Saint Joseph East	150 N Eagle Creek Drive	Lexington	Fayette	Metropolitan		217
Saint Joseph Hospital	One St Joseph Drive	Lexington	Fayette	Metropolitan		433
Saint Joseph Hospital London	1001 Saint Joseph Lane	London	Laurel	Metropolitan		120
Saint Joseph Mount Sterling	225 Falcon Drive	Mt. Sterling	Montgomery	Metropolitan		42

Table C.10

*Hospitals Included in the Study on The Medical Center at Bowling Green-Scottsville Internal Revenue Service Form 990 and Schedule H Filing*

Hospitals Included In The Study - The Medical Center at Bowling Green-Scottsville						
Hospital Name	Address	City	County	US Census County Designation	Critical Access Hospital	Licensed Bed Count
The Medical Center at Bowling Green	250 Park Street	Bowling Green	Warren	Metropolitan		337
The Medical Center At Scottsville	456 Burnley Road	Scottsville	Allen	Rural	Yes	25

## Appendix D: Mean, Median, Standard Deviation, and Interquartile Range

Table D.1

*Fiscal Year 2009 Mean, Median, Standard Deviation, and Interquartile Range*

Fiscal Year 2009 - N = 49				
Measure	Measured As A Percent Of Total Expense Less Bad Debt			
	Mean	Median	Standard Deviation	Interquartile Range
Profit Margin	2.79%	2.13%	5.57%	-0.1% - 6.0%
Charity Care (Financial Assistance)	3.86%	3.61%	2.30%	2.3% - 5.2%
Unreimbursed Medicaid	4.08%	3.74%	3.57%	2.0% - 5.5%
Unreimbursed Costs-Other Means-Tested Government Programs	0.16%	0.00%	0.48%	0.0% - 0.0%
<b>Charity Care and Means-Tested Government Programs</b>	<b>8.10%</b>	<b>7.15%</b>	<b>4.32%</b>	<b>5.8% - 10.3%</b>
Community Health Improvement	0.30%	0.13%	0.56%	0.0% - 0.4%
Health Professions Education	0.47%	0.00%	2.02%	0.0% - 0.1%
Subsidized Health Services	0.42%	0.00%	0.85%	0.0% - 0.4%
Research	0.02%	0.00%	0.12%	0.0% - 0.0%
Cash and In-Kind Contributions	0.07%	0.01%	0.13%	0.0% - 0.1%
<b>Total Other Benefits</b>	<b>1.27%</b>	<b>0.43%</b>	<b>2.69%</b>	<b>0.1% - 1.4%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>9.37%</b>	<b>8.92%</b>	<b>4.17%</b>	<b>6.4% - 11.7%</b>
Physical Improvements and Housing	0.000%	0.000%	0.000%	0.0% - 0.0%
Economic Development	0.004%	0.000%	0.014%	0.0% - 0.0%
Community Support	0.013%	0.000%	0.039%	0.0% - 0.0%
Environmental Improvements	0.000%	0.000%	0.000%	0.0% - 0.0%
Leadership Development and Training for Community Members	0.000%	0.000%	0.001%	0.0% - 0.0%
Coalition Building	0.003%	0.000%	0.017%	0.0% - 0.0%
Community Health Improvement Advocacy	0.001%	0.000%	0.004%	0.0% - 0.0%
Workforce Development	0.014%	0.000%	0.055%	0.0% - 0.0%
Other	0.000%	0.000%	0.001%	0.0% - 0.0%
<b>Total Community Building Activities</b>	<b>0.035%</b>	<b>0.000%</b>	<b>0.084%</b>	<b>0.0% - 0.0%</b>
Total Charity Care and Certain Benefits and Community Building Activities	9.41%	8.94%	4.15%	6.6% - 11.7%
Bad Debt Expense (at cost)	5.01%	4.19%	3.89%	2.7% - 5.9%
Medicare Surplus (or Shortfall)	-1.95%	-0.25%	8.72%	-2.8% - 1.2%
<b>Total</b>	<b>16.37%</b>	<b>14.47%</b>	<b>10.54%</b>	<b>9.8% - 18.8%</b>

Table D.2

*Fiscal Year 2010 Mean, Median, Standard Deviation, and Interquartile Range*

Fiscal Year 2010 - N = 49				
Measure	Measured As A Percent Of Total Expense Less Bad Debt			
	Mean	Median	Standard Deviation	Interquartile Range
Profit Margin	3.08%	2.62%	5.34%	-0.7% - 6.4%
Charity Care (Financial Assistance)	3.93%	3.65%	2.18%	2.6% - 4.6%
Unreimbursed Medicaid	3.21%	2.90%	2.73%	1.7% - 4.2%
Unreimbursed Costs-Other Means-Tested Government Programs	-0.14%	0.00%	1.68%	0.0% - 0.0%
<b>Charity Care and Means-Tested Government Programs</b>	<b>7.00%</b>	<b>6.32%</b>	<b>3.90%</b>	<b>4.8% - 8.3%</b>
Community Health Improvement	0.31%	0.10%	0.56%	0.0% - 0.3%
Health Professions Education	0.54%	0.01%	1.92%	0.0% - 0.2%
Subsidized Health Services	0.36%	0.00%	0.87%	0.0% - 0.1%
Research	0.02%	0.00%	0.11%	0.0% - 0.0%
Cash and In-Kind Contributions	0.09%	0.03%	0.18%	0.0% - 0.1%
<b>Total Other Benefits</b>	<b>1.31%</b>	<b>0.31%</b>	<b>2.59%</b>	<b>0.1% - 0.4%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>8.31%</b>	<b>7.28%</b>	<b>4.28%</b>	<b>5.9% - 10.8%</b>
Physical Improvements and Housing	0.000%	0.000%	0.000%	0.0% - 0.0%
Economic Development	0.007%	0.000%	0.021%	0.0% - 0.0%
Community Support	0.011%	0.000%	0.034%	0.0% - 0.0%
Environmental Improvements	0.000%	0.000%	0.001%	0.0% - 0.0%
Leadership Development and Training for Community Members	0.000%	0.000%	0.002%	0.0% - 0.0%
Coalition Building	0.006%	0.000%	0.024%	0.0% - 0.0%
Community Health Improvement Advocacy	0.008%	0.000%	0.034%	0.0% - 0.0%
Workforce Development	0.019%	0.000%	0.076%	0.0% - 0.0%
Other	0.002%	0.000%	0.008%	0.0% - 0.0%
<b>Total Community Building Activities</b>	<b>0.054%</b>	<b>0.001%</b>	<b>0.110%</b>	<b>0.0% - 0.0%</b>
Total Charity Care and Certain Benefits and Community Building Activities	8.36%	7.50%	4.28%	5.9% - 10.8%
Bad Debt Expense (at cost)	4.00%	3.86%	1.97%	3.2% - 5.4%
Medicare Surplus (or Shortfall)	-0.87%	-0.38%	11.99%	-2.6% - 1.1%
<b>Total</b>	<b>13.24%</b>	<b>13.29%</b>	<b>13.87%</b>	<b>8.7% - 17.5%</b>

Table D.3

*Fiscal Year 2011 Mean, Median, Standard Deviation, and Interquartile Range*

Fiscal Year 2011 - N = 49				
Measure	Measured As A Percent Of Total Expense Less Bad Debt			
	Mean	Median	Standard Deviation	Interquartile Range
Profit Margin	2.14%	2.06%	6.39%	-2.3% - 6.5%
Charity Care (Financial Assistance)	3.96%	3.98%	2.06%	3.1% - 4.9%
Unreimbursed Medicaid	4.09%	2.99%	4.67%	1.7% - 5.1%
Unreimbursed Costs-Other Means-Tested Government Programs	0.23%	0.00%	0.65%	0.0% - 0.0%
<b>Charity Care and Means-Tested Government Programs</b>	<b>8.28%</b>	<b>7.24%</b>	<b>4.90%</b>	<b>4.9% - 9.6%</b>
Community Health Improvement	0.40%	0.12%	0.63%	0.0% - 0.4%
Health Professions Education	0.45%	0.00%	1.56%	0.0% - 0.3%
Subsidized Health Services	0.34%	0.00%	0.84%	0.0% - 0.3%
Research	0.02%	0.00%	0.09%	0.0% - 0.0%
Cash and In-Kind Contributions	0.08%	0.02%	0.14%	0.0% - 0.1%
<b>Total Other Benefits</b>	<b>1.28%</b>	<b>0.56%</b>	<b>2.15%</b>	<b>0.1% - 1.5%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>9.56%</b>	<b>8.36%</b>	<b>5.21%</b>	<b>6.5% - 11.4%</b>
Physical Improvements and Housing	0.000%	0.000%	0.001%	0.0% - 0.0%
Economic Development	0.008%	0.000%	0.023%	0.0% - 0.0%
Community Support	0.008%	0.000%	0.022%	0.0% - 0.0%
Environmental Improvements	0.000%	0.000%	0.000%	0.0% - 0.0%
Leadership Development and Training for Community Members	0.003%	0.000%	0.013%	0.0% - 0.0%
Coalition Building	0.002%	0.000%	0.006%	0.0% - 0.0%
Community Health Improvement Advocacy	0.001%	0.000%	0.006%	0.0% - 0.0%
Workforce Development	0.020%	0.000%	0.074%	0.0% - 0.0%
Other	0.002%	0.000%	0.007%	0.0% - 0.0%
<b>Total Community Building Activities</b>	<b>0.044%</b>	<b>0.000%</b>	<b>0.095%</b>	<b>0.0% - 0.0%</b>
Total Charity Care and Certain Benefits and Community Building Activities	9.61%	8.53%	5.21%	6.6% - 11.5%
Bad Debt Expense (at cost)	6.65%	5.08%	4.05%	4.3% - 8.9%
Medicare Surplus (or Shortfall)	3.04%	-0.42%	19.42%	-2.1% - 1.2%
<b>Total</b>	<b>13.22%</b>	<b>16.60%</b>	<b>21.19%</b>	<b>12.2% - 20.6%</b>

Table D.4

## Fiscal Year 2012 Mean, Median, Standard Deviation, and Interquartile Range

Fiscal Year 2012 - N = 49				
Measure	Measured As A Percent Of Total Expense Less Bad Debt			
	Mean	Median	Standard Deviation	Interquartile Range
Profit Margin	-0.42%	0.95%	8.83%	-3.9% - 3.2%
Charity Care (Financial Assistance)	3.98%	3.51%	2.50%	2.4% - 5.1%
Unreimbursed Medicaid	3.85%	3.47%	3.38%	1.8% - 6.2%
Unreimbursed Costs-Other Means-Tested Government Programs	0.26%	0.00%	1.13%	0.0% - 0.0%
<b>Charity Care and Means-Tested Government Programs</b>	<b>8.08%</b>	<b>7.11%</b>	<b>4.23%</b>	<b>5.2% - 10.9%</b>
Community Health Improvement	0.41%	0.18%	0.65%	0.0% - 0.5%
Health Professions Education	0.49%	0.03%	1.85%	0.0% - 0.2%
Subsidized Health Services	0.43%	0.00%	1.22%	0.0% - 0.1%
Research	0.03%	0.00%	0.09%	0.0% - 0.0%
Cash and In-Kind Contributions	0.07%	0.01%	0.15%	0.0% - 0.1%
<b>Total Other Benefits</b>	<b>1.43%</b>	<b>0.46%</b>	<b>2.68%</b>	<b>0.2% - 1.4%</b>
<b>Total Charity Care and Certain Other Community Benefits</b>	<b>9.51%</b>	<b>9.12%</b>	<b>4.93%</b>	<b>6.3% - 11.9%</b>
Physical Improvements and Housing	0.000%	0.000%	0.001%	0.0% - 0.0%
Economic Development	0.007%	0.000%	0.025%	0.0% - 0.0%
Community Support	0.011%	0.000%	0.024%	0.0% - 0.0%
Environmental Improvements	0.000%	0.000%	0.000%	0.0% - 0.0%
Leadership Development and Training for Community Members	0.001%	0.000%	0.004%	0.0% - 0.0%
Coalition Building	0.003%	0.000%	0.008%	0.0% - 0.0%
Community Health Improvement Advocacy	0.004%	0.000%	0.013%	0.0% - 0.0%
Workforce Development	0.017%	0.000%	0.055%	0.0% - 0.0%
Other	0.002%	0.000%	0.010%	0.0% - 0.0%
<b>Total Community Building Activities</b>	<b>0.045%</b>	<b>0.006%</b>	<b>0.076%</b>	<b>0.0% - 0.1%</b>
Total Charity Care and Certain Benefits and Community Building Activities	9.55%	9.22%	4.93%	6.5% - 11.9%
Bad Debt Expense (at cost)	8.31%	6.47%	5.18%	4.6% - 10.7%
Medicare Surplus (or Shortfall)	-1.04%	-0.49%	3.45%	-3.0% - 1.3%
<b>Total</b>	<b>18.90%</b>	<b>18.54%</b>	<b>7.09%</b>	<b>15.3% - 21.5%</b>

## Appendix E: Profiles Of Individual Hospital Organizations' Reported Data

Table E.1

*Baptist Health Madisonville Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Baptist Health Madisonville	900 Hospital Drive	Madisonville	Hopkins	Micropolitan	390
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$194,620,900	\$192,393,268	\$181,350,299	\$184,097,862	
Total Expenses	\$193,172,454	\$195,215,262	\$181,303,656	\$193,324,154	
Revenue Less Expenses	\$1,448,446	-\$2,821,994	\$46,643	-\$9,226,292	
Profit Margin	0.744%	-1.467%	0.026%	-5.012%	-773%
Bad Debt	\$18,663,000	\$19,479,253	\$17,447,772	\$18,718,012	
Expenses Less Bad Debt	\$174,509,454	\$175,736,009	\$163,855,884	\$174,606,142	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$6,297,513	\$7,684,422	\$5,734,297	\$5,148,791	
As a percent of Total Expenses	3.609%	4.373%	3.500%	2.949%	-18%
Unreimbursed Medicaid	\$9,638,432	\$12,216,357	\$9,639,588	\$3,693,259	
As a percent of Total Expenses	5.523%	6.952%	5.883%	2.115%	-62%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$15,935,945	\$19,900,779	\$15,373,885	\$8,842,050	
As a percent of Total Expenses	9.132%	11.324%	9.383%	5.064%	-45%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$404,882	\$725,601	\$666,599	\$588,660	
As a percent of Total Expenses	0.232%	0.413%	0.407%	0.337%	45%
Health Professions Education	-\$781,250	\$3,982,113	\$3,893,301	\$3,872,241	
As a percent of Total Expenses	-0.448%	2.266%	2.376%	2.218%	595%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$107,182	\$4,400	\$0	
As a percent of Total Expenses	0.000%	0.061%	0.003%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$1,118,717	\$1,265,370	\$1,085,851	\$1,421,126	
As a percent of Total Expenses	0.641%	0.720%	0.663%	0.814%	27%
Total Other Benefits	\$742,349	\$6,080,266	\$5,650,151	\$5,882,027	
As a percent of Total Expenses	0.425%	3.460%	3.448%	3.369%	692%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$16,678,294	\$25,981,045	\$21,024,036	\$14,724,077	
As a percent of Total Expenses	9.557%	14.784%	12.831%	8.433%	-12%
Community Building Activities					
Physical Improvements and Housing	-\$1	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	100%
Economic Development	\$0	\$0	\$0	\$375	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	N/A*
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$1,250	\$3,884	\$2,633	\$16,344	
As a percent of Total Expenses	0.001%	0.002%	0.002%	0.009%	1207%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$1,249	\$3,884	\$2,633	\$16,719	
As a percent of Total Expenses	0.001%	0.002%	0.002%	0.010%	1238%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$17,459,544	\$25,981,045	\$21,024,036	\$14,724,077	
Total Community Building Activities	\$1,249	\$3,884	\$2,633	\$16,719	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$17,460,793	\$25,984,929	\$21,026,669	\$14,740,796	
As a percent of Total Expenses	10.006%	14.786%	12.832%	8.442%	-16%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt (at Cost)	\$7,152,485	\$8,344,912	\$17,447,772	\$18,718,012	
As a percent of Total Expenses	4.099%	4.749%	10.648%	10.720%	162%
Medicare Surplus (or Shortfall)	\$4,908,573	-\$276,732	-\$1,776,005	-\$1,318,224	
As a percent of Total Expenses	2.813%	-0.157%	-1.084%	-0.755%	-127%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$17,459,544	\$25,981,045	\$21,024,036	\$14,724,077	
Total Community Building Activities	\$1,249	\$3,884	\$2,633	\$16,719	
Bad Debt (at Cost)	\$7,152,485	\$8,344,912	\$17,447,772	\$18,718,012	
Medicare Surplus (or Shortfall)	\$4,908,573	-\$276,732	-\$1,776,005	-\$1,318,224	
Total	\$19,704,705	\$34,606,573	\$40,250,446	\$34,777,032	
As a percent of Total Expenses	11.291%	19.692%	24.565%	19.917%	76%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.



Table E.2

*Baptist Health Richmond Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Baptist Health Richmond	801 Eastern Bypass	Richmond	Madison	Microplitan	105
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$67,948,114	\$64,779,039	\$69,110,459	\$49,341,489	
Total Expenses	\$66,245,305	\$65,811,126	\$71,039,112	\$51,256,722	
Revenue Less Expenses	\$1,702,809	-\$1,032,087	-\$1,928,653	-\$1,915,233	
Profit Margin	2.506%	-1.593%	-2.791%	-3.882%	-255%
Bad Debt	\$7,320,747	\$7,704,800	\$9,101,657	\$7,295,033	
Expenses Less Bad Debt	\$58,924,558	\$58,106,326	\$61,937,455	\$43,961,689	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$2,937,803	\$2,065,512	\$2,306,132	\$1,849,457	
As a percent of Total Expenses	4.986%	3.555%	3.723%	4.207%	-16%
Unreimbursed Medicaid	\$2,787,464	\$2,028,916	\$1,685,701	\$1,058,121	
As a percent of Total Expenses	4.731%	3.492%	2.722%	2.407%	-49%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$5,725,267	\$4,094,428	\$3,991,833	\$2,907,578	
As a percent of Total Expenses	9.716%	7.046%	6.445%	6.614%	-32%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$34,344	\$33,060	\$11,991	\$11,482	
As a percent of Total Expenses	0.058%	0.057%	0.019%	0.026%	-55%
Health Professions Education	\$81,833	\$75,336	\$431,292	\$245,567	
As a percent of Total Expenses	0.139%	0.130%	0.696%	0.559%	302%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$66,148	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.150%	N/A*
Cash and In-Kind Contributions to Community Groups	\$31,396	\$28,900	\$18,427	\$2,958	
As a percent of Total Expenses	0.053%	0.050%	0.030%	0.007%	-87%
Total Other Benefits	\$147,573	\$137,296	\$461,710	\$326,155	
As a percent of Total Expenses	0.250%	0.236%	0.745%	0.742%	196%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$5,872,840	\$4,231,724	\$4,453,543	\$3,233,733	
As a percent of Total Expenses	9.967%	7.283%	7.190%	7.356%	-26%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$11,428	\$10,300	\$0	\$270	
As a percent of Total Expenses	0.019%	0.018%	0.000%	0.001%	-97%
Community Support	\$1,926	\$850	\$2,730	\$604	
As a percent of Total Expenses	0.003%	0.001%	0.004%	0.001%	-58%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$952	\$740	\$0	\$0	
As a percent of Total Expenses	0.002%	0.001%	0.000%	0.000%	-100%
Coalition Building	\$6,116	\$4,230	\$0	\$2,632	
As a percent of Total Expenses	0.010%	0.007%	0.000%	0.006%	-42%
Community Health Improvement Advocacy	\$973	\$725	\$750	\$0	
As a percent of Total Expenses	0.002%	0.001%	0.001%	0.000%	-100%
Workforce Development	\$0	\$0	\$0	\$327	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.001%	N/A*
Other	\$0	\$0	\$24,953	\$10,129	
As a percent of Total Expenses	0.000%	0.000%	0.040%	0.023%	N/A*
Total Community Building Activities	\$21,395	\$16,845	\$28,433	\$13,962	
As a percent of Total Expenses	0.036%	0.029%	0.046%	0.032%	-13%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$5,872,840	\$4,231,724	\$4,453,543	\$3,233,733	
Total Community Building Activities	\$21,395	\$16,845	\$28,433	\$13,962	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$5,894,235	\$4,248,569	\$4,481,976	\$3,247,695	
As a percent of Total Expenses	10.003%	7.312%	7.236%	7.388%	-26%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$7,320,747	\$3,338,858	\$3,471,995	\$2,743,221	
As a percent of Total Expenses	12.424%	5.746%	5.606%	6.240%	-50%
Medicare Surplus (or Shortfall)	\$696,203	\$628,069	-\$434,872	-\$1,716,606	
As a percent of Total Expenses	1.182%	1.081%	-0.702%	-3.905%	-430%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$5,872,840	\$4,231,724	\$4,453,543	\$3,233,733	
Total Community Building Activities	\$21,395	\$16,845	\$28,433	\$13,962	
Bad Debt Expense (at cost)	\$7,320,747	\$3,338,858	\$3,471,995	\$2,743,221	
Medicare Surplus (or Shortfall)	\$696,203	\$628,069	-\$434,872	-\$1,716,606	
Total	\$12,518,779	\$6,959,358	\$8,388,843	\$7,707,522	
As a percent of Total Expenses	21.245%	11.977%	13.544%	17.532%	-17%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.3

*Baptist Health Northeast Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Baptist Health Northeast	1025 New Moody Lane	LaGrange	Okham	Metropolitan	90
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$47,358,441	\$49,445,994	\$47,807,296	\$52,218,459	
Total Expenses	\$50,233,913	\$51,707,810	\$49,501,452	\$51,362,919	
Revenue Less Expenses	-\$2,875,472	-\$2,261,816	-\$1,694,156	\$855,540	
Profit Margin	-6.072%	-4.574%	-3.544%	1.638%	127%
Bad Debt	\$5,081,884	\$4,132,721	\$0	\$0	
Expenses Less Bad Debt	\$45,152,029	\$47,575,089	\$49,501,452	\$51,362,919	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$1,274,323	\$2,050,524	\$2,427,177	\$2,677,615	
As a percent of Total Expenses	2.822%	4.310%	4.903%	5.213%	85%
Unreimbursed Medicaid	\$1,735,833	\$1,448,292	\$2,195,907	\$2,559,730	
As a percent of Total Expenses	3.844%	3.044%	4.436%	4.984%	30%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$3,010,156	\$3,498,816	\$4,623,084	\$5,237,345	
As a percent of Total Expenses	6.667%	7.354%	9.339%	10.197%	53%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$14,775	\$195,144	\$270,942	\$290,973	
As a percent of Total Expenses	0.033%	0.410%	0.547%	0.567%	1631%
Health Professions Education	\$0	\$0	\$0	\$473	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.001%	N/A*
Subsidized Health Services	\$1,720,021	\$1,857,778	\$2,107,880	\$1,944,126	
As a percent of Total Expenses	3.809%	3.905%	4.258%	3.785%	-1%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$65,084	\$65,746	\$59,851	\$44,305	
As a percent of Total Expenses	0.144%	0.138%	0.121%	0.086%	-40%
Total Other Benefits	\$1,799,880	\$2,118,668	\$2,438,673	\$2,279,877	
As a percent of Total Expenses	3.986%	4.453%	4.926%	4.439%	11%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$4,810,036	\$5,617,484	\$7,061,757	\$7,517,222	
As a percent of Total Expenses	10.653%	11.808%	14.266%	14.636%	37%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$4,810,036	\$5,617,484	\$7,061,757	\$7,517,222	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$4,810,036	\$5,617,484	\$7,061,757	\$7,517,222	
As a percent of Total Expenses	10.653%	11.808%	14.266%	14.636%	37%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$2,046,612	\$1,632,238	\$1,304,470	\$1,248,970	
As a percent of Total Expenses	4.533%	3.431%	2.635%	2.432%	-46%
Medicare Surplus (or Shortfall)	-\$1,326,287	-\$2,439,587	-\$1,603,282	-\$1,202,362	
As a percent of Total Expenses	-2.937%	-5.128%	-3.239%	-2.341%	20%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$4,810,036	\$5,617,484	\$7,061,757	\$7,517,222	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$2,046,612	\$1,632,238	\$1,304,470	\$1,248,970	
Medicare Surplus (or Shortfall)	-\$1,326,287	-\$2,439,587	-\$1,603,282	-\$1,202,362	
Total	\$8,182,935	\$9,689,309	\$9,969,509	\$9,968,554	
As a percent of Total Expenses	18.123%	20.366%	20.140%	19.408%	7%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.4

*Caldwell Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Caldwell Medical Center	100 Medical Center Drive	Princeton	Caldwell	Rural	25
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$19,656,250	\$19,526,155	\$18,609,051	\$18,000,358	
Total Expenses	\$20,210,897	\$20,205,570	\$19,633,815	\$18,622,116	
Revenue Less Expenses	-\$554,647	-\$679,415	-\$1,024,764	-\$621,758	
Profit Margin	-2.822%	-3.480%	-5.507%	-3.454%	-22%
Bad Debt	\$1,433,706	\$1,530,005	\$1,567,647	\$1,856,768	
Expenses Less Bad Debt	\$18,777,191	\$18,675,565	\$18,066,168	\$16,765,348	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$490,640	\$641,883	\$552,973	\$615,424	
As a percent of Total Expenses	2.613%	3.437%	3.061%	3.671%	40%
Unreimbursed Medicaid	\$382,832	\$888,885	\$917,767	\$1,080,593	
As a percent of Total Expenses	2.039%	4.760%	5.080%	6.445%	216%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$873,472	\$1,530,768	\$1,470,740	\$1,696,017	
As a percent of Total Expenses	4.652%	8.197%	8.141%	10.116%	117%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$15,465	\$20,785	\$21,804	\$27,945	
As a percent of Total Expenses	0.082%	0.111%	0.121%	0.167%	102%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$13,405	\$15,183	\$0	\$0	
As a percent of Total Expenses	0.071%	0.081%	0.000%	0.000%	-100%
Total Other Benefits	\$28,870	\$35,968	\$21,804	\$27,945	
As a percent of Total Expenses	0.154%	0.193%	0.121%	0.167%	8%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$902,342	\$1,566,736	\$1,492,544	\$1,723,962	
As a percent of Total Expenses	4.806%	8.389%	8.262%	10.283%	114%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$902,342	\$1,566,736	\$1,492,544	\$1,723,962	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$902,342	\$1,566,736	\$1,492,544	\$1,723,962	
As a percent of Total Expenses	4.806%	8.389%	8.262%	10.283%	114%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$877,131	\$1,163,263	\$1,181,023	\$1,320,348	
As a percent of Total Expenses	4.671%	6.229%	6.537%	7.875%	69%
Medicare Surplus (or Shortfall)	\$41,694	\$62,572	\$78,704	\$39,916	
As a percent of Total Expenses	0.222%	0.335%	0.436%	0.238%	7%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$902,342	\$1,566,736	\$1,492,544	\$1,723,962	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$877,131	\$1,163,263	\$1,181,023	\$1,320,348	
Medicare Surplus (or Shortfall)	\$41,694	\$62,572	\$78,704	\$39,916	
Total	\$1,737,779	\$2,667,427	\$2,594,863	\$3,004,394	
As a percent of Total Expenses	9.255%	14.283%	14.363%	17.920%	94%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.5

*Carroll County Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Carroll County Medical Center	309 Eleventh Street	Carrollton	Carroll	Rural	25
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$18,468,905	\$17,399,671	\$17,207,855	\$17,529,153	
Total Expenses	\$18,239,246	\$17,192,255	\$17,739,022	\$17,382,094	
Revenue Less Expenses	\$229,659	\$207,416	-\$531,167	\$147,059	
Profit Margin	1.243%	1.192%	-3.087%	0.839%	-33%
Bad Debt	\$4,279,730	\$2,802,922	\$2,612,344	\$2,823,983	
Expenses Less Bad Debt	\$13,959,516	\$14,389,333	\$15,126,678	\$14,558,111	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$14,702	\$849,912	\$581,064	\$754,396	
As a percent of Total Expenses	0.105%	5.907%	3.841%	5.182%	4820%
Unreimbursed Medicaid	\$1,681,984	\$152,202	\$394,010	\$748,926	
As a percent of Total Expenses	12.049%	1.058%	2.605%	5.144%	-57%
Unreimbursed Costs - Other Means-Tested Government Programs	\$476	-\$1,644,110	\$483,305	\$1,105,409	
As a percent of Total Expenses	0.003%	-11.426%	3.195%	7.593%	222580%
Total Charity Care and Means-Tested Government Programs	\$1,697,162	-\$641,996	\$1,458,379	\$2,608,731	
As a percent of Total Expenses	12.158%	-4.462%	9.641%	17.919%	47%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$1,697,162	-\$641,996	\$1,458,379	\$2,608,731	
As a percent of Total Expenses	12.158%	-4.462%	9.641%	17.919%	47%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$1,697,162	-\$641,996	\$1,458,379	\$2,608,731	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,697,162	-\$641,996	\$1,458,379	\$2,608,731	
As a percent of Total Expenses	12.158%	-4.462%	9.641%	17.919%	47%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,109,858	\$881,253	\$744,518	\$2,823,983	
As a percent of Total Expenses	7.951%	6.124%	4.922%	19.398%	144%
Medicare Surplus (or Shortfall)	-\$171,742	\$8,499,448	\$21,501	\$42,827	
As a percent of Total Expenses	-1.230%	59.068%	0.142%	0.294%	124%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$1,697,162	-\$641,996	\$1,458,379	\$2,608,731	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,109,858	\$881,253	\$744,518	\$2,823,983	
Medicare Surplus (or Shortfall)	-\$171,742	\$8,499,448	\$21,501	\$42,827	
Total	\$2,978,762	-\$8,260,191	\$2,181,396	\$5,389,887	
As a percent of Total Expenses	21.339%	-57.405%	14.421%	37.023%	74%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.6

