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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 06-01-2009 and ending 05-31-2010

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

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

C Name of organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
811 E Parrish Avenue

City or town, state or country, and ZIP + 4
Owensboro, KY 42303

D Employer identification number
61-1286361

E Telephone number
(270) 688-2000

G Gross receipts $ 754,133,630

F Name and address of principal officer
Dr Jeff Barber
811 East Parrish Avenue
Owensboro, KY 42303

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 Website: ▶ www omhs org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1995 | **M** State of legal domicile KY

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
Owensboro Medical Health System exists to heal the sick and improve the health of the community

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14
5	Total number of employees (Part V, line 2a)	5	3,527
6	Total number of volunteers (estimate if necessary)	6	316
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	5,311,686
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

		Prior Year	Current Year
Revenue 8	Contributions and grants (Part VIII, line 1h)	231,246	225,261
9	Program service revenue (Part VIII, line 2g)	335,608,101	370,153,200
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,353,489	9,229,618
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,415,758	8,572,457
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	342,608,594	388,180,536
Expenses 13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,462,710	1,914,978
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)	140,859,812	147,773,821
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	183,661,989	184,106,371
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	325,984,511	333,795,170
19	Revenue less expenses Subtract line 18 from line 12	16,624,083	54,385,366

		Beginning of Current Year	End of Year
Net Assets or Fund Balances 20	Total assets (Part X, line 16)	504,954,397	923,430,789
21	Total liabilities (Part X, line 26)	289,629,905	646,303,966
22	Net assets or fund balances Subtract line 21 from line 20	215,324,492	277,126,823

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

▶ Signature of officer — Date: 2011-01-04

▶ JOHN HACKBARTH CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-empolyed ▶ ☐	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG US LLP 111 MONUMENT CIRCLE SUITE 2600 INDIANAPOLIS, IN 46204			EIN ▶ Phone no ▶ (317) 681-7000

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

Owensboro Medical Health System exists to heal the sick and improve the health of the community

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 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 $ 237,689,613 including grants of $ 1,914,978) (Revenue $ 371,057,922)

Owensboro Medical Health System provides a broad range of general acute care services, including surgical, cardiac, oncology and emergency services to meet the healthcare needs of our regional community, serving 11 counties in western Kentucky and southern Indiana Our medical services are delivered by highly skilled physicians along with a caring and compassionate nursing staff OMHS supports our care teams with state-of-the-art equipment to provide our patients with advanced medical treatments and procedures In the Fiscal Year ended May 31, 2010, OMHS had total admissions of 18,343, patient days of 81,830, and ER visits of 63,592

4b (Code) (Expenses $ including grants of $) (Revenue $)

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

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 237,689,613

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4	Yes	
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*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	Is the organization's answer to any of the following questions "Yes"? *If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.*	11	Yes	
	● Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*			
	● Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*			
	● Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*			
	● Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*			
	● Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	● Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional*	12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		No
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 U S ? *If "Yes," complete Schedule F, Part II*	15		No
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 U S ? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
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 line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	108		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	3,527		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note:** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . .	1a 14		
b	Enter the number of voting members that are independent . .	1b 14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11		No
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line a or b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

Section C. Disclosure

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

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 ▶

John Hackbarth
811 E Parrish Avenue
Owensboro, KY 42303
(270) 691-8214

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 Report compensation for the calendar year ending with or within the organization's tax year Use Schedule J-2 if additional space is needed

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, 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 current or former 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-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See add'l data										

1b Total . . . . . ▶	6,947,598	0	400,635

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 108

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		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
Louisville Radiology Imaging Consul 71 West 156th Street HARVEY, IL 60426	In-Patient Radiology	5,425,668
Morrison Management Specialists 4721 Morrison Dr Suite 300 MOBILE, AL 36609	Food Services	4,886,741
Owensboro Anesthesia Services PLLC 815 E Parrish Avenue OWENSBORO, KY 42303	Anesthesia Services	2,665,023
EA Health Corporation 440 Stevens Ave Suite 150 SOLANO BEACH, CA 92075	Physician Call Svcs	2,741,836
Wyatt Tarratn Combs LLC Suite 2800 500 W Jefferson Street LOUISEVILLE, KY 40202	Legal Services	1,768,585
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 31		

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	91,651			
	e	Government grants (contributions)	1e	119,643			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	13,967			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		225,261			
Program Service Revenue			Business Code				
	2a	PATIENT REV - INSURANCE	622,110	194,201,155	194,201,155		
	b	PATIENT REV - MEDICARE/MEDICAID	622,110	175,241,439	175,241,439		
	c	INCOME FROM OASF	622,110	855,518	855,518		
	d	INCOME FROM OCRP	622,110	-144,912	-144,912		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		370,153,200			
	3	Investment income (including dividends, interest and other similar amounts)		6,433,231			6,433,231
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross Rents	116,418				
	b	Less rental expenses					
	c	Rental income or (loss)	116,418				
	d	Net rental income or (loss)		116,418			116,418
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	368,417,458	707			
	b	Less cost or other basis and sales expenses	365,614,778	7,000			
	c	Gain or (loss)	2,802,680	-6,293			
	d	Net gain or (loss)		2,796,387			2,796,387
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a	406,516			
	b	Less cost of goods sold	b	331,316			
	c	Net income or (loss) from sales of inventory		75,200			75,200
		Miscellaneous Revenue	Business Code				
	11a	Kentucky Bio Processing	541,700	4,992,598		4,992,598	
	b	Laundry & Catering & Other 990T	812,300	319,088		319,088	
	c	Cafeteria & Vending Machine Revenue	722,212	2,164,431			2,164,431
	d	All other revenue		904,722	904,722		
	e	**Total.** Add lines 11a–11d		8,380,839			
	12	**Total revenue.** See Instructions		388,180,536	371,057,922	5,311,686	11,585,667

