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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 07-01-2009 and ending 06-30-2010

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
PINNACLE HEALTH HOSPITALS

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
409 SOUTH SECOND ST PO BOX 8700

City or town, state or country, and ZIP + 4
HARRISBURG, PA 171058700

D Employer identification number
25-1778644

E Telephone number
(717) 231-8245

G Gross receipts $ 791,853,673

F Name and address of principal officer
William H Pugh
409 SOUTH SECOND ST PO BOX 8700
HARRISBURG, PA 171058700

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

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

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW PINNACLEHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1996 | **M** State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
INPATIENT AND OUTPATIENT non-profit HEALTHCARE SERVICES FOR CITIZENS OF THE local 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**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of employees (Part V, line 2a)	**5**	4,544
6	Total number of volunteers (estimate if necessary)	**6**	532
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,025,753
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	12,323,223	6,857,923
	9 Program service revenue (Part VIII, line 2g)	537,130,580	552,134,240
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-12,152,335	1,334,284
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	862,508	-795,480
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	538,163,976	559,530,967
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	250,239,731	261,149,682
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	280,483,556	284,364,093
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	530,723,287	545,513,775
	19 Revenue less expenses Subtract line 18 from line 12	7,440,689	14,017,192

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	535,108,496	629,460,924
	21 Total liabilities (Part X, line 26)	358,339,823	437,790,572
	22 Net assets or fund balances Subtract line 21 from line 20	176,768,673	191,670,352

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

****** | 2011-05-13
Signature of officer | Date

William H Pugh TREASURER/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Julius Green CPA	Date 2011-05-11	Check if self-empolyed ▶ ☐	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PARENTEBEARD LLC Suite 200 221 W PHILADELPHIA ST YORK, PA 174012993			EIN ▶ Phone no ▶ (717) 846-7000

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

PROVIDING BOTH INPATIENT AND OUTPATIENT HEALTHCARE SERVICES ON A NON-PROFIT BASIS FOR CITIZENS OF THE SURROUNDING 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 $ 451,707,970 including grants of $) (Revenue $ 532,561,811)

Pinnacle Health Hospitals (Corp 200)Since the founding of Pinnacle Health Hospitals in 1996, its mission has been to provide quality medical treatment and health care for everyone in the community, regardless of their ability to pay In the broad sense, this care includes social, educational and nutritional services which help people to learn better how to care for themselves Pinnacle Health Hospitals subsidizes the cost of treating patients who are uninsured, unable to pay, or are on government programs where reimbursement is less than the cost of providing the service In addition, a variety of health-related services and programs are provided to the community and are partially or fully subsidized by Pinnacle Health Hospitals Finally, Pinnacle Health Hospitals provides or participates in a significant number of educational services and programs dedicated to the training of health professionals The materials that follow describe some of the various patient services, community programs, and educational training provided by Pinnacle Health Hospitals Community Health Improvement ServicesAs one of the largest providers of women's hospital services in the state of Pennsylvania, Pinnacle Health Hospitals offers a variety of clinical, education and support services to women in the greater Harrisburg area Community Health EducationMammography Voucher Program (200-4301) provides a free mammography program for low income, at risk women WomanCare Resource Centers (200-4301) offer a variety of opportunities to become better informed on health issues which affect women These include classes, seminars, discussion groups, counseling sessions and a referral library Membership is free to over 33,000 members A variety of childbirth education programs are offered for new and expectant parents and siblings including infant care classes Support groups are offered free of charge to help people understand and cope with particular problems or illnesses They include Diabetes, Bereavement, Caregiver, Transplant, and Heart disease Children's Health Fair, conferences and lectures provide information on healthy lifestyles and health career sessions, youth health screenings, youth obesity prevention, child abuse awareness/prevention and literacy programs for children Kidshape is a pediatric weight management program offering education and support to children ages 6-14 and their families Pinnacle Health has been approved as one of the KidShape facilitators, offering the free nine-week program to those families in need (200-1076)Community health fairs Consumer health information service provided by the LibraryCommunity lectures on a variety of topics, including cardiovascular health, AIDS, sports medicine, and ethics Tobacco cessation education in clinics Health education stories in the newspaper, on television, on radio and in Hospital newsletter Clergy is available to patients and family members twenty-four hours a day As described in the Hospital's mission statement, Pinnacle Health Hospitals is committed to providing community-based programs and services which will enhance the health status of the people we serve Toward that end, Pinnacle Health Hospitals provided the following wellness and screening programs Screenings Cholesterol screening Body composition screening Prostate screening Podiatric screening Infant Development screenings Speech and hearing screenings Depression and anxiety screenings Lead Poison Bone Density Diabetes Education Nutrition Therapy Education programs Lead Poisoning Screenings Regional Cancer Center's (200-8007) board-certified surgeons and medical oncologists attack all types of cancer, supported by a team of pharmacists, social workers, rehabilitation and pain management specialists each with a unique awareness of patient needs Heart Failure Center - was developed in an effort to provide patients suffering from heart failure an alternative to frequent hospitalizations Our team of experienced healthcare professionals assists you in learning the skills needed to help self-manage your chronic illness The Pinnacle Health Wound and Hyperbaric Center (200-0827) with hyperbaric oxygen therapy capabilities is devoted to the treatment, rehabilitation and prevention of chronic wounds Our caring team of specialty physicians, nurses, physical therapists and nutritionists can help accelerate patients' healing, decrease discomfort, reduce complications and decrease re-occurrence Spine Institute (200-7187) combines the expertise of neurosurgeons, orthopedic surgeons, physiatrists, neurologists, pain management specialists, nurses, imaging services and rehabilitation services to target every patient's particular problem and provide optimal treatment Bus passes or taxi fees are provided to patients and families meeting the organization's financial assistance guidelines to enhance patient access to care As described in the Hospital's Mission statement, Pinnacle Health System is committed to providing professional and community health education programs which will enhance the health status of the people we serve Toward that end, Pinnacle Health Hospitals provided the following professional education programs Resident Physician Training programs for Orthopedic Surgery, Internal Medicine, General Surgery, Podiatry, and Family Practice Fellowship programs for Toxicology, Sports Medicine, and Maternal Fetal Medicine Clinical site for medical studentsClinical site for nursing studentsClinical site for dietitiansClinical site for emergency medical personnelClinical site for paramedic studentsClinical site for respiratory therapy studentsClinical site for radiology students Internships for medical assistants, Speech and Hearing, PT/OT and other allied health professional training Supervision for psychology studentsContinuing education for nurses and physician office staff and for local community professionals such as school nurses Toxicology Center is a needed community service that provides specialized care and relevant treatment to adults and adolescents as a result of overdose or accidental poisoning The toxicology center fills a critical public health gap, is a significant resource to the region and across the state and dedicated to the emergent needs of unintentional injury and operates at a loss Auxilliary Ernest R McDowell Scholarship ProgramEquipment DonationsUnited Way FundraisingBailey House is our Home Away From Home It provides free overnight lodging and a comfortable, supportive, and nurturing environment for families from outside of the Harrisburg area (200-1101)Nurse/Family Partnership program (200-7021) - Implemented based on very high teen birth rates and a high incidence of women not receiving prenatal care during the first trimester This is a nationally renown, evidence based, nurse home visitation program that improvise the health, well-being and self sufficiency of low income, first time parents and their children Children's Resource Center (200-0128) (CRC) provides care and coordination to children suspected of being abused and engages multiple disciplines to diagnose, evaluate and treat children who are victims of sexual abuse