*Casey County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Casey County Hospital	187 Wolford Avenue	Liberty	Casey	Rural	24
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$14,987,364	\$15,745,669	\$16,799,475	\$17,603,584	
Total Expenses	\$14,916,575	\$15,696,413	\$16,946,591	\$17,209,953	
Revenue Less Expenses	\$70,789	\$49,256	-\$147,116	\$393,631	
Profit Margin	0.472%	0.313%	-0.876%	2.236%	373%
Bad Debt	\$0	\$0	\$0	\$0	
Expenses Less Bad Debt	\$14,916,575	\$15,696,413	\$16,946,591	\$17,209,953	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$940,891	\$722,140	\$523,896	\$602,286	
As a percent of Total Expenses	6.308%	4.601%	3.091%	3.500%	-45%
Unreimbursed Medicaid	-\$92,850	\$464,381	\$143,890	-\$93,817	
As a percent of Total Expenses	-0.622%	2.959%	0.849%	-0.545%	12%
Unreimbursed Costs - Other Means-Tested Government Programs	\$131,699	\$26,587	\$131,699	\$0	
As a percent of Total Expenses	0.883%	0.169%	0.777%	0.000%	-100%
Total Charity Care and Means-Tested Government Programs	\$979,740	\$1,213,108	\$799,485	\$508,469	
As a percent of Total Expenses	6.568%	7.729%	4.718%	2.955%	-55%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$979,740	\$1,213,108	\$799,485	\$508,469	
As a percent of Total Expenses	6.568%	7.729%	4.718%	2.955%	-55%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$979,740	\$1,213,108	\$799,485	\$508,469	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$979,740	\$1,213,108	\$799,485	\$508,469	
As a percent of Total Expenses	6.568%	7.729%	4.718%	2.955%	-55%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$238,894	\$152,455	\$325,468	\$443,571	
As a percent of Total Expenses	1.602%	0.971%	1.921%	2.577%	61%
Medicare Surplus (or Shortfall)	-\$5,862,745	-\$6,196,941	\$16,233,571	\$545,823	
As a percent of Total Expenses	-39.304%	-39.480%	95.793%	3.172%	108%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$979,740	\$1,213,108	\$799,485	\$508,469	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$238,894	\$152,455	\$325,468	\$443,571	
Medicare Surplus (or Shortfall)	-\$5,862,745	-\$6,196,941	\$16,233,571	\$545,823	
Total	\$7,081,379	\$7,562,504	-\$15,108,618	\$406,217	
As a percent of Total Expenses	47.473%	48.180%	-89.154%	2.360%	-95%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.7

*Clinton County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Clinton County Hospital	723 Burkesville Road	Albany	Clinton	Rural	42
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$18,118,961	\$17,726,225	\$15,909,006	\$14,112,754	
Total Expenses	\$19,009,487	\$19,230,184	\$17,615,143	\$15,561,092	
Revenue Less Expenses	-\$890,526	-\$1,503,959	-\$1,706,137	-\$1,448,338	
Profit Margin	-4.915%	-8.484%	-10.724%	-10.263%	-109%
Bad Debt	\$2,277,838	\$3,213,790	\$2,672,963	\$0	
Expenses Less Bad Debt	\$16,731,649	\$16,016,394	\$14,942,180	\$15,561,092	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$486,428	\$512,015	\$440,043	\$292,365	
As a percent of Total Expenses	2.907%	3.197%	2.945%	1.879%	-35%
Unreimbursed Medicaid	\$687,864	\$406,300	\$523,403	\$192,652	
As a percent of Total Expenses	4.111%	2.537%	3.503%	1.238%	-70%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,174,292	\$918,315	\$963,446	\$485,017	
As a percent of Total Expenses	7.018%	5.734%	6.448%	3.117%	-56%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Health Professions Education	\$17,998	\$17,700	\$24,000	\$8,850	
As a percent of Total Expenses	0.108%	0.111%	0.161%	0.057%	-47%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$17,998	\$17,700	\$24,000	\$8,850	
As a percent of Total Expenses	0.108%	0.111%	0.161%	0.057%	-47%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$1,192,290	\$936,015	\$987,446	\$493,867	
As a percent of Total Expenses	7.126%	5.844%	6.608%	3.174%	-55%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$1,192,290	\$936,015	\$987,446	\$493,867	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,192,290	\$936,015	\$987,446	\$493,867	
As a percent of Total Expenses	7.126%	5.844%	6.608%	3.174%	-55%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$956,692	\$1,156,964	\$1,001,119	\$2,197,595	
As a percent of Total Expenses	5.718%	7.224%	6.700%	14.122%	147%
Medicare Surplus (or Shortfall)	\$2,145,657	\$1,980,172	\$160,292	-\$636,575	
As a percent of Total Expenses	12.824%	12.363%	1.073%	-4.091%	-132%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$1,192,290	\$936,015	\$987,446	\$493,867	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$956,692	\$1,156,964	\$1,001,119	\$2,197,595	
Medicare Surplus (or Shortfall)	\$2,145,657	\$1,980,172	\$160,292	-\$636,575	
Total	\$3,325	\$12,807	\$1,828,273	\$3,328,037	
As a percent of Total Expenses	0.020%	0.704%	12.236%	21.387%	107521%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.8

*Crittenden County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Crittenden County Hospital	520 West Gum Street	Marion	Crittenden	Rural	48
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$14,663,599	\$14,734,052	\$16,707,435	\$14,380,824	
Total Expenses	\$14,972,763	\$15,290,513	\$16,666,241	\$15,699,129	
Revenue Less Expenses	-\$309,164	-\$556,461	\$41,194	-\$1,318,305	
Profit Margin	-2.108%	-3.777%	0.247%	-9.167%	-335%
Bad Debt	\$0	\$0	\$0	\$0	
Expenses Less Bad Debt	\$14,972,763	\$15,290,513	\$16,666,241	\$15,699,129	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$333,037	\$444,005	\$725,682	\$1,022,983	
As a percent of Total Expenses	2.224%	2.904%	4.354%	6.516%	193%
Unreimbursed Medicaid	\$363,021	\$595,023	\$772,537	\$831,681	
As a percent of Total Expenses	2.425%	3.891%	4.635%	5.298%	118%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$696,058	\$1,039,028	\$1,498,219	\$1,854,664	
As a percent of Total Expenses	4.649%	6.795%	8.990%	11.814%	154%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$4,711	\$8,000	\$3,960	\$0	
As a percent of Total Expenses	0.031%	0.052%	0.024%	0.000%	-100%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$6,650	\$2,100	\$1,442	
As a percent of Total Expenses	0.000%	0.043%	0.013%	0.009%	N/A*
Total Other Benefits	\$4,711	\$14,650	\$6,060	\$1,442	
As a percent of Total Expenses	0.031%	0.096%	0.036%	0.009%	-71%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$700,769	\$1,053,678	\$1,504,279	\$1,856,106	
As a percent of Total Expenses	4.680%	6.891%	9.026%	11.823%	153%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$700,769	\$1,053,678	\$1,504,279	\$1,856,106	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$700,769	\$1,053,678	\$1,504,279	\$1,856,106	
As a percent of Total Expenses	4.680%	6.891%	9.026%	11.823%	153%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$542,956	\$474,000	\$1,507,853	\$981,319	
As a percent of Total Expenses	3.626%	3.100%	9.047%	6.251%	72%
Medicare Surplus (or Shortfall)	\$233,824	\$358,390	-\$237,565	\$45,209	
As a percent of Total Expenses	1.562%	2.344%	-1.425%	0.288%	-82%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$700,769	\$1,053,678	\$1,504,279	\$1,856,106	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$542,956	\$474,000	\$1,507,853	\$981,319	
Medicare Surplus (or Shortfall)	\$233,824	\$358,390	-\$237,565	\$45,209	
Total	\$1,009,901	\$1,169,288	\$3,249,697	\$2,792,216	
As a percent of Total Expenses	6.745%	7.647%	19.499%	17.786%	164%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.9

*Cumberland County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Cumberland County Hospital	299 Glasgow Road	Burkesville	Cumberland	Rural	25
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$12,297,623	\$14,612,267	\$15,098,448	\$16,297,959	
Total Expenses	\$12,533,792	\$13,878,453	\$14,897,448	\$16,095,804	
Revenue Less Expenses	-\$236,169	\$733,814	\$201,000	\$202,155	
Profit Margin	-1.920%	5.022%	1.331%	1.240%	165%
Bad Debt	\$1,060,466	\$1,353,698	\$1,457,392	\$1,554,928	
Expenses Less Bad Debt	\$11,473,326	\$12,524,755	\$13,440,056	\$14,540,876	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$871,314	\$376,597	\$341,352	\$426,678	
As a percent of Total Expenses	7.594%	3.007%	2.540%	2.934%	-61%
Unreimbursed Medicaid	\$918,550	\$212,165	\$173,407	\$609,074	
As a percent of Total Expenses	8.006%	1.694%	1.290%	4.189%	-48%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,789,864	\$588,762	\$514,759	\$1,035,752	
As a percent of Total Expenses	15.600%	4.701%	3.830%	7.123%	-54%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$600	\$600	\$600	\$1,200	
As a percent of Total Expenses	0.005%	0.005%	0.004%	0.008%	58%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$129,488	\$0	\$0	\$49,885	
As a percent of Total Expenses	1.129%	0.000%	0.000%	0.343%	-70%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$130,088	\$600	\$600	\$51,085	
As a percent of Total Expenses	1.134%	0.005%	0.004%	0.351%	-69%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$1,919,952	\$589,362	\$515,359	\$1,086,837	
As a percent of Total Expenses	16.734%	4.706%	3.835%	7.474%	-55%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$1,919,952	\$589,362	\$515,359	\$1,086,837	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,919,952	\$589,362	\$515,359	\$1,086,837	
As a percent of Total Expenses	16.734%	4.706%	3.835%	7.474%	-55%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$588,333	\$544,668	\$1,457,392	\$1,554,928	
As a percent of Total Expenses	5.128%	4.349%	10.844%	10.693%	109%
Medicare Surplus (or Shortfall)	\$44,336	-\$184,507	\$1,453	-\$172,542	
As a percent of Total Expenses	0.386%	-1.473%	0.011%	-1.187%	-407%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$1,919,952	\$589,362	\$515,359	\$1,086,837	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$588,333	\$544,668	\$1,457,392	\$1,554,928	
Medicare Surplus (or Shortfall)	\$44,336	-\$184,507	\$1,453	-\$172,542	
Total	\$2,463,949	\$1,318,537	\$1,971,298	\$2,814,307	
As a percent of Total Expenses	21.475%	10.527%	14.667%	19.354%	-10%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.



Table E.10

*Ephraim McDowell Fort Logan Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Ephraim McDowell Fort Logan Hospital	110 Metker Trail	Stanford	Lincoln	Microplitan	25
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$16,528,665	\$16,155,206	\$17,316,743	\$17,151,868	
Total Expenses	\$17,183,693	\$16,446,161	\$18,033,001	\$17,146,693	
Revenue Less Expenses	-\$655,028	-\$290,955	-\$716,258	\$5,175	
Profit Margin	-3.963%	-1.801%	-4.136%	0.030%	101%
Bad Debt	\$1,136,340	\$1,491,537	\$2,222,663	\$1,904,313	
Expenses Less Bad Debt	\$16,047,353	\$14,954,624	\$15,810,338	\$15,242,380	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$1,424,582	\$1,308,129	\$1,145,104	\$1,014,947	
As a percent of Total Expenses	8.877%	8.747%	7.243%	6.659%	-25%
Unreimbursed Medicaid	\$1,228,217	\$600,725	-\$76,451	-\$474,934	
As a percent of Total Expenses	7.654%	4.017%	-0.484%	-3.116%	-141%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$2,652,799	\$1,908,854	\$1,068,653	\$540,013	
As a percent of Total Expenses	16.531%	12.764%	6.759%	3.543%	-79%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$2,051	\$1,606	\$0	\$2,911	
As a percent of Total Expenses	0.013%	0.011%	0.000%	0.019%	49%
Health Professions Education	\$4,159	\$8,317	\$0	\$20,198	
As a percent of Total Expenses	0.026%	0.056%	0.000%	0.133%	411%
Subsidized Health Services	\$296,999	\$246,604	\$51,860	\$0	
As a percent of Total Expenses	1.851%	1.649%	0.328%	0.000%	-100%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$1,480	\$0	\$9,925	
As a percent of Total Expenses	0.000%	0.010%	0.000%	0.065%	N/A*
Total Other Benefits	\$303,209	\$258,007	\$51,860	\$33,034	
As a percent of Total Expenses	1.889%	1.725%	0.328%	0.217%	-89%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$2,956,008	\$2,166,861	\$1,120,513	\$573,047	
As a percent of Total Expenses	18.421%	14.490%	7.087%	3.760%	-80%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$665	\$0	\$0	
As a percent of Total Expenses	0.000%	0.004%	0.000%	0.000%	0%
Community Support	\$0	\$2,394	\$0	\$954	
As a percent of Total Expenses	0.000%	0.016%	0.000%	0.006%	N/A*
Environmental Improvements	\$0	\$992	\$0	\$0	
As a percent of Total Expenses	0.000%	0.007%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$12,569	\$0	\$6,193	
As a percent of Total Expenses	0.000%	0.084%	0.000%	0.041%	N/A*
Community Health Improvement Advocacy	\$0	\$406	\$0	\$265	
As a percent of Total Expenses	0.000%	0.003%	0.000%	0.002%	N/A*
Workforce Development	\$0	\$189	\$0	\$265	
As a percent of Total Expenses	0.000%	0.001%	0.000%	0.002%	N/A*
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$17,215	\$0	\$7,677	
As a percent of Total Expenses	0.000%	0.115%	0.000%	0.050%	N/A*
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$2,956,008	\$2,166,861	\$1,120,513	\$573,047	
Total Community Building Activities	\$0	\$17,215	\$0	\$7,677	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,956,008	\$2,184,076	\$1,120,513	\$580,724	
As a percent of Total Expenses	18.421%	14.605%	7.087%	3.810%	-79%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$514,445	\$649,215	\$2,222,663	\$1,904,313	
As a percent of Total Expenses	3.206%	4.341%	14.058%	12.494%	290%
Medicare Surplus (or Shortfall)	\$1,758,962	\$310,393	\$196,149	\$216,084	
As a percent of Total Expenses	10.961%	2.076%	1.241%	1.418%	-87%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$2,956,008	\$2,166,861	\$1,120,513	\$573,047	
Total Community Building Activities	\$0	\$17,215	\$0	\$7,677	
Bad Debt Expense (at cost)	\$514,445	\$649,215	\$2,222,663	\$1,904,313	
Medicare Surplus (or Shortfall)	\$1,758,962	\$310,393	\$196,149	\$216,084	
Total	\$1,711,491	\$2,522,898	\$3,147,027	\$2,268,953	
As a percent of Total Expenses	10.665%	16.870%	19.905%	14.886%	40%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.11

*Ephraim McDowell Regional Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Ephraim McDowell Regional Medical Center	217 South Third Street	Danville	Boyle	Metropolitan	197
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$137,282,498	\$142,838,375	\$153,582,304	\$156,562,302	
Total Expenses	\$129,212,858	\$131,502,658	\$140,107,697	\$144,247,422	
Revenue Less Expenses	\$8,069,640	\$11,335,717	\$13,474,607	\$12,314,880	
Profit Margin	5.878%	7.936%	8.774%	7.866%	34%
Bad Debt	\$7,718,804	\$10,678,356	\$13,742,891	\$13,189,450	
Expenses Less Bad Debt	\$121,494,054	\$120,824,302	\$126,364,806	\$131,057,972	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$7,570,908	\$6,339,402	\$5,024,450	\$5,206,661	
As a percent of Total Expenses	6.232%	5.247%	3.976%	3.973%	-36%
Unreimbursed Medicaid	\$5,146,393	\$8,648,594	\$2,723,860	\$4,109,694	
As a percent of Total Expenses	4.236%	7.158%	2.156%	3.136%	-26%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$12,717,301	\$14,987,996	\$7,748,310	\$9,316,355	
As a percent of Total Expenses	10.467%	12.405%	6.132%	7.109%	-32%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$693,540	\$21,260	\$1,059,007	\$753,504	
As a percent of Total Expenses	0.571%	0.018%	0.838%	0.575%	1%
Health Professions Education	\$0	\$311	\$0	\$4,749	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.004%	N/A*
Subsidized Health Services	\$2,213,021	\$971,443	\$428,105	\$0	
As a percent of Total Expenses	1.822%	0.804%	0.339%	0.000%	-100%
Research	\$0	\$0	\$0	\$293,455	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.224%	N/A*
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$132	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$2,906,561	\$993,014	\$1,487,244	\$1,051,708	
As a percent of Total Expenses	2.392%	0.822%	1.177%	0.802%	-66%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$15,623,862	\$15,981,010	\$9,235,554	\$10,368,063	
As a percent of Total Expenses	12.860%	13.227%	7.309%	7.911%	-38%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$1,257	\$1,626	\$0	\$0	
As a percent of Total Expenses	0.001%	0.001%	0.000%	0.000%	-100%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$466	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	N/A*
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$1,257	\$1,626	\$0	\$466	
As a percent of Total Expenses	0.001%	0.001%	0.000%	0.000%	-66%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$15,623,862	\$15,981,010	\$9,235,554	\$10,368,063	
Total Community Building Activities	\$1,257	\$1,626	\$0	\$466	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$15,625,119	\$15,982,636	\$9,235,554	\$10,368,529	
As a percent of Total Expenses	12.861%	13.228%	7.309%	7.911%	-38%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$2,911,037	\$3,820,799	\$13,742,891	\$13,189,450	
As a percent of Total Expenses	2.396%	3.162%	10.876%	10.064%	320%
Medicare Surplus (or Shortfall)	-\$990,751	-\$62,627	-\$5,728,235	-\$3,553,228	
As a percent of Total Expenses	-0.815%	-0.052%	-4.533%	-2.711%	-232%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$15,623,862	\$15,981,010	\$9,235,554	\$10,368,063	
Total Community Building Activities	\$1,257	\$1,626	\$0	\$466	
Bad Debt Expense (at cost)	\$2,911,037	\$3,820,799	\$13,742,891	\$13,189,450	
Medicare Surplus (or Shortfall)	-\$990,751	-\$62,627	-\$5,728,235	-\$3,553,228	
Total	\$19,526,907	\$19,866,062	\$28,706,680	\$27,111,207	
As a percent of Total Expenses	16.072%	16.442%	22.717%	20.686%	29%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.12

*Flaget Memorial Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Flaget Memorial Hospital	4305 New Shepherdsville Road	Bardstown	Nelson	Metropolitan	40
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$71,214,035	\$77,848,324	\$83,560,187	\$84,827,615	
Total Expenses	\$58,978,521	\$63,445,437	\$69,342,666	\$71,831,993	
Revenue Less Expenses	\$12,235,514	\$14,402,887	\$14,217,521	\$12,995,622	
Profit Margin	17.181%	18.501%	17.015%	15.320%	-11%
Bad Debt	\$7,529,961	\$6,755,782	\$7,284,367	\$9,211,574	
Expenses Less Bad Debt	\$51,448,560	\$56,689,655	\$62,058,299	\$62,620,419	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$4,324,390	\$4,557,434	\$4,362,319	\$9,320,768	
As a percent of Total Expenses	8.405%	8.039%	7.029%	14.885%	77%
Unreimbursed Medicaid	\$2,925,580	\$3,274,096	\$4,722,558	\$1,895,128	
As a percent of Total Expenses	5.686%	5.775%	7.610%	3.026%	-47%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$898,417	\$898,418	
As a percent of Total Expenses	0.000%	0.000%	1.448%	1.435%	N/A*
Total Charity Care and Means-Tested Government Programs	\$7,249,970	\$7,831,530	\$9,983,294	\$12,114,314	
As a percent of Total Expenses	14.092%	13.815%	16.087%	19.346%	37%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$87,934	\$18,233	\$45,922	\$77,453	
As a percent of Total Expenses	0.171%	0.032%	0.074%	0.124%	-28%
Health Professions Education	\$20,200	\$6,240	\$44,544	\$20,864	
As a percent of Total Expenses	0.039%	0.011%	0.072%	0.033%	-15%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$52,051	\$43,003	\$107,532	\$166,015	
As a percent of Total Expenses	0.101%	0.076%	0.173%	0.265%	162%
Total Other Benefits	\$160,185	\$67,476	\$197,998	\$264,332	
As a percent of Total Expenses	0.311%	0.119%	0.319%	0.422%	36%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$7,410,155	\$7,899,006	\$10,181,292	\$12,378,646	
As a percent of Total Expenses	14.403%	13.934%	16.406%	19.768%	37%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$472	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.001%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$74	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	N/A*
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$1,970	\$730	\$1,516	\$40,712	
As a percent of Total Expenses	0.004%	0.001%	0.002%	0.065%	1598%
Total Community Building Activities	\$1,970	\$730	\$1,988	\$40,786	
As a percent of Total Expenses	0.004%	0.001%	0.003%	0.065%	1601%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$7,410,155	\$7,899,006	\$10,181,292	\$12,378,646	
Total Community Building Activities	\$1,970	\$730	\$1,988	\$40,786	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$7,412,125	\$7,899,736	\$10,183,280	\$12,419,432	
As a percent of Total Expenses	14.407%	13.935%	16.409%	19.833%	38%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$3,674,621	\$2,281,428	\$7,284,367	\$9,211,574	
As a percent of Total Expenses	7.142%	4.024%	11.738%	14.710%	106%
Medicare Surplus (or Shortfall)	-\$7,276,789	-\$4,623,757	-\$697,178	\$491,326	
As a percent of Total Expenses	-14.144%	-8.156%	-1.123%	0.785%	106%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$7,410,155	\$7,899,006	\$10,181,292	\$12,378,646	
Total Community Building Activities	\$1,970	\$730	\$1,988	\$40,786	
Bad Debt Expense (at cost)	\$3,674,621	\$2,281,428	\$7,284,367	\$9,211,574	
Medicare Surplus (or Shortfall)	-\$7,276,789	-\$4,623,757	-\$697,178	\$491,326	
Total	\$18,363,535	\$14,804,921	\$18,164,825	\$21,139,680	
As a percent of Total Expenses	35.693%	26.116%	29.271%	33.758%	-5%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.13

*Harrison Memorial Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Harrison Memorial Hospital	1210 Kentucky Highway 36 East	Cynthiana	Harrison	Rural	61
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$33,308,129	\$36,457,665	\$37,756,986	\$35,243,690	
Total Expenses	\$33,126,261	\$35,088,025	\$34,626,667	\$35,893,021	
Revenue Less Expenses	\$181,868	\$1,369,640	\$3,130,319	-\$649,331	
Profit Margin	0.546%	3.757%	8.291%	-1.842%	-437%
Bad Debt	\$3,101,634	\$2,827,762	\$2,005,724	\$2,182,335	
Expenses Less Bad Debt	\$30,024,627	\$32,260,263	\$32,620,943	\$33,710,686	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$136,084	\$278,346	-\$127,822	-\$233,950	
As a percent of Total Expenses	0.453%	0.863%	-0.392%	-0.694%	-253%
Unreimbursed Medicaid	\$2,800,674	\$854,749	\$887,262	\$918,403	
As a percent of Total Expenses	9.328%	2.650%	2.720%	2.724%	-71%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$2,936,758	\$1,133,095	\$759,440	\$684,453	
As a percent of Total Expenses	9.781%	3.512%	2.328%	2.030%	-79%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$37,580	\$254,191	\$582,167	\$457,145	
As a percent of Total Expenses	0.125%	0.788%	1.785%	1.356%	983%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$15,350	\$3,400	\$4,000	
As a percent of Total Expenses	0.000%	0.048%	0.010%	0.012%	N/A*
Total Other Benefits	\$37,580	\$269,541	\$585,567	\$461,145	
As a percent of Total Expenses	0.125%	0.836%	1.795%	1.368%	993%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$2,974,338	\$1,402,636	\$1,345,007	\$1,145,598	
As a percent of Total Expenses	9.906%	4.348%	4.123%	3.398%	-66%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$2,974,338	\$1,402,636	\$1,345,007	\$1,145,598	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,974,338	\$1,402,636	\$1,345,007	\$1,145,598	
As a percent of Total Expenses	9.906%	4.348%	4.123%	3.398%	-66%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,311,758	\$1,133,004	\$2,005,724	\$2,182,335	
As a percent of Total Expenses	4.369%	3.512%	6.149%	6.474%	48%
Medicare Surplus (or Shortfall)	-\$2,163,201	-\$194,805	-\$84,902	-\$1,828,053	
As a percent of Total Expenses	-7.205%	-0.604%	-0.260%	-5.423%	25%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$2,974,338	\$1,402,636	\$1,345,007	\$1,145,598	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,311,758	\$1,133,004	\$2,005,724	\$2,182,335	
Medicare Surplus (or Shortfall)	-\$2,163,201	-\$194,805	-\$84,902	-\$1,828,053	
Total	\$6,449,297	\$2,730,445	\$3,435,633	\$5,155,986	
As a percent of Total Expenses	21.480%	8.464%	10.532%	15.295%	-29%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.14

*Highlands Regional Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Highlands Regional Medical Center	5000 Kentucky Route 321	Prestonsburg	Floyd	Rural	166
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$83,046,951	\$79,441,821	\$77,355,816	\$77,283,705	
Total Expenses	\$77,755,187	\$78,556,949	\$79,126,786	\$82,452,277	
Revenue Less Expenses	\$5,291,764	\$884,872	-\$1,770,970	-\$5,168,572	
Profit Margin	6.372%	1.114%	-2.289%	-6.688%	-205%
Bad Debt	\$5,852,088	\$8,030,390	\$7,453,570	\$6,033,461	
Expenses Less Bad Debt	\$71,903,099	\$70,526,559	\$71,673,216	\$76,418,816	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$4,190,615	\$2,278,531	\$2,278,531	\$3,395,176	
As a percent of Total Expenses	5.828%	3.231%	3.179%	4.443%	-24%
Unreimbursed Medicaid	\$3,570,148	\$1,097,991	\$1,097,991	\$5,285,244	
As a percent of Total Expenses	4.965%	1.557%	1.532%	6.916%	39%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$7,760,763	\$3,376,522	\$3,376,522	\$8,680,420	
As a percent of Total Expenses	10.793%	4.788%	4.711%	11.359%	5%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$205,678	\$98,504	\$219,952	\$351,505	
As a percent of Total Expenses	0.286%	0.140%	0.307%	0.460%	61%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$713,621	\$394,431	\$394,431	\$699,835	
As a percent of Total Expenses	0.992%	0.559%	0.550%	0.916%	-8%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$64,349	\$38,109	\$0	\$0	
As a percent of Total Expenses	0.089%	0.054%	0.000%	0.000%	-100%
Total Other Benefits	\$983,648	\$531,044	\$614,383	\$1,051,340	
As a percent of Total Expenses	1.368%	0.753%	0.857%	1.376%	1%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$8,744,411	\$3,907,566	\$3,990,905	\$9,731,760	
As a percent of Total Expenses	12.161%	5.541%	5.568%	12.735%	5%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$8,744,411	\$3,907,566	\$3,990,905	\$9,731,760	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$8,744,411	\$3,907,566	\$3,990,905	\$9,731,760	
As a percent of Total Expenses	12.161%	5.541%	5.568%	12.735%	5%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,901,416	\$2,224,650	\$7,305,862	\$6,033,461	
As a percent of Total Expenses	2.644%	3.154%	10.193%	7.895%	199%
Medicare Surplus (or Shortfall)	-\$1,468,887	\$2,208,698	\$2,886,761	\$1,503,169	
As a percent of Total Expenses	-2.043%	3.132%	4.028%	1.967%	196%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$8,744,411	\$3,907,566	\$3,990,905	\$9,731,760	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,901,416	\$2,224,650	\$7,305,862	\$6,033,461	
Medicare Surplus (or Shortfall)	-\$1,468,887	\$2,208,698	\$2,886,761	\$1,503,169	
Total	\$12,114,714	\$3,923,518	\$8,410,006	\$14,262,052	
As a percent of Total Expenses	16.849%	5.563%	11.734%	18.663%	11%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.15