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

	Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,408,468	1,408,468		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	506,510	506,510		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	4,184,175	0	4,184,175	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7	Other salaries and wages	108,047,403	86,238,325	21,809,078	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,917,838	7,263,922	1,653,916	0
9	Other employee benefits	18,627,467	14,891,359	3,736,108	0
10	Payroll taxes	7,996,938	6,257,224	1,739,714	0
11	Fees for services (non-employees)				
a	Management	8,449,480	4,949,417	3,500,063	0
b	Legal	1,733,314	0	1,733,314	0
c	Accounting	199,509	0	199,509	0
d	Lobbying	189,912	189,912	0	0
e	Professional fundraising *See Part IV, line 17*	0			0
f	Investment management fees	425,085	0	425,085	0
g	Other	22,910,197	13,658,743	9,251,454	0
12	Advertising and promotion	1,704,689	8,314	1,696,375	0
13	Office expenses	74,849,757	70,052,867	4,796,890	0
14	Information technology	5,427,769	932,936	4,494,833	0
15	Royalties	264,265	46,066	218,199	0
16	Occupancy	5,161,794	693,357	4,468,437	0
17	Travel	982,066	313,637	668,429	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	173,595	66,244	107,351	0
20	Interest	5,480,575	0	5,480,575	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	20,740,293	5,104	20,735,189	0
23	Insurance	2,937,800	28,071	2,909,729	0
24	Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a	Bad Debt	25,027,450	25,027,450	0	0
b	KY Provider Tax	3,550,538	3,550,538	0	0
c	Recruiting	1,163,366	1,292	1,162,074	0
d	Dues	304,616	45,478	259,138	0
e	Dietary	1,882,590	1,506,072	376,518	0
f	All other expenses	547,710	48,307	499,404	0
25	**Total functional expenses.** Add lines 1 through 24f	333,795,170	237,689,613	96,105,557	0
26	**Joint costs.** Check here ▶ ☐ 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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		24,252	1	7,222
	2	Savings and temporary cash investments		25,054,221	2	69,954,743
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		62,013,575	4	69,450,280
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		383,154	5	334,895
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	308,312
	7	Notes and loans receivable, net		48,423	7	441,255
	8	Inventories for sale or use		6,146,846	8	7,407,360
	9	Prepaid expenses and deferred charges		3,191,521	9	7,826,402
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 351,494,849			
	b	Less accumulated depreciation	10b 191,361,363	144,692,981	10c	160,133,486
	11	Investments—publicly traded securities		211,955,218	11	124,286,750
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		27,990,517	13	28,111,367
	14	Intangible assets		16,682,379	14	14,713,846
	15	Other assets See Part IV, line 11		6,771,310	15	440,454,871
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		504,954,397	16	923,430,789
Liabilities	17	Accounts payable and accrued expenses		32,592,244	17	42,043,503
	18	Grants payable			18	
	19	Deferred revenue		90,388	19	13,848,055
	20	Tax-exempt bond liabilities		173,675,000	20	507,109,025
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		10,449,711	23	9,831,049
	24	Unsecured notes and loans payable to unrelated third parties			24	512,774
	25	Other liabilities Complete Part X of Schedule D		72,822,562	25	72,959,560
	26	**Total liabilities.** Add lines 17 through 25		289,629,905	26	646,303,966
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		215,324,492	27	277,126,823
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		215,324,492	33	277,126,823
	34	Total liabilities and net assets/fund balances		504,954,397	34	923,430,789

Part XI Financial Statements and Reporting

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

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

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

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

_____

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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?

	Yes	No
(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? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

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.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2008 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2008.** 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 **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2008 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2009** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2008** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2009.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

b **33 1/3% support tests—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶

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

Additional Data

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Braden Alan Vice Chairman	3 0	X						0	0	0
Carper Bob Board Member	3 0	X						0	0	0
Henderson Jr George Board Member	3 0	X						0	0	0
Buchanan MD Bernard Board Member	3 0	X						0	0	0
Kincheloe Ann Murphy Secretary	3 0	X						0	0	0
Maddox MD Tom Board Member	3 0	X						0	0	0
Knight MD Robert Board Member	3 0	X						0	0	0
Miles Billy Joe Chairman	3 0	X						0	0	0
Schell MD Robert Board Member	3 0	X						0	0	0
Poynter Gerald Board Member	3 0	X						0	0	0
Woodward Terry Board Member	3 0	X						0	0	0
Chandler Billy H Ed D Board Member	3 0	X						0	0	0
Smith G Ted Board Member	3 0	X						0	0	0
Iracane Joseph Board Member	3 0	X						0	0	0
Barber Jeffrey President / CEO	50 0			X				746,474	0	49,129
Begley II Earnest E Chief Legal Officer	50 0			X				317,670	0	29,585
Hackbarth Jr John Chief Financial Officer	50 0			X				356,175	0	30,796
Medley Jr Richard W Chief Medical Officer	50 0			X				221,683	0	17,167
Strahan Greg Chief Operations Officer	50 0			X				457,271	0	36,955
Suter Mia Chief Development Officer	50 0			X				283,956	0	15,805
Tyler MD Terry W Chief Outpat Imaging Officer	50 0			X				448,305	0	32,958
Jones Lisa VP of Clinical Services	50 0				X			223,115	0	23,706
Mills Michael VP of Ancillary Services	50 0				X			220,075	0	21,373
Ranallo Russell VP of Financial Services	50 0				X			233,789	0	26,184
Stogsdill Vicki VP of Nursing Services	50 0				X			362,839	0	29,166

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Padgett Patrick Physician	40 0					X	645,449	0	13,256
Filbeck Jeffrey Physician	40 0					X	622,978	0	19,855
Mulligan John Physician	40 0					X	613,643	0	20,690
Ravi Lingamurthy Physician	40 0					X	600,931	0	9,815
Uragoda Lalith Physician	40 0					X	593,245	0	24,195

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Bad Debt	25,027,450	25,027,450	0	0
KY Provider Tax	3,550,538	3,550,538	0	0
Recruiting	1,163,366	1,292	1,162,074	0
Dues	304,616	45,478	259,138	0
Dietary	1,882,590	1,506,072	376,518	0

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
OWENSBORO MEDICAL HEALTH SYSTEM INC	61-1286361

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		139,317
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		50,595
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			189,912
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Schedule C Part II B, Line 1f		Percentage of lobbying activities from Kentucky Hospital Association dues, AHA dues, and Cornerstone Government Affairs
SUPPLEMENTAL INFORMATION		Within the context of Governmental, Community and Legislative Affairs, OMHS has one employee that engages in lobbying activities or attempts to influence legislation However, under no circumstances is there any engagement in political activities Lobbying activities include both direct lobbying and grass roots lobbying From a direct lobbying perspective, the Executive Director of Governmental, Community and Legislative Affairs engages in lobbying activities at the federal, state and local levels Federal activities are more limited based on contract services provided by Cornerstone Government Affairs, a Washington, DC based legislative agent However, the Executive Director does meet with members of Congress on occasion during the year either in Washington or in Owensboro At the state level, the Executive Director is registered as a Legislative Agent with the Kentucky General Assembly Lobbying efforts are generally limited to that period of time in which the General Assembly is in session This period includes a 30-day legislative session in odd numbered years and a 60-day legislative session in even number years In addition, lobbying at the local level is generally confined to regulatory matters and is not ongoing From a grassroots lobbying perspective, the Executive Director oversees the Health in Action network Health in Action is an electronic email system that provides OMHS employees with updates on legislation and "calls to action" when appropriate Joining the network and choosing to respond are voluntary This network is only activated when issues of concern are being considered at the federal and state levels It is estimated that during the Fiscal Year ending May 31, 2010, all lobbying activity by the Executive Director did not exceed 30% of total work-related duties and responsibilities

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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? ☐ Yes ☐ 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 for any other purpose conferring impermissible private benefit ☐ Yes ☐ 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)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ 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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	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, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ 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 Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

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

b If "Yes," explain the arrangement in Part 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
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the 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

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	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.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		13,276,918		13,276,918
b Buildings		96,977,073	48,190,312	48,786,761
c Leasehold improvements		66,754,179	40,566,519	26,187,660
d Equipment		148,306,307	102,604,532	45,701,775
e Other		26,180,372		26,180,372
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				160,133,486

