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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 09-01-2009 and ending 08-31-2010

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

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

C Name of organization
Baptist Healthcare System Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
4007 Kresge Way

City or town, state or country, and ZIP + 4
Louisville, KY 402074604

D Employer identification number
61-0444707

E Telephone number
(502) 896-5000

G Gross receipts $ 9,279,052,425

F Name and address of principal officer
Tommy J Smith
4007 Kresge Way
Louisville, KY 402074604

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 bhsi com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1918 | **M** State of legal domicile KY

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provide quality healthcare servcies by enhancing the health of the people/communities we serve

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**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	16
5	Total number of employees (Part V, line 2a)	**5**	10,686
6	Total number of volunteers (estimate if necessary)	**6**	920
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,085,035
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	353,540

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,234,405	1,452,149
9	Program service revenue (Part VIII, line 2g)	1,127,780,079	1,181,716,883
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-6,626,265	31,157,026
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	18,161,380	17,056,616
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,140,549,599	1,231,382,674
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,058,889	1,490,179
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)	517,381,366	547,167,625
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)	581,802,603	606,963,655
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,100,242,858	1,155,621,459
19	Revenue less expenses Subtract line 18 from line 12	40,306,741	75,761,215
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	1,737,783,792	1,843,570,658
21	Total liabilities (Part X, line 26)	704,856,686	724,630,078
22	Net assets or fund balances Subtract line 21 from line 20	1,032,927,106	1,118,940,580

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date: 2011-07-14

▶ Carl G Herde CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-empolyed ▶☐	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Deloitte Tax LLP 250 East Fifth Street Sutie 1900 Cincinnati, OH 45202			EIN ▶ Phone no ▶ (513) 784-7100

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

The mission of Baptist Healthcare System is to exemplify our Christian heritage of providing quality healthcare services by enhancing the health of the people and the communities we serve The vision of Baptist Healthcare System is to be nationally recognized as the healthcare leader in Kentucky Baptist Healthcare System will live out its Christ-centered mission and achieve its vision guided by Integrity, Respect, Stewardship, Excellence and Collaboration

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 $ 1,049,930,808 including grants of $ 1,490,179) (Revenue $ 1,188,343,507)

Baptist Healthcare System, Inc (Baptist) is dedicated to providing accessible, quality healthcare to all patients regardless of their ability to pay The hospitals owned and operated by Baptist include Baptist Hospital East, Baptist Regional Medical Center, Central Baptist Hospital & Western Baptist Hospital Baptist strives to continue its Christian heritage of service and to enhance the health of the people and the communities we serve Baptist is organized and operated exclusively for the benefit of each community and each hospital is considered a valuable community asset Quantifiable benefits provided to the community for FY10 include the following unreimbursed cost of charity care - $35,055,000, unreimbursed cost of Medicaid - $18,514,000, & benefits for the community - $14,570,000

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

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

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

4e **Total program service expenses** ▶ $ 1,049,930,808

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		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**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	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**		No
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	611		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	10,686		
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	20		
b	Enter the number of voting members that are independent	1b	16		
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	Yes	
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 ▶ KY

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

Carl G Herde
4007 Kresge Way
Louisville, KY 402074604
(502) 896-5000

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 . . . . . ▶	8,282,694	0	844,122

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 ▶ 227

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Anesthesiology of Paducah 2507 Broadway Paducah, KY 42001	Anesthesia Services	2,107,948
Central KY Anesthesia 1800 Nicholasville Rd Ste 104 Lexington, KY 40504	Anesthesia Services	1,548,420
PET CT Management LLC 7807 Shelbyville Rd Ste 201 Louisville, KY 40222	Mgmt & Equipment Services	1,433,680
Executive Health Resources PO Box 822688 Philadelphia, PA 19182	Clinical Compliance	1,258,848
Prescription Transcript 73 Candlewood Dr Nicholasville, KY 40456	Transcription Services	782,952
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 ▶ 67		