*Jane Todd Crawford Memorial Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Jane Todd Crawford Memorial Hospital	202 Milby Street	Greensburg	Green	Rural	35
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$15,898,724	\$17,049,200	\$18,054,755	\$14,140,307	
Total Expenses	\$15,560,002	\$16,726,193	\$17,949,109	\$19,747,999	
Revenue Less Expenses	\$338,722	\$323,007	\$105,646	-\$5,607,692	
Profit Margin	2.130%	1.895%	0.585%	-39.657%	-1961%
Bad Debt	\$0	\$0	\$0	\$0	
Expenses Less Bad Debt	\$15,560,002	\$16,726,193	\$17,949,109	\$19,747,999	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$1,257,398	\$1,096,366	\$881,162	\$1,020,297	
As a percent of Total Expenses	8.081%	6.555%	4.909%	5.167%	-36%
Unreimbursed Medicaid	\$1,432,960	\$1,261,913	\$1,716,731	\$1,414,182	
As a percent of Total Expenses	9.209%	7.545%	9.564%	7.161%	-22%
Unreimbursed Costs - Other Means-Tested Government Programs	\$272,444	\$249,746	\$272,444	\$0	
As a percent of Total Expenses	1.751%	1.493%	1.518%	0.000%	-100%
Total Charity Care and Means-Tested Government Programs	\$2,962,802	\$2,608,025	\$2,870,337	\$2,434,479	
As a percent of Total Expenses	19.041%	15.592%	15.992%	12.328%	-35%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$2,962,802	\$2,608,025	\$2,870,337	\$2,434,479	
As a percent of Total Expenses	19.041%	15.592%	15.992%	12.328%	-35%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$2,962,802	\$2,608,025	\$2,870,337	\$2,434,479	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,962,802	\$2,608,025	\$2,870,337	\$2,434,479	
As a percent of Total Expenses	19.041%	15.592%	15.992%	12.328%	-35%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$349,084	\$0	\$235,629	\$461,332	
As a percent of Total Expenses	2.243%	0.000%	1.313%	2.336%	4%
Medicare Surplus (or Shortfall)	-\$5,724,311	-\$5,481,764	\$16,918,818	-\$357,311	
As a percent of Total Expenses	-36.789%	-32.774%	94.260%	-1.809%	95%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$2,962,802	\$2,608,025	\$2,870,337	\$2,434,479	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$349,084	\$0	\$235,629	\$461,332	
Medicare Surplus (or Shortfall)	-\$5,724,311	-\$5,481,764	\$16,918,818	-\$357,311	
Total	\$9,036,197	\$8,089,789	-\$13,812,852	\$3,253,122	
As a percent of Total Expenses	58.073%	48.366%	-76.956%	16.473%	-72%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.16

*Jennie Stuart Medical Center Inc. Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Jennie Stuart Medical Center Inc	320 West 18th Street	Hopkinsville	Christian	Metropolitan	194
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$11,288,817	\$107,464,275	\$106,785,066	\$120,339,327	
Total Expenses	\$10,605,873	\$106,139,939	\$107,722,319	\$115,430,226	
Revenue Less Expenses	\$682,944	\$1,324,336	-\$937,253	\$4,909,101	
Profit Margin	6.050%	1.232%	-0.878%	4.079%	-33%
Bad Debt	\$1,420,914	\$10,304,623	\$11,522,959	\$14,672,561	
Expenses Less Bad Debt	\$9,184,959	\$95,835,316	\$96,199,360	\$100,757,665	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$47,677	\$4,210,678	\$3,409,690	\$3,661,533	
As a percent of Total Expenses	0.519%	4.394%	3.544%	3.634%	600%
Unreimbursed Medicaid	\$171,397	\$1,419,785	\$1,321,567	\$200,073	
As a percent of Total Expenses	1.866%	1.481%	1.374%	0.199%	-89%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$219,074	\$5,630,463	\$4,731,257	\$3,861,606	
As a percent of Total Expenses	2.385%	5.875%	4.918%	3.833%	61%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$0	\$59,616	\$252,770	\$328,430	
As a percent of Total Expenses	0.000%	0.062%	0.263%	0.326%	N/A*
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$17,700	\$19,500	\$15,400	
As a percent of Total Expenses	0.000%	0.018%	0.020%	0.015%	N/A*
Total Other Benefits	\$0	\$77,316	\$272,270	\$343,830	
As a percent of Total Expenses	0.000%	0.081%	0.283%	0.341%	N/A*
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$219,074	\$5,707,779	\$5,003,527	\$4,205,436	
As a percent of Total Expenses	2.385%	5.956%	5.201%	4.174%	75%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$1,000	\$3,500	\$0	
As a percent of Total Expenses	0.000%	0.001%	0.004%	0.000%	0%
Economic Development	\$0	\$64,550	\$103,000	\$132,100	
As a percent of Total Expenses	0.000%	0.067%	0.107%	0.131%	N/A*
Community Support	\$0	\$64,954	\$13,200	\$40,207	
As a percent of Total Expenses	0.000%	0.068%	0.014%	0.040%	N/A*
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$13,177	\$5,435	
As a percent of Total Expenses	0.000%	0.000%	0.014%	0.005%	N/A*
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$6,077	\$31,500	\$0	
As a percent of Total Expenses	0.000%	0.006%	0.033%	0.000%	0%
Total Community Building Activities	\$0	\$136,581	\$164,377	\$177,742	
As a percent of Total Expenses	0.000%	0.143%	0.171%	0.176%	N/A*
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$219,074	\$5,707,779	\$5,003,527	\$4,205,436	
Total Community Building Activities	\$0	\$136,581	\$164,377	\$177,742	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$219,074	\$5,844,360	\$5,167,904	\$4,383,178	
As a percent of Total Expenses	2.385%	6.098%	5.372%	4.350%	82%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$1,308,998	\$4,206,867	\$11,522,959	\$15,115,502	
As a percent of Total Expenses	14.252%	4.390%	11.978%	15.002%	5%
Medicare Surplus (or Shortfall)	\$201,737	-\$3,411,196	-\$5,948,896	-\$2,758,877	
As a percent of Total Expenses	2.196%	-3.559%	-6.184%	-2.738%	-225%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$219,074	\$5,707,779	\$5,003,527	\$4,205,436	
Total Community Building Activities	\$0	\$136,581	\$164,377	\$177,742	
Bad Debt Expense (at cost)	\$1,308,998	\$4,206,867	\$11,522,959	\$15,115,502	
Medicare Surplus (or Shortfall)	\$201,737	-\$3,411,196	-\$5,948,896	-\$2,758,877	
Total	\$1,326,335	\$13,462,423	\$22,639,759	\$22,257,557	
As a percent of Total Expenses	14.440%	14.047%	23.534%	22.090%	53%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.17

*King's Daughters Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
King's Daughters Medical Center	2201 Lexington Ave	Ashland	Boyd	Metropolitan	455
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$556,904,931	\$551,853,337	\$553,449,598	\$465,224,893	
Total Expenses	\$534,468,619	\$513,761,860	\$517,190,060	\$465,791,174	
Revenue Less Expenses	\$22,436,312	\$38,091,477	\$36,259,538	-\$566,281	
Profit Margin	4.029%	6.902%	6.552%	-0.122%	-103%
Bad Debt	\$50,876,079	\$52,828,740	\$51,385,166	\$45,081,869	
Expenses Less Bad Debt	\$483,592,540	\$460,933,120	\$465,804,894	\$420,709,305	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$16,379,954	\$17,099,767	\$20,301,743	\$13,420,149	
As a percent of Total Expenses	3.387%	3.710%	4.358%	3.190%	-6%
Unreimbursed Medicaid	\$18,185,295	\$14,455,700	\$18,247,717	\$23,558,005	
As a percent of Total Expenses	3.760%	3.136%	3.917%	5.600%	49%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$34,565,249	\$31,555,467	\$38,549,460	\$36,978,154	
As a percent of Total Expenses	7.148%	6.846%	8.276%	8.789%	23%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$2,937,701	\$2,145,046	\$3,711,590	\$3,653,025	
As a percent of Total Expenses	0.607%	0.465%	0.797%	0.868%	43%
Health Professions Education	\$399,622	\$328,891	\$324,019	\$200,207	
As a percent of Total Expenses	0.083%	0.071%	0.070%	0.048%	-42%
Subsidized Health Services	\$1,873,318	\$169,307	\$58,437	\$375,710	
As a percent of Total Expenses	0.387%	0.037%	0.013%	0.089%	-77%
Research	\$399,802	\$112,564	\$165,694	\$0	
As a percent of Total Expenses	0.083%	0.024%	0.036%	0.000%	-100%
Cash and In-Kind Contributions to Community Groups	\$129,765	\$51,417	\$57,393	\$16,210	
As a percent of Total Expenses	0.027%	0.011%	0.012%	0.004%	-86%
Total Other Benefits	\$5,740,208	\$2,807,225	\$4,317,133	\$4,245,152	
As a percent of Total Expenses	1.187%	0.609%	0.927%	1.009%	-15%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$40,305,457	\$34,362,692	\$42,866,593	\$41,223,306	
As a percent of Total Expenses	8.335%	7.455%	9.203%	9.799%	18%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$251,708	\$199,074	\$219,985	\$82,602	
As a percent of Total Expenses	0.052%	0.043%	0.047%	0.020%	-62%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$251,708	\$199,074	\$219,985	\$82,602	
As a percent of Total Expenses	0.052%	0.043%	0.047%	0.020%	-62%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$40,305,457	\$34,362,692	\$42,866,593	\$41,223,306	
Total Community Building Activities	\$251,708	\$199,074	\$219,985	\$82,602	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$40,557,165	\$34,561,766	\$43,086,578	\$41,305,908	
As a percent of Total Expenses	8.387%	7.498%	9.250%	9.818%	17%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$17,908,380	\$16,682,664	\$16,455,429	\$14,473,194	
As a percent of Total Expenses	3.703%	3.619%	3.533%	3.440%	-7%
Medicare Surplus (or Shortfall)	-\$11,495,526	-\$8,969,002	-\$20,578,031	-\$18,314,291	
As a percent of Total Expenses	-2.377%	-1.946%	-4.418%	-4.353%	-83%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$40,305,457	\$34,362,692	\$42,866,593	\$41,223,306	
Total Community Building Activities	\$251,708	\$199,074	\$219,985	\$82,602	
Bad Debt Expense (at cost)	\$17,908,380	\$16,682,664	\$16,455,429	\$14,473,194	
Medicare Surplus (or Shortfall)	-\$11,495,526	-\$8,969,002	-\$20,578,031	-\$18,314,291	
Total	\$69,961,071	\$60,213,432	\$80,120,038	\$74,093,393	
As a percent of Total Expenses	14.467%	13.063%	17.200%	17.612%	22%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.



Table E.18

*Livingston Hospital and Healthcare Services Inc. Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Livingston Hospital and Healthcare Services Inc.	131 Hospital Drive	Salem	Livingston	Microplitian	25
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$16,083,880	\$16,642,954	\$16,445,081	\$16,468,869	
Total Expenses	\$16,022,825	\$15,694,098	\$15,373,734	\$16,622,714	
Revenue Less Expenses	\$61,055	\$948,856	\$1,071,347	-\$153,845	
Profit Margin	0.380%	5.701%	6.515%	-0.934%	-346%
Bad Debt	\$1,091,714	\$1,415,074	\$1,597,227	\$2,177,273	
Expenses Less Bad Debt	\$14,931,111	\$14,279,024	\$13,776,507	\$14,445,441	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$735,438	\$415,968	\$451,730	\$461,977	
As a percent of Total Expenses	4.926%	2.913%	3.279%	3.198%	-35%
Unreimbursed Medicaid	\$538,140	\$467,332	\$124,475	-\$79,692	
As a percent of Total Expenses	3.604%	3.273%	0.904%	-0.552%	-115%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,273,578	\$883,300	\$576,205	\$382,285	
As a percent of Total Expenses	8.530%	6.186%	4.183%	2.646%	-69%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$5,740	\$28,000	
As a percent of Total Expenses	0.000%	0.000%	0.042%	0.194%	N/A*
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$1,100	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.008%	N/A*
Total Other Benefits	\$0	\$0	\$5,740	\$29,100	
As a percent of Total Expenses	0.000%	0.000%	0.042%	0.201%	N/A*
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$1,273,578	\$883,300	\$581,945	\$411,385	
As a percent of Total Expenses	8.530%	6.186%	4.224%	2.848%	-67%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$1,273,578	\$883,300	\$581,945	\$411,385	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,273,578	\$883,300	\$581,945	\$411,385	
As a percent of Total Expenses	8.530%	6.186%	4.224%	2.848%	-67%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$483,580	\$551,614	\$600,841	\$2,177,273	
As a percent of Total Expenses	3.239%	3.863%	4.361%	15.072%	365%
Medicare Surplus (or Shortfall)	\$59,738	\$65,825	\$63,687	\$69,576	
As a percent of Total Expenses	0.400%	0.461%	0.462%	0.482%	20%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$1,273,578	\$883,300	\$581,945	\$411,385	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$483,580	\$551,614	\$600,841	\$2,177,273	
Medicare Surplus (or Shortfall)	\$59,738	\$65,825	\$63,687	\$69,576	
Total	\$1,697,420	\$1,369,089	\$1,119,099	\$2,519,082	
As a percent of Total Expenses	11.368%	9.588%	8.123%	17.439%	53%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.19

*Lourdes Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Lourdes Hospital	1530 Lone Oak Rd	Paducah	McCracken	Microplitan	359
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$194,954,146	\$208,694,830	\$195,341,040	\$195,563,499	
Total Expenses	\$185,154,722	\$193,006,870	\$186,023,969	\$190,924,655	
Revenue Less Expenses	\$9,799,424	\$15,687,960	\$9,317,071	\$4,638,844	
Profit Margin	5.027%	7.517%	4.770%	2.372%	-53%
Bad Debt	\$19,136,189	\$21,321,200	\$0	\$0	
Expenses Less Bad Debt	\$166,018,533	\$171,685,670	\$186,023,969	\$190,924,655	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$3,784,307	\$3,682,973	\$4,084,371	\$5,231,871	
As a percent of Total Expenses	2.279%	2.145%	2.196%	2.740%	20%
Unreimbursed Medicaid	\$4,879,272	\$6,587,565	\$8,405,352	\$6,768,193	
As a percent of Total Expenses	2.939%	3.837%	4.518%	3.545%	21%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$8,663,579	\$10,270,538	\$12,489,723	\$12,000,064	
As a percent of Total Expenses	5.218%	5.982%	6.714%	6.285%	20%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$701,266	\$456,017	\$654,318	\$562,379	
As a percent of Total Expenses	0.422%	0.266%	0.352%	0.295%	-30%
Health Professions Education	\$92,881	\$144,848	\$154,870	\$215,964	
As a percent of Total Expenses	0.056%	0.084%	0.083%	0.113%	102%
Subsidized Health Services	\$1,118,844	\$1,397,572	\$1,703,168	\$1,046,069	
As a percent of Total Expenses	0.674%	0.814%	0.916%	0.548%	-19%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$83,379	\$83,464	\$62,601	\$120,319	
As a percent of Total Expenses	0.050%	0.049%	0.034%	0.063%	25%
Total Other Benefits	\$1,996,370	\$2,081,901	\$2,574,957	\$1,944,731	
As a percent of Total Expenses	1.202%	1.213%	1.384%	1.019%	-15%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$10,659,949	\$12,352,439	\$15,064,680	\$13,944,795	
As a percent of Total Expenses	6.421%	7.195%	8.098%	7.304%	14%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$230,125	\$163,264	\$176,246	\$200,821	
As a percent of Total Expenses	0.139%	0.095%	0.095%	0.105%	-24%
Environmental Improvements	\$885	\$0	\$0	\$0	
As a percent of Total Expenses	0.001%	0.000%	0.000%	0.000%	-100%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$6,491	\$17,537	\$26,190	\$17,495	
As a percent of Total Expenses	0.004%	0.010%	0.014%	0.009%	134%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$373,821	\$778,972	\$606,288	\$421,286	
As a percent of Total Expenses	0.225%	0.454%	0.326%	0.221%	-2%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$611,322	\$959,773	\$808,724	\$639,602	
As a percent of Total Expenses	0.368%	0.559%	0.435%	0.335%	-9%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$10,659,949	\$12,352,439	\$15,064,680	\$13,944,795	
Total Community Building Activities	\$611,322	\$959,773	\$808,724	\$639,602	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$11,271,271	\$13,312,212	\$15,873,404	\$14,584,397	
As a percent of Total Expenses	6.789%	7.754%	8.533%	7.639%	13%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$6,961,112	\$6,620,029	\$28,004,793	\$27,098,275	
As a percent of Total Expenses	4.193%	3.856%	15.054%	14.193%	238%
Medicare Surplus (or Shortfall)	-\$5,712,099	-\$850,981	\$1,137,342	\$1,554,532	
As a percent of Total Expenses	-3.441%	-0.496%	0.611%	0.814%	124%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$10,659,949	\$12,352,439	\$15,064,680	\$13,944,795	
Total Community Building Activities	\$611,322	\$959,773	\$808,724	\$639,602	
Bad Debt Expense (at cost)	\$6,961,112	\$6,620,029	\$28,004,793	\$27,098,275	
Medicare Surplus (or Shortfall)	-\$5,712,099	-\$850,981	\$1,137,342	\$1,554,532	
Total	\$23,944,482	\$20,783,222	\$42,740,855	\$40,128,140	
As a percent of Total Expenses	14.423%	12.105%	22.976%	21.018%	46%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.20

*Manchester Memorial Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Manchester Memorial Hospital	210 Marie Langdon Drive	Manchester	Clay	Rural	63
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$52,877,074	\$55,528,722	\$57,394,386	\$57,529,781	
Total Expenses	\$51,436,716	\$51,340,016	\$55,915,026	\$54,600,459	
Revenue Less Expenses	\$1,440,358	\$4,188,706	\$1,479,360	\$2,929,322	
Profit Margin	2.724%	7.543%	2.578%	5.092%	87%
Bad Debt	\$3,665,900	\$2,205,168	\$0	\$0	
Expenses Less Bad Debt	\$47,770,816	\$49,134,848	\$55,915,026	\$54,600,459	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$4,018,829	\$3,700,967	\$3,422,087	\$4,119,443	
As a percent of Total Expenses	8.413%	7.532%	6.120%	7.545%	-10%
Unreimbursed Medicaid	\$1,387,227	-\$1,169,799	\$3,141,100	-\$759,087	
As a percent of Total Expenses	2.904%	-2.381%	5.618%	-1.390%	-148%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$5,406,056	\$2,531,168	\$6,563,187	\$3,360,356	
As a percent of Total Expenses	11.317%	5.151%	11.738%	6.154%	-46%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$87,287	\$30,025	\$25,264	\$48,080	
As a percent of Total Expenses	0.183%	0.061%	0.045%	0.088%	-52%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$18,184	\$0	\$0	\$0	
As a percent of Total Expenses	0.038%	0.000%	0.000%	0.000%	-100%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$117,667	\$54,447	\$88,180	\$49,276	
As a percent of Total Expenses	0.246%	0.111%	0.158%	0.090%	-63%
Total Other Benefits	\$223,138	\$84,472	\$113,444	\$97,356	
As a percent of Total Expenses	0.467%	0.172%	0.203%	0.178%	-62%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$5,629,194	\$2,615,640	\$6,676,631	\$3,457,712	
As a percent of Total Expenses	11.784%	5.323%	11.941%	6.333%	-46%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$2,384	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.004%	N/A*
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$81,147	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.149%	N/A*
Other	\$0	\$11,064	\$575	\$0	
As a percent of Total Expenses	0.000%	0.023%	0.001%	0.000%	0%
Total Community Building Activities	\$0	\$11,064	\$575	\$83,531	
As a percent of Total Expenses	0.000%	0.023%	0.001%	0.153%	N/A*
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$5,629,194	\$2,615,640	\$6,676,631	\$3,457,712	
Total Community Building Activities	\$0	\$11,064	\$575	\$83,531	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$5,629,194	\$2,626,704	\$6,677,206	\$3,541,243	
As a percent of Total Expenses	11.784%	5.346%	11.942%	6.486%	-45%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,212,680	\$734,728	\$3,421,773	\$2,624,631	
As a percent of Total Expenses	2.539%	1.495%	6.120%	4.807%	89%
Medicare Surplus (or Shortfall)	\$3,193,694	\$2,736,338	\$3,621,214	\$3,731,245	
As a percent of Total Expenses	6.685%	5.569%	6.476%	6.834%	2%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$5,629,194	\$2,615,640	\$6,676,631	\$3,457,712	
Total Community Building Activities	\$0	\$11,064	\$575	\$83,531	
Bad Debt Expense (at cost)	\$1,212,680	\$734,728	\$3,421,773	\$2,624,631	
Medicare Surplus (or Shortfall)	\$3,193,694	\$2,736,338	\$3,621,214	\$3,731,245	
Total	\$3,648,180	\$625,094	\$6,477,765	\$2,434,629	
As a percent of Total Expenses	7.637%	1.272%	11.585%	4.459%	-42%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.21

*Marcum and Wallace Memorial Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Marcum and Wallace Memorial Hospital	60 Mercy Court	Irvine	Estill	Rural	25
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$15,574,592	\$17,370,640	\$16,078,173	\$17,106,440	
Total Expenses	\$14,260,597	\$15,765,765	\$14,823,078	\$18,033,751	
Revenue Less Expenses	\$1,313,995	\$1,604,875	\$1,255,095	-\$927,311	
Profit Margin	8.437%	9.239%	7.806%	-5.421%	-164%
Bad Debt	\$2,090,414	\$2,265,938	\$0	\$0	
Expenses Less Bad Debt	\$12,170,183	\$13,499,827	\$14,823,078	\$18,033,751	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$928,743	\$1,411,382	\$1,823,700	\$1,902,865	
As a percent of Total Expenses	7.631%	10.455%	12.303%	10.552%	38%
Unreimbursed Medicaid	\$0	\$0	\$598,538	\$1,330,439	
As a percent of Total Expenses	0.000%	0.000%	4.038%	7.777%	N/A*
Unreimbursed Costs - Other Means-Tested Government Programs	\$227,508	\$0	\$0	\$0	
As a percent of Total Expenses	1.869%	0.000%	0.000%	0.000%	-100%
Total Charity Care and Means-Tested Government Programs	\$1,156,251	\$1,411,382	\$2,422,238	\$3,233,304	
As a percent of Total Expenses	9.501%	10.455%	16.341%	17.929%	89%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$126,544	\$148,490	\$95,550	\$83,630	
As a percent of Total Expenses	1.040%	1.100%	0.645%	0.464%	-55%
Health Professions Education	\$46,203	\$36,849	\$48,059	\$100,210	
As a percent of Total Expenses	0.380%	0.273%	0.324%	0.556%	46%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$4,990	\$17,037	\$15,494	\$9,295	
As a percent of Total Expenses	0.041%	0.126%	0.105%	0.052%	26%
Total Other Benefits	\$177,737	\$202,376	\$159,103	\$193,135	
As a percent of Total Expenses	1.460%	1.499%	1.073%	1.071%	-27%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$1,333,988	\$1,613,758	\$2,581,341	\$3,426,439	
As a percent of Total Expenses	10.961%	11.954%	17.414%	19.000%	73%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$24,313	\$18,883	\$13,133	\$11,947	
As a percent of Total Expenses	0.200%	0.140%	0.089%	0.066%	-67%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$24,313	\$18,883	\$13,133	\$11,947	
As a percent of Total Expenses	0.200%	0.140%	0.089%	0.066%	-67%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$1,333,988	\$1,613,758	\$2,581,341	\$3,426,439	
Total Community Building Activities	\$24,313	\$18,883	\$13,133	\$11,947	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,358,301	\$1,632,641	\$2,594,474	\$3,438,386	
As a percent of Total Expenses	11.161%	12.094%	17.503%	19.066%	71%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$764,553	\$809,912	\$2,517,922	\$3,373,659	
As a percent of Total Expenses	6.282%	5.999%	16.986%	18.707%	198%
Medicare Surplus (or Shortfall)	-\$1,486,791	-\$1,412,547	\$709,767	\$855,415	
As a percent of Total Expenses	-12.217%	-10.463%	4.788%	4.743%	139%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$1,333,988	\$1,613,758	\$2,581,341	\$3,426,439	
Total Community Building Activities	\$24,313	\$18,883	\$13,133	\$11,947	
Bad Debt Expense (at cost)	\$764,553	\$809,912	\$2,517,922	\$3,373,659	
Medicare Surplus (or Shortfall)	-\$1,486,791	-\$1,412,547	\$709,767	\$855,415	
Total	\$3,609,645	\$3,855,100	\$4,402,629	\$5,956,630	
As a percent of Total Expenses	29.660%	28.557%	29.701%	33.030%	11%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.22

*Marshall County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Marshall County Hospital	615 Old Symsonia Road, PO Box 630	Benton	Marshall	Rural	25
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$19,174,977	\$21,458,951	\$20,101,901	\$19,832,435	
Total Expenses	\$20,243,502	\$21,700,716	\$21,910,503	\$21,594,656	
Revenue Less Expenses	-\$1,068,525	-\$241,765	-\$1,808,602	-\$1,762,221	
Profit Margin	-5.572%	-1.127%	-8.997%	-8.886%	-59%
Bad Debt	\$1,572,068	\$1,330,894	\$1,255,549	\$1,224,090	
Expenses Less Bad Debt	\$18,671,434	\$20,369,822	\$20,654,954	\$20,370,566	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$749,236	\$439,836	\$405,314	\$384,480	
As a percent of Total Expenses	4.013%	2.159%	1.962%	1.887%	-53%
Unreimbursed Medicaid	\$387,409	\$591,363	\$529,162	\$586,130	
As a percent of Total Expenses	2.075%	2.903%	2.562%	2.877%	39%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,136,645	\$1,031,199	\$934,476	\$970,610	
As a percent of Total Expenses	6.088%	5.062%	4.524%	4.765%	-22%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$0	\$5,310	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.026%	N/A*
Health Professions Education	\$960	\$2,000	\$1,500	\$500	
As a percent of Total Expenses	0.005%	0.010%	0.007%	0.002%	-52%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$1,500	\$0	\$0	\$1,679	
As a percent of Total Expenses	0.008%	0.000%	0.000%	0.008%	3%
Total Other Benefits	\$2,460	\$2,000	\$1,500	\$7,489	
As a percent of Total Expenses	0.013%	0.010%	0.007%	0.037%	179%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$1,139,105	\$1,033,199	\$935,976	\$978,099	
As a percent of Total Expenses	6.101%	5.072%	4.531%	4.802%	-21%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$1,139,105	\$1,033,199	\$935,976	\$978,099	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,139,105	\$1,033,199	\$935,976	\$978,099	
As a percent of Total Expenses	6.101%	5.072%	4.531%	4.802%	-21%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$882,342	\$812,475	\$839,197	\$1,224,090	
As a percent of Total Expenses	4.726%	3.989%	4.063%	6.009%	27%
Medicare Surplus (or Shortfall)	\$71,613	\$80,457	\$281,685	\$266,787	
As a percent of Total Expenses	0.384%	0.395%	1.364%	1.310%	241%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$1,139,105	\$1,033,199	\$935,976	\$978,099	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$882,342	\$812,475	\$839,197	\$1,224,090	
Medicare Surplus (or Shortfall)	\$71,613	\$80,457	\$281,685	\$266,787	
Total	\$1,949,834	\$1,765,217	\$1,493,488	\$1,935,402	
As a percent of Total Expenses	10.443%	8.666%	7.231%	9.501%	-9%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.23

*Monroe County Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Monroe County Medical Center	529 Capp Harlan Rd	Tombkinsville	Monroe	Rural	49
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$20,664,127	\$20,699,026	\$20,881,393	\$17,731,437	
Total Expenses	\$19,199,120	\$19,777,531	\$20,002,904	\$18,719,130	
Revenue Less Expenses	\$1,465,007	\$921,495	\$878,489	-\$987,693	
Profit Margin	7.090%	4.452%	4.207%	-5.570%	-179%
Bad Debt	\$726,087	\$1,097,258	\$1,244,526	\$0	
Expenses Less Bad Debt	\$18,473,033	\$18,680,273	\$18,758,378	\$18,719,130	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$879,280	\$737,582	\$857,560	\$867,112	
As a percent of Total Expenses	4.760%	3.948%	4.572%	4.632%	-3%
Unreimbursed Medicaid	\$1,022,163	\$505,959	\$499,616	\$1,371,850	
As a percent of Total Expenses	5.533%	2.709%	2.663%	7.329%	32%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,901,443	\$1,243,541	\$1,357,176	\$2,238,962	
As a percent of Total Expenses	10.293%	6.657%	7.235%	11.961%	16%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$12,790	\$7,802	\$13,895	\$14,648	
As a percent of Total Expenses	0.069%	0.042%	0.074%	0.078%	13%
Health Professions Education	\$5,000	\$24,741	\$48,845	\$11,500	
As a percent of Total Expenses	0.027%	0.132%	0.260%	0.061%	127%
Subsidized Health Services	\$176,311	\$187,420	\$128,565	\$59,188	
As a percent of Total Expenses	0.954%	1.003%	0.685%	0.316%	-67%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$194,101	\$219,963	\$191,305	\$85,336	
As a percent of Total Expenses	1.051%	1.178%	1.020%	0.456%	-57%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$2,095,544	\$1,463,504	\$1,548,481	\$2,324,298	
As a percent of Total Expenses	11.344%	7.834%	8.255%	12.417%	9%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$2,095,544	\$1,463,504	\$1,548,481	\$2,324,298	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,095,544	\$1,463,504	\$1,548,481	\$2,324,298	
As a percent of Total Expenses	11.344%	7.834%	8.255%	12.417%	9%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$341,261	\$449,332	\$547,591	\$542,550	
As a percent of Total Expenses	1.847%	2.405%	2.919%	2.898%	57%
Medicare Surplus (or Shortfall)	\$1,653,779	\$1,721,035	\$980,343	\$839,240	
As a percent of Total Expenses	8.952%	9.213%	5.226%	4.483%	-50%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$2,095,544	\$1,463,504	\$1,548,481	\$2,324,298	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$341,261	\$449,332	\$547,591	\$542,550	
Medicare Surplus (or Shortfall)	\$1,653,779	\$1,721,035	\$980,343	\$839,240	
Total	\$783,026	\$191,801	\$1,115,729	\$2,027,608	
As a percent of Total Expenses	4.239%	1.027%	5.948%	10.832%	156%

