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Form 990

## Return of Organization Exempt From Income Tax

2008

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

Open to Public Inspection

## A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009

Check if applicable  
 Address change  
 Name change  
 Initial return  
 Termination  
 Amended return  
 Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization PINNACLE HEALTH MEDICAL SERVICES	
Doing Business As	
Number and street (or P O box if mail is not delivered to street address) 409 south second st po box 8700	Room/suite
City or town, state or country, and ZIP + 4 harrisburg, PA 171058700	

## D Employer identification number

25-1709054

## E Telephone number

(717) 231-8245

## G Gross receipts \$ 29,977,107

F Name and address of Principal Officer  
William H Pugh  
409 south second st po box 8700  
harrisburg, PA 171058700

H(a) Is this a group return for affiliates?  Yes  No

H(b) Are all affiliates included?  Yes  No  
(If "No," attach a list. See instructions.)

H(c) Group Exemption Number ►

I Tax-exempt status  501(c) ( 3 ) ► (Insert no.)  4947(a)(1) or  527

J Web site: ► www.pinnaclehealth.org

K Type of organization  Corporation  trust  association  other ►

L Year of Formation 1993 M State of legal domicile PA

## Part I Summary

1	Briefly describe the organization's mission or most significant activities
	Pinnacle Health Medical Services is engaged in the provision of physician services
2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets
3	Number of voting members of the governing body (Part VI, line 1a) . . . . .
4	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .
5	Total number of employees (Part V, line 2a) . . . . .
6	Total number of volunteers (estimate if necessary) . . . . .
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C) . . . . .
b	Net unrelated business taxable income from Form 990-T, line 34 . . . . .

8	Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
9	Program service revenue (Part VIII, line 2g) . . . . .	3,130	1,263,493
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	24,161,046	28,062,287
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-129,182	5,478
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,864,996	611,614
		25,899,990	29,942,872

13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	Prior Year	Current Year
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	24,161,046	28,062,287
16a	Professional fundraising fees (Part IX, column (A), line 11e)	-129,182	5,478
b	(Total fundraising expenses, Part IX, column (D), line 25) _____	1,864,996	611,614
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	25,199,954	29,281,432
18	Total expenses—add lines 13-17 (must equal Part IX, line 25, column (A))	0	0
19	Revenue less expenses Subtract line 18 from line 12	35,948,947	39,998,589
		-10,048,957	-10,055,717

20	Total assets (Part X, line 16)	Beginning of Year	End of Year
21	Total liabilities (Part X, line 26)	10,898,258	13,104,015
22	Net assets or fund balances Subtract line 21 from line 20	8,978,540	10,702,644
		1,919,718	2,401,371

## Part II Signature Block

Please Sign Here	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		
	*****	2010-05-17	Date
	Signature of officer		
	William H Pugh CFO		
	Type or print name and title		

Paid Preparer's Use Only	Preparer's signature ► Julius Green CPA	Date 2010-05-17	Check if self-employed ► <input type="checkbox"/>	Preparer's PTIN (See Gen Inst )
	Firm's name (or yours if self-employed), address, and ZIP + 4 ► PARENTEBEARD LLC Suite 200 221 W PHILADELPHIA ST YORK, PA 174012993			EIN ►

Phone no ► (717) 846-7000

May the IRS discuss this return with the preparer shown above? (See instructions) . . . . .  Yes  No

**Part III Statement of Program Service Accomplishments** (See the instructions.)

**1** Briefly describe the organization's mission

Pinnacle Health Medical Services is a tax exempt entity that is primarily engaged in the provision of physician services

**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 (4) organizations and 4947(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 \$ 34,515,492 including grants of \$ 0 ) (Revenue \$ 27,499,593 )