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		
Closely-held equity interests		
Other		
Total. *(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
Total. *(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
Cost of Issuance Series A 2010	2,417,908
Cost of Issuance Series B 2010	267,637
LTD Use Assets from Series A&B	437,485,026
Key Executive Plan	284,301
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	440,454,871

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Due to Third Party Payors	21,502,326
Health Improvement Reserve	50,290
Accrued Pension	38,461,358
Workman's Comp Reserve	4,868,487
Malpractice Reserve	8,077,099
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	72,959,560

2. Fin 48 Footnote 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	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
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	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

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

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

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 IV, 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 Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Accounting for Uncertainty in Income Taxes		The System applies Financial Accounting Standards Board (FASB) ASC Topic 740 (Topic 740), Accounting for Uncertainty in Income Taxes Topic 740 clarifies the accounting for uncertainty in income tax positions and provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined There has been no impact on the System's consolidated financial statements as a result of Topic 740

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990.
▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 225 %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 375 %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Does the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare an annual community benefit report?	6a	Yes	
6b	If "Yes," does the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			16,226,701	2,086,000	14,140,701	4 580 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			35,405,014	30,489,000	4,916,014	1 590 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			51,631,715	32,575,000	19,056,715	6 170 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	608	192,009	874,823	8,291	866,532	0 280 %
f Health professions education (from Worksheet 5)	60	496	1,774,472	315,003	1,459,469	0 570 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)	1		379,475		379,475	0 120 %
i Cash and in-kind contributions to community groups (from Worksheet 8)	160	480,741	755,222	59	755,163	0 240 %
j **Total** Other Benefits	829	673,246	3,783,992	323,353	3,460,639	1 210 %
k **Total.** Add lines 7d and 7j	829	673,246	55,415,707	32,898,353	22,517,354	0

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	8	200	73,060		73,060	
3	Community support	19	73,047	76,814	1,273	75,541	
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	4	2,500	2,072		2,072	
7	Community health improvement advocacy	3		591		591	
8	Workforce development	2		149,305		149,305	
9	Other						
10	**Total**	36	75,747	301,842	1,273	300,569	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	10,384,000		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	5,192,000		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	126,201,895		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	121,554,193		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	4,647,702		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Owensboro Medical Health System Inc 811 East Parrish Avenue Owensboro, KY 42303	X	X					X		

Part VI Supplemental Information

Complete this part to provide the following information

1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

When calculating the community benefit percentages in Part I, Line 7, bad debt expenses of $25,026,611 was excluded

There is no footnote to the organization's financial statements that describes bad debt expense The costing methodology used is the cost to charge ratio calculated in worksheet 2 of Part I of Schedule H of this 990

The costing methodology used is the cost to charge ratio calculated in worksheet 2 of Part I of Schedule H of this 990 The charges and payments are from the Medicare paid claims reports The calculation does not show a shortfall

The policies of the system attempt to ensure all uninsured patients of the system have opportunity to apply and qualify for financial assistance programs The hospital has financial aid applications available at registration areas, via the Internet, via phone, and are sent out routinely via mail to patients of the hospital The hospital employs financial counselors and contracts with an outside firm to ensure patients are evaluated for eligibility in the financial assistance programs available The hospital does not contract primary collections agencies All self-pay and balance after insurance accounts are reviewed and worked by hospital staff to ensure that the patient is given every opportunity to apply for financial assisitance Self-pay discounts are available to all uninsured patients as long as they complete the aid application Discounts given are equivalent to the average insurance discounts the hospital contracts allow Additionally, patients with balances are permitted to establish payment plans The hospital does not charge interest to its patients

2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves

OMHS utilizes four primary methods in assessing the health care needs of our community (1) OMHS partners with local healthcare organizations in assessing and addressing the healthcare needs of the region Organizations include the Green River District Health Department, River Valley Behavioral Health, Green River Area Development District, Green River Regional Health Council, Daviess County Diabetes Coalition, Daviess County, Owensboro Catholic and Owensboro Public Schools and numerous other providers Information and data sharing from each of our organizations is used to assess the health care needs of our community and develops collaborative approaches to address these needs (2) OMHS draws on resources published from numerous sources within the OMHS primary and secondary service area to assess healthcare needs Sources used by OMHS to identify community health needs for the OMHS service area are found in, but are not limited to, Healthy People 2010 (www healthypeople gov), The Health of Kentucky A County Assessment (www kyiom org/assessment html), Green River Regional Health Council Report Card (www gradd com/Aging_Pages/green_river_regional_health_council html), United Way of the Ohio Valley Human Services Needs Assessment, United Way of Southwestern Indiana Regional Needs Assessment (www unitedwayswi org/publications php?page=com_needs_assessment), reports from The Institute of Medicine http //www iom edu/Reports aspx?topic1={BA4CD870-F567-46E3-88DE-20E50A D7ED3E}, and, the Robert Woods Johnson Foundation County Health Rankings Project http //www countyhealthrankings org/ OMHS is currently developing parameters, scope, and identifying other interested partners in conducting an additional community health needs assessment in the coming year (3) Through our Community Benefit Grant Program, OMHS assesses the health needs of our community though partnership with more than a hundred community and social service organizations from around the region To be eligible for funding, potential grantees must submit proposals for specific programs and services that address identified community health needs or that address root causes of health problems that impact the health of our community To qualify, activities must reference the identified health needs from existing needs assessments and must advocate measurable improvement in health status, access, or use of healthcare resources Programs or projects must also serve individuals in the OMHS service area By virtue of ongoing partnerships with these organizations, OMHS gains firsthand knowledge of the health needs of our region and how we can work collaboratively with other organizations to address these needs (4) OMHS also uses business modeling products from Thomson Reuters and the Kentucky Hospital Association for assessment purposes Market Expert Inpatient and Outpatient Forecaster is used to access reliable data to make decisions that support both the financial health of OMHS and the health of our community This includes health status data and consumer characteristics Outpatient Profiles In addition to accurately quantifying current outpatient volumes and determining sites of service, this product supports service line planning decisions, reinforces technology and resource allocations, assists in identifying community needs, and, supports physician collaboration Kentucky Hospital Association Info Suite is an on-line data decision support system available to members for obtaining information from KHA's statewide inpatient and outpatient Limited Data Set Each hospital in Kentucky submits data to KHA and in turn we are able to review our needs within our service area KHA also have a reciprocal agreement which provides Indiana hospital information This data allows OMHS to review inpatient and outpatient data and to extrapolate community health status and need

3 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy

The hospital educates the patients in a variety of ways The hospital has signage at access points regarding financial assistance offerings The hospital has financial aid applications available at registration areas, via the Internet at the hospital website, via phone, and sent routinely via mail to patients of the hospital The hospital employs financial counselors and contracts with an outside firm to ensure patients are interviewed and evaluated for eligibility in the financial assistance programs available All self-pay and balance after insurance accounts are reviewed and worked by hospital staff to ensure that the patient is given every opportunity to apply for financial assistance Additionally information about applying financial assistance is included on the patient statements, bills, and letters they may receive from the hospital