Table E.24

*Muhlenberg Community Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Muhlenberg Community Hospital	440 Hopkinsville Street	Greenville	Muhlenberg	Micro-politan	90
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$84,560,857	\$88,283,446	\$33,919,211	\$31,175,431	
Total Expenses	\$84,624,840	\$88,193,238	\$35,481,148	\$33,637,900	
Revenue Less Expenses	-\$63,983	\$90,208	-\$1,561,937	-\$2,462,469	
Profit Margin	-0.076%	0.102%	-4.605%	-7.899%	-10339%
Bad Debt	\$0	\$0	\$0	\$0	
Expenses Less Bad Debt	\$84,624,840	\$88,193,238	\$35,481,148	\$33,637,900	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$566,685	\$1,035,983	\$1,582,504	\$1,165,778	
As a percent of Total Expenses	0.670%	1.175%	4.460%	3.466%	418%
Unreimbursed Medicaid	\$2,910,520	\$2,323,925	\$2,510,692	\$2,366,226	
As a percent of Total Expenses	3.439%	2.635%	7.076%	7.034%	105%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$3,477,205	\$3,359,908	\$4,093,196	\$3,532,004	
As a percent of Total Expenses	4.109%	3.810%	11.536%	10.500%	156%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$152,563	\$154,349	\$104,495	\$97,031	
As a percent of Total Expenses	0.180%	0.175%	0.295%	0.288%	60%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$152,563	\$154,349	\$104,495	\$97,031	
As a percent of Total Expenses	0.180%	0.175%	0.295%	0.288%	60%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$3,629,768	\$3,514,257	\$4,197,691	\$3,629,035	
As a percent of Total Expenses	4.289%	3.985%	11.831%	10.789%	152%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$3,629,768	\$3,514,257	\$4,197,691	\$3,629,035	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$3,629,768	\$3,514,257	\$4,197,691	\$3,629,035	
As a percent of Total Expenses	4.289%	3.985%	11.831%	10.789%	152%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,692,859	\$1,724,714	\$1,654,648	\$1,553,462	
As a percent of Total Expenses	2.000%	1.956%	4.663%	4.618%	131%
Medicare Surplus (or Shortfall)	-\$1,416,584	-\$1,004,532	-\$1,311,618	-\$2,309,842	
As a percent of Total Expenses	-1.674%	-1.139%	-3.697%	-6.867%	-310%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$3,629,768	\$3,514,257	\$4,197,691	\$3,629,035	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,692,859	\$1,724,714	\$1,654,648	\$1,553,462	
Medicare Surplus (or Shortfall)	-\$1,416,584	-\$1,004,532	-\$1,311,618	-\$2,309,842	
Total	\$6,739,211	\$6,243,503	\$7,163,957	\$7,492,339	
As a percent of Total Expenses	7.964%	7.079%	20.191%	22.274%	180%

Table E.25

*New Horizons Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
New Horizons Medical Center	330 Roland Ave.	Owenton	Owen	Rural	25
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$10,741,977	\$10,594,749	\$10,880,405	\$11,315,629	
Total Expenses	\$11,487,602	\$11,103,672	\$10,508,332	\$10,954,351	
Revenue Less Expenses	-\$745,625	-\$508,923	\$372,073	\$361,278	
Profit Margin	-6.941%	-4.804%	3.420%	3.193%	146%
Bad Debt	\$1,133,956	\$1,214,070	\$0	\$0	
Expenses Less Bad Debt	\$10,353,646	\$9,889,602	\$10,508,332	\$10,954,351	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$183,967	\$126,334	\$116,783	\$163,277	
As a percent of Total Expenses	1.777%	1.277%	1.111%	1.491%	-16%
Unreimbursed Medicaid	\$0	\$86,478	\$290,152	\$1,303,152	
As a percent of Total Expenses	0.000%	0.874%	2.761%	11.896%	N/A*
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$183,967	\$212,812	\$406,935	\$1,466,429	
As a percent of Total Expenses	1.777%	2.152%	3.872%	13.387%	653%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$183,967	\$212,812	\$406,935	\$1,466,429	
As a percent of Total Expenses	1.777%	2.152%	3.872%	13.387%	653%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$183,967	\$212,812	\$406,935	\$1,466,429	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$183,967	\$212,812	\$406,935	\$1,466,429	
As a percent of Total Expenses	1.777%	2.152%	3.872%	13.387%	653%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$643,974	\$607,035	\$500,482	\$665,791	
As a percent of Total Expenses	6.220%	6.138%	4.763%	6.078%	-2%
Medicare Surplus (or Shortfall)	\$39,799	\$33,739	\$45,642	\$46,909	
As a percent of Total Expenses	0.384%	0.341%	0.434%	0.428%	11%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$183,967	\$212,812	\$406,935	\$1,466,429	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$643,974	\$607,035	\$500,482	\$665,791	
Medicare Surplus (or Shortfall)	\$39,799	\$33,739	\$45,642	\$46,909	
Total	\$788,142	\$786,108	\$861,775	\$2,085,311	
As a percent of Total Expenses	7.612%	7.949%	8.201%	19.036%	150%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.



Table E.26

*Nicholas County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Nicholas County Hospital	2323 Concrete Rd.	Carlisle	Nicholas	Rural	18
<b>Form 990 Data</b>					
Total Revenue	\$10,667,602	\$10,418,782	\$6,795,943	\$6,846,393	
Total Expenses	\$10,839,708	\$10,932,431	\$7,422,575	\$7,791,087	
Revenue Less Expenses	-\$172,106	-\$513,649	-\$626,632	-\$944,694	
Profit Margin	-1.613%	-4.930%	-9.221%	-13.798%	-755%
Bad Debt	\$586,153	\$616,535	\$862,716	\$670,122	
Expenses Less Bad Debt	\$10,253,555	\$10,315,896	\$6,559,859	\$7,120,965	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$370,674	\$450,733	\$460,232	\$406,931	
As a percent of Total Expenses	3.615%	4.369%	7.016%	5.715%	58%
Unreimbursed Medicaid	-\$10,201	-\$105,520	-\$382,417	-\$353,058	
As a percent of Total Expenses	-0.099%	-1.023%	-5.830%	-4.958%	-4884%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$360,473	\$345,213	\$77,815	\$53,873	
As a percent of Total Expenses	3.516%	3.346%	1.186%	0.757%	-78%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$3,218	\$0	\$0	\$0	
As a percent of Total Expenses	0.031%	0.000%	0.000%	0.000%	-100%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$3,218	\$0	\$0	\$0	
As a percent of Total Expenses	0.031%	0.000%	0.000%	0.000%	-100%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$363,691	\$345,213	\$77,815	\$53,873	
As a percent of Total Expenses	3.547%	3.346%	1.186%	0.757%	-79%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$363,691	\$345,213	\$77,815	\$53,873	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$363,691	\$345,213	\$77,815	\$53,873	
As a percent of Total Expenses	3.547%	3.346%	1.186%	0.757%	-79%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$416,396	\$437,102	\$407,352	\$277,234	
As a percent of Total Expenses	4.061%	4.237%	6.210%	3.893%	-4%
Medicare Surplus (or Shortfall)	\$65,965	\$141,393	\$152,699	-\$444,212	
As a percent of Total Expenses	0.643%	1.371%	2.328%	-6.238%	-1070%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$363,691	\$345,213	\$77,815	\$53,873	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$416,396	\$437,102	\$407,352	\$277,234	
Medicare Surplus (or Shortfall)	\$65,965	\$141,393	\$152,699	-\$444,212	
Total	\$714,122	\$640,922	\$332,468	\$775,319	
As a percent of Total Expenses	6.965%	6.213%	5.068%	10.888%	56%

Table E.27

*Ohio County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Ohio County Hospital	1211 Old Main St.	Hartford	Ohio	Rural	25
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$26,437,439	\$27,776,414	\$31,542,361	\$34,250,113	
Total Expenses	\$26,079,928	\$27,984,161	\$31,506,134	\$33,773,382	
Revenue Less Expenses	\$357,511	-\$207,747	\$36,227	\$476,731	
Profit Margin	1.352%	-0.748%	0.115%	1.392%	3%
Bad Debt	\$2,147,366	\$2,361,947	\$2,597,116	\$2,602,981	
Expenses Less Bad Debt	\$23,932,562	\$25,622,214	\$28,909,018	\$31,170,401	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$874,961	\$1,079,669	\$1,326,517	\$740,329	
As a percent of Total Expenses	3.656%	4.214%	4.589%	2.375%	-35%
Unreimbursed Medicaid	\$551,998	\$706,427	\$1,042,571	\$926,776	
As a percent of Total Expenses	2.306%	2.757%	3.606%	2.973%	29%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,426,959	\$1,786,096	\$2,369,088	\$1,667,105	
As a percent of Total Expenses	5.962%	6.971%	8.195%	5.348%	-10%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$102,098	\$21,207	\$25,219	\$50,139	
As a percent of Total Expenses	0.427%	0.083%	0.087%	0.161%	-62%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$22,221	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.077%	0.000%	0%
Total Other Benefits	\$102,098	\$21,207	\$47,440	\$50,139	
As a percent of Total Expenses	0.427%	0.083%	0.164%	0.161%	-62%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$1,529,057	\$1,807,303	\$2,416,528	\$1,717,244	
As a percent of Total Expenses	6.389%	7.054%	8.359%	5.509%	-14%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$1,529,057	\$1,807,303	\$2,416,528	\$1,717,244	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,529,057	\$1,807,303	\$2,416,528	\$1,717,244	
As a percent of Total Expenses	6.389%	7.054%	8.359%	5.509%	-14%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,164,302	\$2,285,808	\$1,455,473	\$1,294,983	
As a percent of Total Expenses	4.865%	8.921%	5.035%	4.155%	-15%
Medicare Surplus (or Shortfall)	\$400,781	\$86,356	\$87,125	\$26,642	
As a percent of Total Expenses	1.675%	0.337%	0.301%	0.085%	-95%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$1,529,057	\$1,807,303	\$2,416,528	\$1,717,244	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,164,302	\$2,285,808	\$1,455,473	\$1,294,983	
Medicare Surplus (or Shortfall)	\$400,781	\$86,356	\$87,125	\$26,642	
Total	\$2,292,578	\$4,006,755	\$3,784,876	\$2,985,585	
As a percent of Total Expenses	9.579%	15.638%	13.092%	9.578%	0%

Table E.28

*Our Lady of Bellefonte Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Our Lady of Bellefonte Hospital	1000 St. Christopher Drive	Ashland	Greenup	Metropolitan	190
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$153,544,036	\$155,454,695	\$157,283,833	\$161,085,239	
Total Expenses	\$145,724,547	\$147,063,033	\$148,905,144	\$156,490,394	
Revenue Less Expenses	\$7,819,489	\$8,391,662	\$8,378,689	\$4,594,845	
Profit Margin	5.093%	5.398%	5.327%	2.852%	-44%
Bad Debt	\$12,694,325	\$9,727,959	\$10,144,394	\$13,491,947	
Expenses Less Bad Debt	\$133,030,222	\$137,335,074	\$138,760,750	\$142,998,447	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$2,856,403	\$2,221,213	\$1,512,353	\$2,335,561	
As a percent of Total Expenses	2.147%	1.617%	1.090%	1.633%	-24%
Unreimbursed Medicaid	\$5,540,631	\$4,068,367	\$4,792,382	\$7,837,636	
As a percent of Total Expenses	4.165%	2.962%	3.454%	5.481%	32%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$8,397,034	\$6,289,580	\$6,304,735	\$10,173,197	
As a percent of Total Expenses	6.312%	4.580%	4.544%	7.114%	13%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$481,818	\$774,897	\$964,721	\$913,873	
As a percent of Total Expenses	0.362%	0.564%	0.695%	0.639%	76%
Health Professions Education	\$999,027	\$1,236,708	\$1,415,148	\$865,949	
As a percent of Total Expenses	0.751%	0.901%	1.020%	0.606%	-19%
Subsidized Health Services	\$924,162	\$787,337	\$770,710	\$973,837	
As a percent of Total Expenses	0.695%	0.573%	0.555%	0.681%	-2%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$43,529	\$19,416	\$174,660	\$116,195	
As a percent of Total Expenses	0.033%	0.014%	0.126%	0.081%	148%
Total Other Benefits	\$2,448,536	\$2,818,358	\$3,325,239	\$2,869,854	
As a percent of Total Expenses	1.841%	2.052%	2.396%	2.007%	9%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$10,845,570	\$9,107,938	\$9,629,974	\$13,043,051	
As a percent of Total Expenses	8.153%	6.632%	6.940%	9.121%	12%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$6,388	\$9,299	\$10,650	\$7,875	
As a percent of Total Expenses	0.005%	0.007%	0.008%	0.006%	15%
Community Support	\$172,707	\$231,143	\$5,990	\$2,685	
As a percent of Total Expenses	0.130%	0.168%	0.004%	0.002%	-99%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$4,917	\$6,265	\$8,293	\$6,956	
As a percent of Total Expenses	0.004%	0.005%	0.006%	0.005%	32%
Coalition Building	\$160,350	\$202,499	\$41,222	\$43,534	
As a percent of Total Expenses	0.121%	0.147%	0.030%	0.030%	-75%
Community Health Improvement Advocacy	\$41,002	\$69,345	\$47,817	\$84,600	
As a percent of Total Expenses	0.031%	0.050%	0.034%	0.059%	92%
Workforce Development	\$799	\$1,427	\$4,011	\$532	
As a percent of Total Expenses	0.001%	0.001%	0.003%	0.000%	-38%
Other	\$890	\$603	\$0	\$0	
As a percent of Total Expenses	0.001%	0.000%	0.000%	0.000%	-100%
Total Community Building Activities	\$387,053	\$520,581	\$117,983	\$146,182	
As a percent of Total Expenses	0.291%	0.379%	0.085%	0.102%	-65%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$10,845,570	\$9,107,938	\$9,629,974	\$13,043,051	
Total Community Building Activities	\$387,053	\$520,581	\$117,983	\$146,182	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$11,232,623	\$9,628,519	\$9,747,957	\$13,189,233	
As a percent of Total Expenses	8.444%	7.011%	7.025%	9.223%	9%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$3,535,840	\$2,460,981	\$2,566,330	\$13,484,685	
As a percent of Total Expenses	2.658%	1.792%	1.849%	9.430%	255%
Medicare Surplus (or Shortfall)	-\$328,136	-\$1,634,067	-\$11,233,187	-\$4,217,682	
As a percent of Total Expenses	-0.247%	-1.190%	-8.095%	-2.949%	-1096%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$10,845,570	\$9,107,938	\$9,629,974	\$13,043,051	
Total Community Building Activities	\$387,053	\$520,581	\$117,983	\$146,182	
Bad Debt Expense (at cost)	\$3,535,840	\$2,460,981	\$2,566,330	\$13,484,685	
Medicare Surplus (or Shortfall)	-\$328,136	-\$1,634,067	-\$11,233,187	-\$4,217,682	
Total	\$15,096,599	\$13,723,567	\$23,547,474	\$30,891,600	
As a percent of Total Expenses	11.348%	9.993%	16.970%	21.603%	90%

Table E.29

*Owensboro Medical Health System Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Owensboro Medical Health System	811 E Parrish Ave	Owensboro	Daviess	Metropolitan	447
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$388,180,536	\$416,353,298	\$410,747,762	\$420,125,558	
Total Expenses	\$333,795,170	\$351,979,111	\$368,831,686	\$417,131,776	
Revenue Less Expenses	\$54,385,366	\$64,374,187	\$41,916,076	\$2,993,782	
Profit Margin	14.010%	15.461%	10.205%	0.713%	-95%
Bad Debt	\$25,027,450	\$27,593,537	\$30,779,907	\$30,968,784	
Expenses Less Bad Debt	\$308,767,720	\$324,385,574	\$338,051,779	\$386,162,992	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$14,140,701	\$4,149,000	\$17,840,845	\$20,200,886	
As a percent of Total Expenses	4.580%	1.279%	5.278%	5.231%	14%
Unreimbursed Medicaid	\$4,916,014	\$10,619,693	\$14,586,988	\$15,656,572	
As a percent of Total Expenses	1.592%	3.274%	4.315%	4.054%	155%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$19,056,715	\$14,768,693	\$32,427,833	\$35,857,458	
As a percent of Total Expenses	6.172%	4.553%	9.593%	9.286%	50%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$866,532	\$823,860	\$1,857,976	\$2,098,065	
As a percent of Total Expenses	0.281%	0.254%	0.550%	0.543%	94%
Health Professions Education	\$1,459,469	\$985,837	\$857,101	\$355,941	
As a percent of Total Expenses	0.473%	0.304%	0.254%	0.092%	-80%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$379,475	\$449,122	\$402,480	\$798,631	
As a percent of Total Expenses	0.123%	0.138%	0.119%	0.207%	68%
Cash and In-Kind Contributions to Community Groups	\$755,163	\$633,779	\$711,913	\$1,073,468	
As a percent of Total Expenses	0.245%	0.195%	0.211%	0.278%	14%
Total Other Benefits	\$3,460,639	\$2,892,598	\$3,829,470	\$4,326,105	
As a percent of Total Expenses	1.121%	0.892%	1.133%	1.120%	0%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$22,517,354	\$17,661,291	\$36,257,303	\$40,183,563	
As a percent of Total Expenses	7.293%	5.445%	10.725%	10.406%	43%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$726	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	N/A*
Economic Development	\$73,060	\$30,000	\$145,345	\$12,900	
As a percent of Total Expenses	0.024%	0.009%	0.043%	0.003%	-86%
Community Support	\$75,541	\$99,058	\$0	\$115,750	
As a percent of Total Expenses	0.024%	0.031%	0.000%	0.030%	23%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$2,072	\$29	\$0	\$0	
As a percent of Total Expenses	0.001%	0.000%	0.000%	0.000%	-100%
Community Health Improvement Advocacy	\$591	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	-100%
Workforce Development	\$149,305	\$18,809	\$0	\$28,000	
As a percent of Total Expenses	0.048%	0.006%	0.000%	0.007%	-85%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$300,569	\$147,896	\$145,345	\$157,376	
As a percent of Total Expenses	0.097%	0.046%	0.043%	0.041%	-58%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$22,517,354	\$17,661,291	\$36,257,303	\$40,183,563	
Total Community Building Activities	\$300,569	\$147,896	\$145,345	\$157,376	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$22,817,923	\$17,809,187	\$36,402,648	\$40,340,939	
As a percent of Total Expenses	7.390%	5.490%	10.768%	10.447%	41%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$10,384,000	\$10,898,236	\$11,796,301	\$30,968,784	
As a percent of Total Expenses	3.363%	3.360%	3.489%	8.020%	138%
Medicare Surplus (or Shortfall)	\$4,647,702	\$409,253	-\$4,513,892	-\$22,892,550	
As a percent of Total Expenses	1.505%	0.126%	-1.335%	-5.928%	-494%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$22,517,354	\$17,661,291	\$36,257,303	\$40,183,563	
Total Community Building Activities	\$300,569	\$147,896	\$145,345	\$157,376	
Bad Debt Expense (at cost)	\$10,384,000	\$10,898,236	\$11,796,301	\$30,968,784	
Medicare Surplus (or Shortfall)	\$4,647,702	\$409,253	-\$4,513,892	-\$22,892,550	
Total	\$28,554,221	\$28,298,170	\$52,712,841	\$94,202,273	
As a percent of Total Expenses	9.248%	8.724%	15.593%	24.394%	164%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.30

*Pikeville Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Pikeville Medical Center	911 Bypass Rd	Pikeville	Pike	Rural	261
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$298,385,366	\$351,436,562	\$398,041,505	\$354,586,298	
Total Expenses	\$273,799,751	\$320,456,787	\$375,520,465	\$333,249,529	
Revenue Less Expenses	\$24,585,615	\$30,979,775	\$22,521,040	\$21,336,769	
Profit Margin	8.240%	8.815%	5.658%	6.017%	-27%
Bad Debt	\$29,718,133	\$38,576,015	\$59,915,274	\$0	
Expenses Less Bad Debt	\$244,081,618	\$281,880,772	\$315,605,191	\$333,249,529	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$8,240,583	\$9,782,226	\$10,781,056	\$8,097,825	
As a percent of Total Expenses	3.376%	3.470%	3.416%	2.430%	-28%
Unreimbursed Medicaid	\$8,283,425	\$13,333,797	\$21,843,897	\$23,733,464	
As a percent of Total Expenses	3.394%	4.730%	6.921%	7.122%	110%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$16,524,008	\$23,116,023	\$32,624,953	\$31,831,289	
As a percent of Total Expenses	6.770%	8.201%	10.337%	9.552%	41%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$228,090	\$216,613	\$387,258	\$453,938	
As a percent of Total Expenses	0.093%	0.077%	0.123%	0.136%	46%
Health Professions Education	\$323,384	\$573,255	\$823,067	\$828,661	
As a percent of Total Expenses	0.132%	0.203%	0.261%	0.249%	88%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$182,931	\$73,518	\$129,129	\$124,354	
As a percent of Total Expenses	0.075%	0.026%	0.041%	0.037%	-50%
Total Other Benefits	\$734,405	\$863,386	\$1,339,454	\$1,406,953	
As a percent of Total Expenses	0.301%	0.306%	0.424%	0.422%	40%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$17,258,413	\$23,979,409	\$33,964,407	\$33,238,242	
As a percent of Total Expenses	7.071%	8.507%	10.762%	9.974%	41%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$17,702	\$36,308	\$225,807	\$243,298	
As a percent of Total Expenses	0.007%	0.013%	0.072%	0.073%	907%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$1,088	\$1,806	\$453	\$110	
As a percent of Total Expenses	0.000%	0.001%	0.000%	0.000%	-93%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$2,595	\$6,748	\$5,716	\$39,414	
As a percent of Total Expenses	0.001%	0.002%	0.002%	0.012%	1012%
Workforce Development	\$767,940	\$733,137	\$886,440	\$791,235	
As a percent of Total Expenses	0.315%	0.260%	0.281%	0.237%	-25%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$789,325	\$777,999	\$1,118,416	\$1,074,057	
As a percent of Total Expenses	0.323%	0.276%	0.354%	0.322%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$17,258,413	\$23,979,409	\$33,964,407	\$33,238,242	
Total Community Building Activities	\$789,325	\$777,999	\$1,118,416	\$1,074,057	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$18,047,738	\$24,757,408	\$35,082,823	\$34,312,299	
As a percent of Total Expenses	7.394%	8.783%	11.116%	10.296%	39%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$7,340,016	\$9,294,377	\$14,434,059	\$69,291,272	
As a percent of Total Expenses	3.007%	3.297%	4.573%	20.793%	591%
Medicare Surplus (or Shortfall)	\$10,233,563	\$11,622,780	\$8,365,302	\$5,978,090	
As a percent of Total Expenses	4.193%	4.123%	2.651%	1.794%	-57%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$17,258,413	\$23,979,409	\$33,964,407	\$33,238,242	
Total Community Building Activities	\$789,325	\$777,999	\$1,118,416	\$1,074,057	
Bad Debt Expense (at cost)	\$7,340,016	\$9,294,377	\$14,434,059	\$69,291,272	
Medicare Surplus (or Shortfall)	\$10,233,563	\$11,622,780	\$8,365,302	\$5,978,090	
Total	\$15,154,191	\$22,429,005	\$41,151,580	\$97,625,481	
As a percent of Total Expenses	6.209%	7.957%	13.039%	29.295%	372%

Table E.31

*Pineville Community Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Pineville Community Hospital	850 Riverview Ave	Pineville	Bell	Microplitian	120
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$30,755,522	\$30,619,195	\$31,404,045	\$27,554,707	
Total Expenses	\$29,916,219	\$31,302,385	\$32,600,441	\$31,941,360	
Revenue Less Expenses	\$839,303	-\$683,190	-\$1,196,396	-\$4,386,653	
Profit Margin	2.729%	-2.231%	-3.810%	-15.920%	-683%
Bad Debt	\$1,478,297	\$1,810,198	\$2,499,023	\$2,099,536	
Expenses Less Bad Debt	\$28,437,922	\$29,492,187	\$30,101,418	\$29,841,824	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$1,558,505	\$2,448,420	\$1,698,188	\$1,985,842	
As a percent of Total Expenses	5.480%	8.302%	5.642%	6.655%	21%
Unreimbursed Medicaid	\$1,479,614	\$1,607,091	\$2,343,595	\$2,536,378	
As a percent of Total Expenses	5.203%	5.449%	7.786%	8.499%	63%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$3,038,119	\$4,055,511	\$4,041,783	\$4,522,220	
As a percent of Total Expenses	10.683%	13.751%	13.427%	15.154%	42%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$27,346	\$27,414	\$26,500	\$15,101	
As a percent of Total Expenses	0.096%	0.093%	0.088%	0.051%	-47%
Health Professions Education	\$74,102	\$176,876	\$62,204	\$31,848	
As a percent of Total Expenses	0.261%	0.600%	0.207%	0.107%	-59%
Subsidized Health Services	\$852,830	\$1,191,000	\$1,048,807	\$1,514,288	
As a percent of Total Expenses	2.999%	4.038%	3.484%	5.074%	69%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$14,402	\$18,082	\$23,919	\$13,500	
As a percent of Total Expenses	0.051%	0.061%	0.079%	0.045%	-11%
Total Other Benefits	\$968,680	\$1,413,372	\$1,161,430	\$1,574,737	
As a percent of Total Expenses	3.406%	4.792%	3.858%	5.277%	55%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$4,006,799	\$5,468,883	\$5,203,213	\$6,096,957	
As a percent of Total Expenses	14.090%	18.543%	17.286%	20.431%	45%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$4,006,799	\$5,468,883	\$5,203,213	\$6,096,957	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$4,006,799	\$5,468,883	\$5,203,213	\$6,096,957	
As a percent of Total Expenses	14.090%	18.543%	17.286%	20.431%	45%
Bad Debt Expense and Medicare Surplus (or Shortfall)					
Bad Debt Expense	\$804,194	\$959,405	\$1,429,441	\$1,213,532	
As a percent of Total Expenses	2.828%	3.253%	4.749%	4.067%	44%
Medicare Surplus (or Shortfall)	-\$6,092	-\$101,674	-\$1,868,570	-\$2,846,245	
As a percent of Total Expenses	-0.021%	-0.345%	-6.208%	-9.538%	-44423%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$4,006,799	\$5,468,883	\$5,203,213	\$6,096,957	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense	\$804,194	\$959,405	\$1,429,441	\$1,213,532	
Medicare Surplus (or Shortfall)	-\$6,092	-\$101,674	-\$1,868,570	-\$2,846,245	
Total	\$4,817,085	\$6,529,962	\$8,501,224	\$10,156,734	
As a percent of Total Expenses	16.939%	22.141%	28.242%	34.035%	101%