4b (Code) (Expenses $ 15,120,055 including grants of $) (Revenue $ 14,271,871)

Pinnacle Health Emergency Department Services (Corp 205)Pinnacle Health Emergency Department Services (PHEDS) is a tax exempt, non-profit corporation engaged in providing professional services in the Pinnacle Health Emergency Department Emergency ServicesTwenty-four hour medical emergency service is provided in two Emergency Departments, (Harrisburg Hospital and Community General Hospital) staffed by physicians and nurses specializing in emergency medicine and support personnel Services are open to all persons without regard to age, sex, race, religion, national origin, handicap or ability to pay Medical coverage is given for community sporting events CPR training programs are offered to community groups and organizations Twenty-four hour Emergency Medical Command is provided for the Tri-County area During fiscal year 2010, Harrisburg Hospital Emergency Department had 56,926 billed patient visits and Community General Hospital had 34,118 billed patient visits

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** ▶ $ 466,828,025

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		No
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* — Yes / No: **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**		No
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**		No
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**		No
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**		No
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**	Yes	
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	0		
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			
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	4,544		
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 19		
b	Enter the number of voting members that are independent . .	1b 15		
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		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
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	Yes	
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 ▶ PA

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

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

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

William H Pugh
409 SOUTH SECOND ST
HARRISBURG, PA 171058700
(717) 231-8245

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

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

1a Complete this table for all persons required to be listed 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 . . . . . ▶	2,117,367	1,367,156	557,926

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 ▶ 131

			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**	Yes	
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
Siemens Medical Solutions USA Inc PO Box 640401 Pittsburgh, PA 15264	software support svcs	15,416,728
SODEXO PO Box 905374 Charlotte, NC 28290	Food services	13,830,200
CPTA Inc 205 South Front Street harrisburg, PA 17104	Transplant services	3,191,409
Up to Date Laundry Inc 1221 Desoto Road Baltimore, MD 21223	Laundry services	1,302,746
Quest Diagnostics Nichols Institute 12436 Collections Center Drive Chicago, IL 60693	diagnostic laboratory services	1,153,338
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 ▶ 44		

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 18,000				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d 532,342				
	e	Government grants (contributions)	1e 4,677,428				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 1,630,153				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		6,857,923			
Program Service Revenue			Business Code				
	2a	Patient Revenue, net	621,500	547,522,475	543,521,245	4,001,230	
	b	contracted medical ser	621,500	3,018,848	3,018,848		
	c	misc inpatient/outpati	621,500	464,215	464,215		
	d	medical education	900,099	342,073	342,073		
	e	Toxicology membership	900,099	163,050	163,050		
	f	All other program service revenue		623,579	623,579		
	g	**Total.** Add lines 2a–2f		552,134,240			
	3	Investment income (including dividends, interest and other similar amounts)		1,258,976	-1,299,328		2,558,304
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross Rents	7,714,361 /				
	b	Less rental expenses	9,341,040 /				
	c	Rental income or (loss)	-1,626,679 /				
	d	Net rental income or (loss)		-1,626,679		24,523	-1,651,202
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	223,039,315 / 17,659				
	b	Less cost or other basis and sales expenses	222,414,872 / 566,794				
	c	Gain or (loss)	624,443 / -549,135				
	d	Net gain or (loss)		75,308			75,308
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					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	Miscellaneous Income	900,099	494,912			494,912
	b	Cafeteria Sales	900,099	131,666			131,666
	c	Parking Fees	900,099	114,527			114,527
	d	All other revenue		90,094			90,094
	e	**Total.** Add lines 11a–11d		831,199			
	12	**Total revenue.** See Instructions		559,530,967	546,833,682	4,025,753	1,813,609