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	630,723			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	821,426			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		1,452,149			
Program Service Revenue			Business Code				
	2a	Ins & Patient Pmts	621,300	622,795,040	622,130,071	664,969	
	b	Medicare/Medicaid Pmts	621,300	538,004,627	538,004,627		
	c	Intercomp Int /MOB Re	900,099	10,691,157	10,691,157		
	d	Other Program Svc Rev	900,099	6,683,521	6,683,521		
	e	Mgmt Fees-Exempt Aff	561,000	3,542,538	3,542,538		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		1,181,716,883			
	3	Investment income (including dividends, interest and other similar amounts)		15,503,672			15,503,672
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross Rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	8,062,815,967	507,138			
	b	Less cost or other basis and sales expenses	8,047,162,528	507,223			
	c	Gain or (loss)	15,653,439	-85			
	d	Net gain or (loss)		15,653,354			15,653,354
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	Cafe & Coffee Shops	900,099	5,972,179			5,972,179
	b	Purchasing Ptrshp Rev	900,099	4,131,827	3,960,881	170,946	
	c	Day Care Centers	624,410	2,166,984			2,166,984
	d	All other revenue		4,785,626	3,330,712	249,120	1,205,794
	e	**Total.** Add lines 11a–11d		17,056,616			
	12	**Total revenue.** See Instructions		1,231,382,674	1,188,343,507	1,085,035	40,501,983

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,490,179	1,490,179		
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	7,350,083		7,350,083	
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	426,262,072	390,039,186	36,222,886	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	17,920,643	16,119,827	1,800,816	
9 Other employee benefits	65,573,460	58,008,193	7,565,267	
10 Payroll taxes	30,061,367	27,040,550	3,020,817	
11 Fees for services (non-employees)				
a Management				
b Legal	1,065,948	8,062	1,057,886	
c Accounting	191,358		191,358	
d Lobbying	86,091		86,091	
e Professional fundraising *See Part IV, line 17*				
f Investment management fees				
g Other	16,702,474	11,482,631	5,219,843	
12 Advertising and promotion	5,975,146	561,254	5,413,892	
13 Office expenses	42,413,376	38,340,304	4,073,072	
14 Information technology	8,499,788		8,499,788	
15 Royalties				
16 Occupancy	18,653,048	17,800,239	852,809	
17 Travel	2,300,321	1,571,809	728,512	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	302,971	134,290	168,681	
20 Interest	14,521,376	14,521,376		
21 Payments to affiliates	2,443,622	2,249,222	194,400	
22 Depreciation, depletion, and amortization	82,542,341	66,246,116	16,296,225	
23 Insurance	6,790,416	6,790,416		
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 Medical Supplies	280,322,003	279,583,064	738,939	0
b Bad Debts	62,344,540	62,344,540	0	0
c Purchased Svc Non-Med	24,965,873	23,483,442	1,482,431	0
d Provider Tax	20,217,890	20,217,890	0	0
e Administrative	8,276,215	6,337,066	1,939,149	0
f All other expenses	8,348,858	5,561,152	2,787,706	
25 **Total functional expenses.** Add lines 1 through 24f	1,155,621,459	1,049,930,808	105,690,651	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		45,735	1	47,896
	2	Savings and temporary cash investments		194,996,597	2	196,711,576
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		138,800,389	4	150,961,803
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		19,105,172	8	23,107,294
	9	Prepaid expenses and deferred charges		7,152,252	9	8,499,284
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 1,540,729,493			
	b	Less accumulated depreciation	10b 887,320,320	630,793,800	10c	653,409,173
	11	Investments—publicly traded securities		553,238,011	11	593,527,885
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		58,891,888	13	92,726,081
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		134,759,948	15	124,579,666
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,737,783,792	16	1,843,570,658
Liabilities	17	Accounts payable and accrued expenses		129,022,753	17	133,919,580
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		501,859,082	20	492,724,025
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		73,974,851	25	97,986,473
	26	**Total liabilities.** Add lines 17 through 25		704,856,686	26	724,630,078
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		1,030,152,359	27	1,116,235,321
	28	Temporarily restricted net assets		2,774,747	28	2,705,259
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,032,927,106	33	1,118,940,580
	34	Total liabilities and net assets/fund balances		1,737,783,792	34	1,843,570,658

Part XI Financial Statements and Reporting

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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 C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2009

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Baptist Healthcare System Inc	61-0444707

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		89,561
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		86,091
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			175,652
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation

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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
Baptist Healthcare System Inc

Employer identification number
61-0444707

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	556,012,758	638,807,978			
b Contributions	14,427,582	788,978			
c Investment earnings or losses	40,798,181	-42,097,691			
d Grants or scholarships					
e Other expenditures for facilities and programs	13,347,504	40,094,347			
f Administrative expenses	1,657,873	1,392,110			
g End of year balance	596,233,144	556,012,808			

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

- a Board designated or quasi-endowment ▶ **99.000 %**
- b Permanent endowment ▶
- c Term endowment ▶ **1.000 %**

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)		No
(ii) related organizations	3a(ii)		No
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		82,939,078		82,939,078
b Buildings		709,035,510	366,387,542	342,647,968
c Leasehold improvements				
d Equipment		728,924,040	520,932,778	207,991,262
e Other		19,830,865		19,830,865
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				653,409,173