Table E.32

*Rockcastle Regional Hospital & Respiratory Care Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Rockcastle Regional Hospital & Respiratory Care Center	145 Newcomb Ave	Mt. Vernon	Rockcastle	Microplitian	26
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$42,851,963	\$44,421,453	\$46,029,375	\$46,388,006	
Total Expenses	\$40,427,995	\$42,106,441	\$44,750,191	\$45,394,430	
Revenue Less Expenses	\$2,423,968	\$2,315,012	\$1,279,184	\$993,576	
Profit Margin	5.657%	5.211%	2.779%	2.142%	-62%
Bad Debt	\$3,549,951	\$2,929,387	\$2,911,275	\$2,136,471	
Expenses Less Bad Debt	\$36,878,044	\$39,177,054	\$41,838,916	\$43,257,959	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$924,848	\$1,034,670	\$991,123	\$919,045	
As a percent of Total Expenses	2.508%	2.641%	2.369%	2.125%	-15%
Unreimbursed Medicaid	\$6,731,743	\$5,120,159	\$12,372,165	\$4,496,638	
As a percent of Total Expenses	18.254%	13.069%	29.571%	10.395%	-43%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$7,656,591	\$6,154,829	\$13,363,288	\$5,415,683	
As a percent of Total Expenses	20.762%	15.710%	31.940%	12.520%	-40%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$0	\$89,562	\$58,498	\$206,947	
As a percent of Total Expenses	0.000%	0.229%	0.140%	0.478%	N/A*
Health Professions Education	\$68,447	\$18,500	\$0	\$3,420	
As a percent of Total Expenses	0.186%	0.047%	0.000%	0.008%	-96%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$9,101	\$177,155	\$6,410	
As a percent of Total Expenses	0.000%	0.023%	0.423%	0.015%	N/A*
Total Other Benefits	\$68,447	\$117,163	\$235,653	\$216,777	
As a percent of Total Expenses	0.186%	0.299%	0.563%	0.501%	170%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$7,725,038	\$6,271,992	\$13,598,941	\$5,632,460	
As a percent of Total Expenses	20.948%	16.009%	32.503%	13.021%	-38%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$7,725,038	\$6,271,992	\$13,598,941	\$5,632,460	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$7,725,038	\$6,271,992	\$13,598,941	\$5,632,460	
As a percent of Total Expenses	20.948%	16.009%	32.503%	13.021%	-38%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$1,630,285	\$1,296,926	\$3,046,624	\$2,138,130	
As a percent of Total Expenses	4.421%	3.310%	7.282%	4.943%	12%
Medicare Surplus (or Shortfall)	-\$716,113	-\$77,654	\$537,182	-\$93,354	
As a percent of Total Expenses	-1.942%	-0.198%	1.284%	-0.216%	89%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$7,725,038	\$6,271,992	\$13,598,941	\$5,632,460	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,630,285	\$1,296,926	\$3,046,624	\$2,138,130	
Medicare Surplus (or Shortfall)	-\$716,113	-\$77,654	\$537,182	-\$93,354	
Total	\$10,071,436	\$7,646,572	\$16,108,383	\$7,863,944	
As a percent of Total Expenses	27.310%	19.518%	38.501%	18.179%	-33%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.33

*Russell County Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Russell County Hospital	153 Dowell Rd., PO Box 1610	Russell Springs	Russell	Rural	25
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$21,756,079	\$22,343,132	\$22,428,374	\$23,084,604	
Total Expenses	\$20,189,664	\$20,915,797	\$21,966,963	\$22,761,306	
Revenue Less Expenses	\$1,566,415	\$1,427,335	\$461,411	\$323,298	
Profit Margin	7.200%	6.388%	2.057%	1.400%	-81%
Bad Debt	\$2,569,898	\$2,617,793	\$2,849,168	\$2,480,721	
Expenses Less Bad Debt	\$17,619,766	\$18,298,004	\$19,117,795	\$20,280,585	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$978,691	\$1,234,581	\$961,183	\$1,145,334	
As a percent of Total Expenses	5.555%	6.747%	5.028%	5.647%	2%
Unreimbursed Medicaid	\$1,147,584	\$302,965	\$1,283,120	\$1,262,779	
As a percent of Total Expenses	6.513%	1.656%	6.712%	6.227%	-4%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$2,126,275	\$1,537,546	\$2,244,303	\$2,408,113	
As a percent of Total Expenses	12.068%	8.403%	11.739%	11.874%	-2%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$18,880	\$22,308	\$22,308	\$0	
As a percent of Total Expenses	0.107%	0.122%	0.117%	0.000%	-100%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$2,040	\$2,040	\$2,645	\$0	
As a percent of Total Expenses	0.012%	0.011%	0.014%	0.000%	-100%
Total Other Benefits	\$20,920	\$24,348	\$24,953	\$0	
As a percent of Total Expenses	0.119%	0.133%	0.131%	0.000%	-100%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$2,147,195	\$1,561,894	\$2,269,256	\$2,408,113	
As a percent of Total Expenses	12.186%	8.536%	11.870%	11.874%	-3%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$20,990	\$0	\$0	
As a percent of Total Expenses	0.000%	0.115%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$20,990	\$0	\$0	
As a percent of Total Expenses	0.000%	0.115%	0.000%	0.000%	0%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$2,147,195	\$1,561,894	\$2,269,256	\$2,408,113	
Total Community Building Activities	\$0	\$20,990	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,147,195	\$1,582,884	\$2,269,256	\$2,408,113	
As a percent of Total Expenses	12.186%	8.651%	11.870%	11.874%	-3%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$795,839	\$838,702	\$970,940	\$2,480,721	
As a percent of Total Expenses	4.517%	4.584%	5.079%	12.232%	171%
Medicare Surplus (or Shortfall)	\$64,852	-\$754,554	\$66,423	\$824,896	
As a percent of Total Expenses	0.368%	-4.124%	0.347%	4.067%	1005%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$2,147,195	\$1,561,894	\$2,269,256	\$2,408,113	
Total Community Building Activities	\$0	\$20,990	\$0	\$0	
Bad Debt Expense (at cost)	\$795,839	\$838,702	\$970,940	\$2,480,721	
Medicare Surplus (or Shortfall)	\$64,852	-\$754,554	\$66,423	\$824,896	
Total	\$2,878,182	\$3,176,140	\$3,173,773	\$4,063,938	
As a percent of Total Expenses	16.335%	17.358%	16.601%	20.039%	23%



Table E.34

*St. Claire Regional Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
St. Claire Regional Medical Center	222 Medical Circle	Morehead	Rowan	Rural	149
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$129,764,722	\$138,547,331	\$124,375,601	\$127,818,868	
Total Expenses	\$127,803,653	\$137,118,770	\$126,708,199	\$124,939,749	
Revenue Less Expenses	\$1,961,069	\$1,428,561	-\$2,332,598	\$2,879,119	
Profit Margin	1.511%	1.031%	-1.875%	2.252%	49%
Bad Debt	\$19,018,444	\$19,057,268	\$0	\$0	
Expenses Less Bad Debt	\$108,785,209	\$118,061,502	\$126,708,199	\$124,939,749	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$4,500,436	\$5,465,685	\$7,083,045	\$3,939,108	
As a percent of Total Expenses	4.137%	4.630%	5.590%	3.153%	-24%
Unreimbursed Medicaid	\$4,065,908	\$6,018,861	\$2,138,129	\$3,135,830	
As a percent of Total Expenses	3.738%	5.098%	1.687%	2.510%	-33%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$8,566,344	\$11,484,546	\$9,221,174	\$7,074,938	
As a percent of Total Expenses	7.875%	9.728%	7.277%	5.663%	-28%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$33,000	\$29,499	\$3,910,600	\$3,051,163	
As a percent of Total Expenses	0.030%	0.025%	3.086%	2.442%	7950%
Health Professions Education	\$2,293,000	\$3,180,305	\$0	\$1,370,744	
As a percent of Total Expenses	2.108%	2.694%	0.000%	1.097%	-48%
Subsidized Health Services	\$1,840,424	\$1,200,681	\$0	\$0	
As a percent of Total Expenses	1.692%	1.017%	0.000%	0.000%	-100%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$4,166,424	\$4,410,485	\$3,910,600	\$4,421,907	
As a percent of Total Expenses	3.830%	3.736%	3.086%	3.539%	-8%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$12,732,768	\$15,895,031	\$13,131,774	\$11,496,845	
As a percent of Total Expenses	11.705%	13.463%	10.364%	9.202%	-21%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$91,000	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.073%	N/A*
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$91,000	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.073%	N/A*
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$12,732,768	\$15,895,031	\$13,131,774	\$11,496,845	
Total Community Building Activities	\$0	\$0	\$0	\$91,000	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$12,732,768	\$15,895,031	\$13,131,774	\$11,587,845	
As a percent of Total Expenses	11.705%	13.463%	10.364%	9.275%	-21%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$6,548,358	\$6,374,081	\$6,159,703	\$13,013,950	
As a percent of Total Expenses	6.020%	5.399%	4.861%	10.416%	73%
Medicare Surplus (or Shortfall)	-\$84,622	-\$687,346	-\$1,644,705	\$213,300	
As a percent of Total Expenses	-0.078%	-0.582%	-1.298%	0.171%	319%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$12,732,768	\$15,895,031	\$13,131,774	\$11,496,845	
Total Community Building Activities	\$0	\$0	\$0	\$91,000	
Bad Debt Expense (at cost)	\$6,548,358	\$6,374,081	\$6,159,703	\$13,013,950	
Medicare Surplus (or Shortfall)	-\$84,622	-\$687,346	-\$1,644,705	\$213,300	
Total	\$19,365,748	\$22,956,458	\$20,936,182	\$24,388,495	
As a percent of Total Expenses	17.802%	19.444%	16.523%	19.520%	10%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.35

*TJ Samson Community Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
TJ Samson Community Hospital	1301 North Race St.	Glasgow	Barren	Microplitian	180
<b>Form 990 Data</b>					
Total Revenue	\$119,355,239	\$126,504,041	\$130,304,758	\$129,235,063	
Total Expenses	\$114,198,933	\$124,560,827	\$123,012,470	\$132,268,278	
Revenue Less Expenses	\$5,156,306	\$1,943,214	\$7,292,288	-\$3,033,215	
Profit Margin	4.320%	1.536%	5.596%	-2.347%	-154%
Bad Debt	\$0	\$11,801,701	\$0	\$0	
Expenses Less Bad Debt	\$114,198,933	\$112,759,126	\$123,012,470	\$132,268,278	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$920,375	\$2,154,862	\$2,154,862	\$2,524,297	
As a percent of Total Expenses	0.806%	1.911%	1.752%	1.908%	137%
Unreimbursed Medicaid	\$8,289,515	\$3,240,931	\$3,240,931	\$4,583,091	
As a percent of Total Expenses	7.259%	2.874%	2.635%	3.465%	-52%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$9,209,890	\$5,395,793	\$5,395,793	\$7,107,388	
As a percent of Total Expenses	8.065%	4.785%	4.386%	5.373%	-33%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$267,400	\$300,000	\$309,000	\$318,270	
As a percent of Total Expenses	0.234%	0.266%	0.251%	0.241%	3%
Health Professions Education	\$650,920	\$815,000	\$839,450	\$864,634	
As a percent of Total Expenses	0.570%	0.723%	0.682%	0.654%	15%
Subsidized Health Services	\$0	\$23,000	\$23,690	\$24,401	
As a percent of Total Expenses	0.000%	0.020%	0.019%	0.018%	N/A*
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$56,811	\$64,350	\$66,281	\$68,259	
As a percent of Total Expenses	0.050%	0.057%	0.054%	0.052%	4%
Total Other Benefits	\$975,131	\$1,202,350	\$1,238,421	\$1,275,564	
As a percent of Total Expenses	0.854%	1.066%	1.007%	0.964%	13%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$10,185,021	\$6,598,143	\$6,634,214	\$8,382,952	
As a percent of Total Expenses	8.919%	5.852%	5.393%	6.338%	-29%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$500	\$515	\$530	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	N/A*
Economic Development	\$196	\$75,350	\$77,611	\$79,939	
As a percent of Total Expenses	0.000%	0.067%	0.063%	0.060%	35113%
Community Support	\$2,192	\$2,485	\$2,560	\$2,637	
As a percent of Total Expenses	0.002%	0.002%	0.002%	0.002%	4%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$2,376	\$7,423	\$7,337	\$7,557	
As a percent of Total Expenses	0.002%	0.007%	0.006%	0.006%	175%
Coalition Building	\$16,647	\$26,126	\$26,910	\$27,717	
As a percent of Total Expenses	0.015%	0.023%	0.022%	0.021%	44%
Community Health Improvement Advocacy	\$6,562	\$22,640	\$23,319	\$24,019	
As a percent of Total Expenses	0.006%	0.020%	0.019%	0.018%	216%
Workforce Development	\$0	\$30,000	\$30,900	\$31,827	
As a percent of Total Expenses	0.000%	0.027%	0.025%	0.024%	N/A*
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$27,973	\$164,524	\$169,152	\$174,226	
As a percent of Total Expenses	0.024%	0.146%	0.138%	0.132%	438%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$10,185,021	\$6,598,143	\$6,634,214	\$8,382,952	
Total Community Building Activities	\$27,973	\$164,524	\$169,152	\$174,226	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$10,212,994	\$6,762,667	\$6,803,366	\$8,557,178	
As a percent of Total Expenses	8.943%	5.997%	5.531%	6.470%	-28%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$3,650,431	\$4,679,386	\$4,819,768	\$5,939,131	
As a percent of Total Expenses	3.197%	4.150%	3.918%	4.490%	40%
Medicare Surplus (or Shortfall)	-\$3,348,323	-\$7,228,658	-\$7,101,565	-\$8,765,607	
As a percent of Total Expenses	-2.932%	-6.411%	-5.773%	-6.627%	-126%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$10,185,021	\$6,598,143	\$6,634,214	\$8,382,952	
Total Community Building Activities	\$27,973	\$164,524	\$169,152	\$174,226	
Bad Debt Expense (at cost)	\$3,650,431	\$4,679,386	\$4,819,768	\$5,939,131	
Medicare Surplus (or Shortfall)	-\$3,348,323	-\$7,228,658	-\$7,101,565	-\$8,765,607	
Total	\$17,211,748	\$18,670,711	\$18,724,699	\$23,261,916	
As a percent of Total Expenses	15.072%	16.558%	15.222%	17.587%	17%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.36

*The James B. Haggin Memorial Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
The James B. Haggin Memorial Hospital	464 Linden Ave.	Harrodsburg	Mercer	Rural	25
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$23,718,876	\$24,700,420	\$23,915,617	\$25,412,414	
Total Expenses	\$25,226,459	\$25,143,997	\$26,218,911	\$27,868,402	
Revenue Less Expenses	-\$1,507,583	-\$443,577	-\$2,303,294	-\$2,455,988	
Profit Margin	-6.356%	-1.796%	-9.631%	-9.665%	-52%
Bad Debt	\$4,430,944	\$3,918,429	\$4,721,588	\$5,219,709	
Expenses Less Bad Debt	\$20,795,515	\$21,225,568	\$21,497,323	\$22,648,693	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$720,251	\$774,358	\$757,925	\$773,141	
As a percent of Total Expenses	3.463%	3.648%	3.526%	3.414%	-1%
Unreimbursed Medicaid	\$1,262,171	\$985,862	\$851,285	\$932,972	
As a percent of Total Expenses	6.069%	4.645%	3.960%	4.119%	-32%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,982,422	\$1,760,220	\$1,609,210	\$1,706,113	
As a percent of Total Expenses	9.533%	8.293%	7.486%	7.533%	-21%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$29,358	\$500	\$1,700	\$1,700	
As a percent of Total Expenses	0.141%	0.002%	0.008%	0.008%	-95%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$289,433	\$1,290,737	
As a percent of Total Expenses	0.000%	0.000%	1.346%	5.699%	N/A*
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$29,358	\$500	\$291,133	\$1,292,437	
As a percent of Total Expenses	0.141%	0.002%	1.354%	5.706%	3942%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$2,011,780	\$1,760,720	\$1,900,343	\$2,998,550	
As a percent of Total Expenses	9.674%	8.295%	8.840%	13.239%	37%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$2,000	\$6,000	\$6,115	
As a percent of Total Expenses	0.000%	0.009%	0.028%	0.027%	N/A*
Coalition Building	\$0	\$0	\$2,000	\$5,205	
As a percent of Total Expenses	0.000%	0.000%	0.009%	0.023%	N/A*
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$2,000	\$8,000	\$11,320	
As a percent of Total Expenses	0.000%	0.009%	0.037%	0.050%	N/A*
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$2,011,780	\$1,760,720	\$1,900,343	\$2,998,550	
Total Community Building Activities	\$0	\$2,000	\$8,000	\$11,320	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,011,780	\$1,762,720	\$1,908,343	\$3,009,870	
As a percent of Total Expenses	9.674%	8.305%	8.877%	13.289%	37%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$1,784,784	\$1,495,998	\$1,915,844	\$2,331,443	
As a percent of Total Expenses	8.583%	7.048%	8.912%	10.294%	20%
Medicare Surplus (or Shortfall)	-\$110,143	\$373,819	-\$62,933	-\$110,816	
As a percent of Total Expenses	-0.530%	1.761%	-0.293%	-0.489%	8%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$2,011,780	\$1,760,720	\$1,900,343	\$2,998,550	
Total Community Building Activities	\$0	\$2,000	\$8,000	\$11,320	
Bad Debt Expense (at cost)	\$1,784,784	\$1,495,998	\$1,915,844	\$2,331,443	
Medicare Surplus (or Shortfall)	-\$110,143	\$373,819	-\$62,933	-\$110,816	
Total	\$3,906,707	\$2,884,899	\$3,887,120	\$5,452,129	
As a percent of Total Expenses	18.786%	13.592%	18.082%	24.073%	28%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.37

*The Medical Center At Franklin Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
The Medical Center At Franklin	1100 Brookhaven	Franklin	Simpson	Rural	25
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$21,160,910	\$20,034,614	\$23,478,342	\$24,388,724	
Total Expenses	\$17,455,097	\$18,274,721	\$19,831,287	\$21,164,137	
Revenue Less Expenses	\$3,705,813	\$1,759,893	\$3,647,055	\$3,224,587	
Profit Margin	17.513%	8.784%	15.534%	13.222%	-25%
Bad Debt	\$3,211,937	\$3,060,532	\$3,016,313	\$3,757,474	
Expenses Less Bad Debt	\$14,243,160	\$15,214,189	\$16,814,974	\$17,406,663	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$738,904	\$743,003	\$697,798	\$763,037	
As a percent of Total Expenses	5.188%	4.884%	4.150%	4.384%	-16%
Unreimbursed Medicaid	\$46,511	\$73,205	\$83,886	\$126,958	
As a percent of Total Expenses	0.327%	0.481%	0.499%	0.729%	123%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$785,415	\$816,208	\$781,684	\$889,995	
As a percent of Total Expenses	5.514%	5.365%	4.649%	5.113%	-7%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$200,826	\$275,851	\$299,533	\$320,603	
As a percent of Total Expenses	1.410%	1.813%	1.781%	1.842%	31%
Health Professions Education	\$0	\$23,194	\$15,339	\$31,411	
As a percent of Total Expenses	0.000%	0.152%	0.091%	0.180%	N/A*
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$2,625	\$153,825	\$1,300	\$2,540	
As a percent of Total Expenses	0.018%	1.011%	0.008%	0.015%	-21%
Total Other Benefits	\$203,451	\$452,870	\$316,172	\$354,554	
As a percent of Total Expenses	1.428%	2.977%	1.880%	2.037%	43%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$988,866	\$1,269,078	\$1,097,856	\$1,244,549	
As a percent of Total Expenses	6.943%	8.341%	6.529%	7.150%	3%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$6,928	\$12,268	\$13,642	\$14,138	
As a percent of Total Expenses	0.049%	0.081%	0.081%	0.081%	67%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$14,064	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.084%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$2,477	\$0	\$0	
As a percent of Total Expenses	0.000%	0.016%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$6,928	\$14,745	\$27,706	\$14,138	
As a percent of Total Expenses	0.049%	0.097%	0.165%	0.081%	67%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$988,866	\$1,269,078	\$1,097,856	\$1,244,549	
Total Community Building Activities	\$6,928	\$14,745	\$27,706	\$14,138	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$995,794	\$1,283,823	\$1,125,562	\$1,258,687	
As a percent of Total Expenses	6.991%	8.438%	6.694%	7.231%	3%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$992,299	\$1,028,403	\$3,016,313	\$3,757,474	
As a percent of Total Expenses	6.967%	6.759%	17.938%	21.586%	210%
Medicare Surplus (or Shortfall)	-\$183,473	-\$257,968	-\$344,623	-\$132,653	
As a percent of Total Expenses	-1.288%	-1.696%	-2.050%	-0.762%	41%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$988,866	\$1,269,078	\$1,097,856	\$1,244,549	
Total Community Building Activities	\$6,928	\$14,745	\$27,706	\$14,138	
Bad Debt Expense (at cost)	\$992,299	\$1,028,403	\$3,016,313	\$3,757,474	
Medicare Surplus (or Shortfall)	-\$183,473	-\$257,968	-\$344,623	-\$132,653	
Total	\$2,171,566	\$2,570,194	\$4,486,498	\$5,148,814	
As a percent of Total Expenses	15.246%	16.893%	26.682%	29.580%	94%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.38

*Trigg County Hospital Inc. Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Trigg County Hospital Inc.	254 Main Street	Cadiz	Trigg	Metropolitan	25
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$10,786,803	\$11,326,775	\$12,911,056	\$14,256,608	
Total Expenses	\$10,978,825	\$11,158,997	\$12,325,782	\$13,524,967	
Revenue Less Expenses	-\$192,022	\$167,778	\$585,274	\$731,641	
Profit Margin	-1.780%	1.481%	4.533%	5.132%	388%
Bad Debt	\$0	\$0	\$0	\$0	
Expenses Less Bad Debt	\$10,978,825	\$11,158,997	\$12,325,782	\$13,524,967	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$342,850	\$210,653	\$466,875	\$474,346	
As a percent of Total Expenses	3.123%	1.888%	3.788%	3.507%	12%
Unreimbursed Medicaid	\$289,659	\$413,107	\$196,831	\$110,156	
As a percent of Total Expenses	2.638%	3.702%	1.597%	0.814%	-69%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$632,509	\$623,760	\$663,706	\$584,502	
As a percent of Total Expenses	5.761%	5.590%	5.385%	4.322%	-25%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$26,423	\$30,668	\$21,384	\$28,944	
As a percent of Total Expenses	0.241%	0.275%	0.173%	0.214%	-11%
Health Professions Education	\$230	\$0	\$0	\$0	
As a percent of Total Expenses	0.002%	0.000%	0.000%	0.000%	-100%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$4,966	\$6,488	\$0	
As a percent of Total Expenses	0.000%	0.045%	0.053%	0.000%	0%
Total Other Benefits	\$26,653	\$35,634	\$27,872	\$28,944	
As a percent of Total Expenses	0.243%	0.319%	0.226%	0.214%	-12%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$659,162	\$659,394	\$691,578	\$613,446	
As a percent of Total Expenses	6.004%	5.909%	5.611%	4.536%	-24%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$1,543	\$0	\$6,488	\$6,318	
As a percent of Total Expenses	0.014%	0.000%	0.053%	0.047%	232%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$1,543	\$0	\$6,488	\$6,318	
As a percent of Total Expenses	0.014%	0.000%	0.053%	0.047%	232%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$659,162	\$659,394	\$691,578	\$613,446	
Total Community Building Activities	\$1,543	\$0	\$6,488	\$6,318	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$660,705	\$659,394	\$698,066	\$619,764	
As a percent of Total Expenses	6.018%	5.909%	5.663%	4.582%	-24%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$957,081	\$941,905	\$1,097,065	\$1,359,533	
As a percent of Total Expenses	8.718%	8.441%	8.901%	10.052%	15%
Medicare Surplus (or Shortfall)	\$187,908	\$85,869	-\$62,798	\$208,272	
As a percent of Total Expenses	1.712%	0.770%	-0.509%	1.540%	-10%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$659,162	\$659,394	\$691,578	\$613,446	
Total Community Building Activities	\$1,543	\$0	\$6,488	\$6,318	
Bad Debt Expense (at cost)	\$957,081	\$941,905	\$1,097,065	\$1,359,533	
Medicare Surplus (or Shortfall)	\$187,908	\$85,869	-\$62,798	\$208,272	
Total	\$1,429,878	\$1,515,430	\$1,857,929	\$1,771,025	
As a percent of Total Expenses	13.024%	13.580%	15.074%	13.094%	1%

Table E.39

*Twin Lakes Regional Medical Center Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Twin Lakes Regional Medical Center	910 Wallace Avenue	Leitchfield	Grayson	Rural	75
Form 990 Data					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$42,446,973	\$41,363,688	\$46,975,837	\$44,000,712	
Total Expenses	\$37,631,968	\$36,089,671	\$39,460,981	\$37,364,289	
Revenue Less Expenses	\$4,815,005	\$5,274,017	\$7,514,856	\$6,636,423	
Profit Margin	11.344%	12.750%	15.997%	15.083%	33%
Bad Debt	\$5,623,781	\$5,565,919	\$5,562,790	\$1,785,373	
Expenses Less Bad Debt	\$32,008,187	\$30,523,752	\$33,898,191	\$35,578,916	
Charity Care and Means-Tested Government Programs					
Charity Care (Financial Assistance) at Cost	\$205,949	\$289,692	\$327,904	\$327,054	
As a percent of Total Expenses	0.643%	0.949%	0.967%	0.919%	43%
Unreimbursed Medicaid	\$1,435,753	\$1,513,750	\$2,222,290	\$2,991,118	
As a percent of Total Expenses	4.486%	4.959%	6.556%	8.407%	87%
Unreimbursed Costs - Other Means-Tested Government Programs	\$522,444	\$125,913	\$760,741	\$568,092	
As a percent of Total Expenses	1.632%	0.413%	2.244%	1.597%	-2%
Total Charity Care and Means-Tested Government Programs	\$2,164,146	\$1,929,355	\$3,310,935	\$3,886,264	
As a percent of Total Expenses	6.761%	6.321%	9.767%	10.923%	62%
Other Benefits					
Community Health Improvement Services and Community Benefit Operations	\$4,560	\$2,184	\$7,279	\$8,564	
As a percent of Total Expenses	0.014%	0.007%	0.021%	0.024%	69%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$4,560	\$2,184	\$7,279	\$8,564	
As a percent of Total Expenses	0.014%	0.007%	0.021%	0.024%	69%
Charity Care and Certain Other Community Benefits					
Total Charity Care and Certain Other Community Benefits	\$2,168,706	\$1,931,539	\$3,318,214	\$3,894,828	
As a percent of Total Expenses	6.775%	6.328%	9.789%	10.947%	62%
Community Building Activities					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$25,000	\$25,000	\$25,000	\$25,000	
As a percent of Total Expenses	0.078%	0.082%	0.074%	0.070%	-10%
Community Support	\$1,000	\$1,401	\$3,515	\$4,854	
As a percent of Total Expenses	0.003%	0.005%	0.010%	0.014%	337%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$187	\$224	\$0	
As a percent of Total Expenses	0.000%	0.001%	0.001%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$981	\$503	\$2,138	
As a percent of Total Expenses	0.000%	0.003%	0.001%	0.006%	N/A*
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$26,000	\$27,569	\$29,242	\$31,992	
As a percent of Total Expenses	0.081%	0.090%	0.086%	0.090%	11%
Charity Care and Certain Other Community Benefits and Community Building Activities					
Total Charity Care and Certain Other Community Benefits	\$2,168,706	\$1,931,539	\$3,318,214	\$3,894,828	
Total Community Building Activities	\$26,000	\$27,569	\$29,242	\$31,992	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$2,194,706	\$1,959,108	\$3,347,456	\$3,926,820	
As a percent of Total Expenses	6.857%	6.418%	9.875%	11.037%	61%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Bad Debt Expense (at cost)	\$1,840,502	\$1,742,986	\$1,698,291	\$1,777,519	
As a percent of Total Expenses	5.750%	5.710%	5.010%	4.996%	-13%
Medicare Surplus (or Shortfall)	\$895,052	-\$116,530	-\$624,738	\$530,953	
As a percent of Total Expenses	2.796%	-0.382%	-1.843%	1.492%	-47%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)					
Total Charity Care and Certain Other Community Benefits	\$2,168,706	\$1,931,539	\$3,318,214	\$3,894,828	
Total Community Building Activities	\$26,000	\$27,569	\$29,242	\$31,992	
Bad Debt Expense (at cost)	\$1,840,502	\$1,742,986	\$1,698,291	\$1,777,519	
Medicare Surplus (or Shortfall)	\$895,052	-\$116,530	-\$624,738	\$530,953	
Total	\$3,140,156	\$3,818,624	\$5,670,485	\$5,173,386	
As a percent of Total Expenses	9.810%	12.510%	16.728%	14.541%	48%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.40

*University Of Louisville Hospital Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
University Of Louisville Hospital	530 S Jackson St	Louisville	Jefferson	Metropolitan	404
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$418,326,881	\$448,431,990	\$450,261,457	\$471,117,073	
Total Expenses	\$410,434,182	\$435,621,628	\$459,090,321	\$463,220,501	
Revenue Less Expenses	\$7,892,699	\$12,810,362	-\$8,828,864	\$7,896,572	
Profit Margin	1.887%	2.857%	-1.961%	1.676%	-11%
Bad Debt	\$5,326,188	\$4,476,562	\$6,230,185	\$7,828,097	
Expenses Less Bad Debt	\$405,107,994	\$431,145,066	\$452,860,136	\$455,392,404	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$5,673,475	\$11,151,347	\$24,095,065	\$15,582,339	
As a percent of Total Expenses	1.400%	2.586%	5.321%	3.422%	144%
Unreimbursed Medicaid	-\$17,098,734	-\$15,417,151	\$5,625,554	\$16,322,942	
As a percent of Total Expenses	-4.221%	-3.576%	1.242%	3.584%	185%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	-\$11,425,259	-\$4,265,804	\$29,720,619	\$31,905,281	
As a percent of Total Expenses	-2.820%	-0.989%	6.563%	7.006%	348%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$14,314,975	\$13,947,574	\$9,824,262	\$15,249,345	
As a percent of Total Expenses	3.534%	3.235%	2.169%	3.349%	-5%
Health Professions Education	\$56,714,705	\$56,188,464	\$48,101,681	\$58,218,725	
As a percent of Total Expenses	14.000%	13.032%	10.622%	12.784%	-9%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$271,580	\$118,542	\$188,406	\$193,600	
As a percent of Total Expenses	0.067%	0.027%	0.042%	0.043%	-37%
Cash and In-Kind Contributions to Community Groups	\$1,429,169	\$1,647,567	\$2,354,643	\$3,072,130	
As a percent of Total Expenses	0.353%	0.382%	0.520%	0.675%	91%
Total Other Benefits	\$72,730,429	\$71,902,147	\$60,468,992	\$76,733,800	
As a percent of Total Expenses	17.953%	16.677%	13.353%	16.850%	-6%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$61,305,170	\$67,636,343	\$90,189,611	\$108,639,081	
As a percent of Total Expenses	15.133%	15.688%	19.916%	23.856%	58%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$61,305,170	\$67,636,343	\$90,189,611	\$108,639,081	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$61,305,170	\$67,636,343	\$90,189,611	\$108,639,081	
As a percent of Total Expenses	15.133%	15.688%	19.916%	23.856%	58%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$987,693	\$948,473	\$1,460,044	\$1,595,522	
As a percent of Total Expenses	0.244%	0.220%	0.322%	0.350%	44%
Medicare Surplus (or Shortfall)	-\$9,507,794	\$11,283,906	\$8,660,510	\$12,338,162	
As a percent of Total Expenses	-2.347%	2.617%	1.912%	2.709%	215%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$61,305,170	\$67,636,343	\$90,189,611	\$108,639,081	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$987,693	\$948,473	\$1,460,044	\$1,595,522	
Medicare Surplus (or Shortfall)	-\$9,507,794	\$11,283,906	\$8,660,510	\$12,338,162	
Total	\$71,800,657	\$57,300,910	\$82,989,145	\$97,896,441	
As a percent of Total Expenses	17.724%	13.290%	18.326%	21.497%	21%