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	265,318	131,492	133,826	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	192,873,609	177,041,720	15,831,889	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	21,887,577	19,748,990	2,138,587	
9 Other employee benefits	31,800,828	28,926,045	2,874,783	
10 Payroll taxes	14,322,350	10,175,486	4,146,864	
11 Fees for services (non-employees)				
a Management	14,115,196	83,280	14,031,916	
b Legal	54,118	26,821	27,297	
c Accounting	114,907	52,478	62,429	
d Lobbying				
e Professional fundraising *See Part IV, line 17*				
f Investment management fees	95,983		95,983	
g Other	54,352,466	40,403,017	13,949,449	
12 Advertising and promotion	1,398,333	179,686	1,218,647	
13 Office expenses	109,877,606	107,357,186	2,520,420	
14 Information technology	4,473,714	2,761,565	1,712,149	
15 Royalties				
16 Occupancy	20,838,043	15,371,068	5,466,975	
17 Travel	356,294	288,600	67,694	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	942,875	797,416	145,459	
20 Interest	10,482,681	7,525,780	2,956,901	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	31,234,398	24,645,394	6,589,004	
23 Insurance	5,062,157	3,897,839	1,164,318	
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 Debts Expense	30,018,766	27,016,889	3,001,877	
b Temp Restricted Donati	533,293	133,323	399,970	
c Dues and Subscriptions	243,229	110,299	132,930	
d Miscellaneous Expense	170,034	153,651	16,383	
e				
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	545,513,775	466,828,025	78,685,750	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		5,834	1	4,704
	2	Savings and temporary cash investments		803,600	2	918,392
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		62,835,194	4	56,411,226
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		4,267,522	7	2,747,263
	8	Inventories for sale or use		11,917,900	8	11,860,354
	9	Prepaid expenses and deferred charges		6,221,045	9	6,879,061
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 763,785,898			
	b	Less accumulated depreciation	10b 468,456,950	274,534,601	10c	295,328,948
	11	Investments—publicly traded securities		144,915,461	11	222,168,206
	12	Investments—other securities See Part IV, line 11		6,313,933	12	6,157,458
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		23,293,406	15	26,985,312
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		535,108,496	16	629,460,924
Liabilities	17	Accounts payable and accrued expenses		146,474,989	17	153,858,256
	18	Grants payable			18	
	19	Deferred revenue		447,530	19	264,008
	20	Tax-exempt bond liabilities		187,536,946	20	253,250,368
	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		9,485,440	23	11,935,494
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		14,394,918	25	18,482,446
	26	**Total liabilities.** Add lines 17 through 25		358,339,823	26	437,790,572
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		150,490,279	27	161,192,189
	28	Temporarily restricted net assets		11,375,319	28	14,372,294
	29	Permanently restricted net assets		14,903,075	29	16,105,869
		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		176,768,673	33	191,670,352
	34	Total liabilities and net assets/fund balances		535,108,496	34	629,460,924

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	Yes	
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	Yes	

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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		12,053,845		12,053,845
b Buildings		372,305,007	199,697,651	172,607,356
c Leasehold improvements		10,813,748	4,505,374	6,308,374
d Equipment		308,535,125	253,655,608	54,879,517
e Other		60,078,173	10,598,317	49,479,856
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				295,328,948

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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Advances from Third-Party Payors	3,809,400
Due to third party payors	9,070,476
Accrued Long-Term Swap Contract	5,602,570
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	18,482,446

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	559,530,967
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	545,513,775
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	14,017,192
4	Net unrealized gains (losses) on investments	4	11,609,026
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-10,724,539
9	Total adjustments (net) Add lines 4 - 8	9	884,487
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	14,901,679

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	574,445,118
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	8,411,078		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	1,423,968		
e	Add lines **2a** through **2d**			2e	9,835,046
3	Subtract line **2e** from line **1**			3	564,610,072
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	-5,079,105		
c	Add lines **4a** and **4b**			4c	-5,079,105
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	559,530,967

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

1	Total expenses and losses per audited financial statements			1	554,757,793
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	9,341,040		
e	Add lines **2a** through **2d**			2e	9,341,040
3	Subtract line **2e** from line **1**			3	545,416,753
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	97,022		
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	97,022
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	545,513,775

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
Part X	Description of Uncertain Tax Positions Under FIN 48	The Pinnacle Health System evaluates uncertain tax positions using a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions No adjustments to the consolidated financial statements were required as a result of this evaluation
Part XI, Line 8 - Other Adjustments		Change in additional minimum pension liability 723547 Fund balance transfer - Pinnacle health System 33933532 Fund balance transfer - Pinnacle Health Medical Services -31127135 Fund Balance transfer - Pinnacle Health Home Care & Hospice -11810893 Fund Balance Transfer - Community Life Team -2218209 Fund Balance Transfer - Pinnacle Health Foundation -225381
Part XII, Line 2d - Other Adjustments		Net Assets Released from Restrictions 1425007 Investment fees reported net of investment income -1039
Part XII, Line 4b - Other Adjustments		Restricted Contributions 4266815 Investment income from restricted assets 26065 Net realized losses from sale of restricted investments -563287 rental expenses shown net of rental income -9341040 Unrestricted contributions from Pinnacle Health Foundation 532342
Part XIII, Line 2d - Other Adjustments		rental expenses shown net of rental income 9341040

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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 **25000.0000000000 %**	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 _____	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	Yes	
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		No
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)			4,905,299	0	4,905,299	0 950 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			58,093,699	39,663,691	18,430,008	3 580 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0		
d **Total** Charity Care and Means-Tested Government Programs			62,998,998	39,663,691	23,335,307	4 530 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,261,213	280	2,260,933	0 440 %
f Health professions education (from Worksheet 5)			13,425,882	5,466,589	7,959,293	1 540 %
g Subsidized health services (from Worksheet 6)			29,274	0	29,274	0 010 %
h Research (from Worksheet 7)			0	0		
i Cash and in-kind contributions to community groups (from Worksheet 8)			3,611,946	0	3,611,946	0 700 %
j **Total** Other Benefits			19,328,315	5,466,869	13,861,446	2 690 %
k **Total.** Add lines 7d and 7j			82,327,313	45,130,560	37,196,753	7 220 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			71,813	0	71,813	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			196	0	196	0 %
7	Community health improvement advocacy						
8	Workforce development			22,298	0	22,298	0 %
9	Other						
10	**Total**			94,307		94,307	0 010 %