4 Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

Community Information Demographics The "Primary Service Area" for the OMHS System is Daviess County, Kentucky, which accounts for approximately 67% of the Hospital's inpatient admissions Owensboro is the county seat of Daviess County, Kentucky, and lies on the southern banks of the Ohio River in western Kentucky OMHS is the only hospital within its Primary Service Area of Daviess County Owensboro is located 39 miles southeast of Evansville, Indiana, 131 miles north of Nashville, Tennessee, and 111 miles southwest of Louisville, Kentucky The total population of Daviess County is 94,418 according to 2008 U S Census Data Of these, 81% of those 25 or older have graduated from high school Per capita personal income for the Primary Service Area is $27,473 compared to $27,625 for Kentucky and $33,689 for the U S Social and Behavioral Indicators Within the Primary Service Area 28% of adults are estimated to be obese, defined as having a Body Mass Index of 30 0 or higher, 63% of adults are estimated to be overweight defined as having a Body Mass Index of 25 or higher, 26% of adults smoke, and, 29% of adults are missing six or more permanent teeth because of tooth decay or gum disease Health Outcomes Within the Primary Service Area the occurrence of infectious disease (AIDS, tuberculosis, and hepatitis) is 5 0 per 100,000 compared to 8 0 per 100,000 in Kentucky and 23 0 per 100,000 in the U S According to 2007 data, the incidence of motor vehicle deaths was 0 4 in the Primary Service Area compared to 2 1 in Kentucky and 1 5 in the U S The incidence of occupational fatalities was 5 1 per 100,000 in the Primary Service Areas compared to 8 0 in Kentucky and 5 0 per 100,000 nationwide Years of potential life lost prior to age 75 was 6,500 years per 100,000 population compared to 9,111 in Kentucky The total age adjusted rate of death (mortality) from all causes per year was 822 8 per 100,000 population compared to 906 8 in Kentucky When asked, 19 7% of adults in the Primary Service Area reported that their health status was fair or poor The death rate for all forms of cancer in the Primary Service Area stands at 192 8 per 100,000 compared to 237 0 in Kentucky and 202 0 nationwide Within the Primary Service Area, the prevalence of diabetes in adults is 9% and 11% for Asthma The age adjusted rate of death due to heart disease is 186 3 per 100,000 population compared to 224 0 for Kentucky and the age adjusted rate of death from stroke is 39 1 per 100,000 Access to Care Eighteen percent of adults under the age of 65 are uninsured according the Census Bureau data In 2008, Twenty-one percent of individuals in the service area were enrolled in Medicaid according to the Kentucky Department of Medicaid Services Within the Primary Service Area there exists 7 per 1000 primary care physicians, 1 4 per 1000 physician specialist, 12 2 per 1000 nurses, 1 1 per 1000 pharmacists and 6 per 1000 dentist Regarding numbers of health care providers available, there exists 195 physicians including 63 primary care physicians and 132 specialists, 1,150 Registered Nurses, 76 nurse practitioners, 27 physician's assistants, 102 pharmacists, and, 55 dentists Regarding Health Professional Shortage Areas (HPSA) in 2008, the Primary Service Area was not classified as such with respect to primary care and dental nor was it considered a Medically Underserved Area or Medically Underserved Population (MUA/Ps) It was, however, classified as a Mental Health HPSA Among the population, 78% reported that there was one person they think of as their personal doctor or health care provider The percent of adults who report that there was a time in the past year when they needed to see a doctor but could not because of cost was 9 1% compared to 16 7% in Kentucky All information was obtained from a variety of data sources as published on kyhealthfacts org

5 Community building activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

OMHS is not just the largest employer in the region, it is also the largest private employer in the Commonwealth of Kentucky west of Louisville, and the 35th largest in the state As such, we consider our responsibility to serve and strengthen our communities in ways much broader than providing direct health service or addressing only "identified health needs" We believe the second part of our mission professing to improve the health of the community requires us to support Community Building activities involving economic, educational, civic, arts, athletic and cultural organizations We believe these IRS categorized Community Building activities are equally as important to our charitable purposes as are our Community Benefit activities Where cash and in-kind allocations are made for Community Building programs and activities, we still require these organizations to identify on their proposal how these programs and activities address root causes of health problems and impact the health of our community In this way, they are also able to understand how improving the health of our community can be accomplished in many different ways Many of the non-profit organizations whose activities are classified as community building could not exist if it were not for the support OMHS and others give

6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

Governance of OMHS is entrusted to members of the community based on the board make-up and appointment process The OMHS bylaws set forth that three (3) members of the board be appointed by the publicly-elected Daviess County Judge Executive (County Mayor), three (3) members be appointed by the publicly-elected Mayor of Owensboro, one (1) member be appointed jointly by the Daviess County Judge Executive and the Mayor, and, four (4) members be elected or appointed by the community at large The other three (3) members of the board are active physicians appointed by the medical staff Each board member is passionate about their responsibility to further the OMHS mission to heal the sick and improve the health of THEIR community Within the board organizational structure, their also exists the Community Needs and Accountability Committee (CNAC) This committee is charged with overseeing governance polices for the OMHS Community Benefit Program including the review and approval of Community Benefit Grant Program funding allocations tied to community health needs The committee is also responsible for recommending and executing board policies in community engagements and for addressing board membership criteria, continuing education, board self assessment and development The committee serves as a leadership arm and key advocate for community health needs and programs within the board OMHS also established the Community Benefit Policy Committee consisting of senior leaders of the organization that make recommendations on Community Benefit polices and engagements prior to consideration by the OMHS Board Another staff committee, the Community Benefit Grant Program Review Committee, is made up of a broad cross-section OMHS employees, including but not limited to pastoral care, case management, community health, nursing and medical staff This committee reviews, scores and deliberates on all proposals for funding submitted by community organizations to OMHS to insure a focus on identified health needs and root causes of health problems At the staff level, OMHS employs an Executive Director of Governmental and Community Affairs and a Community Outreach Manager These two individuals oversee the OMHS Community Benefit program They work with dozens of OMHS Community Benefit Program partners to monitor and evaluate OMHS supported projects and programs to insure professed health improvement goals are being realized They provide information and reports to the community at large, the OMHS Board of Directors and the Community Needs and Accountability Committee on Community Benefit Program outcomes and overall community health In accordance with its bylaws, OMHS publishes The OMHS Report to the Community each December Within this annual report is detailed information and financial data about OMHS Community Benefit activities and outlays Prior to making the report available on the Internet and through direct mail, OMHS hosts a community event and presentation with hospital leaders to unveil it Though not required, OMHS voluntarily submitted a comprehensive Community Benefit Report to the Kentucky Hospital Association as part of a statewide demonstration project

7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communites served

8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report

KY

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 33

3 Enter total number of other organizations . . . ▶ 2

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
OMHS Employee Tuition Assistance	146	456,871			
Cancer Center Medical Fund	240	20,883			
Patient Medical Fund	420	28,756			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Form 990, Schedule I	Description of Organization's Procedures for Monitoring the Use of Grants	Services and activities must serve individuals in the OMHS service area, including Daviess, Hancock, Ohio, Henderson, Hopkins, McLean, Muhlenberg, Breckinridge and Webster counties in Kentucky or Spencer and Perry counties, Indiana Applications must specifically describe how the organization's services address root causes of health problems affecting the health of our community Eligible groups include economic, educational, civic, arts and cultural organizations