Table E.41

*Wayne County Hospital, Inc. Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name	Address	City	County	US Census County Designation	Number of Licensed Beds
Wayne County Hospital, Inc.	166 Hospital Street	Monticello	Wayne	Rural	25
<b>Form 990 Data</b>					
	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>FY09-12 % Change</b>
Total Revenue	\$13,308,865	\$15,005,568	\$13,736,996	\$14,810,730	
Total Expenses	\$14,024,825	\$14,612,020	\$14,164,285	\$15,187,065	
Revenue Less Expenses	-\$715,960	\$393,548	-\$427,289	-\$376,335	
Profit Margin	-5.380%	2.623%	-3.110%	-2.541%	53%
Bad Debt	\$1,279,921	\$967,118	\$1,101,950	\$1,261,976	
Expenses Less Bad Debt	\$12,744,904	\$13,644,902	\$13,062,335	\$13,925,089	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$633,460	\$585,378	\$637,562	\$706,091	
As a percent of Total Expenses	4.970%	4.290%	4.881%	5.071%	2%
Unreimbursed Medicaid	\$624,253	\$390,495	\$390,418	\$463,024	
As a percent of Total Expenses	4.898%	2.862%	2.989%	3.325%	-32%
Unreimbursed Costs - Other Means-Tested Government Programs	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs	\$1,257,713	\$975,873	\$1,027,980	\$1,169,115	
As a percent of Total Expenses	9.868%	7.152%	7.870%	8.396%	-15%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$1,694	\$2,906	\$2,781	\$3,048	
As a percent of Total Expenses	0.013%	0.021%	0.021%	0.022%	65%
Health Professions Education	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Subsidized Health Services	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Other Benefits	\$1,694	\$2,906	\$2,781	\$3,048	
As a percent of Total Expenses	0.013%	0.021%	0.021%	0.022%	65%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$1,259,407	\$978,779	\$1,030,761	\$1,172,163	
As a percent of Total Expenses	9.882%	7.173%	7.891%	8.418%	-15%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Support	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Coalition Building	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Workforce Development	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Other	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$1,259,407	\$978,779	\$1,030,761	\$1,172,163	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$1,259,407	\$978,779	\$1,030,761	\$1,172,163	
As a percent of Total Expenses	9.882%	7.173%	7.891%	8.418%	-15%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$1,279,921	\$483,559	\$561,995	\$643,608	
As a percent of Total Expenses	10.043%	3.544%	4.302%	4.622%	-54%
Medicare Surplus (or Shortfall)	\$41,513	-\$56,308	-\$54,174	-\$42,100	
As a percent of Total Expenses	0.326%	-0.413%	-0.415%	-0.302%	-193%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$1,259,407	\$978,779	\$1,030,761	\$1,172,163	
Total Community Building Activities	\$0	\$0	\$0	\$0	
Bad Debt Expense (at cost)	\$1,279,921	\$483,559	\$561,995	\$643,608	
Medicare Surplus (or Shortfall)	\$41,513	-\$56,308	-\$54,174	-\$42,100	
Total	\$2,497,815	\$1,518,646	\$1,646,930	\$1,857,871	
As a percent of Total Expenses	19.599%	11.130%	12.608%	13.342%	-32%



Table E.42

*Appalachian Regional Healthcare Inc. (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds				
Appalachian Regional Healthcare Inc. (Multiple Hospital Filing)		1,005 total beds, 807 beds in Kentucky and 198 bed in West Virginia				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$566,954,930	\$579,716,067	\$595,138,558	\$610,022,362	
Total Expenses		\$555,704,645	\$564,049,683	\$581,688,345	\$590,330,305	
Revenue Less Expenses		\$11,250,285	\$15,666,384	\$13,450,213	\$19,692,057	
Profit Margin		1.984%	2.702%	2.260%	3.228%	63%
Bad Debt		\$57,567,407	\$65,944,147	\$67,743,389	\$71,901,485	
Expenses Less Bad Debt		\$498,137,238	\$498,105,536	\$513,944,956	\$518,428,820	
Charity Care and Means-Tested Government Programs						
Charity Care (Financial Assistance) at Cost		\$15,910,486	\$19,937,180	\$21,962,941	\$10,529,170	
As a percent of Total Expenses		3.194%	4.003%	4.273%	2.031%	-36%
Unreimbursed Medicaid		\$37,232,009	\$47,362,926	\$49,723,591	\$48,150,605	
As a percent of Total Expenses		7.474%	9.509%	9.675%	9.288%	24%
Unreimbursed Costs - Other Means-Tested Government Programs		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs		\$53,142,495	\$67,300,106	\$71,686,532	\$58,679,775	
As a percent of Total Expenses		10.668%	13.511%	13.948%	11.319%	6%
Other Benefits						
Community Health Improvement Services and Community Benefit Operations		\$565,650	\$1,249,466	\$449,477	\$518,450	
As a percent of Total Expenses		0.114%	0.251%	0.087%	0.100%	-12%
Health Professions Education		\$0	\$0	\$463,022	\$375,998	
As a percent of Total Expenses		0.000%	0.000%	0.090%	0.073%	N/A*
Subsidized Health Services		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Research		\$0	\$0	\$0	\$374	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	N/A*
Cash and In-Kind Contributions to Community Groups		\$0	\$0	\$151,652	\$85,361	
As a percent of Total Expenses		0.000%	0.000%	0.030%	0.016%	N/A*
Total Other Benefits		\$565,650	\$1,249,466	\$1,064,151	\$980,183	
As a percent of Total Expenses		0.114%	0.251%	0.207%	0.189%	67%
Charity Care and Certain Other Community Benefits						
Total Charity Care and Certain Other Community Benefits		\$53,708,145	\$68,549,572	\$72,750,683	\$59,659,958	
As a percent of Total Expenses		10.782%	13.762%	14.155%	11.508%	7%
Community Building Activities						
Physical Improvements and Housing		\$0	\$0	\$1,802	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Economic Development		\$0	\$0	\$4,329	\$5,540	
As a percent of Total Expenses		0.000%	0.000%	0.001%	0.001%	N/A*
Community Support		\$0	\$0	\$112,478	\$85,186	
As a percent of Total Expenses		0.000%	0.000%	0.022%	0.016%	N/A*
Environmental Improvements		\$0	\$0	\$8,467	\$959	
As a percent of Total Expenses		0.000%	0.000%	0.002%	0.000%	N/A*
Leadership Development and Training for Community Members		\$0	\$0	\$7,008	\$2,976	
As a percent of Total Expenses		0.000%	0.000%	0.001%	0.001%	N/A*
Coalition Building		\$0	\$0	\$26,510	\$60,077	
As a percent of Total Expenses		0.000%	0.000%	0.005%	0.012%	N/A*
Community Health Improvement Advocacy		\$0	\$1,012,266	\$4,978	\$938	
As a percent of Total Expenses		0.000%	0.203%	0.001%	0.000%	N/A*
Workforce Development		\$0	\$0	\$1,291	\$2,342	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	N/A*
Other		\$0	\$237,200	\$4,272	\$2,507	
As a percent of Total Expenses		0.000%	0.048%	0.001%	0.000%	N/A*
Total Community Building Activities		\$0	\$1,249,466	\$171,135	\$160,525	
As a percent of Total Expenses		0.000%	0.251%	0.033%	0.031%	N/A*
Charity Care and Certain Other Community Benefits and Community Building Activities						
Total Charity Care and Certain Other Community Benefits		\$53,708,145	\$68,549,572	\$72,750,683	\$59,659,958	
Total Community Building Activities		\$0	\$1,249,466	\$171,135	\$160,525	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$53,708,145	\$69,799,038	\$72,921,818	\$59,820,483	
As a percent of Total Expenses		10.782%	14.013%	14.189%	11.539%	7%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Bad Debt Expense (at cost)		\$21,237,017	\$22,699,741	\$24,284,587	\$24,310,437	
As a percent of Total Expenses		4.263%	4.557%	4.725%	4.689%	10%
Medicare Surplus (or Shortfall)		-\$10,582,597	-\$13,133,948	-\$8,546,664	-\$9,787,151	
As a percent of Total Expenses		-2.124%	-2.637%	-1.663%	-1.888%	11%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Total Charity Care and Certain Other Community Benefits		\$53,708,145	\$68,549,572	\$72,750,683	\$59,659,958	
Total Community Building Activities		\$0	\$1,249,466	\$171,135	\$160,525	
Bad Debt Expense (at cost)		\$21,237,017	\$22,699,741	\$24,284,587	\$24,310,437	
Medicare Surplus (or Shortfall)		-\$10,582,597	-\$13,133,948	-\$8,546,664	-\$9,787,151	
Total		\$85,527,759	\$105,632,727	\$105,753,069	\$93,918,071	
As a percent of Total Expenses		17.170%	21.207%	20.577%	18.116%	6%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.43

*Baptist Health (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds				
Baptist Health (Multiple Hospital Filing)		1,524				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$1,231,382,674	\$1,317,620,833	\$1,290,396,317	\$1,318,925,759	
Total Expenses		\$1,155,621,459	\$1,220,867,329	\$1,200,168,500	\$1,222,862,006	
Revenue Less Expenses		\$75,761,215	\$96,753,504	\$90,227,817	\$96,063,753	
Profit Margin		6.153%	7.343%	6.992%	7.283%	18%
Bad Debt		\$62,344,540	\$73,394,618	\$0	\$0	
Expenses Less Bad Debt		\$1,093,276,919	\$1,147,472,711	\$1,200,168,500	\$1,222,862,006	
Charity Care and Means-Tested Government Programs						
Charity Care (Financial Assistance) at Cost		\$35,055,078	\$33,060,657	\$37,836,851	\$45,043,888	
As a percent of Total Expenses		3.206%	2.881%	3.153%	3.683%	15%
Unreimbursed Medicaid		\$18,513,565	\$24,128,913	\$19,595,003	\$21,911,673	
As a percent of Total Expenses		1.693%	2.103%	1.633%	1.792%	6%
Unreimbursed Costs - Other Means-Tested Government Programs		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs		\$53,568,643	\$57,189,570	\$57,431,854	\$66,955,561	
As a percent of Total Expenses		4.900%	4.984%	4.785%	5.475%	12%
Other Benefits						
Community Health Improvement Services and Community Benefit Operations		\$2,631,437	\$2,699,808	\$2,691,738	\$2,219,301	
As a percent of Total Expenses		0.241%	0.235%	0.224%	0.181%	-25%
Health Professions Education		\$362,047	\$387,047	\$379,832	\$905,815	
As a percent of Total Expenses		0.033%	0.034%	0.032%	0.074%	124%
Subsidized Health Services		\$10,693,541	\$10,918,035	\$14,696,645	\$13,853,235	
As a percent of Total Expenses		0.978%	0.951%	1.225%	1.133%	16%
Research		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups		\$883,028	\$779,690	\$1,016,468	\$1,469,490	
As a percent of Total Expenses		0.081%	0.068%	0.085%	0.120%	49%
Total Other Benefits		\$14,570,053	\$14,784,580	\$18,784,683	\$18,447,841	
As a percent of Total Expenses		1.333%	1.288%	1.565%	1.509%	13%
Charity Care and Certain Other Community Benefits						
Total Charity Care and Certain Other Community Benefits		\$68,138,696	\$71,974,150	\$76,216,537	\$85,403,402	
As a percent of Total Expenses		6.233%	6.272%	6.350%	6.984%	12%
Community Building Activities						
Physical Improvements and Housing		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Economic Development		\$39,475	\$0	\$0	\$38,217	
As a percent of Total Expenses		0.004%	0.000%	0.000%	0.003%	-13%
Community Support		\$0	\$0	\$0	\$3,799	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	N/A*
Environmental Improvements		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members		\$0	\$0	\$0	\$8,869	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.001%	N/A*
Coalition Building		\$0	\$0	\$0	\$466	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	N/A*
Community Health Improvement Advocacy		\$0	\$0	\$0	\$19,248	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.002%	N/A*
Workforce Development		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Other		\$15,856	\$0	\$0	\$0	
As a percent of Total Expenses		0.001%	0.000%	0.000%	0.000%	-100%
Total Community Building Activities		\$55,331	\$0	\$0	\$70,599	
As a percent of Total Expenses		0.005%	0.000%	0.000%	0.006%	14%
Charity Care and Certain Other Community Benefits and Community Building Activities						
Total Charity Care and Certain Other Community Benefits		\$68,138,696	\$71,974,150	\$76,216,537	\$85,403,402	
Total Community Building Activities		\$55,331	\$0	\$0	\$70,599	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$68,194,027	\$71,974,150	\$76,216,537	\$85,474,001	
As a percent of Total Expenses		6.238%	6.272%	6.350%	6.990%	12%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Bad Debt Expense (at cost)		\$19,609,035	\$19,261,891	\$14,042,820	\$14,519,173	
As a percent of Total Expenses		1.794%	1.679%	1.170%	1.187%	-34%
Medicare Surplus (or Shortfall)		-\$29,107,421	-\$44,870,076	-\$50,633,362	-\$40,472,321	
As a percent of Total Expenses		-2.662%	-3.910%	-4.219%	-3.310%	-24%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Total Charity Care and Certain Other Community Benefits		\$68,138,696	\$71,974,150	\$76,216,537	\$85,403,402	
Total Community Building Activities		\$55,331	\$0	\$0	\$70,599	
Bad Debt Expense (at cost)		\$19,609,035	\$19,261,891	\$14,042,820	\$14,519,173	
Medicare Surplus (or Shortfall)		-\$29,107,421	-\$44,870,076	-\$50,633,362	-\$40,472,321	
Total		\$116,910,483	\$136,106,117	\$140,892,719	\$140,465,495	
As a percent of Total Expenses		10.694%	11.861%	11.739%	11.487%	7%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.44

*Community United Methodist Hospital (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds				
Community United Methodist Hospital (Multiple Hospital Filing)		217				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$145,005,735	\$149,549,359	\$160,962,338	\$168,396,475	
Total Expenses		\$143,080,607	\$147,308,840	\$160,231,495	\$167,148,738	
Revenue Less Expenses		\$1,925,128	\$2,240,519	\$730,843	\$1,247,737	
Profit Margin		1.328%	1.498%	0.454%	0.741%	-44%
Bad Debt		\$21,390,964	\$22,316,909	\$30,527,075	\$31,499,102	
Expenses Less Bad Debt		\$121,689,643	\$124,991,931	\$129,704,420	\$135,649,636	
Charity Care and Means-Tested Government Programs						
Charity Care (Financial Assistance) at Cost		\$1,045,546	\$1,987,677	\$1,301,857	\$2,571,421	
As a percent of Total Expenses		0.859%	1.590%	1.004%	1.896%	121%
Unreimbursed Medicaid		\$6,785,189	\$1,853,509	\$12,180,887	\$4,415,680	
As a percent of Total Expenses		5.576%	1.483%	9.391%	3.255%	-42%
Unreimbursed Costs - Other Means-Tested Government Programs		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs		\$7,830,735	\$3,841,186	\$13,482,744	\$6,987,101	
As a percent of Total Expenses		6.435%	3.073%	10.395%	5.151%	-20%
Other Benefits						
Community Health Improvement Services and Community Benefit Operations		\$441,728	\$440,774	\$459,282	\$435,661	
As a percent of Total Expenses		0.363%	0.353%	0.354%	0.321%	-12%
Health Professions Education		\$587,580	\$934,384	\$861,046	\$1,078,018	
As a percent of Total Expenses		0.483%	0.748%	0.664%	0.795%	65%
Subsidized Health Services		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Research		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups		\$48,793	\$39,045	\$45,232	\$133,064	
As a percent of Total Expenses		0.040%	0.031%	0.035%	0.098%	145%
Total Other Benefits		\$1,078,101	\$1,414,203	\$1,365,560	\$1,646,743	
As a percent of Total Expenses		0.886%	1.131%	1.053%	1.214%	37%
Charity Care and Certain Other Community Benefits						
Total Charity Care and Certain Other Community Benefits		\$8,908,836	\$5,255,389	\$14,848,304	\$8,633,844	
As a percent of Total Expenses		7.321%	4.205%	11.448%	6.365%	-13%
Community Building Activities						
Physical Improvements and Housing		\$0	\$0	\$3,813	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.003%	0.000%	0%
Economic Development		\$15,245	\$4,788	\$5,748	\$1,146	
As a percent of Total Expenses		0.013%	0.004%	0.004%	0.001%	-93%
Community Support		\$0	\$0	\$0	\$39,625	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.029%	N/A*
Environmental Improvements		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members		\$0	\$0	\$810	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.001%	0.000%	0%
Coalition Building		\$7,806	\$2,052	\$3,070	\$0	
As a percent of Total Expenses		0.006%	0.002%	0.002%	0.000%	-100%
Community Health Improvement Advocacy		\$2,086	\$849	\$2,928	\$0	
As a percent of Total Expenses		0.002%	0.001%	0.002%	0.000%	-100%
Workforce Development		\$1,841	\$0	\$0	\$0	
As a percent of Total Expenses		0.002%	0.000%	0.000%	0.000%	-100%
Other		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities		\$26,978	\$7,689	\$16,369	\$40,771	
As a percent of Total Expenses		0.022%	0.006%	0.013%	0.030%	36%
Charity Care and Certain Other Community Benefits and Community Building Activities						
Total Charity Care and Certain Other Community Benefits		\$8,908,836	\$5,255,389	\$14,848,304	\$8,633,844	
Total Community Building Activities		\$26,978	\$7,689	\$16,369	\$40,771	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$8,935,814	\$5,263,078	\$14,864,673	\$8,674,615	
As a percent of Total Expenses		7.343%	4.211%	11.460%	6.395%	-13%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Bad Debt Expense (at cost)		\$7,186,749	\$6,897,283	\$9,376,811	\$8,153,552	
As a percent of Total Expenses		5.906%	5.518%	7.229%	6.011%	2%
Medicare Surplus (or Shortfall)		-\$8,191,029	-\$9,705,408	-\$7,167,249	-\$8,326,935	
As a percent of Total Expenses		-6.731%	-7.765%	-5.526%	-6.139%	9%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Total Charity Care and Certain Other Community Benefits		\$8,908,836	\$5,255,389	\$14,848,304	\$8,633,844	
Total Community Building Activities		\$26,978	\$7,689	\$16,369	\$40,771	
Bad Debt Expense (at cost)		\$7,186,749	\$6,897,283	\$9,376,811	\$8,153,552	
Medicare Surplus (or Shortfall)		-\$8,191,029	-\$9,705,408	-\$7,167,249	-\$8,326,935	
Total		\$24,313,592	\$21,865,769	\$31,408,733	\$25,155,102	
As a percent of Total Expenses		19.980%	17.494%	24.216%	18.544%	-7%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.45

*Jewish Hospital and St. Mary's Healthcare (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds				
Jewish Hospital and St. Mary's Healthcare (Multiple Hospital Filing)		830				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$928,413,872	\$939,296,004	\$897,982,248	\$996,019,050	
Total Expenses		\$912,776,885	\$903,391,856	\$856,579,239	\$1,004,165,331	
Revenue Less Expenses		\$15,636,987	\$35,904,148	\$41,403,009	-\$8,146,281	
Profit Margin		1.684%	3.822%	4.611%	-0.818%	-149%
Bad Debt		\$47,638,276	\$50,997,220	\$33,190,898	\$72,792,048	
Expenses Less Bad Debt		\$865,138,609	\$852,394,636	\$823,388,341	\$931,373,283	
Charity Care and Means-Tested Government Programs						
Charity Care (Financial Assistance) at Cost		\$31,033,000	\$28,844,714	\$36,120,129	\$32,388,121	
As a percent of Total Expenses		3.387%	3.384%	4.387%	3.477%	-3%
Unreimbursed Medicaid		\$10,044,065	\$12,290,380	\$9,927,481	\$0	
As a percent of Total Expenses		1.161%	1.442%	1.206%	0.000%	-100%
Unreimbursed Costs - Other Means-Tested Government Programs		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs		\$41,077,065	\$41,135,094	\$46,047,610	\$32,388,121	
As a percent of Total Expenses		4.748%	4.826%	5.592%	3.477%	-27%
Other Benefits						
Community Health Improvement Services and Community Benefit Operations		\$3,295,116	\$2,723,203	\$2,915,483	\$2,340,275	
As a percent of Total Expenses		0.381%	0.319%	0.354%	0.251%	-34%
Health Professions Education		\$638,297	\$512,586	\$538,494	\$450,185	
As a percent of Total Expenses		0.074%	0.060%	0.065%	0.048%	-34%
Subsidized Health Services		\$195,069	\$529,974	\$2,256,017	\$1,045,688	
As a percent of Total Expenses		0.023%	0.062%	0.274%	0.112%	398%
Research		\$7,388,239	\$6,405,283	\$4,966,712	\$4,562,799	
As a percent of Total Expenses		0.854%	0.751%	0.603%	0.490%	-43%
Cash and In-Kind Contributions to Community Groups		\$2,476,984	\$1,450,743	\$1,365,495	\$1,061,847	
As a percent of Total Expenses		0.286%	0.170%	0.166%	0.114%	-60%
Total Other Benefits		\$13,993,705	\$11,621,789	\$12,042,201	\$9,460,794	
As a percent of Total Expenses		1.618%	1.363%	1.463%	1.016%	-37%
Charity Care and Certain Other Community Benefits						
Total Charity Care and Certain Other Community Benefits		\$55,070,770	\$52,756,883	\$58,089,811	\$41,848,915	
As a percent of Total Expenses		6.366%	6.189%	7.055%	4.493%	-29%
Community Building Activities						
Physical Improvements and Housing		\$10,775	\$0	\$0	\$0	
As a percent of Total Expenses		0.001%	0.000%	0.000%	0.000%	-100%
Economic Development		\$3,135	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	-100%
Community Support		\$44,197	\$25,323	\$43,229	\$11,288	
As a percent of Total Expenses		0.005%	0.003%	0.005%	0.001%	-76%
Environmental Improvements		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Coalition Building		\$322	\$60	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	-100%
Community Health Improvement Advocacy		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Workforce Development		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Other		\$3,043	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	-100%
Total Community Building Activities		\$61,472	\$25,383	\$43,229	\$11,288	
As a percent of Total Expenses		0.007%	0.003%	0.005%	0.001%	-83%
Charity Care and Certain Other Community Benefits and Community Building Activities						
Total Charity Care and Certain Other Community Benefits		\$55,070,770	\$52,756,883	\$58,089,811	\$41,848,915	
Total Community Building Activities		\$61,472	\$25,383	\$43,229	\$11,288	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$55,132,242	\$52,782,266	\$58,133,040	\$41,860,203	
As a percent of Total Expenses		6.373%	6.192%	7.060%	4.494%	-29%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Bad Debt Expense (at cost)		\$17,966,662	\$13,017,732	\$33,190,898	\$72,792,048	
As a percent of Total Expenses		2.077%	1.527%	4.031%	7.816%	276%
Medicare Surplus (or Shortfall)		\$9,948,968	\$22,846,581	\$18,466,865	\$27,533,544	
As a percent of Total Expenses		1.150%	2.680%	2.243%	2.956%	157%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Total Charity Care and Certain Other Community Benefits		\$55,070,770	\$52,756,883	\$58,089,811	\$41,848,915	
Total Community Building Activities		\$61,472	\$25,383	\$43,229	\$11,288	
Bad Debt Expense (at cost)		\$17,966,662	\$13,017,732	\$33,190,898	\$72,792,048	
Medicare Surplus (or Shortfall)		\$9,948,968	\$22,846,581	\$18,466,865	\$27,533,544	
Total		\$63,149,936	\$42,953,417	\$72,857,073	\$87,118,707	
As a percent of Total Expenses		7.299%	5.039%	8.848%	9.354%	28%

Table E.46

*Norton Healthcare (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds				
Norton Healthcare (Multiple Hospital Filing)		1,837				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$1,230,705,335	\$1,298,415,817	\$1,386,053,258	\$1,486,302,395	
Total Expenses		\$1,170,528,984	\$1,232,152,782	\$1,271,191,001	\$1,361,276,220	
Revenue Less Expenses		\$60,176,351	\$66,263,035	\$114,862,257	\$125,026,175	
Profit Margin		4.890%	5.103%	8.287%	8.412%	72%
Bad Debt		\$57,255,302	\$49,234,161	\$54,088,590	\$64,517,983	
Expenses Less Bad Debt		\$1,113,273,682	\$1,182,918,621	\$1,217,102,411	\$1,296,758,237	
Charity Care and Means-Tested Government Programs						
Charity Care (Financial Assistance) at Cost		\$10,118,659	\$11,336,345	\$12,830,971	\$11,247,096	
As a percent of Total Expenses		0.909%	0.958%	1.054%	0.867%	-5%
Unreimbursed Medicaid		\$6,678,237	\$50,182,318	\$62,669,754	\$80,437,016	
As a percent of Total Expenses		0.600%	4.242%	5.149%	6.203%	934%
Unreimbursed Costs - Other Means-Tested Government Programs		\$4,991,117	\$7,521,566	\$5,635,676	\$5,099,042	
As a percent of Total Expenses		0.448%	0.636%	0.463%	0.393%	-12%
Total Charity Care and Means-Tested Government Programs		\$21,788,013	\$69,040,229	\$81,136,401	\$96,783,154	
As a percent of Total Expenses		1.957%	5.836%	6.666%	7.463%	281%
Other Benefits						
Community Health Improvement Services and Community Benefit Operations		\$9,797,104	\$9,914,628	\$10,155,263	\$10,827,022	
As a percent of Total Expenses		0.880%	0.838%	0.834%	0.835%	-5%
Health Professions Education		\$20,047,738	\$24,320,029	\$23,537,684	\$24,192,341	
As a percent of Total Expenses		1.801%	2.056%	1.934%	1.866%	4%
Subsidized Health Services		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Research		\$25,037	\$359,937	\$2,678,206	\$3,900,613	
As a percent of Total Expenses		0.002%	0.030%	0.220%	0.301%	13275%
Cash and In-Kind Contributions to Community Groups		\$4,811,796	\$3,595,782	\$4,551,206	\$1,046,453	
As a percent of Total Expenses		0.432%	0.304%	0.374%	0.081%	-81%
Total Other Benefits		\$34,681,675	\$38,190,376	\$40,922,359	\$39,966,429	
As a percent of Total Expenses		3.115%	3.228%	3.362%	3.082%	-1%
Charity Care and Certain Other Community Benefits						
Total Charity Care and Certain Other Community Benefits		\$56,469,688	\$107,230,605	\$122,058,760	\$136,749,583	
As a percent of Total Expenses		5.072%	9.065%	10.029%	10.545%	108%
Community Building Activities						
Physical Improvements and Housing		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Economic Development		\$0	\$0	\$0	\$25,000	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.002%	N/A*
Community Support		\$799,826	\$0	\$0	\$994,736	
As a percent of Total Expenses		0.072%	0.000%	0.000%	0.077%	7%
Environmental Improvements		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members		\$11,785	\$0	\$0	\$0	
As a percent of Total Expenses		0.001%	0.000%	0.000%	0.000%	-100%
Coalition Building		\$41,534	\$9,711	\$6,178	\$1,904	
As a percent of Total Expenses		0.004%	0.001%	0.001%	0.000%	-96%
Community Health Improvement Advocacy		\$1,086	\$14,038	\$3,039	\$2,469	
As a percent of Total Expenses		0.000%	0.001%	0.000%	0.000%	95%
Workforce Development		\$991	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	-100%
Other		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Community Building Activities		\$855,222	\$23,749	\$9,217	\$1,024,109	
As a percent of Total Expenses		0.077%	0.002%	0.001%	0.079%	3%
Charity Care and Certain Other Community Benefits and Community Building Activities						
Total Charity Care and Certain Other Community Benefits		\$56,469,688	\$107,230,605	\$122,058,760	\$136,749,583	
Total Community Building Activities		\$855,222	\$23,749	\$9,217	\$1,024,109	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$57,324,910	\$107,254,354	\$122,067,977	\$137,773,692	
As a percent of Total Expenses		5.149%	9.067%	10.029%	10.624%	106%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Bad Debt Expense (at cost)		\$43,897,910	\$37,982,756	\$54,088,590	\$64,517,983	
As a percent of Total Expenses		3.943%	3.211%	4.444%	4.975%	26%
Medicare Surplus (or Shortfall)		-\$31,270,375	-\$25,781,081	-\$29,294,921	-\$23,610,113	
As a percent of Total Expenses		-2.809%	-2.179%	-2.407%	-1.821%	35%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Total Charity Care and Certain Other Community Benefits		\$56,469,688	\$107,230,605	\$122,058,760	\$136,749,583	
Total Community Building Activities		\$855,222	\$23,749	\$9,217	\$1,024,109	
Bad Debt Expense (at cost)		\$43,897,910	\$37,982,756	\$54,088,590	\$64,517,983	
Medicare Surplus (or Shortfall)		-\$31,270,375	-\$25,781,081	-\$29,294,921	-\$23,610,113	
Total		\$132,493,195	\$171,018,191	\$205,451,488	\$225,901,788	
As a percent of Total Expenses		11.901%	14.457%	16.880%	17.421%	46%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.47