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	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	12,796,705		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	4,172,467		
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	113,773,577		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	111,571,221		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	2,202,356		
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	West Shore Surgery Center Ltd	Surgical Care - Medical Services	49 000 %	0 %	49 000 %
2	Susquehanna Valley Surgery Center	Surgical Care - Medical Services	50 000 %	0 %	50 000 %
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)
Pinnacle Health Hospitals - Harrisburg 111 South Front Street Harrisburg, PA 17101	X	X		X		X	X		
Pinnacle health Hospitals - Community 4300 Londonderry Road Harrisburg, PA 17109	X	X		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

See additional data

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

See additional data

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

See additional data

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

See additional data

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

See additional data

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)

See additional data

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

See additional data

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

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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				
ROGER LONGENDERFER MD	(i)	0	0	0	0	0	0	0
	(ii)	574,336	86,636	26,314	223,989	52,627	963,902	0
William H Pugh	(i)	0	0	0	0	0	0	0
	(ii)	298,589	35,726	14,165	13,627	29,371	391,478	0
CHRISTOPHER P MARKLEY ESQ	(i)	0	0	0	0	0	0	0
	(ii)	267,132	29,268	34,990	14,833	33,365	379,588	0
RICHARD C SENECA ESQ	(i)	259,935	0	0	0	0	259,935	0
	(ii)	0	0	0	0	0	0	0
KIM KELLY	(i)	483,583	0	4,440	14,846	17,222	520,091	0
	(ii)	0	0	0	0	0	0	0
Wendy Biedrzycki	(i)	327,747	0	0	11,364	11,892	351,003	0
	(ii)	0	0	0	0	0	0	0
Edward Hildrew	(i)	236,199	11,463	106,670	33,246	24,914	412,492	0
	(ii)	0	0	0	0	0	0	0
John Goldman	(i)	204,765	62,210	24,600	12,308	22,573	326,456	0
	(ii)	0	0	0	0	0	0	0
Julian Gutierrez	(i)	185,734	9,425	94,561	14,730	27,019	331,469	0
	(ii)	0	0	0	0	0	0	0
E Danfield-surviving sps	(i)	61,929	0	0	0	0	61,929	0
	(ii)	0	0	0	0	0	0	0
E Fletcher-surviving sps	(i)	16,143	0	0	0	0	16,143	0
	(ii)	0	0	0	0	0	0	0
Jesse A Weigel	(i)	27,963	0	0	0	0	27,963	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
	Part I, Line 1a	Roger Longenderfer, M D , President and CEO , received a reimbursement for personal financial services The reimbursement was included in his taxable compensation
	Part I, Line 4a	Roger Longenderfer, M D , President and CEO was covered by a 457(f) Supplemental Retirement Agreement (SERP) which was not funded in the current year

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	Dauphin County General Authority	23-2336949	23825ECL6	06-24-2009	187,538,449	refund Series 2004, 2005 & 2007, SWAP termination, capital projects		X		X
B	Dauphin County General Authority	23-2336949	23825ecx0	08-31-2009	70,000,000	Capital projects		X		X

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	187,538,449	70,000,000			
2	Gross proceeds in reserve funds	9,493,675				
3	Proceeds in refunding or defeasance escrows	168,307,000				
4	Other unspent proceeds	16,184,997	16,184,997			
5	Issuance costs from proceeds	2,962,259	536,506			
6	Working capital expenditures from proceeds					
7	Capital expenditures from proceeds	6,775,515	53,278,497			
8	Year of substantial completion	2009				

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?		X		X						
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X		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		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 %		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 ▶	2 060 %		0 780 %							
6	Total of lines 4 and 5	2 060 %		0 780 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X							

Part IV Arbitrage

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	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		X						
2	Is the bond issue a variable rate issue?		X	X							
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?	X			X						
b	Name of provider	Citigroup									
c	Term of hedge	30 000000000000									
4a	Were gross proceeds invested in a GIC?		X		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		X						
6	Did the bond issue qualify for an exception to rebate?		X		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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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
Total . . . . . ▶ $										

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
Denise F Harr MD Partner with Heritage Medical Group	Board Director	450,000	See Sch O - Contract termination related to Hospitalist coverage agreement with medical group in which Dr Harr is a Partner Payment was made to the group, not Dr Harr directly		No
Felix Gutierrez MD President of Moffitt Heart & Vascular Group	Board Director	360,217	See Sch O - Cardiology services agreement with medical group in which Dr Gutierrez is an owner Payment was made to the group, not Dr Gutierrez directly		No
					No
					No

Additional Data

Software ID:
Software Version:
EIN: 25-1778644
Name: PINNACLE HEALTH HOSPITALS

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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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

Identifier	Return Reference	Explanation
Form 990, Part V, line 1		Pinnacle Health System, the parent entity of a group of tax-exempt organizations, is the common reporting agent for the group and files all 1099 forms for Pinnacle Health Hospitals

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		The authority and responsibility for review of the Form 990 for Pinnacle Health System and subsidiaries, is delegated to the Finance and Audit Committee of the Pinnacle Health System Board In order to accomplish this, all members of the Finance and Audit Committee are provided with a reasonable opportunity to review and comment to executive leadership on the IRS Form 990's of the Pinnacle Health System and its subsidiaries, including Pinnacle Health Hospitals, Pinnacle Health Medical Services, Pinnacle Health Foundation, Pinnacle Health Home Care & Hospice and Community Life Team before they are filed with the Internal Revenue Service In addition, each member of each respective Board of Directors will be given access to view their individual Form 990 via a shared, password-protected website

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

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

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

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

Identifier	Return Reference	Explanation
Form 990, Part XI, Line 2C		Pinncale Health Hospitals was included in the audited consolidated financial statements and supplemental data for Pinnacle Health System and its subsidiaries The Finance and Audit Committee of the Pinnacle Health System Board assumes the responsibility for the oversight of the audit and the selection of the independent accountant This process has not changed during the tax year