Pinnacle Health medical services(PHMS) is a tax exempt entity that is primarily engaged in the provision of physician services. The physician services provided within PHMS support and enhance the services of Pinnacle Health Hospitals and the Pinnacle Health System. The physician services included within PHMS are the following Family Care Services (330) - Primary care is the largest segment of PHMS comprising of 52% of the revenue of PHMS. Primary care services are currently provided through eleven family care centers located in surrounding communities. During the fiscal year ended June 30, 2009, primary care patient visits totaled 162,764. Pinnacle Health Medical Services (300) - Medical services is comprised of several specialty physician practices that treated 127,662 patients during the fiscal year. The following specialties are included Women's Inpatient Services (WIS) - This program provides comprehensive inpatient obstetrical and gynecological services to a patient base consisting largely of a managed medical assistance patient base. This program was established in 2007. Women's Outpatient Health Center(WOHC) - This program provides comprehensive outpatient obstetrical and gynecological services to a patient base consisting largely of a managed medical assistance patient base Internal Medicine Residents (IMR) - This center was established in PHMS to bill for inpatient professional fees generated by the attending internal medicine residency program faculty PH Internal Medicine Associates (PHIMA) - This practice provides an opportunity for physicians associated with the internal medicine residency program to provide primary care outpatient services and inpatient specialty care in a private practice setting. Pinnacle Health Infectious Disease Associates (PHIDA) - This program was established in January 2005. Both patient and outpatient services are provided which includes the travel clinic Surgery Clinic Professionals(SCP) - Surgery Clinic Professionals is used to account for surgical procedures generated from referrals to the surgery clinic, which is a component of the Kline Health Center West Shore Surgery Center(WSSC) - The West Shore Surgery Center is a limited partnership in which Pinnacle Health Medical Services is the general partner with a 2% controlling interest and Pinnacle Health Hospitals is a limited partner with a 49% interest. The remaining 49% interest is held by various physicians from the area Hospitalists-Community Campus(HCC) - This program has been established to provide 24/7 in-hospital coverage for internal medicine admissions and follow-up on a dedicated "hospitalist service". This service will draw patients from family care and internal medicine providers who provide outpatient care, but wish to have inpatient care provided to their patients by this service. Kline Health Center (KHC) - This program provides primary, as well as specialty care, to a largely urban population while the practice does see private patients, much of the population served is of low income and/or uninsured. Since many of our patients rely on public transportation, Kline is able to meet many of the patient's needs at one location. Resident physicians under the supervision of board certified physician faculty as well as specialty physicians come to Kline to see patients for their orthopedic, endocrine, neurological, infectious disease, and surgical needs. The office is managed by a full time RN who oversees a staff of medical assistants and other office support staff to meet the needs of the patients and providers Children's and Teen Center(CTC) - This program provides primary acute and preventative care plus some specialty services for children newborn through 18 years of age. Specialty services include neonatal developmental care, lead poisoning diagnosis and follow-up, pediatric neurology and care for children infected with HIV Pediatric Inpatient Professional Services (PIPS) - This program consists of the revenue and expenses derived from providing 24/7 inpatient, hospital-based pediatric coverage. Raymond A Kostin, MD (KOSTIN) - This program was established to ensure high quality thoracic surgery for Pinnacle Health System Pinnacle Health Neurologists (PHN) - This program was established to meet the emergent need for neurologists in the Harrisburg area. Coverage for inpatient physician coverage at Pinnacle Health Hospitals is its primary focus as well as establishing and growing outpatient services to address community needs. This program also provides services to the Epilepsy Monitoring Unit Pinnacle Health Neurosurgery Services (PHNS) - This program was established in January 2008 to meet the emergent need for neurosurgeons in the Harrisburg area. Pinnacle Health Endocrinologists (PHE) - This program was established in January 2005 and provides both inpatient and outpatient services Pinnacle Health Pediatric Surgery (PHPS) - This program consists of the employment of one full time pediatric surgeon who will continue to practice pediatric surgery full time for Pinnacle Health Hospitals. A stable, high quality pediatric surgery service is an essential component of the women and children health service at Pinnacle Pinnacle Health Complementary Services (PHCS) - This program was established in October 2005 to provide acupuncture services by a Pennsylvania state registered Acupuncturist PH Resource Education and Comprehensive Care for HIV (REACCH) - This program was established to provide primary and specialty medical care for people (including pregnant women and their exposed infants) who are HIV-positive as well as support services. Support services include nutritional counseling, transportation to medical appointments, vision care, assistance with medication co-payments, and assistance with mental health counseling and psychiatric care. The program is partially grant funded and also provides reimbursement to Pinnacle Health System for services rendered to patients who are HIV-positive and are either uninsured or underinsured Behavioral Services Consults (BSC) - Due to the shortage of psychiatrists in the Central PA area, and the critical role that they play in the care of complex patients in the hospital, we have turned to psychiatric nurse practitioners to assist in the coverage. They help maintain continuity of care of inpatients with secondary psychiatric or behavioral disorders, and they collaborate with two part-time psychiatrists to fully cover both hospital sites at the Harrisburg and Community Campus. This new program began in April 2008. PPI Medical Coverage (PPIMC) - The Pennsylvania Psychiatric Institute (PPI), the new not-for-profit institute formed as a collaborative endeavor between Penn State Hershey Medical Center and Pinnacle Health System opened in April 2008. The institute has a need for medical coverage for both adult and pediatric patients. Internal medicine and family practice physicians perform the history and physical examination of the patient and provide any non-behavioral health consults. PH Palliative Care (PHPC) - The focus of this new program will be on the inpatient care of patients during the final months or days of their life, seeking to improve both the balance of care vis-a-vis comfort and dignity and the quality of pain relief treatment. In the role as the Pain Team of the System, the palliative care specialist will be available to any patient who is in need of specialized assessment and treatment of difficult or intractable pain. This will dovetail nicely with the new proposed cancer center program. End-of-life care has been identified nationally as a moment of time which takes up an inordinate amount of health care resources, with great variation geographically and little in the way of demonstrable value, dying with dignity is an option that all of us should have at the end of life. Pinnacle Health Psychological Associates (450) - Pinnacle Health Psychological Associates is a group of psychologists and therapists who provide psychological services totaling 13,305 patient visits for members of the community. The Services provided by PHPA compliment the hospital inpatient, outpatient and partial hospitalization services, and allow Pinnacle Health to operate a more complete program of Behavioral Medicine. The staff of PHPA is on call 24 hours a day for the department to ensure access to care. They also operate an Employee Assistance Program for the Pinnacle Health System as well as for another employer in the community. The Employee Assistance Program for the Pinnacle Health employees includes a Critical Incident Stress Management team. Continued as next program

**4b** (Code) (Expenses \$ 0 including grants of \$ 0 ) (Revenue \$ 0 )

Continued from previous program Pinnacle Health Behavioral Services - Physician Services - (360) - Physician services is a center established outside the hospital to allow Pinnacle Health System to contract with a third party payors for psychiatrists' services. These services include consultations, medication management and psychiatric evaluations serving toxicology, emergency department and hospitalized inpatients. The cost of services that are provided to hospital programs is labor distributed to those programs. Pinnacle Health Medical Services also had volunteers that provided various donated services. During the year, there were 13 volunteers which provided 936 donated hours valued at \$6,131. Pinnacle Health Medical Services had 34 physicians that volunteered 760 hours of their time at an estimated value of \$46,223. Pinnacle Health Medical Services provided Free Care in Medical Services during the year to 297 patients in the amount of \$78,565

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

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

**4e** Total program service expenses \$ 34,515,492 Must equal Part IX, Line 25, column (B).

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, Schedule of Contributors?

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

4 Section 501(c)(3) organizations Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II

5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any 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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

12 Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII

13 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the U.S.?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I

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

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

17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I

18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H

21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II

22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III

23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J

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 questions 24b-24d and complete Schedule K. If "No," go to question 25

b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?

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?

d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?