*St. Elizabeth (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds				
St. Elizabeth (Multiple Hospital Filing)		958				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$856,785,097	\$835,195,987	\$917,839,130	\$922,840,727	
Total Expenses		\$795,347,071	\$760,159,102	\$824,760,403	\$834,052,761	
Revenue Less Expenses		\$61,438,026	\$75,036,885	\$93,078,727	\$88,787,966	
Profit Margin		7.171%	8.984%	10.141%	9.621%	34%
Bad Debt		\$52,679,662	\$58,545,147	\$52,068,634	\$48,640,788	
Expenses Less Bad Debt		\$742,667,409	\$701,613,955	\$772,691,769	\$785,411,973	
<b>Charity Care and Means-Tested Government Programs</b>						
Charity Care (Financial Assistance) at Cost		\$31,974,153	\$32,409,197	\$33,915,382	\$33,843,187	
As a percent of Total Expenses		4.305%	4.619%	4.389%	4.309%	0%
Unreimbursed Medicaid		\$24,358,582	\$13,693,818	\$14,777,806	\$12,984,176	
As a percent of Total Expenses		3.280%	1.952%	1.913%	1.653%	-50%
Unreimbursed Costs - Other Means-Tested Government Programs		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs		\$56,332,735	\$46,103,015	\$48,693,188	\$46,827,363	
As a percent of Total Expenses		7.585%	6.571%	6.302%	5.962%	-21%
<b>Other Benefits</b>						
Community Health Improvement Services and Community Benefit Operations		\$2,925,596	\$3,507,032	\$3,322,675	\$3,062,509	
As a percent of Total Expenses		0.394%	0.500%	0.430%	0.390%	-1%
Health Professions Education		\$1,625,379	\$3,777,630	\$4,906,241	\$4,456,545	
As a percent of Total Expenses		0.219%	0.538%	0.635%	0.567%	159%
Subsidized Health Services		\$839,431	\$3,143,585	\$4,646,452	\$2,195,082	
As a percent of Total Expenses		0.113%	0.448%	0.601%	0.279%	147%
Research		\$19,000	\$20,672	\$162,676	\$259,658	
As a percent of Total Expenses		0.003%	0.003%	0.021%	0.033%	1192%
Cash and In-Kind Contributions to Community Groups		\$1,096,851	\$1,001,243	\$653,172	\$645,109	
As a percent of Total Expenses		0.148%	0.143%	0.085%	0.082%	-44%
Total Other Benefits		\$6,506,257	\$11,450,162	\$13,691,216	\$10,618,903	
As a percent of Total Expenses		0.876%	1.632%	1.772%	1.352%	54%
<b>Charity Care and Certain Other Community Benefits</b>						
Total Charity Care and Certain Other Community Benefits		\$62,838,992	\$57,553,177	\$62,384,404	\$57,446,266	
As a percent of Total Expenses		8.461%	8.203%	8.074%	7.314%	-14%
<b>Community Building Activities</b>						
Physical Improvements and Housing		\$0	\$1,000	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Economic Development		\$11,752	\$900	\$0	\$40,313	
As a percent of Total Expenses		0.002%	0.000%	0.000%	0.005%	224%
Community Support		\$9,402	\$6,314	\$8,649	\$170,042	
As a percent of Total Expenses		0.001%	0.001%	0.001%	0.022%	1610%
Environmental Improvements		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Coalition Building		\$502	\$1,401	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	-100%
Community Health Improvement Advocacy		\$13,298	\$2,069	\$1,716	\$586	
As a percent of Total Expenses		0.002%	0.000%	0.000%	0.000%	-96%
Workforce Development		\$372,996	\$0	\$1,564	\$1,524	
As a percent of Total Expenses		0.050%	0.000%	0.000%	0.000%	-100%
Other		\$0	\$0	\$749	\$757	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	N/A*
Total Community Building Activities		\$407,950	\$11,684	\$12,678	\$213,222	
As a percent of Total Expenses		0.055%	0.002%	0.002%	0.027%	-51%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>						
Total Charity Care and Certain Other Community Benefits		\$62,838,992	\$57,553,177	\$62,384,404	\$57,446,266	
Total Community Building Activities		\$407,950	\$11,684	\$12,678	\$213,222	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$63,246,942	\$57,564,861	\$62,397,082	\$57,659,488	
As a percent of Total Expenses		8.516%	8.205%	8.075%	7.341%	-14%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>						
Bad Debt Expense (at cost)		\$16,938,099	\$18,494,412	\$52,068,634	\$48,640,788	
As a percent of Total Expenses		2.281%	2.636%	6.739%	6.193%	172%
Medicare Surplus (or Shortfall)		-\$20,719,988	-\$7,396,293	-\$14,398,545	-\$21,938,185	
As a percent of Total Expenses		-2.790%	-1.054%	-1.863%	-2.793%	0%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>						
Total Charity Care and Certain Other Community Benefits		\$62,838,992	\$57,553,177	\$62,384,404	\$57,446,266	
Total Community Building Activities		\$407,950	\$11,684	\$12,678	\$213,222	
Bad Debt Expense (at cost)		\$16,938,099	\$18,494,412	\$52,068,634	\$48,640,788	
Medicare Surplus (or Shortfall)		-\$20,719,988	-\$7,396,293	-\$14,398,545	-\$21,938,185	
Total		\$100,905,029	\$83,455,566	\$128,864,261	\$128,238,461	
As a percent of Total Expenses		13.587%	11.895%	16.677%	16.328%	20%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.

Table E.48

*St. Joseph Health System (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Data for Fiscal Years 2009, 2010, 2011, and 2012*

Name		Number of Licensed Beds			
St. Joseph Health System (Multiple Hospital Filing)		862			
Form 990 Data	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue	\$731,362,653	\$777,611,381	\$807,523,521	\$801,577,857	
Total Expenses	\$699,249,380	\$766,517,171	\$794,067,973	\$793,942,366	
Revenue Less Expenses	\$32,113,273	\$11,094,210	\$13,455,548	\$7,635,491	
Profit Margin	4.391%	1.427%	1.666%	0.953%	-78%
Bad Debt	\$69,420,329	\$65,411,113	\$83,331,656	\$71,660,817	
Expenses Less Bad Debt	\$629,829,051	\$701,106,058	\$710,736,317	\$722,281,549	
<b>Charity Care and Means-Tested Government Programs</b>					
Charity Care (Financial Assistance) at Cost	\$33,133,761	\$43,078,694	\$37,858,934	\$33,040,635	
As a percent of Total Expenses	5.261%	6.144%	5.327%	4.574%	-13%
Unreimbursed Medicaid	\$13,494,899	\$19,339,941	\$14,911,290	\$12,027,677	
As a percent of Total Expenses	2.143%	2.758%	2.098%	1.665%	-22%
Unreimbursed Costs - Other Means-Tested Government Programs	\$8,693,844	\$11,448,607	\$11,529,061	\$11,402,983	
As a percent of Total Expenses	1.380%	1.633%	1.622%	1.579%	14%
Total Charity Care and Means-Tested Government Programs	\$55,322,504	\$73,867,242	\$64,299,285	\$56,471,295	
As a percent of Total Expenses	8.784%	10.536%	9.047%	7.818%	-11%
<b>Other Benefits</b>					
Community Health Improvement Services and Community Benefit Operations	\$795,452	\$679,885	\$460,439	\$1,299,890	
As a percent of Total Expenses	0.126%	0.097%	0.065%	0.180%	42%
Health Professions Education	\$490,368	\$792,387	\$746,002	\$440,941	
As a percent of Total Expenses	0.078%	0.113%	0.105%	0.061%	-22%
Subsidized Health Services	\$323,117	\$200,631	\$0	\$12,457	
As a percent of Total Expenses	0.051%	0.029%	0.000%	0.002%	-97%
Research	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups	\$285,708	\$374,058	\$243,817	\$339,151	
As a percent of Total Expenses	0.045%	0.053%	0.034%	0.047%	4%
Total Other Benefits	\$1,894,645	\$2,046,961	\$1,450,258	\$2,092,439	
As a percent of Total Expenses	0.301%	0.292%	0.204%	0.290%	-4%
<b>Charity Care and Certain Other Community Benefits</b>					
Total Charity Care and Certain Other Community Benefits	\$57,217,149	\$75,914,203	\$65,749,543	\$58,563,734	
As a percent of Total Expenses	9.085%	10.828%	9.251%	8.108%	-11%
<b>Community Building Activities</b>					
Physical Improvements and Housing	\$0	\$210	\$369	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Economic Development	\$376	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	-100%
Community Support	\$98,007	\$300	\$17,340	\$22,972	
As a percent of Total Expenses	0.016%	0.000%	0.002%	0.003%	-80%
Environmental Improvements	\$0	\$0	\$0	\$0	
As a percent of Total Expenses	0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members	\$7,733	\$1,000	\$0	\$1,125	
As a percent of Total Expenses	0.001%	0.000%	0.000%	0.000%	-87%
Coalition Building	\$12,932	\$7,803	\$6,183	\$2,644	
As a percent of Total Expenses	0.002%	0.001%	0.001%	0.000%	-82%
Community Health Improvement Advocacy	\$6,652	\$2,596	\$1,048	\$76	
As a percent of Total Expenses	0.001%	0.000%	0.000%	0.000%	-99%
Workforce Development	\$17,804	\$0	\$0	\$0	
As a percent of Total Expenses	0.003%	0.000%	0.000%	0.000%	-100%
Other	\$1,031	\$76,565	\$75,180	\$69,210	
As a percent of Total Expenses	0.000%	0.011%	0.011%	0.010%	5754%
Total Community Building Activities	\$144,535	\$88,474	\$100,120	\$96,027	
As a percent of Total Expenses	0.023%	0.013%	0.014%	0.013%	-42%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities</b>					
Total Charity Care and Certain Other Community Benefits	\$57,217,149	\$75,914,203	\$65,749,543	\$58,563,734	
Total Community Building Activities	\$144,535	\$88,474	\$100,120	\$96,027	
Total Charity Care and Certain Other Community Benefits and Community Building Activities	\$57,361,684	\$76,002,677	\$65,849,663	\$58,659,761	
As a percent of Total Expenses	9.108%	10.840%	9.265%	8.121%	-11%
<b>Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Bad Debt Expense (at cost)	\$150,295,014	\$28,888,873	\$83,331,656	\$71,660,817	
As a percent of Total Expenses	23.863%	4.120%	11.725%	9.921%	-58%
Medicare Surplus (or Shortfall)	-\$19,970,318	-\$59,724,170	-\$10,726,625	-\$12,773,256	
As a percent of Total Expenses	-3.171%	-8.519%	-1.509%	-1.768%	44%
<b>Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)</b>					
Total Charity Care and Certain Other Community Benefits	\$57,217,149	\$75,914,203	\$65,749,543	\$58,563,734	
Total Community Building Activities	\$144,535	\$88,474	\$100,120	\$96,027	
Bad Debt Expense (at cost)	\$150,295,014	\$28,888,873	\$83,331,656	\$71,660,817	
Medicare Surplus (or Shortfall)	-\$19,970,318	-\$59,724,170	-\$10,726,625	-\$12,773,256	
Total	\$227,627,016	\$164,615,720	\$159,907,944	\$143,093,834	
As a percent of Total Expenses	36.141%	23.479%	22.499%	19.811%	-45%

Table E.49

*The Medical Center at Bowling Green-Scottsville (Multiple Hospital Filing) Internal Revenue Service Form 990 and Schedule H Fiscal Years 2009, 2010, 2011, and 2012 Data*

Name		Number of Licensed Beds				
The Medical Center at Bowling Green-Scottsville (Multiple Hospital Filing)		362				
Form 990 Data		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	FY09-12 % Change
Total Revenue		\$279,768,081	\$282,938,755	\$312,090,077	\$334,367,981	
Total Expenses		\$260,971,515	\$265,259,709	\$288,497,621	\$309,673,637	
Revenue Less Expenses		\$18,796,566	\$17,679,046	\$23,592,456	\$24,694,344	
Profit Margin		6.719%	6.248%	7.560%	7.385%	10%
Bad Debt		\$12,979,854	\$12,449,800	\$15,815,652	\$20,106,905	
Expenses Less Bad Debt		\$247,991,661	\$252,809,909	\$272,681,969	\$289,566,732	
Charity Care and Means-Tested Government Programs						
Charity Care (Financial Assistance) at Cost		\$9,743,693	\$9,804,271	\$11,776,666	\$10,867,816	
As a percent of Total Expenses		3.929%	3.878%	4.319%	3.753%	-4%
Unreimbursed Medicaid		\$4,967,165	\$5,905,032	\$5,954,793	\$8,008,585	
As a percent of Total Expenses		2.003%	2.336%	2.184%	2.766%	38%
Unreimbursed Costs - Other Means-Tested Government Programs		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Total Charity Care and Means-Tested Government Programs		\$14,710,858	\$15,709,303	\$17,731,459	\$18,876,401	
As a percent of Total Expenses		5.932%	6.214%	6.503%	6.519%	10%
Other Benefits						
Community Health Improvement Services and Community Benefit Operations		\$2,567,897	\$2,776,014	\$3,124,272	\$3,371,997	
As a percent of Total Expenses		1.035%	1.098%	1.146%	1.164%	12%
Health Professions Education		\$2,996,281	\$2,544,948	\$3,370,377	\$3,375,979	
As a percent of Total Expenses		1.208%	1.007%	1.236%	1.166%	-4%
Subsidized Health Services		\$5,274,668	\$4,748,145	\$5,029,384	\$6,247,424	
As a percent of Total Expenses		2.127%	1.878%	1.844%	2.158%	1%
Research		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Cash and In-Kind Contributions to Community Groups		\$61,295	\$354,180	\$61,853	\$49,392	
As a percent of Total Expenses		0.025%	0.140%	0.023%	0.017%	-31%
Total Other Benefits		\$10,900,141	\$10,423,287	\$11,585,886	\$13,044,792	
As a percent of Total Expenses		4.395%	4.123%	4.249%	4.505%	2%
Charity Care and Certain Other Community Benefits						
Total Charity Care and Certain Other Community Benefits		\$25,610,999	\$26,132,590	\$29,317,345	\$31,921,193	
As a percent of Total Expenses		10.327%	10.337%	10.751%	11.024%	7%
Community Building Activities						
Physical Improvements and Housing		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Economic Development		\$2,360	\$275	\$2,340	\$3,785	
As a percent of Total Expenses		0.001%	0.000%	0.001%	0.001%	37%
Community Support		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Environmental Improvements		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Leadership Development and Training for Community Members		\$0	\$0	\$29,417	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.011%	0.000%	0%
Coalition Building		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Community Health Improvement Advocacy		\$0	\$0	\$0	\$0	
As a percent of Total Expenses		0.000%	0.000%	0.000%	0.000%	0%
Workforce Development		\$0	\$332,174	\$835,415	\$530,814	
As a percent of Total Expenses		0.000%	0.131%	0.306%	0.183%	N/A*
Other		\$3,250	\$3,250	\$3,250	\$3,250	
As a percent of Total Expenses		0.001%	0.001%	0.001%	0.001%	-14%
Total Community Building Activities		\$5,610	\$335,699	\$870,422	\$537,849	
As a percent of Total Expenses		0.002%	0.133%	0.319%	0.186%	811%
Charity Care and Certain Other Community Benefits and Community Building Activities						
Total Charity Care and Certain Other Community Benefits		\$25,610,999	\$26,132,590	\$29,317,345	\$31,921,193	
Total Community Building Activities		\$5,610	\$335,699	\$870,422	\$537,849	
Total Charity Care and Certain Other Community Benefits and Community Building Activities		\$25,616,609	\$26,468,289	\$30,187,767	\$32,459,042	
As a percent of Total Expenses		10.330%	10.470%	11.071%	11.210%	9%
Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Bad Debt Expense (at cost)		\$3,297,573	\$2,300,417	\$15,815,652	\$20,106,905	
As a percent of Total Expenses		1.330%	0.910%	5.800%	6.944%	422%
Medicare Surplus (or Shortfall)		-\$12,083,385	-\$15,428,856	-\$18,513,805	-\$17,699,988	
As a percent of Total Expenses		-4.872%	-6.103%	-6.790%	-6.113%	-25%
Charity Care and Certain Other Community Benefits and Community Building Activities and Bad Debt Expense (at cost) and Medicare Surplus (or Shortfall)						
Total Charity Care and Certain Other Community Benefits		\$25,610,999	\$26,132,590	\$29,317,345	\$31,921,193	
Total Community Building Activities		\$5,610	\$335,699	\$870,422	\$537,849	
Bad Debt Expense (at cost)		\$3,297,573	\$2,300,417	\$15,815,652	\$20,106,905	
Medicare Surplus (or Shortfall)		-\$12,083,385	-\$15,428,856	-\$18,513,805	-\$17,699,988	
Total		\$40,997,567	\$44,197,562	\$64,517,224	\$70,265,935	
As a percent of Total Expenses		16.532%	17.483%	23.660%	24.266%	47%

N/A\* - Not applicable; fiscal year 2009 was reported as zero dollars of expense, therefore the percent change can not be calculated.



## Appendix F: Reported Average Hospital Profit Margin

Table F.1

*Reported Average Hospital Profit Margin for Fiscal Years 2009 Through 2012*

<b>Fiscal Years 2009 - 2012 - N = 49</b>	
<b>Profit Margin</b>	
<b>Fiscal Year</b>	<b>Hospital Average</b>
2009	2.79%
2010	3.08%
2011	2.14%
2012	-0.42%

## Appendix G: Sub Group Analysis

Table G.1

*Sub Group Analysis for Fiscal Years 2009, 2010, 2011, and 2012 Reported as the Mean Reported As the Average Percent of Total Expense Less Bad Debt*

Fiscal Year 2009										
Mean Reported As The Average Percent Of Total Expense Less Bad Debt										
Measure	Mutli Hosp	Indiv Hosp	Rural	Micro	Metro	CAH	Non-CAH	< 100 Beds	100-300 Beds	> 300 Beds
Profit Margin	4.29%	2.49%	1.68%	1.46%	6.12%	0.14%	4.16%	1.25%	4.74%	5.14%
Charity Care	3.16%	4.00%	4.23%	3.82%	3.57%	4.79%	3.44%	4.27%	3.72%	3.05%
Unreimbursed Medicaid	2.99%	4.29%	4.07%	6.20%	2.53%	3.92%	4.55%	4.69%	4.40%	1.92%
Other Means Tested Government Programs	0.23%	0.15%	0.27%	0.00%	0.00%	0.27%	0.07%	0.23%	0.00%	0.00%
<b>Total Charity Care and Means-Tested Government Programs</b>	<b>6.38%</b>	<b>8.44%</b>	<b>8.57%</b>	<b>10.02%</b>	<b>6.10%</b>	<b>8.98%</b>	<b>8.06%</b>	<b>9.19%</b>	<b>8.12%</b>	<b>4.97%</b>
Community Health Improvements Services	0.44%	0.27%	0.18%	0.18%	0.66%	0.21%	0.32%	0.16%	0.19%	1.02%
Health Professions Education	0.49%	0.46%	0.12%	0.07%	1.94%	0.02%	0.77%	0.03%	0.44%	2.83%
Subsidized Health Services	0.41%	0.42%	0.21%	1.12%	0.14%	0.18%	0.59%	0.29%	0.91%	0.21%
Research	0.11%	0.01%	0.00%	0.00%	0.03%	0.00%	0.01%	0.00%	0.00%	0.05%
Cash and In-Kind Contributions	0.13%	0.06%	0.02%	0.09%	0.10%	0.01%	0.09%	0.02%	0.04%	0.26%
<b>Total Other Benefits</b>	<b>1.58%</b>	<b>1.21%</b>	<b>0.53%</b>	<b>1.45%</b>	<b>2.86%</b>	<b>0.41%</b>	<b>1.77%</b>	<b>0.50%</b>	<b>1.58%</b>	<b>4.38%</b>
<b>Total Community Benefit</b>	<b>7.96%</b>	<b>9.65%</b>	<b>9.10%</b>	<b>11.47%</b>	<b>8.96%</b>	<b>9.40%</b>	<b>9.83%</b>	<b>9.69%</b>	<b>9.70%</b>	<b>9.35%</b>
Community Building Activities	0.02%	0.04%	0.03%	0.04%	0.06%	0.02%	0.05%	0.01%	0.08%	0.10%
Bad Debt Expense (at cost)	5.68%	4.88%	4.93%	3.41%	6.56%	5.47%	4.46%	5.00%	5.49%	3.12%
Medicare Surplus (or Shortfall)	-3.00%	-1.74%	-2.58%	0.04%	-1.56%	-4.35%	0.10%	-2.55%	0.16%	-0.77%
<b>Total Charitable Activity</b>	<b>16.66%</b>	<b>16.31%</b>	<b>16.64%</b>	<b>14.88%</b>	<b>17.15%</b>	<b>19.23%</b>	<b>14.24%</b>	<b>17.26%</b>	<b>15.11%</b>	<b>13.34%</b>

Fiscal Year 2010										
Mean Reported As The Average Percent Of Total Expense Less Bad Debt										
Measure	Mutli Hosp	Indiv Hosp	Rural	Micro	Metro	CAH	Non-CAH	< 100 Beds	100-300 Beds	> 300 Beds
Profit Margin	4.64%	2.78%	1.99%	1.79%	6.28%	1.41%	3.75%	2.20%	2.58%	6.25%
Charity Care	3.43%	4.03%	4.19%	4.18%	3.38%	4.65%	3.58%	4.25%	4.04%	2.82%
Unreimbursed Medicaid	3.23%	3.21%	2.56%	5.23%	2.53%	2.60%	3.64%	3.08%	3.87%	2.73%
Other Means Tested Government Programs	0.28%	-0.23%	-0.41%	0.00%	0.00%	-0.57%	0.02%	-0.35%	0.00%	0.00%
<b>Total Charity Care and Means-Tested Government Programs</b>	<b>6.94%</b>	<b>7.01%</b>	<b>6.34%</b>	<b>9.41%</b>	<b>5.91%</b>	<b>6.68%</b>	<b>7.24%</b>	<b>6.98%</b>	<b>7.91%</b>	<b>5.54%</b>
Community Health Improvements Services	0.46%	0.27%	0.19%	0.19%	0.62%	0.21%	0.32%	0.20%	0.15%	0.93%
Health Professions Education	0.57%	0.53%	0.16%	0.38%	1.81%	0.03%	0.89%	0.03%	0.58%	3.15%
Subsidized Health Services	0.42%	0.35%	0.11%	1.12%	0.08%	0.10%	0.53%	0.24%	0.78%	0.17%
Research	0.10%	0.01%	0.00%	0.01%	0.02%	0.00%	0.01%	0.00%	0.00%	0.05%
Cash and In-Kind Contributions	0.11%	0.08%	0.07%	0.11%	0.10%	0.08%	0.09%	0.06%	0.03%	0.27%
<b>Total Other Benefits</b>	<b>1.66%</b>	<b>1.25%</b>	<b>0.53%</b>	<b>1.80%</b>	<b>2.62%</b>	<b>0.41%</b>	<b>1.84%</b>	<b>0.53%</b>	<b>1.54%</b>	<b>4.57%</b>
<b>Total Community Benefit</b>	<b>8.61%</b>	<b>8.25%</b>	<b>6.87%</b>	<b>11.21%</b>	<b>8.54%</b>	<b>7.09%</b>	<b>9.08%</b>	<b>7.51%</b>	<b>9.45%</b>	<b>10.11%</b>
Community Building Activities	0.05%	0.05%	0.03%	0.08%	0.08%	0.03%	0.07%	0.02%	0.11%	0.13%
Bad Debt Expense (at cost)	3.02%	4.19%	4.53%	3.61%	3.95%	5.03%	3.60%	4.51%	3.82%	3.16%
Medicare Surplus (or Shortfall)	-3.69%	-0.32%	0.36%	-1.14%	-1.28%	-1.38%	0.04%	-0.36%	-0.42%	0.03%
<b>Total Charitable Activity</b>	<b>15.36%</b>	<b>12.82%</b>	<b>11.07%</b>	<b>16.04%</b>	<b>13.85%</b>	<b>13.53%</b>	<b>12.32%</b>	<b>12.40%</b>	<b>13.79%</b>	<b>13.38%</b>

Fiscal Year 2011										
Mean Reported As The Average Percent Of Total Expense Less Bad Debt										
Measure	Mutli Hosp	Indiv Hosp	Rural	Micro	Metro	CAH	Non-CAH	< 100 Beds	100-300 Beds	> 300 Beds
Profit Margin	5.25%	1.53%	0.54%	1.24%	4.75%	-0.16%	2.73%	1.10%	1.52%	3.92%
Charity Care	3.49%	4.05%	4.03%	3.93%	4.27%	4.49%	3.75%	4.21%	3.55%	4.13%
Unreimbursed Medicaid	4.16%	4.08%	3.33%	6.45%	3.28%	2.51%	5.19%	4.34%	3.36%	3.98%
Other Means Tested Government Programs	0.26%	0.22%	0.34%	0.00%	0.18%	0.32%	0.15%	0.34%	0.00%	0.00%
<b>Total Charity Care and Means-Tested Government Programs</b>	<b>7.90%</b>	<b>8.36%</b>	<b>7.70%</b>	<b>10.38%</b>	<b>7.73%</b>	<b>7.32%</b>	<b>9.09%</b>	<b>8.89%</b>	<b>6.91%</b>	<b>8.11%</b>
Community Health Improvements Services	0.44%	0.39%	0.36%	0.30%	0.59%	0.18%	0.54%	0.22%	0.63%	0.85%
Health Professions Education	0.60%	0.42%	0.05%	0.33%	1.59%	0.02%	0.70%	0.03%	0.32%	2.68%
Subsidized Health Services	0.49%	0.30%	0.11%	0.93%	0.07%	0.10%	0.45%	0.25%	0.55%	0.19%
Research	0.11%	0.00%	0.00%	0.00%	0.02%	0.00%	0.01%	0.00%	0.00%	0.04%
Cash and In-Kind Contributions	0.10%	0.07%	0.02%	0.14%	0.14%	0.02%	0.11%	0.04%	0.04%	0.29%
<b>Total Other Benefits</b>	<b>1.73%</b>	<b>1.19%</b>	<b>0.54%</b>	<b>1.70%</b>	<b>2.42%</b>	<b>0.31%</b>	<b>1.81%</b>	<b>0.54%</b>	<b>1.54%</b>	<b>4.05%</b>
<b>Total Community Benefit</b>	<b>9.64%</b>	<b>9.55%</b>	<b>8.23%</b>	<b>12.08%</b>	<b>10.15%</b>	<b>7.64%</b>	<b>10.90%</b>	<b>9.43%</b>	<b>8.45%</b>	<b>12.15%</b>
Community Building Activities	0.05%	0.04%	0.03%	0.06%	0.06%	0.02%	0.06%	0.02%	0.09%	0.11%
Bad Debt Expense (at cost)	5.73%	6.83%	6.71%	7.82%	5.93%	7.42%	6.41%	6.98%	6.51%	6.61%
Medicare Surplus (or Shortfall)	-2.72%	4.16%	9.22%	-2.09%	-2.56%	11.68%	-1.16%	7.45%	-2.90%	-0.86%
<b>Total Charitable Activity</b>	<b>18.14%</b>	<b>12.26%</b>	<b>5.76%</b>	<b>22.06%</b>	<b>18.69%</b>	<b>3.39%</b>	<b>18.53%</b>	<b>8.98%</b>	<b>17.95%</b>	<b>19.73%</b>