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Foundation for Health811 East Parrish Avenue Owensboro, KY 42303	61-1251763	501(c)(3)	433,918				contributions to Fdn
Owensboro Community and Technical College4800 New Hartford Road Owensboro, KY 42303	61-6001218	501 (c) (3)	201,357				Nursing program scholarship and Surgical Tech grant
United WayPO Box 705 Owensboro, KY 42302	61-0846061	501 (c) (3)	83,557				Support United Way fundaising activities
Greater Owensboro Chamber 200 East 3rd St Owensboro, KY 42302	61-0299925	501 (c) (3)	71,250				Support EDC operations and business research
University of L'ville Res Foun School of Nursing3019K-Wing Louisville, KY 40292	61-1029626	governmental	65,110				School of Nursing expenditures
Western KY Botanical Garden PO Box 22562 Owensboro, KY 42304	61-1251188	501(c)(3)	37,561				Community Support
Advisory BoardPO Box 79461 Baltimore, MD 21279	52-1468699		33,533				Clinical Tech Assessment and Marketing and Planning Leadership Council
Hancock County Public Schools330 Frank Lutrell Road Lewisport, KY 42351	62-6001295	governmental	25,000				Community Support
Lighthouse Recovery Services226 Walnut Street Owensboro, KY 42301	02-0570995	501 (c) (3)	25,000				Community Support
Owensboro Museum of Fine Arts901 Frederica Street Owensboro, KY 42301	61-1297343	501 (c) (3)	25,000				Community Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Wendell Foster's Campus815 Triplett St Owensboro, KY 42303	61-0490868	501 (c) (3)	25,000				Community Support
Trophy House511 Frederica Street Owensboro, KY 42301	61-0675581		20,287				Community Support
Riverpark Center101 Daviess St Owensboro, KY 42303	61-1147328	501 (c) (3)	20,248				Membership & Sponsorship
H L Neblett Center801 W 5th Street Owensboro, KY 42301	61-0523292	501 (c) (3)	20,000				Community Support
Owensboro Symphony Orchestra211 East 2nd Street Owensboro, KY 42303	61-6055984	501 (c) (3)	20,000				Community Support
Boulware Mission Inc731 Hall Street Owensboro, KY 42303	61-0486968	501 (c) (3)	15,000				Community Support
Komen for the CureP O Box 22505 Owensboro, KY 42304	75-2844632	501 (c) (3)	15,000				Community Support
University of Kentucky500 S Limestone Lexington, KY 40508	61-6001218	501 (c) (3)	15,000				Concert Master's Circle Sponsorship
Owensboro Area Museum of S&H122 East 2nd Street Owensboro, KY 42303	61-1164857	501 (c) (3)	14,000				Community Support
Kentucky Hospital Research & Education FdnPO Box 436629 Louisville, KY 40253	61-6052378	501 (c) (3)	13,967				Workforce expansion initiatives

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
McLean Co Board of Education245 Main Street Calhoun, KY 42327	61-6001255	501 (c) (3)	13,500				Community Support
Mentorkids Kentucky1700 Frederica Ste 204 Owensboro, KY 42301	61-1222299	501 (c) (3)	13,500				Community Support
Care Net Pregnancy CenterP O Box 9525 Owensboro, KY 42302	20-0736119	501 (c) (3)	12,800				Community Support
Green River District Health DeptPO Box 309 Owensboro, KY 423020309	61-1010686	501 (c) (3)	12,470				Community Support
American Red CrossP O Box 1745 Owensboro, KY 42302	61-0944834	501 (c) (3)	12,207				Community Support
Owensboro Family YMCA900 Kentucky Parkway Owensboro, KY 42301	61-0561344	501 (c) (3)	12,000				Community Support
Dream Riders of KentuckyP O Box 172 Philpot, KY 42366	01-0802025	501 (c) (3)	12,000				Community Support
Owensboro Dance Theatre 2705 Breckenridge St Owensboro, KY 42303	61-1040701	501 (c) (3)	11,000				Community Support
American Cancer Society319 W 10th St Ste 101 Owensboro, KY 42301	13-1788491	501 (c) (3)	10,000				Community Support
Brescia University717 Frederica Street Owensboro, KY 42303	61-0660795	501 (c) (3)	10,000				Community Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Kelly Autism Program815 Tripplett Street Owensboro, KY 42303	61-1251555	501 (c) (3)	10,000				Community Support
Daviess County Emergency Mgmt212 St Ann Street Owensboro, KY 42303	61-6000155	501 (c) (3)	10,000				Community Support
Junior Achievement of Kentucky1195 Wing Avenue Owensboro, KY 42303	61-0564988	501 (c) (3)	9,000				Community Support
Alma Randolph Charitable 1735 Frederica Street Owensboro, KY 42301	61-1245015	501 (c) (3)	6,400				Community Support
Daniel Pitino Shelter501 Walnut Street Owensboro, KY 42301	61-1245271	501 (c) (3)	6,000				Community Support

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
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?	**2**	Yes	
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 ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	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?	**6a**		No
b	Any related organization?	**6b**		No
	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	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured 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	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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) Retirement and other 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 reportable compensation				
Barber Jeffrey	(i)	523,323	156,000	67,151	37,480	11,649	795,603	0
	(ii)	0	0	0	0	0	0	0
Begley II Earnest E	(i)	234,639	68,484	14,547	16,092	13,493	347,255	0
	(ii)	0	0	0	0	0	0	0
Hackbarth Jr John	(i)	260,444	76,529	19,202	18,172	12,624	386,971	0
	(ii)	0	0	0	0	0	0	0
Jones Lisa	(i)	170,122	50,394	2,599	11,454	12,252	246,821	0
	(ii)	0	0	0	0	0	0	0
Medley Jr Richard W	(i)	160,453	40,853	20,377	11,162	6,005	238,850	0
	(ii)	0	0	0	0	0	0	0
Mills Michael	(i)	173,796	42,466	3,813	11,235	10,138	241,448	0
	(ii)	0	0	0	0	0	0	0
Ranallo Russell	(i)	178,969	53,939	881	12,164	14,020	259,973	0
	(ii)	0	0	0	0	0	0	0
Stogsdill Vicki	(i)	266,873	77,436	18,530	18,397	10,769	392,005	0
	(ii)	0	0	0	0	0	0	0
Strahan Greg	(i)	340,725	97,494	19,052	23,170	13,785	494,226	0
	(ii)	0	0	0	0	0	0	0
Suter Mia	(i)	210,422	60,147	13,387	14,198	1,607	299,761	0
	(ii)	0	0	0	0	0	0	0
Tyler MD Terry W	(i)	387,508	43,198	17,599	22,630	10,328	481,263	0
	(ii)	0	0	0	0	0	0	0
Padgett Patrick	(i)	645,326	0	123	0	13,256	658,705	0
	(ii)	0	0	0	0	0	0	0
Filbeck Jeffrey	(i)	622,855	0	123	8,250	11,605	642,833	0
	(ii)	0	0	0	0	0	0	0
Mulligan John	(i)	613,359	0	284	11,000	9,690	634,333	0
	(ii)	0	0	0	0	0	0	0
Ravi Lingamurthy	(i)	432,937	167,489	505	7,954	1,861	610,746	0
	(ii)	0	0	0	0	0	0	0
Uragoda Lalith	(i)	514,522	77,433	1,290	9,864	14,331	617,440	0
	(ii)	0	0	0	0	0	0	0