25a Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I

b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I

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

27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		
6		No
7		No
8		No
9		No
10		No
11	Yes	
12		No
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20		No
21		No
22		No
23	Yes	
24a		No
24b		
24c		
24d		
25a		No
25b		No
26		No
27		No

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

**28** During the tax year, did any person who is a current or former officer, director, trustee, or key employee

- a** Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? If "Yes," complete Schedule L, Part IV
- b** Have a family member who had a direct or indirect business relationship with the organization? If "Yes," complete Schedule L, Part IV
- c** Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? If "Yes," complete Schedule L, Part IV

**29** Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M

**30** Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M

**31** Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I

**32** Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II

**33** Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I

**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

**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

**36** 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

**37** Did the organization conduct more than 5 percent 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

	Yes	No
<b>28a</b>		No
<b>28b</b>		No
<b>28c</b>		No
<b>29</b>		No
<b>30</b>		No
<b>31</b>		No
<b>32</b>		No
<b>33</b>		No
<b>34</b>	Yes	
<b>35</b>		No
<b>36</b>		No
<b>37</b>		No

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

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	1a	0
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	424
<b>2b</b>	If at least one is reported in 2a, did the organization file all required federal employment tax returns? <i>Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.</i>	2b	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	No
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? <i>If "No," provide an explanation in Schedule O</i>	3b	
<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)?	4a	No
<b>4b</b>	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts</b> .	4b	
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
<b>5c</b>	If "Yes," to 5a or 5b, did the organization file Form 8886-T, <i>Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction</i> ?	5c	
<b>6a</b>	Did the organization solicit any contributions that were not tax deductible?	6a	No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
<b>7</b>	<i>Organizations that may receive deductible contributions under section 170(c).</i>	7a	No
<b>7a</b>	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more?	7a	
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
<b>7e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
<b>7g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	
<b>7h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h	
<b>8</b>	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</i> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
<b>9</b>	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</i>	9a	
<b>9a</b>	Did the organization make any taxable distributions under section 4966?	9a	
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
<b>10</b>	<i>Section 501(c)(7) organizations.</i> Enter	10a	
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12	10a	
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
<b>11</b>	<i>Section 501(c)(12) organizations</i> Enter	11a	
<b>11a</b>	Gross income from members or shareholders	11a	
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	
<b>12a</b>	<i>Section 4947(a)(1) non-exempt charitable trusts.</i> Is the organization filing Form 990 in lieu of Form 1041?	12a	
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	

**Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)**
**Section A. Governing Body and Management**

	Yes	No
For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.		
<b>1a</b> Enter the number of voting members of the governing body . . .	<b>1a</b>	8
<b>b</b> Enter the number of voting members that are independent . . .	<b>1b</b>	5
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	<b>2</b>	No
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	<b>3</b>	No
<b>4</b> Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .	<b>4</b>	No
<b>5</b> Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .	<b>5</b>	No
<b>6</b> Does the organization have members or stockholders? . . . . .	<b>6</b>	No
<b>7a</b> Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	<b>7a</b>	No
<b>b</b> Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	<b>7b</b>	No
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>a</b> the governing body? . . . . .	<b>8a</b>	Yes
<b>b</b> each committee with authority to act on behalf of the governing body? . . . . .	<b>8b</b>	Yes
<b>9a</b> Does the organization have local chapters, branches, or affiliates? . . . . .	<b>9a</b>	No
<b>b</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? . . . . .	<b>9b</b>	
<b>10</b> Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990 . . . . .	<b>10</b>	Yes
<b>11</b> Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	<b>11</b>	No

**Section B. Policies**

	Yes	No
<b>12a</b> Does the organization have a written conflict of interest policy? If "No", go to line 13 . . . . .	<b>12a</b>	Yes
<b>b</b> Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	<b>12b</b>	Yes
<b>c</b> Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	<b>12c</b>	Yes
<b>13</b> Does the organization have a written whistleblower policy? . . . . .	<b>13</b>	Yes
<b>14</b> Does the organization have a written document retention and destruction policy? . . . . .	<b>14</b>	Yes
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision		
<b>a</b> The organization's CEO, Executive Director, or top management official? . . . . .	<b>15a</b>	Yes
<b>b</b> Other officers or key employees of the organization? . . . . .	<b>15b</b>	Yes
Describe the process in Schedule O		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	<b>16a</b>	Yes
<b>b</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? . . . . .	<b>16b</b>	No

**Section C. Disclosure**

**17** List the States with which a copy of this Form 990 is required to be filed PA

**18** Section 6104 requires an organization to make its Form 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. See Additional Data Table

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization  
 William H Pugh  
 409 SOUTH SECOND ST PO BOX 8700  
 HARRISBURG, PA 171058700  
 (717) 231-8245

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**
**Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed

\* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

\* 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, or 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 officer, director, trustee or key employee

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee			
DEBORAH S MILLER , Chairman	10	X		X			0	0	0
Robert C Buckingham MD , Vice Chairman	10	X		X			0	0	0
timothy Weston ESQ , Director	10	X					0	0	0
NEYSA O MAISEL , DIRECTOR	10	X					0	0	0
Nathan H Waters Jr Es , Director	10	X					0	0	0
Dana Kellis MD , Director	10	X					0	458,511	66,759
BRIAN UNIACKE MD , Director	10	X					0	187,431	26,899
Roger Longenderfer MD , President/CEO	20	X		X			0	879,897	389,800
William H Pugh , Treasurer	2 30			X			0	370,787	28,633
Christopher P Markley E , Secretary	4 00			X			0	351,577	46,457
Richard C Seneca Esq , Assistant Secretary	1 30			X			0	201,600	0
Barry Moore , PHYSICIAN	40 00				X		584,116	0	74,154
Roger Ostdahl , PHYSICIAN	40 00				X		582,771	0	76,839
Salim Qazizadeh , Physician	40 00				X		311,834	0	25,056
Rifaat Bashir , PHYSICIAN	40 00				X		292,020	0	30,318
John F barnoski , PHYSICIAN	40 00				X		284,038	0	28,628