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
PINNACLE HEALTH HOSPITALS

Employer identification number
25-1778644

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
Pinnacle Health Emergency Department LLC 409 SOUTH SECOND STREET PO BOX 8700 HARRISBURG, PA 17105 86-1057582	Medical Emergency Services	PA	14,271,871	1,533,802	N/A
pinnacle health cumberland condominium association 409 SOUTH SECOND STREET PO BOX 8700 hARRISBURG, PA 171058700 20-8977427	Condominium Association	PA	0	6,251	N/A

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
Pinnacle health System 409 South Second Street PO Box 8700 Harrisburg, PA 171058700 25-1778658	management and consultative services for related entities	PA	501(c)(3)	Line 11c, III-FI	N/A
Pinnacle health Medical Services 409 South Second Street PO Box 8700 harrisburg, PA 171058700 25-1709054	Physician services	PA	501(c)(3)	Line 3	N/A
Pinnacle Health Foundation 409 South Second Street PO Box 8700 harrisburg, PA 171058700 22-2691718	investment and fundraising activities for related tax-exempt organizations	PA	501(c)(3)	Line 11b, II	N/A
Community Life TEam 409 South Second Street PO Box 8700 harrisburg, PA 171058700 23-1890444	Medical transport services	PA	501(c)(3)	Line 9	N/A
Pinnacle health HomeCare & Hospice 409 South Second Street PO Box 8700 harrisburg, PA 171058700 23-2024121	skilled homecare services and services to terminally ill	PA	501(c)(3)	Line 3	N/A

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) Disproprtionate 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
West Shore Surgery Center Ltd 409 South Second Street PO Box 8700 harrisburg, PA171058700 25-1821415	surgical care - medical services	PA	N/A	related	1,071,101	1,313,787		No			No

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
United Central PA Risk retention group 76 St Paul Street Suite 500 Bulington, VT054014477 13-4224033	captive insurance	VT	N/A	C			
United Health Risk Ltd PO Box HM 2450 Hamilton HM JX BD	captive insurance	BD	N/A	C			

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
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	Yes	
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	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
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) west shore surgery center Ltd	A	627,144
(2) west shore surgery center Ltd	Q	270,102
(3) Pinnacle Health Home Care & Hospice	A	155,861
(4) Pinnacle Health Home Care & Hospice	Q	160,008
(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?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Additional Data

Software ID:
Software Version:
EIN: 25-1778644
Name: PINNACLE HEALTH HOSPITALS

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			
Robert L LYON Chairman	1 80	X		X				0	0	0
ROGER LONGENDERFER MD PRESIDENT/CEO	8 70	X		X				0	687,286	276,616
Cynthia T Tolsma Vice-Chairman	20	X		X				0	0	0
EDNA V BAEHRE PHD DIRECTOR	50	X						0	0	0
Theodore Bernstein DIRECTOR	1 30	X						0	0	0
JOHN O CAMPBELL DIRECTOR	1 60	X						0	0	0
Gregory Cavoli DIRECTOR	50	X						0	0	0
Susan S Cohen DIRECTOR	1 00	X						0	0	0
Paul J Creary MD DIRECTOR	1 00	X						0	0	0
Bony R Dawood DIRECTOR	1 60	X						0	0	0
George F Grode dIRECTOR	3 10	X						0	0	0
Felix Gutierrez MD DIRECTOR	90	X						0	0	0
Denise F Harr MD DIRECTOR	1 00	X						0	0	0
Mark Kimmel Esq DIRECTOR	40	X						0	0	0
M Richard Kleiman DIRECTOR	1 20	X						0	0	0
Deborah S Miller DIRECTOR	1 40	X						0	0	0
Douglas A Neidich DIRECTOR	50	X						0	0	0
Larry L Sollenberger MD DIRECTOR	1 50	X						0	0	0
Dennis Walsh dIRECTOR	60	X						0	0	0
Clarence E Asbury DIRECTOR	2 30	X						0	0	0
Paul A Kunkel MD DIRECTOR	10	X						0	0	0
William H Pugh Treasurer	28 20			X				0	348,480	42,998
CHRISTOPHER P MARKLEY ESQ SECRETARY	22 00			X				0	331,390	48,198
RICHARD C SENECA ESQ ASST SECRETARY	34 00			X				259,935	0	0
KIM KELLY CRNA	40 00					X		488,023	0	32,068

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			
Wendy Biedrzycki CRNA	40 00					X		327,747	0	23,256
Edward Hildrew Er Physician	40 00					X		354,332	0	58,160
John Goldman ER Physician	40 00					X		291,575	0	34,881
Julian Gutierrez er Physician	40 00					X		289,720	0	41,749
E Danfield-surviving sps Former director	0 00						X	61,929	0	0
E Fletcher-surviving sps Former director	0 00						X	16,143	0	0
Jesse A Weigel former director	0 00						X	27,963	0	0

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Patient Revenue, net	621,500	547,522,475	543,521,245	4,001,230	
contracted medical ser	621,500	3,018,848	3,018,848		
misc inpatient/outpati	621,500	464,215	464,215		
medical education	900,099	342,073	342,073		
Toxicology membership	900,099	163,050	163,050		

Additional Data

Software ID:
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Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 6a The community benefit report is prepared by Pinnacle Health System, the parent organization

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7 The costs of charity care and unreimbursed Medicaid costs are calculated by the Hospital's cost accounting system for each of the individual services provided to the patient It utilizes hospital expenses from the general ledger and revenue details from the patient accounting system Each department within the hospital is classified as either indirect (overhead) or direct (patient care areas) Expenses are classified as fixed or variable as they relate to patient volume Logical statistics are used to allocate overhead expenses to the patient care departments Using either a ratio of cost-to-charge or RVUs (relative value units), the direct and indirect costs for each department are allocated to the services they provide

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7g The subsidized health services include costs associated with the expanded Emergency Room services during Fiscal Year 2010 to respond to the H1N1 Flu Pandemic to meet the needs of the community for testing and response The subsidized services also include prescription medications that were provided at no or very little cost to inpatients that otherwise would not have been able to obtain the medications