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information Schedule J Part I, 1a		Provided reduced rate fitness club membership, which is available to all employees This is a qualifying employee benefit and is not includable in gross wages This benefit was phased out and only one remains (grandfathered)
Schedule J, Part I, Line 4b		OMHS has a 457f deferred compensation plan that allows employees to contribute money on a pre-tax basis into investments that provide key employees with a retirement benefit Payments into the plan are based on base annual pay (15% for the CEO and 12% for other executives), no bonuses or reimbursed expenses are taken into account when applying percentage If the individual started in the middle of the year, payments are only made for the time that applies Participants are vested after 5 years The following executives made nontaxable contributions to plan Jeffrey Barber $78,958 80, Earnest Begley $28,650 14, John Hackbarth $32,118 87, Lisa Jones $21,123 16, Richard W Medley $19,433 69, Michael Mills $20,595 18, Russ Ranallo $22,608 87, Vicki Stogsdill $32,165 64, Greg Strahan $40,865, Mia Suter $25,243 69,

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

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				
Barber Jeffrey	(I)	523,323	156,000	67,151	37,480	11,649	795,603	0
	(II)	0	0	0	0	0	0	0
Begley II Earnest E	(I)	234,639	68,484	14,547	16,092	13,493	347,255	0
	(II)	0	0	0	0	0	0	0
Hackbarth Jr John	(I)	260,444	76,529	19,202	18,172	12,624	386,971	0
	(II)	0	0	0	0	0	0	0
Jones Lisa	(I)	170,122	50,394	2,599	11,454	12,252	246,821	0
	(II)	0	0	0	0	0	0	0
Medley Jr Richard W	(I)	160,453	40,853	20,377	11,162	6,005	238,850	0
	(II)	0	0	0	0	0	0	0
Mills Michael	(I)	173,796	42,466	3,813	11,235	10,138	241,448	0
	(II)	0	0	0	0	0	0	0
Ranallo Russell	(I)	178,969	53,939	881	12,164	14,020	259,973	0
	(II)	0	0	0	0	0	0	0
Stogsdill Vicki	(I)	266,873	77,436	18,530	18,397	10,769	392,005	0
	(II)	0	0	0	0	0	0	0
Strahan Greg	(I)	340,725	97,494	19,052	23,170	13,785	494,226	0
	(II)	0	0	0	0	0	0	0
Suter Mia	(I)	210,422	60,147	13,387	14,198	1,607	299,761	0
	(II)	0	0	0	0	0	0	0
Tyler MD Terry W	(I)	387,508	43,198	17,599	22,630	10,328	481,263	0
	(II)	0	0	0	0	0	0	0
Padgett Patrick	(I)	645,326	0	123	0	13,256	658,705	0
	(II)	0	0	0	0	0	0	0
Filbeck Jeffrey	(I)	622,855	0	123	8,250	11,605	642,833	0
	(II)	0	0	0	0	0	0	0
Mulligan John	(I)	613,359	0	284	11,000	9,690	634,333	0
	(II)	0	0	0	0	0	0	0
Ravi Lingamurthy	(I)	432,937	167,489	505	7,954	1,861	610,746	0
	(II)	0	0	0	0	0	0	0
Uragoda Lalith	(I)	514,522	77,433	1,290	9,864	14,331	617,440	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased Yes	(g) Defeased No	(h) On Behalf of Issuer Yes	(h) On Behalf of Issuer No
A	Kentucky Economic Development Finance Authority	61-0600439	49126KGX3	03-03-2010	512,772,595	See Schedule O		X		X

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	515,124,501				
2	Gross proceeds in reserve funds	37,912,800				
3	Proceeds in refunding or defeasance escrows	58,975,719				
4	Other unspent proceeds	397,775,501				
5	Issuance costs from proceeds	8,204,303				
6	Working capital expenditures from proceeds	0				
7	Capital expenditures from proceeds	12,256,178				
8	Year of substantial completion	2013				

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No	E Yes	E No
9	Were the bonds issued as part of a current refunding issue?	X									
10	Were the bonds issued as part of an advance refunding issue?		X								
11	Has the final allocation of proceeds been made?		X								
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X									

Part III Private Business Use

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No	E Yes	E No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X								
2	Are there any lease arrangements with respect to the financed property which may result in private business use?		X								

Part III Private Business Use *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No	E Yes	E No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?		X								
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X								
3c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %								
6	Total of lines 4 and 5		0 %								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?		X								

Part IV Arbitrage

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No	E Yes	E No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X								
2	Is the bond issue a variable rate issue?		X								
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X								
b	Name of provider										
c	Term of hedge										
4a	Were gross proceeds invested in a GIC?		X								
b	Name of provider										
c	Term of GIC										
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5	Were any gross proceeds invested beyond an available temporary period?		X								
6	Did the bond issue qualify for an exception to rebate?		X								

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.** ▶**See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
DR DOUGLAS ADAMS 5 RECRUITMENT LOAN		X	339,359	334,895		No		No	Yes	
OASF 579 REFINANCE		X	386,744	308,312		No	Yes		Yes	
Total . . . . . ▶ $				643,207						

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
MOLLIE MILLS	DAUGHTER OF MICHAEL MILLS	13,917	EMPLOYEE COMPENSATION		No
VIRGINIA WARD	DAUGHTER OF MICHAEL MILLS	52,118	EMPLOYEE COMPENSATION		No
STEVE JOHNSON	SON-ANN MURPHY KINCHELOE	126,375	EMPLOYEE COMPENSATION		No
JENNIFER RANALLO	WIFE OF RUSSELL RENALLO	21,436	EMPLOYEE COMPENSATION		No
DIANNE MILES	DIL - BILLY JO MILES	24,078	EMPLOYEE COMPENSATION		No