**Part VII** **Continued**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee			
<b>1b Total</b>							2,054,779	2,449,803	793,543

**2** Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization **►53**

		Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	<b>3</b>		No
<b>4</b> 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	<b>4</b>	Yes	
<b>5</b> 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	<b>5</b>		No

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
Assurance Staffing Inc 4660 Trindle Road Suite 100 Camp Hill, PA 17011	Temporary Help	304,879
Gairs medical Transcription Service 508 Market Street Lemoyne, PA 17043	transcription Svc	175,174
<b>2</b> Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization		<b>2</b>

Part  
VIII

## Statement of Revenue

		(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Contributions, gifts, grants and other similar amounts	<b>1a</b> Federated campaigns . . . <b>1a</b>				
	<b>b</b> Membership dues . . . . <b>1b</b>				
	<b>c</b> Fundraising events . . . . <b>1c</b>				
	<b>d</b> Related organizations . . . <b>1d</b>	1,263,493			
	<b>e</b> Government grants (contributions) <b>1e</b>				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>				
	<b>g</b> Noncash contributions included in lines 1a-1f \$ <b>1f</b>				
	<b>h</b> <b>Total (Add lines 1a-1f)</b> . . . . . <b>1,263,493</b>				
Program Service Revenue	Business Code				
			<b>2a</b> Patient Revenue, Net 621,110	27,499,593	27,499,593
	<b>b</b> physician medical PPI 621,110	381,000	381,000		
	<b>c</b> Physician services/cov 621,110	98,743	98,743		
	<b>d</b> Partnership passthroug 621,400	41,593	41,593		
	<b>e</b> I/C transplant service 621,110	41,358	41,358		
	<b>f</b> All other program service revenue				
	<b>g</b> <b>Total. Add lines 2a-2f</b> . . . . . ► \$ 28,062,287				
Other Revenue	3 Investment income (including dividends, interest other similar amounts) . . . . .		6,200		6,200
	4 Income from investment of tax-exempt bond proceeds				
	5 Royalties . . . . .				
	<b>6a</b> Gross Rents (i) Real 75,116				
	<b>b</b> Less rental expenses 33,513				
	<b>c</b> Rental income or (loss) 41,603				
	<b>d</b> Net rental income or (loss) . . . . . ►		41,603		41,603
	<b>7a</b> Gross amount from sales of assets other than inventory (i) Securities 722				
<b>b</b> Less cost or other basis and sales expenses -722					
<b>c</b> Gain or (loss) -722					
<b>d</b> Net gain or (loss) ►		-722		-722	
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 . . . . . <b>a</b>					
<b>b</b> Less direct expenses . . . <b>b</b>					
<b>c</b> Net income or (loss) from fundraising events . . . ►					
<b>9a</b> Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000 <b>a</b>					
<b>b</b> Less direct expenses . . . <b>b</b>					
<b>c</b> Net income or (loss) from gaming activities ►					
<b>10a</b> Gross sales of inventory, less returns and allowances . . . <b>a</b>					
<b>b</b> Less cost of goods sold . . . <b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory . . . ►					
Miscellaneous Revenue		Business Code			
<b>11a</b> Employee counseling Sv 900,099		172,716			172,716
<b>b</b> HMO Bonus 900,099		170,714			170,714
<b>c</b> reporting incentives 900,099		137,196			137,196
<b>d</b> All other revenue _____		89,385			89,385
<b>e</b> <b>Total. Add lines 11a-11d</b> . . . . . \$ 570,011					
<b>12</b> <b>Total Revenue.</b> Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e . . . . .		29,942,872	28,062,287	0	617,092