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
Investment in BCHS	19,620,809	C
Investment in BMA	20,634,550	C
Investment in WBMV	8,028,301	C
Investment in BPL	20,529,424	C
Investment in AEIX	7,568,910	C
Investment in Premier	4,249,056	C
Other	12,095,031	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	92,726,081	

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

(a) Description	(b) Book value
Other Current Assets	11,706,454
Due from Affiliates	60,920,936
Trustee Funds - Malpractice Agrmts	33,071,137
Trustee funds - Work Comp Agrmts	11,461,533
Investments in Joint Ventures	3,908,765
Unamortized Issue Costs	3,510,841
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	124,579,666

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Estimated Third Party Settlements	12,320,748
Malpractice Liability	50,079,501
Workers Comp Liability	13,473,842
Accrued Post Retirement/Misc	22,112,382
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	97,986,473

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	1,231,382,674
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,155,621,459
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	75,761,215
4	Net unrealized gains (losses) on investments	4	11,735,321
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,483,062
9	Total adjustments (net) Add lines 4 - 8	9	10,252,259
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	86,013,474

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

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part V, Line 4	Description of Intended Use of Endowment Funds	The endowment funds are used to support & enhance patient care at the hospitals, finance capital improvements and provide educational & financial assistance to hospital employees
Part X	Description of Uncertain Tax Positions Under FIN 48	Per the financial statements of Baptist Healthcare System, Inc , there is no ASC 740 (fka FIN 48) footnote for the current year
Part XI, Line 8 - Other Adjustments		Capital Distribution - Baptist Community Health Services 990000 Capital Distribution - PET/CT Management, LLC 266825 Capital Distribution - Paducah MRI 125000 Funding for Strategic and Capital Needs -2254749 Post Retirement Change -610138

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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
Baptist Healthcare System Inc

Employer identification number
61-0444707

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 _____	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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare an annual community benefit report?	6a	Yes	
6b	If "Yes," does the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)		60,847	45,699,972	10,644,894	35,055,078	3 210 %
b Unreimbursed Medicaid (from Worksheet 3, column a)		82,373	92,542,719	74,029,154	18,513,565	1 690 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs		143,220	138,242,691	84,674,048	53,568,643	4 900 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)		146,538	3,038,308	406,871	2,631,437	0 240 %
f Health professions education (from Worksheet 5)			362,047		362,047	0 030 %
g Subsidized health services (from Worksheet 6)		43,930	79,033,802	68,340,261	10,693,541	0 980 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			883,028		883,028	0 080 %
j **Total** Other Benefits		190,468	83,317,185	68,747,132	14,570,053	1 330 %
k **Total.** Add lines 7d and 7j		333,688	221,559,876	153,421,180	68,138,696	6 230 %

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			39,475		39,475	0 %
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other			15,856		15,856	0 %
10	**Total**			55,331		55,331	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense (at cost)	2	19,609,035		
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	4,959,000		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	369,529,359		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	398,636,780		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-29,107,421		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

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

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Baptist Hospital East 4000 Kresge Way Louisville, KY 402074604	X	X					X		
Baptist Regional Medical Center 1 Trillium Way Corbin, KY 407018420	X	X					X		
Central Baptist Hospital 1740 Nicolasville Rd Lexington, KY 405031431	X	X					X		
Western Baptist Hospital 2501 Kentucky Ave Paducah, KY 420033813	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

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

Additional Data

Software ID:
Software Version:
EIN: 61-0444707
Name: Baptist Healthcare System Inc

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

Part I, Line 6a Each hospital within Baptist Healthcare System (61-0444707) prepares a community benefits report In addition, a summary community benefits report is prepared on a consolidated basis for all entities within Baptist Healthcare System, Inc