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7f The amount of bad debt included in Form 990, Part IX, line 25 and not included for the purposes of calculating the applicable percentages of Schedule H is $30,018,766

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part III, Line 4 The financial statements do not have a specific note on bad debt expense, rather the financial statements evaluate bad debts based on its allowance for doubtful accounts The footnote related to the allowance is summarized as follows "Patient receivables are recorded at their estimated net realizable value The allowance for doubtful accounts is estimated based upon historical collection rates "The bad debt expense on line 2 was calculated by taking the amount written off to bad debt for each account and converting it to charges by appropriately adjusting the amount by the payor reimbursement percentage for that account Then, the cost/charge ratio for each specific account, utilizing the costs from the Hospital cost accounting system (described in detail above), was applied to this calculated portion of the total charges For the portion of bad debt expense that is attributable to patients eligible under the organization's charity care policy, the Hospital utilizes data provided by MedeAnalytics, a third party independent company, on the patient's estimated income which is derived by normalizing data from multiple, disparate sources to determine which of the bad debt accounts could have been eligible for charity care but the patient had not applied This patient financial data has been found to be reasonably accurate based on comparisons to the patients' actual income per supporting documentation provided for those that have applied for charity care An overall cost to charge ratio was then applied to this amount to arrive at an expense figure

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part III, Line 8 The Medicare costs were determined based on the Hospitals' cost accounting system allocation of costs based on the services rendered The entire amount should be treated as community benefit as this shortfall must be supplemented by the community through higher charges and payor rates

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part III, Line 9b Patients are notified of our charity care policy in a variety of ways There are posters informing patients of our Charity Care policy at all the registration sites In addition, the patient account statements contain language that indicates there is financial aid available for qualifying individuals Furthermore, the Hospital contracts with a third party, MedeAnalytics, to review patient data to determine if certain patient accounts may qualify for charity care Once the data is reviewed and the patient account indicates it may be possible for charity care, the patient may be contacted in writing of the policy and provided an application Not all patients receive an application as it is a case by case basis depending on each patient's financial situation Once the patient returns to the Hospital a completed application, along with supporting documentation, the Hospital will review the data and provide a determination within two weeks If approved, the discount is applied to all open accounts and is effective for six months from the date of approval Patients provided partial financial aid discounts are expected to make reasonable payment arrangements

Form 990 Schedule H, Part VI - Supplemental Information, Line 2

Part VI, Line 2 As a co-sponsor of the 2007 Community Needs Assessment conducted by the Drexel University School of Public Health, Pinnacle Health Hospitals uses evidence-based findings to outline community health improvement strategies This "point-in-time" study noted, "The health status of Dauphin County's residents is poor and ranks among the five worst in Pennsylvania for HIV/AIDS, sexually transmitted diseases, and low birth weight " Specifically, seven key needs for enhancing public health and improving access to personal health services were cited maternal and child health, sexually transmitted diseases and HIV/AIDS, emergency preparedness, medical care and services, dental care, chronic disease prevention and management, and behavioral health The study also identified the lack of a single, well-known and accepted place for Dauphin County residents to go for public health services and information Pinnacle Health Hospitals has used the results of this study to develop a community health strategy that is broad in scope and focused on outcomes that meet the specific needs of a diverse population Pinnacle Health Hospitals accesses various state and national sources for secondary data, including the Pennsylvania Department of Health EpiQMS System (Epidemiologic Query and Mapping System), an interactive health statistics web tool where you can create customized data tables, charts, maps, and county assessments/profiles for the following datasets -Behavioral Risk Factor Surveillance System (BRFSS)-Births-Cancer Incidence -Communicable Diseases (other than STDs) -Deaths -Emergency Medical Services -Environmental Public Health Tracking Network (EPHTN) -Infant Deaths -Population -Sexually Transmitted Diseases (STDs) -Teen Pregnancies (Reported)Pinnacle Health Hospitals utilizes The US Department of Health and Human Services' Community Health Status Indicators which provides data that can be compared to peer counties on a state and national level In addition, Healthy People 2020 identifies nearly 600 objectives with more than 1,300 measures to improve the health of all Americans To monitor progress toward achieving individual objectives, Healthy People relies on data sources derived from a national census of events like the National Vital Statistics System and nationally representative sample surveys like the National Health Interview Survey Pinnacle searches the Health Indicators Warehouse for data related to Healthy People 2020 objectives developed by the National Center for Health Statistics Pinnacle Health Hospitals uses direct patient feedback, outreach efforts, and community based partnerships to determine the health care needs in Cumberland, Dauphin, and Perry Counties The primary data sources for assessing the unmet needs of the community are direct patient contact, questionnaires, and observation of the patient population in Pinnacle's four campuses (Community, Cumberland, Harrisburg and Polyclinic), FamilyCare physician practices, home health and hospice services, outpatient surgery and imaging centers Through various outreach programs including health fairs, screenings, lectures, and education sessions, data is collected and included in assessing the overall unmet needs of the community

Form 990 Schedule H, Part VI - Supplemental Information, Line 3

Part VI, Line 3 Patients are informed of available assistance in numerous ways Signage is posted at all the registration sites indicating to the patients that financial assistance is available All un-insured patients who are scheduled for high dollar tests and surgeries are contacted by one of our financial counselors to discuss the financial assistance options available to them In addition, all inpatients who are residents of Pennsylvania are provided personal assistance in the completion of the Medical Assistance application As part of the discharge process in the Emergency Department, all uninsured patients are screened for charity care eligibility under the Hospital policy Lastly, information about financial assistance is included on the patient billing statements Programs discussed include the Pennsylvania state Medicaid program (Medical Assistance), hospital charity care program, and funds available through the hospital endowment