**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).**

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
<b>1</b> Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
<b>2</b> Grants and other assistance to individuals in the U S See Part IV, line 22				
<b>3</b> Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .				
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b> Other salaries and wages	24,063,142	21,656,269		
<b>8</b> Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	1,173,489	1,056,140	117,349	
<b>9</b> Other employee benefits . . . . .	2,609,102	2,348,024	261,078	
<b>10</b> Payroll taxes . . . . .	1,435,699	1,292,129	143,570	
<b>11</b> Fees for services (non-employees)				
<b>a</b> Management . . . . .	1,563,785	200,967	1,362,818	
<b>b</b> Legal . . . . .				
<b>c</b> Accounting . . . . .	-3,545		-3,545	
<b>d</b> Lobbying . . . . .				
<b>e</b> Professional fundraising See Part IV, line 17 . . . . .				
<b>f</b> Investment management fees . . . . .				
<b>g</b> Other . . . . .	1,394,127	1,341,426	52,701	
<b>12</b> Advertising and promotion . . . . .				
<b>13</b> Office expenses . . . . .	2,403,062	2,220,567	182,495	
<b>14</b> Information technology . . . . .	47,583	47,583		
<b>15</b> Royalties . . . . .				
<b>16</b> Occupancy . . . . .	2,223,550	1,382,151	841,399	
<b>17</b> Travel . . . . .	12,047	10,810	1,237	
<b>18</b> Payments of travel or entertainment expenses for any Federal, state or local public officials . . . . .				
<b>19</b> Conferences, conventions and meetings . . . . .	184,039	169,316	14,723	
<b>20</b> Interest . . . . .	328,216	295,394	32,822	
<b>21</b> Payments to affiliates . . . . .				
<b>22</b> Depreciation, depletion, and amortization . . . . .	662,652	596,387	66,265	
<b>23</b> Insurance . . . . .	845,389	845,389		
<b>24</b> 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 )				
<b>a</b> Bad Debts Expense	1,008,220	1,008,220		
<b>b</b> Dues and subscriptions	42,399	42,399		
<b>c</b> Miscellaneous Expense	5,633	2,321	3,312	
<b>f</b> All other expenses				
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24f	39,998,589	34,515,492	5,483,097	0
<b>26</b> <b>Joint Costs.</b> Check <input type="checkbox"/> if following SOP 98-2 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**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
<b>Assets</b>			
1	Cash—non-interest-bearing . . . . .	2,260	<b>1</b> 2,646
2	Savings and temporary cash investments . . . . .	258,071	<b>2</b> 2,301,454
3	Pledges and grants receivable, net . . . . .	3	
4	Accounts receivable, net . . . . .	2,608,381	<b>4</b> 2,755,315
5	Receivables from current and former officers, directors, trustees, key employees or other related parties <i>Complete Part II of Schedule L</i> . . . . .	5	
6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) <i>Complete Part II of Schedule L</i> . . . . .	6	
7	Notes and loans receivable, net . . . . .	7	
8	Inventories for sale or use . . . . .	164,832	<b>8</b> 152,255
9	Prepaid expenses and deferred charges . . . . .	257,664	<b>9</b> 339,274
10a	Land, buildings, and equipment cost basis . . . . .	11,555,449	
b	Less accumulated depreciation <i>Complete Part VI of Schedule D</i> . . . . .	10b 4,135,553	
		7,417,156	<b>10c</b> 7,419,896
11	Investments—publicly traded securities . . . . .	11	
12	Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i> . . . . .	12	
13	Investments—program-related See Part IV, line 11 <i>Complete Part VIII of Schedule D</i> . . . . .	29,305	28,753
14	Intangible assets . . . . .	14	
15	Other assets See Part IV, line 11 <i>Complete Part IX of Schedule D</i> . . . . .	160,589	104,422
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	10,898,258	<b>16</b> 13,104,015
17	Accounts payable and accrued expenses . . . . .	3,112,319	<b>17</b> 3,883,356
18	Grants payable . . . . .	18	
19	Deferred revenue . . . . .	19	
20	Tax-exempt bond liabilities . . . . .	20	
21	Escrow account liability <i>Complete Part IV of Schedule D</i> . . . . .	21	
22	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i> . . . . .	22	
23	Secured mortgages and notes payable to unrelated third parties . . . . .	5,866,221	<b>23</b> 5,731,312
24	Unsecured notes and loans payable . . . . .	24	
25	Other liabilities <i>Complete Part X of Schedule D</i> . . . . .	0	<b>25</b> 1,087,976
26	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .	8,978,540	<b>26</b> 10,702,644
	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
27	Unrestricted net assets . . . . .	1,919,718	<b>27</b> 2,401,371
28	Temporarily restricted net assets . . . . .	28	
29	Permanently restricted net assets . . . . .	29	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
30	Capital stock or trust principal, or current funds . . . . .	30	
31	Paid-in or capital surplus, or land, building or equipment fund . . . . .	31	
32	Retained earnings, endowment, accumulated income, or other funds . . . . .	32	
33	Total net assets or fund balances . . . . .	1,919,718	<b>33</b> 2,401,371
34	Total liabilities and net assets/fund balances . . . . .	34	10,898,258 13,104,015

**Part XI Financial Statements and Reporting**

	<b>Yes</b>	<b>No</b>
1 Accounting method used to prepare the Form 990	<input type="checkbox"/> cash	<input checked="" type="checkbox"/> accrual
2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .	<b>2a</b>	No
b Were the organization's financial statements audited by an independent accountant? . . . . .	<b>2b</b>	No
c If "Yes" to lines 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? . . . . .	<b>2c</b>	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .	<b>3a</b>	Yes
b If "Yes," did the organization undergo the required audit or audits? . . . . .	<b>3b</b>	Yes

**SCHEDULE A**  
(Form 990 or 990EZ)**Public Charity Status and Public Support****2008**Department of the Treasury  
Internal Revenue Service**To be completed by all section 501(c)(3) organizations and section 4947(a)(1)  
nonexempt charitable trusts.****Attach to Form 990 or Form 990-EZ. See separate instructions.****Open to Public  
Inspection****Name of the organization**

PINNACLE HEALTH MEDICAL SERVICES

**Employer identification number**

25-1709054

**Part I Reason for Public Charity Status** (to be completed by all organizations) (See Instructions)

The organization is not a private foundation because it is (Please check only one organization)

1  A church, convention of churches, or association of churches described in **Section 170(b)(1)(A)(i)**.

2  A school described in **Section 170(b)(1)(A)(ii)**. (Attach Schedule E )

3  A hospital or a cooperative hospital service organization described in **Section 170(b)(1)(A)(iii)**. (Attach Schedule H )

4  A medical research organization operated in conjunction with a hospital described in **Section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state

5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **Section 170(b)(1)(A)(iv)**. (Complete Part II )

6  A federal, state, or local government or governmental unit described in **Section 170(b)(1)(A)(v)**.

7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **Section 170(b)(1)(A)(vi)** (Complete Part II )

8  A community trust described in **Section 170(b)(1)(A)(vi)** (Complete Part II )

9  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2)**. (Complete Part III )

10  An organization organized and operated exclusively to test for public safety See **Section 509(a)(4)**. (See Instructions )

11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **Section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h

e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f  If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g  Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii) a family member of a person described in (i) above?