Fiscal Year 2012										
Mean Reported As The Average Percent Of Total Expense Less Bad Debt										
Measure	Mutli Hosp	Indiv Hosp	Rural	Micro	Metro	CAH	Non-CAH	< 100 Beds	100-300 Beds	> 300 Beds
Number of IRS Form 990 Schedule H Returns Represented	8	41	23	10	8	17	24	27	9	5
Profit Margin	4.60%	-1.40%	-2.83%	-1.81%	3.22%	-3.27%	-0.07%	-1.89%	-0.64%	-0.07%
Charity Care	3.07%	4.16%	3.99%	3.89%	4.96%	4.37%	4.00%	4.48%	3.56%	3.51%
Unreimbursed Medicaid	3.33%	3.95%	4.22%	3.95%	3.15%	3.18%	4.49%	3.82%	4.41%	3.78%
Other Means Tested Government Programs	0.25%	0.26%	0.40%	0.00%	0.18%	0.45%	0.13%	0.39%	0.00%	0.00%
<b>Total Charity Care and Means-Tested Government Programs</b>	<b>6.65%</b>	<b>8.36%</b>	<b>8.61%</b>	<b>7.84%</b>	<b>8.29%</b>	<b>8.00%</b>	<b>8.62%</b>	<b>8.69%</b>	<b>7.97%</b>	<b>7.29%</b>
Community Health Improvements Services	0.43%	0.40%	0.32%	0.30%	0.76%	0.18%	0.55%	0.23%	0.54%	1.08%
Health Professions Education	0.58%	0.48%	0.10%	0.32%	1.77%	0.05%	0.78%	0.04%	0.36%	3.05%
Subsidized Health Services	0.46%	0.43%	0.32%	0.94%	0.10%	0.36%	0.48%	0.38%	0.74%	0.13%
Research	0.10%	0.02%	0.00%	0.02%	0.05%	0.00%	0.03%	0.00%	0.04%	0.05%
Cash and In-Kind Contributions	0.07%	0.07%	0.01%	0.11%	0.17%	0.01%	0.11%	0.02%	0.03%	0.37%
<b>Total Other Benefits</b>	<b>1.64%</b>	<b>1.38%</b>	<b>0.74%</b>	<b>1.71%</b>	<b>2.84%</b>	<b>0.60%</b>	<b>1.94%</b>	<b>0.66%</b>	<b>1.72%</b>	<b>4.67%</b>
<b>Total Community Benefit</b>	<b>8.29%</b>	<b>9.75%</b>	<b>9.35%</b>	<b>9.55%</b>	<b>11.13%</b>	<b>8.60%</b>	<b>10.56%</b>	<b>9.35%</b>	<b>9.69%</b>	<b>11.96%</b>
Community Building Activities	0.05%	0.05%	0.04%	0.05%	0.06%	0.02%	0.06%	0.02%	0.09%	0.08%
Bad Debt Expense (at cost)	5.97%	8.77%	9.09%	8.31%	8.41%	9.89%	7.97%	8.68%	9.82%	7.34%
Medicare Surplus (or Shortfall)	-2.61%	-0.73%	0.48%	-2.63%	-1.85%	0.41%	-1.55%	0.07%	-2.73%	-1.50%
<b>Total Charitable Activity</b>	<b>16.92%</b>	<b>19.29%</b>	<b>18.00%</b>	<b>20.54%</b>	<b>21.45%</b>	<b>18.10%</b>	<b>20.14%</b>	<b>17.98%</b>	<b>22.33%</b>	<b>20.89%</b>

Appendix H: Rank Order Of Hospitals In The Study Population  
Based On Reported Community Benefit Expenditures

Table H.1

*Hospital Organizations' Rank Ordered by Four Year Average of Reported Community Benefit Expenditures Measured as a Percent of Total Expense Less Bad Debt*

Fiscal Years 2009 - 2012						
Hospital Organizations' Rank Ordered By Average Rank Of Community Benefit Expenditures Measured As A Percent Of Total Expense Less Bad						
Rank	Hospital Organization	Average	2009	2010	2011	2012
1	Rockcastle Regional Hospital & Respiratory Care Center	20.6%	20.9%	16.0%	32.5%	13.0%
2	University Of Louisville Hospital	18.6%	15.1%	15.7%	19.9%	23.9%
3	Pineville Community Hospital	17.6%	14.1%	18.5%	17.3%	20.4%
4	Flaget Memorial Hospital	16.1%	14.4%	13.9%	16.4%	19.8%
5	Jane Todd Crawford Memorial Hospital	15.7%	19.0%	15.6%	16.0%	12.3%
6	Marcum and Wallace Memorial Hospital	14.8%	11.0%	12.0%	17.4%	19.0%
7	Baptist Health Northeast	12.8%	10.7%	11.8%	14.3%	14.6%
8	Appalachian Regional Healthcare Inc. (Multiple Hospital Filing)	12.6%	10.8%	13.8%	14.2%	11.5%
9	Baptist Health Madisonville	11.4%	9.6%	14.8%	12.8%	8.4%
10	St. Claire Regional Medical Center	11.2%	11.7%	13.5%	10.4%	9.2%
11	Russell County Hospital	11.1%	12.2%	8.5%	11.9%	11.9%
12	Ephraim McDowell Fort Logan Hospital	10.9%	18.4%	14.5%	7.1%	3.8%
13	The Medical Center at Bowling Green-Scottsville (Multiple Hospital Filing)	10.6%	10.3%	10.3%	10.8%	11.0%
14	Ephraim McDowell Regional Medical Center	10.3%	12.9%	13.2%	7.3%	7.9%
15	The James B. Haggin Memorial Hospital	10.0%	9.7%	8.3%	8.8%	13.2%
16	Monroe County Medical Center	10.0%	11.3%	7.8%	8.3%	12.4%
17	St. Joseph (Multiple Hospital Filing)	9.3%	9.1%	10.8%	9.3%	8.1%
18	Pikeville Medical Center	9.1%	7.1%	8.5%	10.8%	10.0%
19	Highlands Regional Medical Center	9.0%	12.2%	5.5%	5.6%	12.7%
20	Manchester Memorial Hospital	8.8%	11.8%	5.3%	11.9%	6.3%
21	Carroll County Medical Center	8.8%	12.2%	-4.5%	9.6%	17.9%
22	King's Daughters Medical Center	8.7%	8.3%	7.5%	9.2%	9.8%
23	Norton Healthcare (Multiple Hospital Filing)	8.7%	5.1%	9.1%	10.0%	10.5%
24	Owensboro Medical Health System	8.5%	7.3%	5.4%	10.7%	10.4%
25	Twin Lakes Regional Medical Center	8.5%	6.8%	6.3%	9.8%	10.9%
26	Wayne County Hospital, Inc.	8.3%	9.9%	7.2%	7.9%	8.4%
27	Cumberland County Hospital	8.2%	16.7%	4.7%	3.8%	7.5%
28	Crittenden County Hospital	8.1%	4.7%	6.9%	9.0%	11.8%
29	St. Elizabeth (Multiple Hospital Filing)	8.0%	8.5%	8.2%	8.1%	7.3%
30	Baptist Health Richmond	7.9%	10.0%	7.3%	7.2%	7.4%
31	Caldwell Medical Center	7.9%	4.8%	8.4%	8.3%	10.3%
32	Muhlenberg Community Hospital	7.7%	4.3%	4.0%	11.8%	10.8%
33	Our Lady of Bellefonte Hospital	7.7%	8.2%	6.6%	6.9%	9.1%
34	Community United Methodist Hospital (Multiple Hospital Filings)	7.3%	7.3%	4.2%	11.4%	6.4%
35	Lourdes Hospital	7.3%	6.4%	7.2%	8.1%	7.3%
36	The Medical Center At Franklin	7.2%	6.9%	8.3%	6.5%	7.1%
37	Ohio County Hospital	6.8%	6.4%	7.1%	8.4%	5.5%
38	T J Samson Community Hospital	6.6%	8.9%	5.9%	5.4%	6.3%
39	Baptist Health (Multiple Hospital Filing)	6.5%	6.2%	6.3%	6.4%	7.0%
40	Jewish Hospital and St. Mary's Healthcare (Multiple Hospital Filing)	6.0%	6.4%	6.2%	7.1%	4.5%
41	Clinton County Hospital	5.7%	7.1%	5.8%	6.6%	3.2%
42	Trigg County Hospital Inc.	5.5%	6.0%	5.9%	5.6%	4.5%
43	Casey County Hospital	5.5%	6.6%	7.7%	4.7%	3.0%
44	Livingston Hospital & Healthcare Services Inc.	5.4%	8.5%	6.2%	4.2%	2.8%
45	Harrison Memorial Hospital	5.4%	9.9%	4.3%	4.1%	3.4%
46	New Horizons Medical Center	5.3%	1.8%	2.2%	3.9%	13.4%
47	Marshall County Hospital	5.1%	6.1%	5.1%	4.5%	4.8%
48	Jennie Stuart Medical Center Inc	4.4%	2.4%	6.0%	5.2%	4.2%
49	Nicholas County Hospital	2.2%	3.5%	3.3%	1.2%	0.8%

Table H.2

*Hospital Organizations' Rank Ordered by Average Rank of Reported Community Benefit Expenditures Measured as a Percent of Total Expense Less Bad Debt*

Fiscal Years 2009 - 2012						
Hospital Organizations' Rank Ordered By Average Yearly Ranking Of Community Benefit Expenditures Measured As A Percent Of Total Expense						
Rank	Hospital Organization	Average	2009	2010	2011	2012
1	University Of Louisville Hospital	2.8	5	3	2	1
2	Rockcastle Regional Hospital & Respiratory Care Center	3.3	1	2	1	9
3	Pineville Community Hospital	3.5	7	1	4	2
4	Flaget Memorial Hospital	5.3	6	7	5	3
5	Jane Todd Crawford Memorial Hospital	6.0	2	4	6	12
6	Marcum and Wallace Memorial Hospital	8.3	15	11	3	4
7	Baptist Health Northeast	10.5	17	12	7	6
8	Appalachian Regional Healthcare Inc. (Multiple Hospital Filing)	11.8	16	8	8	15
9	Russell County Hospital	12.3	9	16	11	13
10	Baptist Health Madisonville	15.8	23	5	9	26
11	St. Claire Regional Medical Center	15.8	13	9	17	24
12	The Medical Center at Bowling Green-Scottsville (Multiple Hospital Filing)	15.8	18	14	15	16
13	Monroe County Medical Center	18.5	14	22	27	11
14	The James B. Haggin Memorial Hospital	18.5	22	20	24	8
15	Ephraim McDowell Regional Medical Center	19.5	8	10	31	29
16	Carroll County Medical Center	21.3	11	49	20	5
17	Ephraim McDowell Fort Logan Hospital	21.5	3	6	33	44
18	Pikeville Medical Center	21.5	33	17	14	22
19	St. Joseph (Multiple Hospital Filing)	21.5	24	13	21	28
20	Norton Healthcare (Multiple Hospital Filing)	23.8	43	15	18	19
21	King's Daughters Medical Center	24.3	28	24	22	23
22	Highlands Regional Medical Center	24.8	10	39	40	10
23	Manchester Memorial Hospital	25.3	12	41	10	38
24	Twin Lakes Regional Medical Center	25.5	35	31	19	17
25	Wayne County Hospital, Inc.	26.3	21	27	30	27
26	Baptist Health Richmond	26.8	19	25	32	31
27	Owensboro Medical Health System	26.8	31	40	16	20
28	Caldwell Medical Center	27.3	44	18	26	21
29	St. Elizabeth (Multiple Hospital Filing)	27.3	27	21	29	32
30	Crittenden County Hospital	27.8	45	29	23	14
31	Our Lady of Bellefonte Hospital	29.8	29	30	35	25
32	Muhlenberg Community Hospital	30.5	46	46	12	18
33	Lourdes Hospital	31.0	37	26	28	33
34	The Medical Center At Franklin	31.0	34	19	37	34
35	Community United Methodist Hospital (Multiple Hospital Filing)	31.0	30	45	13	36
36	Cumberland County Hospital	31.3	4	43	48	30
37	Ohio County Hospital	32.5	38	28	25	39
38	T J Samson Community Hospital	35.0	25	37	41	37
39	Baptist Health (Multiple Hospital Filing)	36.3	40	32	38	35
40	Jewish Hospital and St. Mary's Healthcare (Multiple Hospital Filing)	37.0	39	33	34	42
41	Casey County Hospital	37.3	36	23	43	47
42	New Horizons Medical Center	37.8	49	48	47	7
43	Clinton County Hospital	38.0	32	38	36	46
44	Livingston Hospital & Healthcare Services Inc.	38.3	26	34	45	48
45	Harrison Memorial Hospital	38.8	20	44	46	45
46	Trigg County Hospital Inc.	39.5	42	36	39	41
47	Marshall County Hospital	41.8	41	42	44	40
48	Jennie Stuart Medical Center Inc	42.0	48	35	42	43
49	Nicholas County Hospital	48.0	47	47	49	49

Appendix I: Distribution Of Expenditures Reported In The Subcategories  
Of Community Benefit Recognized By The Internal Revenue Service

Table I.1

*Distribution of the Total Dollars of Reported Community Benefit Expenditures Among the Subcategories Recognized by the Internal Revenue Service*

<b>Distribution Of The Total Dollars Of Community Benefit Expenditures Among The Subcategories</b>				
<b>Type of Benefit</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Charity Care (Financial Assistance) at Cost	40%	38%	38%	35%
Unreimbursed Medicaid	31%	35%	37%	39%
Unreimbursed Costs - Other Means-Tested Government Programs	2%	2%	2%	2%
<b>Total Charity Care And Means-Tested Government Programs</b>	<b>73%</b>	<b>75%</b>	<b>77%</b>	<b>76%</b>
Community Health Improvement Services and Community Benefit Operations	7%	6%	6%	6%
Health Professions Education	13%	13%	11%	12%
Subsidized Health Services	4%	4%	4%	4%
Research	1%	1%	1%	1%
Cash and In-Kind Contributions to Community Groups	2%	1%	1%	1%
<b>Total Other Benefits</b>	<b>27%</b>	<b>25%</b>	<b>23%</b>	<b>24%</b>
<b>Total Community Benefit Expenditures</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Appendix J: Reported Community Benefit Level Histograms

Figure J.1

*Fiscal Year 2009 Histogram Indicating the Frequency of the Amount of Community Benefit Reported by Percent Interval*

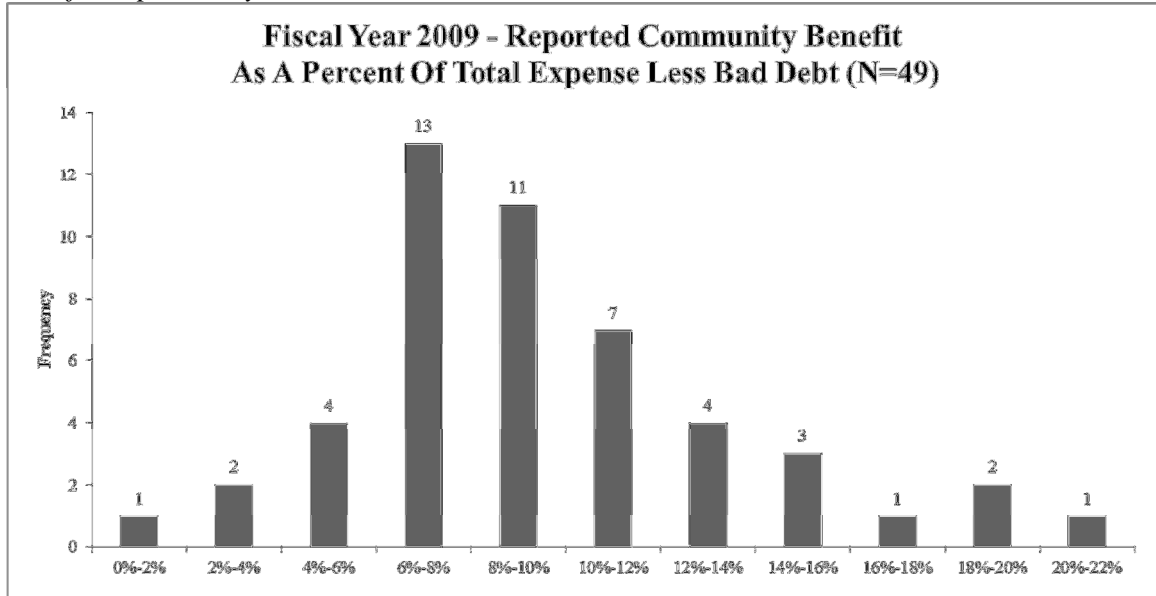


Figure J.2

*Fiscal Year 2010 Histogram Indicating the Frequency of the Amount of Community Benefit Reported by Percent Interval*

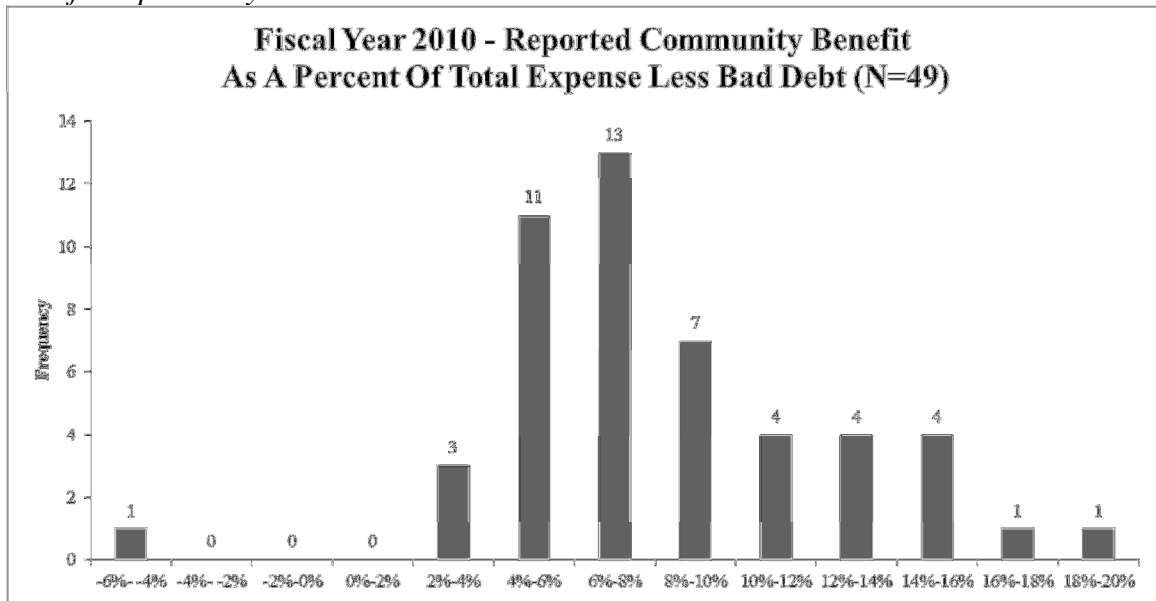


Figure J.3

*Fiscal Year 2011 Histogram Indicating the Frequency of the Amount of Community Benefit Reported by Percent Interval*

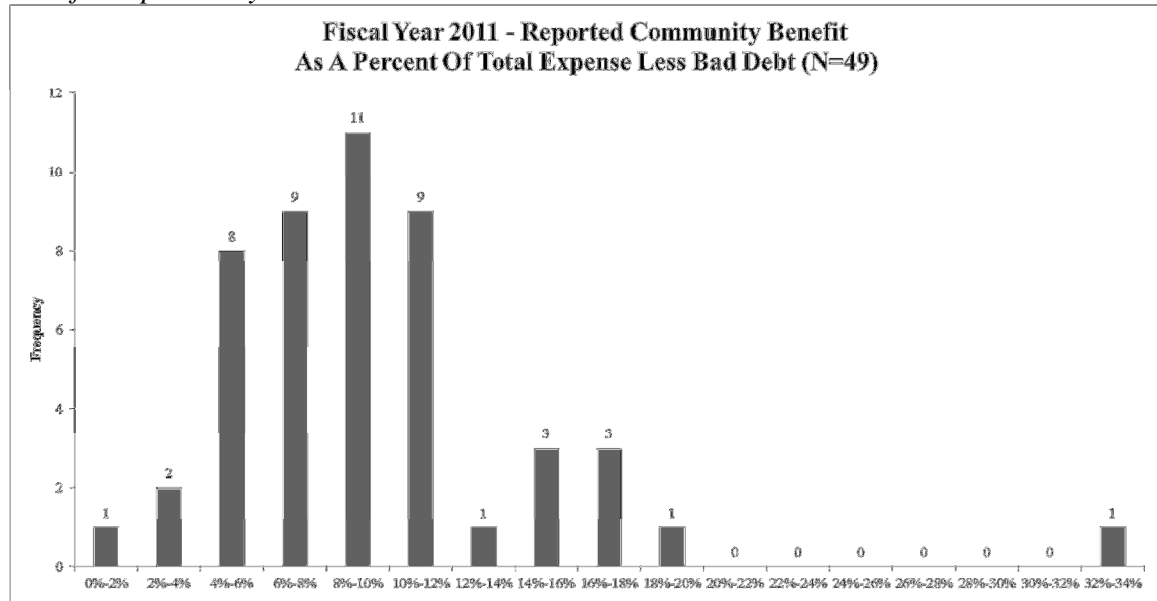
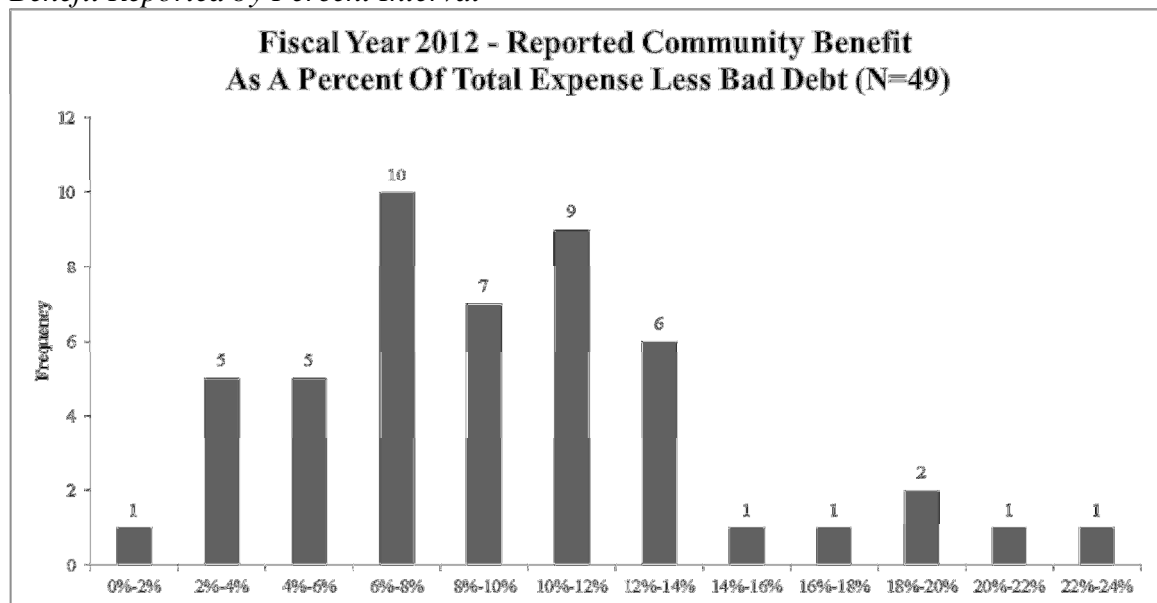


Figure J.4

*Fiscal Year 2012 Histogram Indicating the Frequency of the Amount of Community Benefit Reported by Percent Interval*



Appendix K: Number Of Hospital Organizations That Reported No  
Expenditure In Categories Of Community Building Activities

Table K.1

*Number of Hospital Organizations that Reported No Dollars of Expenditures in  
Categories of Community Building Activities*

<b>Fiscal Years 2009 - 2012 - N = 49 - Number Of Organizations Reporting No Dollars Of Expenditure In Subcategories Of Community Building Activity</b>				
<b>Measure</b>	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>
Physical Improvements and Housing	48	45	44	46
Economic Development	37	38	40	35
Community Support	36	36	35	31
Environmental Improvements	48	48	48	48
Leadership Development and Training for Community Members	43	43	40	41
Coalition Building	38	37	40	39
Community Health Improvement Advocacy	40	37	39	36
Workforce Development	39	39	40	36
Other	43	42	41	43
<b>Total Community Building Activities</b>	<b>28</b>	<b>24</b>	<b>26</b>	<b>22</b>



# Appendix L: Minimum Spending Threshold Comparison Of Study Data To California Study

Table L.1

*Minimum Spending Threshold Comparison of Results Reported in Singh's Study of Hospitals Located in California and this Study's Evaluation of Hospitals Located in Kentucky*[19]

Fiscal Year 2009 - California Study Data			
Measure of Charitable Activity	Threshold Level As A Percent Of Total Expense		
	3 Percent	5 Percent	7 Percent
Charity Care Only	14%	4%	0%
Charity Care And Government Payer Payment Shortfalls	88%	78%	64%
Charity Care And Other Community Benefits (Not Counting/Without Government Payer Payment Shortfalls)	47%	28%	14%
Total Community Benefits As Defined In IRS Form 990 Schedule H (Community Benefit)	93%	85%	73%

Fiscal Year 2009 - Kentucky Study Data			
Measure of Charitable Activity	Threshold Level As A Percent Of Total Expense		
	3 Percent	5 Percent	7 Percent
Charity Care Only	61%	20%	8%
Charity Care And Government Payer Payment Shortfalls	92%	76%	47%
Charity Care And Other Community Benefits (Not Counting/Without Government Payer Payment Shortfalls)	71%	37%	20%
Total Community Benefits As Defined In IRS Form 990 Schedule H (Community Benefit)	96%	86%	59%

Appendix M: Number Of Hospital Organizations Reporting  
A Negative Profit Margin During The Study Period

Table M.1

*Number of Individual Filing Hospitals that Reported a Negative Profit Margin During the Study Period*

<b>Fiscal Years 2009 - 2012 - Number Of Individual Hospitals With A Negative Profit Margin - N = 41</b>		
<b>Fiscal Year</b>	<b>Number</b>	<b>Percent</b>
2009	13	32%
2010	13	32%
2011	17	41%
2012	19	46%

Table M.2

*Number of Multiple Filing Hospital Organizations that Reported a Negative Profit Margin During the Study Period*

<b>Fiscal Years 2009 - 2012 - Number Of Multiple Filing Hospital Organizations With A Negative Profit Margin - N = 8</b>		
<b>Fiscal Year</b>	<b>Number</b>	<b>Percent</b>
2009	0	0%
2010	0	0%
2011	0	0%
2012	1	13%

Appendix N: University of Louisville Institutional Review Board  
Notice Of Not Human Subjects Research (NHSR) Determination

<b>UNIVERSITY OF LOUISVILLE</b>	Human Subjects Protection Program Office MedCenter One – Suite 200 501 E. Broadway Louisville, KY 40202-1798 Office: 502.852.5188 Fax: 502.852.2164
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**DATE:** January 16, 2015

**TO:** Barry L Waincott

**FROM:** The University of Louisville Institutional Review Board

**IRB NUMBER:** 14.1293

**STUDY TITLE:** CHARITABLE ACTIVITIES REPORTED BY TAX-EXEMPT HOSPITALS IN KENTUCKY

**REFERENCE #:** 342680

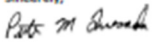
**DATE OF REVIEW:** 01/16/2015

**IRB STAFF CONTACT:** Name: Jacqueline S. Powell  
Phone: 852-4101  
Email: jspowe01@Louisville.edu

The IRB Chair has reviewed your submission and the project described does not meet the "Common Rule" definition of human subjects' research. Therefore, this research project does not require IRB review prior to conducting the research.

If you have any questions, please contact the HSPPD office at (502) 852-5188.

Thank you for your submission.

Sincerely,  
  
Peter M. Quesada, Ph.D., Chair  
Social/Behavioral/Educational Institutional Review Board  
PMQ/jsp

## CURRICULUM VITAE

NAME: Alexander Aldridge Kerns

### EDUCATION:

B.S.B.E., Business and Economics  
University of Kentucky  
Gatton College of Business and Economics  
May 2005

B.B.A., Business Management  
Gatton College of Business and Economics  
University of Kentucky  
May 2005

M.H.A., Health Administration  
University of Kentucky  
Martin School of Public Policy and Administration  
May 2007

Ph.D., Public Health Sciences, Health Management  
University of Louisville  
School of Public Health and Information Sciences  
May 2015

### PROFESSIONAL EXPERIENCE:

2009–2011     University of Louisville  
                  *Graduate Assistant*

2007–2008     Beaumont Health System  
                  *Administrative Fellow*

2006–2007     UK Healthcare – Gill Heart Institute  
                  *Administrative Intern*

2006–2007     University of Kentucky  
                    *Graduate Assistant*

2006             Norton Healthcare – Kosair Children’s Hospital  
                    *Administrative Intern*

**COURSES PREVIOUSLY TAUGHT:**

PHMS 650 – Health Finance and Financial Management

Fall 2009, 2010, 2011, 2012, 2013, 2014

PHPH 697 – Integrating Learning and Experience in Public Health

Spring 2011

**AWARDS:**

University of Louisville Graduate Dean’s Citation Award