Form 990 Schedule H, Part VI - Supplemental Information, Line 4

Part VI, Line 4 Pinnacle Health Hospitals' (PHH) primary service area (PSA) consists of 53 contiguous zip codes in portions of 6 counties in the Greater Harrisburg area of south central Pennsylvania The six counties include Dauphin, Cumberland, Perry, York, Lancaster and Lebanon The community can be described as a mix of rural in the outlying counties, suburban and urban area of the City of Harrisburg The PSA accounts for approximately 85 percent of the overall acute patient discharges of the Hospitals Pinnacle Health Hospitals competes with three acute care hospitals and 2 rehabilitation hospitals within the PSA One of the acute care hospitals is a for profit hospital owned by a large publicly registered health care system The second competitor is a medical academic hospital affiliated with a large state funded public university and the final competitor is a smaller, non-teaching not-for-profit hospital The first rehabilitation hospital is owned and operated by a large publicly registered corporation and the other rehabilitation hospital is operated by the medical academic hospital of the large state funded public university already mentioned The PSA in which PHH serves has 12 census tracts which have been identified by the U S Health Resources and Services Administration as Medically Underserved Areas (MUAs) In addition, immediately adjacent to the West of the PSA are an additional 5 minor civil divisions which have been identified as MUAs PHH is a significant provider of healthcare services to patients in the areas adjacent to its PSA PHH is the primary provider for the 49,000 people living in the city of Harrisburg The Emergency Department of the hospital is the first option for a large majority of the city residents In addition, the Hospital and related organizations operate adult, children, woman and teen primary care clinics that mainly serve the city's Medicaid population Other demographic statistics of Harrisburg include 27 9 percent of the population is under the age of 18, 39 4 percent have household incomes of less than $25,000, 45 percent of children live below the Federal poverty line, 77 percent of the population is comprised of ethnically diverse minority populations and finally 22 percent of the population is estimated to have no health insurance and 29 percent have Medicaid insurance The Hospital's market share of the city of Harrisburg's Medicaid population is approximately 81 9 percent PHH is also the major provider of health care services for all of Dauphin County, where the city of Harrisburg is located, and according to "County Health Rankings," Dauphin County ranks 47th out of a total of 67 Pennsylvania Counties in an assessment of the overall health of each county The PA department of health reports that Dauphin County ranks above the state of PA as a whole in the following categories low birth weight, births to mothers under the age of 18, breast cancer incidence, lung cancer incidence, heart disease and stroke

Form 990 Schedule H, Part VI - Supplemental Information, Line 5

Form 990 Schedule H, Part VI - Supplemental Information, Line 5

Part VI, Line 5 Pinnacle Health Hospitals' long standing relationship with the local comm unity positions us as a leader at improving the community's overall well-being We activel y support the United Way of the Capital Region and our Senior Leadership leads a charge to incrementally increase employee giving and financial support We work collaboratively wit h the Harrisburg Chamber of Commerce to improve the economic development of the community including the Harrisburg Downtown Improvement District and Team Pennsylvania Foundation to help build and retain a qualified workforce in Pennsylvania The Pinnacle Health Foundati on granted the Latino Hispanic American Community Center a computer to allow clients to ac cess the internet to apply for public assistance programs including job placement and heal th insurance As previously noted, Pinnacle Health co-sponsored the 2007 Community Needs A ssessment conducted by the Drexel University School of Public Health, to provide the commu nity evidence-based findings to outline community health improvement strategies Additiona lly Pinnacle Health Hospitals supports the Institute for Cultural Partnerships to facilita te opportunities for understanding among diverse cultures and communities Pinnacle Health Hospitals' staff collaborates with traditional health care focused organizations includin g the American Health Association, American Lung Association, American Cancer Society, Ame rican Diabetes, YMCA, and Central Pennsylvania Food Bank to provide resources and expertis e With a focus on providing leadership in improving the overall health of our community, P innacle Health Hospitals values relationships with community partners and the assets they bring to any collaborative efforts Pinnacle Health Hospitals helped create the Dauphin Co unty Health Improvement Partnership (DCHIP) comprised of regional health and human service providers, payors, county government, businesses and education PHH has worked collaborat ively with physicians, health and human service organizations for many years to maximize c ommunity capacity, provide necessary services to the community and reduce duplication of s ervices PHH serves in a convening role to strengthen community assets through referral ne tworks and partnerships, such initiatives include the pharmacy voucher program with the Ha rrisburg Pharmacy, and with the local school system to promote health awareness and physic al activity among children The program includes a premium system to encourage students to adopt and maintain a healthier lifestyle Our joint ventures with regional physician spec ialty groups and radiological services are numerous Based on identified community needs a nd vulnerable populations, continuous and free public programs are targeted at various loc ations throughout the community These programs are intended to inform and change the heal th habits of participants through such topic areas as diabetes, heart disease, sexually tr ansmitted disease prevention, cancer, accessing healthcare, behavioral health, smoking ces sation and nutrition Recently, Pinnacle Health Hospitals initiated the creation of a joint ly owned psychiatric hospital in collaboration with Hershey Medical Center This venture w as pursued due to growing community needs for psychiatric services and closing of the stat e-operated psychiatric hospital As a trusted place for our community to go for access to p ublic health services and information, our staff of professionals meets the needs of a div erse population with cultural awareness and sensitivity In 2009, the Children's Resource Center evaluated 877 children in the region for child abuse which is an increase over prio r years More than 5,000 children were screened for lead poisoning with 13% confirmations of poisoning Since the inception of the lead poisoning screening program in 2004, we have assisted more than 872 patients with medication assistance, with a growing number being s erved each year More than 450 active HIV positive patients are served by Pinnacle Health Hospitals while the numbers continue to grow by 13% each year These initiatives are part of over $62 million of uncompensated care, charity care and community benefits provided by Pinnacle Health Hospitals to those in need in Central Pennsylvania Many of the community needs are initially addressed through the emergency departments of Pinnacle Health Hospita ls where more than 90,000 patients are seen each year In addition, women and children's c linics are provided for those without insurance or with minimal ability to pay In 2008, 1 6,700 visits were provided through the Women's Outpatient Health Center and 18,743 were pr ovided through the Children and Teen Center Although in its infancy stages, Pinnacle is co nvening a network of health centers to broaden its reach to the underserved populations T he Keystone Community Care Continuum includes four Community Health Centers working collab oratively with Pinnacle Health Hospitals' leadersh