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SCHEDULE O (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Identifier	Return Reference	Explanation
Volunteers	Form 990, Part I, Question 6	Volunteer Services support the mission and goals of Owensboro Medical Health System They staff the patient information desk, deliver flowers, and play a crucial role as liaison between families and physicians in the surgery waiting areas Volunteers are an essential part of the care and comfort OMHS provides
Description of Classes of Persons and the Nature of Their Rights	Form 990, Part VI, Question 7a	OMHS is governed by a fourteen-member Board of Directors pursuant to the corporation's bylaws Three (3) directors are appointed by the County Judge/Executive of Daviess County ("County Judge") with the consent of the Daviess County Fiscal Court, three (3) directors are appointed by the Mayor of the City of Owensboro ("Mayor") with the consent of the Board of the Owensboro City Commission, one (1) director is appointed jointly by the County Judge and the Mayor, three (3) director positions are reserved for physicians who are members of the OMHS active Medical Staff, and four (4) directors are elected or appointed by the Board of Directors from the community The Board of Directors is responsible for overseeing the management and operation of OMHS OMHS Board members serve three-year terms, and can serve no more than three (3) consecutive terms, but are eligible for reappointment to the Board after having been off of the Board for at least one (1) year The Board has regularly scheduled monthly meetings
Descr Classes of Persons Requiring Approval & Type of Voting Rights	Form 990, Part VI, Question 7b	The following corporate actions shall require the affirmative act of the fiscal court of Daviess County ("County") and the commissioners of the City of Owensboro ("City") following a recommendation therefore by the Board of Directors (1) The admission of any member to the corporation, (2) The transfer of all, or substantially all, of the management responsibility for the corporation to a nonrelated person, (3) A merger, consolidation or other similar action that is dilutive of the assets of the corporation or that adversely affects any rights of the county or city provided for in the Corporation's Articles of Incorporation of the Bylaws, (4) Any amendments to articles 4,5,7,8 and 10 of the Articles of Incorporation, or any amendment to section Articles VII of the Bylaws (5) The dissolution of the corporation, (6) Any change of the name of the corporation, (7) The transfer (in one or more related transactions) during any twelve month period of 5% or more of the total assets of the corporation to an unaffiliated person(s), "Total Assets" shall mean the aggregate assets from the most recent financial statements of the corporation
Describe the Process Used by Management &/or Governing Body to Review 990	Form 990, Part VI, Question 11A	The return is reviewed by the CFO, Controller, and Accounting Manager before it is signed
Description of Process to Monitor Transactions for Conflicts of Interest	Form 990, Part VI, Question 12c	Under our conflict of Interest Policy (#100-214), each Board Director, Officer and Member of a committee with board-delegated power is required annually to complete the following, (1) Confidentiality Statement, (2) Disclosure Certificate, (3) Independence and related party questionnaire These disclosures are reviewed and retained by the Chief Legal Officer, who is also in the approval chain for all OMHS contracts All completed contracts are maintained by the Legal Office in a searchable database (through Meditract) Similarly, as soon as we implement the additional revised policy addressing conflict of interest for employees, each Director, Manager or other employee with authority to influence decisions regarding the purchase of goods or services by OMHS, will be requested to complete a conflict of interest disclosure and certification form These will be reviewed and maintained by the Compliance Officer The Compliance Officer also has access to the contract's database and completes an OIG sanction check for new contract Once the conflict of interest data has been collected, new contracts will be screened for potential conflicts of interest In addition, OMHS maintains a Compliance Hotline through which anyone with knowledge of a conflict of interest or improper vendor relationship can anonymously report suspected violations of OMHS policy
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15a	TOTAL COMPENSATION IS THE SUM OF CEO'S BASE SALARY, INCENTIVE OPPORTUNITY, BENEFITS, AND PERQUISITES -OUR TOTAL COMPENSATION PHILOSOPHY WILL APPLY TO CEO OF THE ORGANIZATION - CASH COMPENSATION AND BENEFITS PLANS PROVISIONS WILL BE, BASED ON MARKET DATA, COMPETITIVE WITH THOSE HEALTHCARE ORGANIZATIONS WITHIN WHICH WE COMPETE FOR EXECUTIVE TALENT OUR LABOR MARKET IS DEFINED AS SUCCESSFUL AND COMPARABLY SIZED HEALTHCARE ORGANIZATIONS ON A NATIONAL LEVEL SUCCESS IS MEASURED IN TERMS OF FINANCIAL AND OPERATIONAL PERFORMANCE AND MARKET LEADERSHIP -COMPETITIVE POSITIONING OF BASE SALARIES, AS REFLECTED BY THE SALARY RANGE MIDPOINTS, WILL BE AT THE 50TH PERCENTILE CEO MAY BE PLACED ABOVE OR BELOW THE SALARY RANGE BASED ON THE CEO'S KNOWLEDGE, COMPETENCIES, AND EXPERIENCE, PERFORMANCE OF THE CEO, THE CEO'S CONTRIBUTION TO THE ORGANIZATION'S OVERALL PERFORMANCE, INTERNAL EQUITY CONSIDERATIONS, THE FINANCIAL RESOURCES AVAILABLE, AND, CEO'S BASE SALARY INCREASES PROVIDED IN THE COMPETITIVE MARKET -ANNUAL MERIT INCREASE IS BASED ON JOB PERFORMANCE, REVIEWED BY FINANCE COMMITTEE, AND THEN APPROVED BY THE BOARD OF DIRECTORS -ANNUAL INCENTIVE OPPORTUNITIES WILL BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILE DEPENDING ON THE DEGREE TO WHICH PERFORMANCE GOALS ARE MET OR EXCEEDED TOTAL CASH COMPENSATION, AS REFLECTED BY BASE SALARIES AND ANNUAL INCENTIVES, WILL ALSO BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILES AND WILL BE INFLUENCED BY PERFORMANCE RESULTS AS MEASURED AGAINST ESTABLISHED GOALS INCENTIVE COMPENSATION PLAN REVIEWED BY FINANCE COMMITTEE, THEN APPROVED BY BOARD OF DIRECTORS -THE ORGANIZATION WILL PROVIDE APPROPRIATE AND COMPETITIVE SUPPLEMENTAL BENEFITS AND PERQUISITES DELIVERED IN A FLEXIBLE STRUCTURE TO ALLOW FOR INDIVIDUAL CHOICE AND BASED ON THE ORGANIZATION'S MISSION AND BUSINESS NEEDS - OUR EXECUTIVE TOTAL COMPENSATION PLAN WILL BE DESIGNED, MANAGED AND MAINTAINED IN A MANNER THAT WILL SUPPORT AND COMPLEMENT OUR MISSION, MANAGEMENT PHILOSOPHY, SHORT- AND LONG-TERM BUSINESS STRATEGIES, AND EMPLOYEE RELATIONS GOALS ATTRACT AND RETAIN EXECUTIVES WITH THE RIGHT SKILLS, ABILITIES AND MOTIVATION TO ACHIEVE OUR BUSINESS OBJECTIVE ENSURE THE EXECUTIVE TOTAL COMPENSATION IS REASONABLE AND COMPETITIVE -OUR CASH COMPENSATION AND BENEFITS PLANS WILL BE REVIEWED BY HR CONSULTING FIRM AND ADJUSTED PERIODICALLY TO MEET THE CHANGING BUSINESS AND ORGANIZATIONAL CHARACTERISTICS OF OUR ORGANIZATION AND ITS EXECUTIVE STAFF AS DIRECTED BY THE FINANCE COMMITTEE
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15b	TOTAL COMPENSATION IS THE SUM OF EACH EXECUTIVE'S BASE SALARY, INCENTIVE OPPORTUNITY, BENEFITS, AND PERQUISITES -OUR TOTAL COMPENSATION PHILOSOPHY WILL APPLY TO ALL EXECUTIVES OF THE ORGANIZATION -CASH COMPENSATION AND BENEFITS PLANS PROVISIONS WILL BE, ON AVERAGE, COMPETITIVE WITH THOSE HEALTHCARE ORGANIZATIONS WITHIN WHICH WE COMPETE FOR EXECUTIVE TALENT OUR LABOR MARKET IS DEFINED AS SUCCESSFUL AND COMPARABLY SIZED HEALTHCARE ORGANIZATIONS ON A NATIONAL LEVEL SUCCESS IS MEASURED IN TERMS OF FINANCIAL AND OPERATIONAL PERFORMANCE AND MARKET LEADERSHIP -COMPETITIVE POSITIONING OF BASE SALARIES, AS REFLECTED BY THE SALARY RANGE MIDPOINTS, WILL BE AT THE 50TH PERCENTILE EXECUTIVES MAY BE PLACED ABOVE OR BELOW THE SALARY RANGE BASED ON THE EXECUTIVE'S KNOWLEDGE, COMPETENCIES, AND EXPERIENCE, PERFORMANCE OF THE EXECUTIVE'S AREA OF RESPONSIBILITY, THE EXECUTIVE'S CONTRIBUTION TO THE ORGANIZATION'S OVERALL PERFORMANCE, INTERNAL EQUITY CONSIDERATIONS, THE FINANCIAL RESOURCES AVAILABLE, AND, EXECUTIVE BASE SALARY INCREASES PROVIDED IN THE COMPETITIVE MARKET -ANNUAL INCENTIVE OPPORTUNITIES WILL BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILE DEPENDING ON THE DEGREE TO WHICH PERFORMANCE GOALS ARE MET OR EXCEEDED TOTAL CASH COMPENSATION, AS REFLECTED BY BASE SALARIES AND ANNUAL INCENTIVES, WILL ALSO BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILES AND WILL BE INFLUENCED BY PERFORMANCE RESULTS AS MEASURED AGAINST ESTABLISHED GOALS -THE ORGANIZATION WILL PROVIDE APPROPRIATE AND COMPETITIVE SUPPLEMENTAL BENEFITS AND PERQUISITES DELIVERED IN A FLEXIBLE STRUCTURE TO ALLOW FOR INDIVIDUAL CHOICE AND BASED ON THE ORGANIZATION'S MISSION AND BUSINESS NEEDS -OUR EXECUTIVE COMPENSATION PLAN WILL BE DESIGNED, MANAGED AND MAINTAINED IN A MANNER THAT WILL SUPPORT AND COMPLEMENT OUR MISSION, MANAGEMENT PHILOSOPHY, SHORT- AND LONG-TERM BUSINESS STRATEGIES, AND EMPLOYEE RELATION'S GOALS ATTRACT AND RETAIN EXECUTIVES WITH THE RIGHT SKILLS, ABILITIES AND MOTIVATION TO ACHIEVE OUR BUSINESS OBJECTIVE ENSURE THE EXECUTIVE TOTAL COMPENSATION IS REASONABLE AND COMPETITIVE -OUR CASH COMPENSATION AND BENEFITS PLANS WILL BE REVIEWED AND ADJUSTED PERIODICALLY TO MEET THE CHANGING BUSINESS AND ORGANIZATIONAL CHARACTERISTICS OF OUR ORGANIZATION AND ITS EXECUTIVE STAFF THE COMPENSATION OF EACH INDIVIDUAL EXECUTIVE WILL BE REVIEWED AND APPROVED IN A MANNER CONSISTENT WITH THE INTERMEDIATE SANCTION TAX REGULATIONS
Avail of Gov Docs, Conflict of Interest Policy, & Fin Stmts to Gen Public	Form 990, Part VI, Question 19	Documents and policies are made available upon request