(iii) a 35% controlled entity of a person described in (i) or (ii) above?

h  Provide the following information about the organizations the organization supports

	<b>Yes</b>	<b>No</b>
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

<b>(i) Name of Supported Organization</b>	<b>(ii) EIN</b>	<b>(iii) Type of organization (described on lines 1- 9 above or IRC section (See Instructions))</b>	<b>(iv) Is the organization in col (i) listed in your governing document?</b>		<b>(v) Did you notify the organization in col (i) of your support?</b>		<b>(vi) Is the organization in col (i) organized in the U S ?</b>		<b>(vii) Amount of support?</b>
			<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>	
<b>Total</b>									

**Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)
**Public Support**

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
<b>6 Public Support</b> subtract line 5 from line 4						

**Total Support**

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total Support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					<b>12</b>	

**13 First Five Years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

**Computation of Public Support Percentage**

14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f))	<b>14</b>	
15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f	<b>15</b>	
<b>16a 33 1/3% Test - 2008.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		<input type="checkbox"/>
<b>b 33 1/3% Test - 2007.</b> If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		<input type="checkbox"/>
<b>17a 10% Facts and Circumstances Test - 2008.</b> If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
<b>b 10% Facts and Circumstances Test - 2007.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
<b>18 Private Foundation.</b> If the organization did not check the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in IRC 509(a)(2)**  
 (Complete only if you checked the box on line 9 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total</b> Add lines 1-5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
<b>c</b> Total of lines 7a and 7b						
<b>8 Public Support</b> (Subtract line 7c from line 6)						

**Total Support**

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total Support</b> (Add lines 9, 10c, 11 and 12)						
<b>14 First Five Years</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b>						►

**Computation of Public Support Percentage**

<b>15</b> Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	<b>15</b>
<b>16</b> Public Support Percentage for 2007 Schedule A, Part IV-A, line 27g	<b>16</b>

**Computation of Investment Income Percentage**

<b>17</b> Investment Income Percentage for 2008 (line 10c column (f) divided by line 13 column (f))	<b>17</b>
<b>18</b> Investment Income Percentage from 2007 Schedule A, Part IV-A, line 27h	<b>18</b>
<b>19a</b> <b>33 1/3% Tests - 2008.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	►
<b>b</b> <b>33 1/3% Tests - 2007.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	►
<b>20</b> <b>Private Foundation</b> If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	►

**Part IV** **Supplemental Information.** Complete this part to provide the information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide any other additional information. (see instructions)

**Facts and Circumstances Test**

2008

Open to Public  
Inspection**SCHEDULE D**  
(Form 990)**Supplemental Financial Statements**

► Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Department of the Treasury  
Internal Revenue Service**Name of the organization**  
PINNACLE HEALTH MEDICAL SERVICES**Employer identification number**

25-1709054

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate Contributions to (during year)		
3 Aggregate Grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of certified historic structure
	<input type="checkbox"/> Preservation of open space
2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year	
a Total number of conservation easements	<b>Held at the End of the Year</b>
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06	2c
	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ►	
4 Number of states where property subject to conservation easement is located ►	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff or volunteer hours devoted to monitoring, inspecting and enforcing easements during the year ►	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ► \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items	
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items	
(i) Revenues included in Form 990, Part VIII, line 1	► \$
(ii) Assets included in Form 990, Part X	► \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items	
a Revenues included in Form 990, Part VIII, line 1	► \$
b Assets included in Form 990, Part X	► \$

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

**a**  Public exhibition  
**b**  Scholarly research  
**c**  Preservation for future generations

**d**  Loan or exchange programs  
**e**  Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Trust, Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

**b** If "Yes," explain why in Part XIV and complete the following table

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**2a** Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

**b** If "Yes," explain the arrangement in Part XIV

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
<b>1a</b> Beginning of year balance . . . . .					
<b>b</b> Contributions . . . . .					
<b>c</b> Investment earnings or losses . . . . .					
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .					
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .					

**2** Provide the estimated percentage of the year end balance held as

**a** Board designated or quasi-endowment ►

**b** Permanent endowment ►

**c** Term endowment ►

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by

**(i)** unrelated organizations . . . . .

**(ii)** related organizations . . . . .

**b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .

<b>Yes</b>	<b>No</b>
3a(i)	
3a(ii)	
3b	

**4** Describe in Part XIV the intended uses of the organization's endowment funds

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
<b>1a</b> Land . . . . .				
<b>b</b> Buildings . . . . .				
<b>c</b> Leasehold improvements . . . . .		1,487,889	871,057	616,832
<b>d</b> Equipment . . . . .		3,281,252	2,274,860	1,006,392
<b>e</b> Other . . . . .		6,786,308	989,636	5,796,672
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				7,419,896

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 12.) ►		

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 13.) ►		

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
<b>Total.</b> (Column (b) should equal Form 990, Part X, col.(B) line 15.)	►

**Part X Other Liabilities.** See Form 990, Part X, line 25.

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Inter-company payables	1,087,976
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 25.) ►	1,087,976

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	29,942,872
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	39,998,589
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-10,055,717
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	10,537,370
9	Total adjustments (net) Add lines 4 - 8	9	10,537,370
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	481,653

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	30,266,307
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	1,630,868
e	Add lines 2a through 2d	2e	1,630,868
3	Subtract line 2e from line 1	3	28,635,439
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	43,940
b	Other (Describe in Part XIV)	4b	1,263,493
c	Add lines 4a and 4b	4c	1,307,433
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	29,942,872

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	39,988,162
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	33,513
e	Add lines 2a through 2d	2e	33,513
3	Subtract line 2e from line 1	3	39,954,649
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	43,940
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	43,940
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	39,998,589

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part XIV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	Effective July 1, 2007, the Pinnacle Health System adopted FASB Interpretation No 48, Accounting for Uncertainty in Income Taxes (FIN 48), which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions No adjustments to the consolidated financial statement were required as a result of the adoption of FIN 48
Part XI, Line 8 - Other Adjustments		Fund Balance Transfer - Pinnacle Health System 9932266 Fund Balance Transfer - Pinnacle Health Hospital 605104
Part XII, Line 2d - Other Adjustments		Rental expenses recorded net of revenue 33513 Assets released from restrictions 1597355
Part XII, Line 4b - Other Adjustments		Contributions from Pinnacle Health Foundation 1263493
Part XIII, Line 2d - Other Adjustments		Rental expenses recorded net of revenue 33513

2008

Open to Public  
Inspection**Schedule J**  
(Form 990)**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
**► Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 23.**

Department of the Treasury  
Internal Revenue Service**Name of the organization**