Form 990 Schedule H, Part VI - Supplemental Information, Line 5

ip to develop information technology to improve access to and integration of care for our regions most needy populations The three main goals are to increase access to care, build capacity and performance of community clinics, and enhance coordination of care between P innacle Health Hospitals and community clinics

Form 990 Schedule H, Part VI - Supplemental Information, Line 6

Part VI, Line 6 Pinnacle Health Hospitals maintains an active role in the community in which it serves The role is reflective in its Board of Directors whose composition is greater than 80 percent independent community based leaders PHH has an open medical staff Currently more than 85% of the medical staff of the Hospital is community based Other community based medical staff which serve at the hospital include nurse practitioners, physician assistants, psychologists and nurse midwives The hospital also provides training for both medical students and residents in a number of specialties The Hospital has two ACGME accredited residency programs as well as four AOA accredited teaching programs The Hospital uses its surplus funds to renovate and expand patient care areas included to provide patient services which may not be currently available in the community Recent projects include a $28 million project to renovate and expand the Emergency Department at the Harrisburg Hospital due to the importance of this area in the Harrisburg community, a greater than $28 million dollar project to create expanded oncology services to the greater Harrisburg community and additional expansion and renovation to existing sites within the Hospital campuses to ensure the Hospital is meeting the needs of the community we serve As one of the leading hospitals in south central Pennsylvania, Pinnacle Health Hospitals strives to strengthen access to care as we provide a continuum of community based services that extend beyond the role of an acute care hospital - from in home prenatal care for first time mothers to a lead agency on a regional disaster preparedness task force To bring focus to our mission, Pinnacle Health Hospitals is committed to six strategic pillars commitment to people, service, quality, growth, community, and finance Guided by these pillars, the five initiatives highlighted below are key examples of our commitment to being a trusted place for our community to go for access to public health services and information -Nurse Family Partnership (NFP) - With a focus on people and a desire to make the healthcare system easier to navigate, we offer this voluntary prevention program that provides nurse home visitation services to low income, first-time mothers This nationally renowned, evidence-based community health curriculum transforms the lives of vulnerable families -Dauphin County Health Improvement Partnership (DCHIP) - With a focus on creating a cohesive system of public health services, we convene a team of multi-sector, community based partners from healthcare, human service, government, education, faith and payor communities Members are committed to working collaboratively to improve health, reduce disparities, and address the quality of life of community residents -Resource Education and Comprehensive Care for HIV (REACCH) Program - With a focus on access to quality care for vulnerable members of the community we emphasize treatment and prevention of the spread of HIV for women and children REACCH includes diagnostic, therapeutic and supportive services such as education about HIV disease and transmission, as well as treatment recommendations and how to access them - Improving the Health of Our Youth Program - With a focus on long range sustainable growth within our communities, it is evident that the health of our children is a focal point A multi step, long term approach to partnering with schools, businesses, and payors to educate students and families on healthy food choices and physical activity alternatives ensures sustainable behavior change -Emergency Management Plan-South Central Task Force - With a focus on providing leadership in improving the overall health of our community, our emergency management team creates an environment that supports accessibility and consideration of basic family needs including safety The task force collaborates and coordinates both public and private sector resources for regional solutions that provide support to communities when events exceed their capabilities

Form 990 Schedule H, Part VI - Supplemental Information, Line 7

Part VI, Line 7 Pinnacle Health Hospitals is part of the Pinnacle Health System, a fully integrated, affiliated health care system The system is comprised of six wholly owned entities as well as a variety of affiliated joint ventures The organization's mission is to maintain and improve the health and quality of life for everyone in central Pennsylvania Pinnacle Health System is engaged in and conducts charitable, educational, and scientific activities through the support and benefit of Pinnacle Health Foundation, and provides management and consultative services to affiliated entities Pinnacle Health Foundation engages in investment and fundraising activities for the benefit of the related organizations Pinnacle Health Homecare is dedicated to providing high quality, holistic home care services to homebound individuals of all ages with intermittent skilled needs Pinnacle Health Hospice is dedicated to providing comprehensive, individualized, quality care to terminally ill adults, children and their families regardless of personal or financial circumstances Pinnacle Health Medical Services is primarily engaged in the provision of physician services to support and enhance the services within Pinnacle Health Hospitals and Pinnacle Health System Community Life Team is engaged in providing community based, efficient and cost effective medical transport services, pre-hospital emergency medical services for the residents and communities of the central Pennsylvania region The Pinnacle Health System and its affiliates are actively involved in the central Pennsylvania region through various charity and community benefit activities The other entities within the System, not including the Hospital, provided $121,129 of charity care The System entities are also actively engaged in a variety of community benefit activities The following lists the variety of community benefits performed within the System, that had they been performed at the Hospital level, would have been includable on Schedule H -Pinnacle Health System - $858,404 in Community Health Improvement Services, Health Professions Education, Community Benefit Operations and Cash and In-kind contributions-Pinnacle Health Medical Services - $672,395 in Community Health Improvement Services-Pinnacle Health Home Care & Hospice - $226,000 in Subsidized health services-Pinnacle Health Foundation - $11,791 in Community Benefit OperationsThe above community benefit activities would have contributed an additional 0 34% of benefit provided to the central Pennsylvania community had they been reportable by the Pinnacle Health Hospital Other community benefit activities provided by Pinnacle Health System which are not described above are urban based clinics serving mostly low income, underinsured patients, urgent care centers throughout the service area, several joint ventures with physicians for ambulatory surgery procedures and a bereavement camp for children and teens