Identifier	Return Reference	Explanation
Bond Issue Description	Form 990, Schedule K, Part I, Line A, Column (f)	The proceeds from the Series 2010A Bonds are expected to be used to finance or refinance the acquisition, construction and equipping of (a) a new 9-story replacement acute care hospital containing approximately 650,000 square feet of space (the "Replacement Hospital"), (b) a 2-story support services building containing approximately 55,000 square feet of space, (c) a one and one-half story central energy plant containing approximately 24,000 square feet of space, and (d) a 2,700 stall parking lot and related real and personal property (collectively, the "Project") The Project will be situated on a 147-acre parcel that is located approximately 2 5 miles northeast of the Existing Hospital in Owensboro, Kentucky The Replacement Hospital will feature 350 patient rooms, of which as many as 97 are expected to be configured to permit shared use

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(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
OMHS Cardiovascular LLC 811 East Parrish Avenue Owensboro, KY 42303 20-0800844	Physician Prt	KY	894,589	320,338	
Kentucky Bioprocessing LLC PO Box 20007 Owensboro, KY 42303 20-4545241	Plant Bsd Prt	KY	5,044,369	21,479,649	
Commonwealth Medical Management LLC PO Box 20007 Owensboro, KY 42304 20-4796653	Phys Clnc Srv	KY	0	30,000	

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
Foundation for Health Inc 811 East Parrish Avenue Owensboro, KY 42303 61-1251763	Healthcare	KY	501(c)(3)	7	
Cooperative Health Services Inc 811 E Parrish Avenue Owensboro, KY 42303 61-1197638	Healthcare	KY	501(c)(3)	9	

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No
Owensboro Am Sr Fac 1000 Brkrg Owensboro, KY42303 75-2184992	Surgery Center	KY		Investment Income	709,781	6,383,320		No		Yes	

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
Owensboro Medical Center Laboratory Inc 811 E Parrish Avenue Owensboro, KY42303 61-0999592	Med Laboratory	KY		C Corp			

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1	During the tax year, did the orgranization 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	**1a** Yes	
b	Gift, grant, or capital contribution to other organization(s)	**1b** Yes	
c	Gift, grant, or capital contribution from other organization(s)	**1c** Yes	
d	Loans or loan guarantees to or for other organization(s)	**1d**	**No**
e	Loans or loan guarantees by other organization(s)	**1e**	**No**
f	Sale of assets to other organization(s)	**1f**	**No**
g	Purchase of assets from other organization(s)	**1g**	**No**
h	Exchange of assets	**1h**	**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i** Yes	
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k** Yes	
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**No**
n	Sharing of paid employees	**1n**	**No**
o	Reimbursement paid to other organization for expenses	**1o** Yes	
p	Reimbursement paid by other organization for expenses	**1p**	**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**No**
r	Other transfer of cash or property from other organization(s)	**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	(b) Transaction type(a-r)	(c) Amount involved
(1)	See Additional Data Table		
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations? Yes	(d) No	(e) Share of end-of-year assets	(f) Disproprtionate allocations? Yes	(f) No	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner? Yes	(h) No

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)
(1)	Owensboro Community Health Network Inc	(O)	365,684
(2)	Owensboro Medical Center Lab	(O)	2,326,299
(3)	Cooperative Health Services Inc	(O)	24,230,277
(4)	Cooperative Health Services Inc	(A)	643,572
(5)	Cooperative Health Services Inc	(R)	17,415,414
(6)	Foundation for Health Inc	(C)	91,651
(7)	Foundation for Health Inc	(B)	433,918