PINNACLE HEALTH MEDICAL SERVICES

**Employer identification number**

25-1709054

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

**b** If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a

**a** Receive a severance payment or change of control payment?  
**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?  
**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**501(c)(3) and 501(c)(4) organizations only must complete lines 5-8.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

	Yes	No
<b>1a</b>		
<b>1b</b>		
<b>2</b>		
<b>3</b>		
<b>4a</b>		No
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Dana Kellis MD	(i) 325,968 (ii)	128,090	4,453	14,927	51,832	525,270	204,404
BRIAN UNIACKE MD	(i) 185,792 (ii)		1,639	11,192	15,707	214,330	109,867
Roger Longenderfer MD	(i) 561,821 (ii)	285,177	32,899	337,815	51,985	1,269,697	500,086
William H Pugh	(i) 293,362 (ii)	69,163	8,262	347	28,286	399,420	169,104
Christopher P Markley Esq	(i) 255,164 (ii)	91,302	5,111	15,169	31,288	398,034	145,899
Richard C Seneca Esq	(i) 201,600 (ii)					201,600	
Barry Moore	(i) 584,116 (ii)				74,154	658,270	322,868
Roger Ostdahl	(i) 582,771 (ii)				76,839	659,610	324,718
Salim Qazizadeh	(i) 255,421 (ii)		56,413	12,350	12,706	336,890	191,738
Rifaat Bashir	(i) 281,025 (ii)		10,995	13,031	17,287	322,338	170,627
John F barnoski	(i) 171,939 (ii)	112,099		14,750	13,878	312,666	149,437

### **Part III      Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

**Software ID:**  
**Software Version:**  
**EIN:** 25-1709054  
**Name:** PINNACLE HEALTH MEDICAL SERVICES

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Dana Kellis MD	(i) 325,968	(ii) 128,090	(iii) 4,453	(C) 14,927	(D) 51,832	(E) 525,270	(F) 204,404
BRIAN UNIACKE MD	(i) 185,792	(ii)	(iii) 1,639	(C) 11,192	(D) 15,707	(E) 214,330	(F) 109,867
Roger Longenderfer MD	(i) 561,821	(ii) 285,177	(iii) 32,899	(C) 337,815	(D) 51,985	(E) 1,269,697	(F) 500,086
William H Pugh	(i) 293,362	(ii) 69,163	(iii) 8,262	(C) 347	(D) 28,286	(E) 399,420	(F) 169,104
Christopher P Markley Esq	(i) 255,164	(ii) 91,302	(iii) 5,111	(C) 15,169	(D) 31,288	(E) 398,034	(F) 145,899
Richard C Seneca Esq	(i) 201,600	(ii)	(iii)	(C)	(D)	(E) 201,600	(F)
Barry Moore	(i) 584,116	(ii)	(iii)	(C)	(D) 74,154	(E) 658,270	(F) 322,868
Roger Ostdahl	(i) 582,771	(ii)	(iii)	(C)	(D) 76,839	(E) 659,610	(F) 324,718
Salim Qazizadeh	(i) 255,421	(ii)	(iii) 56,413	(C) 12,350	(D) 12,706	(E) 336,890	(F) 191,738
Rifaat Bashir	(i) 281,025	(ii)	(iii) 10,995	(C) 13,031	(D) 17,287	(E) 322,338	(F) 170,627
John F barnoski	(i) 171,939	(ii) 112,099	(iii)	(C) 14,750	(D) 13,878	(E) 312,666	(F) 149,437

2008

Open to Public  
Inspection**SCHEDULE O**  
(Form 990)**Supplemental Information to Form 990**

► **Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.**

**Name of the organization**

PINNACLE HEALTH MEDICAL SERVICES

**Employer identification number**

25-1709054

Identifier	Return Reference	Explanation
Form 990, Part III, line 2	New Program Services	PH Palliative Care (PHPC) - The focus of this new program will be on the inpatient care of patients during the final months or days of their life, seeking to improve both the balance of care vis-a-vis comfort and dignity and the quality of pain relief treatment. In the role as the Pain Team of the System, the palliative care specialist will be available to any patient who is in need of specialized assessment and treatment of difficult or intractable pain. This will dovetail nicely with the newly proposed cancer center program. End-of-life care has been identified nationally as a moment of time which takes up an inordinate amount of health care resources, with great variation geographically and little in the way of demonstrable value, dying with dignity is an option that all of us should have at the end of life.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		The authority and responsibility for review of the Form 990 for Pinnacle Health System and subsidiaries, shall be delegated to the Finance and Audit Committee of the Pinnacle Health System Board. In order to accomplish this, all members of the Finance and Audit Committee shall be provided with a reasonable opportunity to review and comment to executive leadership on the IRS Form 990's of the Pinnacle Health System and its subsidiaries, including Pinnacle Health Hospitals, Pinnacle Health Medical Services, Pinnacle Health Foundation, Pinnacle Health HomeCare and Hospice and Community Life Team before they are filed with the Internal Revenue Service. In addition, each member of each respective Board of Directors will be given access to view their individual Form 990 via a shared, password-protected website.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		In the performance of their duties to Pinnacle Health System and subsidiaries (collectively referred to as "PHS"), covered persons shall seek to act in the best interests of PHS, and shall exercise good faith, loyalty, diligence and honesty. A covered person is any individual who serves in a fiduciary capacity to, or who has legal authority to represent or obligate, the Pinnacle Health System or any of its affiliated organizations including, but not limited to, directors, officers, employees, and agents. Covered persons also include a) immediate families (spouses, children, siblings, parents, or spouse's parents), b) any organization in which they or their immediate families directly or indirectly i) have a material financial or beneficial interest, or ii) serve as a director, officer, employee, agent, attorney or similar capacity. A covered person shall disclose any business or personal interests or relationships which may be in conflict with the interest of PHS, including, but not limited to (a) engaging in or seeking to be engaged in (i) the delivery of health care services or (ii) the delivery of goods or services to PHS, or (b) any transaction or arrangement with PHS which would result in benefit to covered persons. Covered persons who are Directors must comply with the Pinnacle Health System Guidelines for determining director independence and applying director independence requirements. Covered persons with a conflict of interest shall not vote on the matter, and the PHS Board or committee must approve, authorize, or ratify the transaction or arrangement by a majority vote of the non-interested directors or committee members present at a meeting that has a quorum. Violations of this statement of policy may subject covered persons to appropriate sanctions, including removal from their positions with PHS.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The compensation committee of the Pinnacle Health System ("PHS") Board of Directors has the authority to develop and maintain executive and physician compensation to be approved by the Pinnacle Health System Board. The compensation committee will follow a diligent process that meets regulatory requirements for a rebuttable presumption of a reasonableness and promotes effective governance of executive compensation, consistent with the PHS's compensation philosophy. 1. Follow a process that establishes and maintains a rebuttable presumption of reasonableness for all executives and physicians potentially subject to intermediate sanctions. 2. Prepare minutes for each meeting to record the terms of the committee's decisions and the process followed in reaching those decisions. These minutes must include indications that the committee is following good practices in dealing with conflicts of interest and in obtaining and relying on appropriate comparability data on total compensation. 3. Select and directly engage and supervise any consultant hired by PHS to advise the committee on executive and physician compensation. 4. Periodically evaluate the appropriateness of this charter and the effectiveness of the process the committee uses in governing executive and physician compensation and report this evaluation to the board. 5. Provide the Board with an annual report on the committee's actions. 6. monitor changes in laws and regulations pertaining to executive compensation and benefits to see that PHS complies with them. 7. Seek outside review of committee operations to ensure compliance with the IRS rebuttable presumption of reasonableness. 8. Review actual executive compensation and benefits provided to confirm consistency with compensation and benefits approved by the committee.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		The organization does not make its governing documents or conflict of interest policy available for public inspection as this is not required by federal or state law. The organization includes a copy of its financial statements with the state registration filed with the Pennsylvania Department of State, Bureau of Charitable Organizations. These documents are a matter of public record and can be viewed at the bureau office.

Identifier	Return Reference	Explanation
Form 990, Part VII, Section A		The following officers and directors have worked an average of 40 hours per week between Pinnacle Health Medical Services and all related organizations of Pinnacle Health System, the parent company. Roger Longenderfer, MD Dana Kellis, MD Brian Uniacke, MD William H Pugh Christopher P Markley Richard D Seneca, Esq.

SCHEDULE R  
(Form 990)

## Related Organizations and Unrelated Partnerships

2008

Department of the Treasury  
Internal Revenue Service► Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.  
► See separate instructions.Open to Public  
InspectionName of the organization  
PINNACLE HEALTH MEDICAL SERVICES

Employer identification number

25-1709054

## Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity
Pinnacle Health Cumberland Condominium Association 409 South Second Street PO box 8700 harrisburg, PA 171058700 20-8977427	condominium association	PA	0	0	Pinnacle health Hospitals
Pinnacle Health Emergency Department Services LLC 409 south second street PO box 8700 harrisburg, PA 171058700 86-1057582	medical emergency services	PA	0	0	Pinnacle health Hospitals
United Health Risk LTD PO Box HM2450 Hamilton, Bermuda HM JX BD 25-1778658	captive insurance	BD	0	0	Pinnacle Health System

## Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
Pinnacle Health System 409 South Second Street PO Box 8700 Harrisburg, PA171058700 25-1778658	Management and consultative services for related entities	PA	501(C)(3)	Line 11, Type III	N/A
Pinnacle Health Home Care and Hospice 409 South Second Street PO Box 8700 harrisburg, PA171058700 23-2024121	skilled homecare services and services to terminally ill	PA	501(C)(3)	Line 3	pinnacle Health hospitals
Pinnacle Health Foundation 409 South Second Street PO Box 8700 harrisburg, PA171058700 22-2691718	investment and fundraising activities for related tax-exempt organizations	PA	501(C)(3)	Line 11, Type II	Pinnacle Health System
Community Life Team 409 South Second Street PO Box 8700 harrisburg, PA171058700 23-1890444	medical transport services	PA	501(C)(3)	Line 9	Pinnacle Health System
Pinnacle Health Hospitals 409 South Second Street PO Box 8700 harrisburg, PA171058700 25-1778644	Inpatient and outpatient healthcare services	PA	501(C)(3)	Line 3	Pinnacle Health System

### **Part III Identification of Related Organizations Taxable as a Partnership**

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust**

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
United Central PA Risk retention Group 76 St Paul Street Suite 500 bulington, VT054014477 13-4224033	captive insurance	VT	N/A	C			

**Part V Transactions with Related Organizations****Note.** Complete line 1 if any entity is listed in Parts II, III or IV

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k	Yes	
1l	Yes	
1m		No
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(A) Name of other organization(s)	(B) Transaction type(a-r)	(C) Amount Involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

## Part VI Unrelated Organizations Taxable as a Partnership

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 25-1709054  
**Name:** PINNACLE HEALTH MEDICAL SERVICES

### Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -

	<b>Business Code</b>	<b>(A) Total Revenue</b>	<b>(B) Related or Exempt Function Revenue</b>	<b>(C) Unrelated Business Revenue</b>	<b>(D) Revenue Excluded from Tax under IRC 512, 513, or 514</b>
<b>a</b> Patient Revenue, Net	621,110	27,499,593	27,499,593		
<b>b</b> physician medical PPI	621,110	381,000	381,000		
<b>c</b> Physician services/cov	621,110	98,743	98,743		
<b>d</b> Partnership passthroug	621,400	41,593	41,593		
<b>e</b> I/C transplant service	621,110	41,358	41,358		