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

Part I, Line 7 Baptist Healthcare System utilizes a sophisticated cost accounting system that identifies the cost of delivering care at the individual procedure and item (supply) level for direct costs and a detailed step-down methodology to allocate overhead costs as accurately as possible Costs are determined for each patient based upon the specific procedures performed and items used for each patient Patients are also categorized by - Patient type (inpatient and outpatient),- Payer plan (42 unique categories of payer plans Charity, State-sponsored charity and the Uninsured are among the uniquely identified payer plans), and- Clinical service (53 unique clinical services) The cost of care for uninsured patients who qualify for "full" charity care (under a State-sponsored or BHS sponsored charity program) is determined by calculating the cost of each uninsured charity patient (at the procedure and item level) and accumulating the cost of each patient For insured patients who also qualify for partial charity under the Baptist Healthcare System sponsored charity program, costs are allocated to each portion (insurance, partial charity, patient payments and bad debt) using the patient's payer plan cost-to-charge ratio (CCR) For example, this CCR is multiplied by the charges covered by insurance to determine the cost of insurance, multiplied by charges covered by partial charity to determine the cost of partial charity, multiplied by patient payments to determine the cost of paid services and multiplied by unpaid charges to determine the cost of bad debt The cost of care for uninsured patients who do NOT qualify for charity care (full or partial bad debt accounts) are allocated to each portion (patient paid portion and unpaid portion) using the patient's uninsured payer plan CCR For example, this CCR is multiplied by patient payments to determine the cost of paid services and multiplied by unpaid charges to determine the cost of bad debt Much care is taken to ensure that costs used for community benefit reporting are directly related to exempt-purpose patient care (excluding physician-related costs) and that costs are reported accurately For example, the cost of charity and Medicaid are removed from the calculation of the loss on subsidized services

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

Part I, Line 7g No physician clinic costs are included in the costs of subsidized health services

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

Part I, Line 7f The organization included bad debt expense of $62,344,540 on Form 990, Part IX, line 25 but subtracted this amount for purposes of calculating the amount reported on line 7f

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

Part III, Line 4 A separate footnote for bad debt expense is not included in the audited financial statements Costing methodology of bad debt is outlined in Schedule H, Part VI, line 1

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

Part III, Line 8 Medicare revenues and allowable costs were taken from the "as filed" Medicare cost report Much care is taken to ensure that all adjustments to remove non-allowable costs are taken Due to the fact that Medicare rates are non-negotiable and are established by the government, all of the shortfall for Medicare should be included as a community benefit

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

Part III, Line 9b Patients and guarantors who qualify for a "full" charity discount will not be billed once the charity determination is made Patients and guarantors who qualify for a "partial" charity discount will be billed only for the non-discounted portion of their account Guarantors who have an ability to pay for services will be billed based on the following guidelines - Patients or guarantors may be asked to pay an estimated patient liability at point of service - BHS facilities will accept and file claims for all insurances assigned to the organization with adequate proof of coverage This assignment does not relieve the guarantor of responsibility for payment if the insurer fails to pay as prescribed by regulation, statute or patient-insurance contract Deductibles, co-payments and non-covered services will be the responsibility of guarantors - Statements will be sent to guarantors once patient liability is determined for insured or uninsured patients and necessary billing follow-up calls will be made by BHS Patient Financial Services and/or a designated external early out vendor over a period of time averaging from 90 to 120 days All statements will contain information regarding the availability of financial assistance If applicable, effort will be made to assist uninsured patients to secure coverage through any governmental or other assistance programs - Patients requesting detailed charge information will be provided with an itemized bill - BHS Patient Financial Services will provide all patients the same information concerning services and charges - Patient accounts not resolved at the end of this cycle will be considered for placement with external collection agencies Collection agencies will continue to pursue patient balances while maintaining compliance with the Fair Debt Collection Practices Act and the ACA International's Code of Ethics and Professional Responsibility

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

Part V The facilities listed in Part V include two rehabilitation units, two psychiatric units and one skilled nursing unit

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

Part VI, Line 2 Baptist Healthcare System (BHS) conducts a tri-annual planning process that is driven by the strategic vision to be the health care leader in Kentucky Key industry and community issues (such as prominent health conditions present within each community, underserved areas and underprovided clinical services) are considered and analyzed for their impact on BHS and the four hospitals Frequently, outside experts reaffirm the assessment and assist in the development of plans to address the community need A course of action, including key strategies and goals, are shared with and approved by the BHS Board and the Hospital's administrative Boards

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

Part VI, Line 3 Following is a list of various methods/processes used to inform/educate patients on the availability of financial assistance - Financial counselors advise and/or screen uninsured patients before or during hospital services,- A third party vendor advises and/or screens uninsured patients during hospital services,- Financial counselors provide follow-up contact for patients missed during services,- The State-sponsored DSH form is provided to all ER uninsured patients,- Telephone calls and in-person visits are handled by staff trained to discuss financial assistance,- Information regarding financial assistance is included in patient statements - The BHS sponsored charity care program policy is posted in key areas of each hospital - The BHS sponsored charity care program policy is posted on the website of each hospital and the System

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

Part VI, Line 4 Baptist Healthcare System is comprised of four regional hospitals Each one serves a unique and separate geographic area within Kentucky Baptist Hospital East (BHE) opened in 1975 and is located in St Matthews, approximately five miles east of downtown Louisville area BHE is strategically located near Interstate 64, a main access to downtown, and Interstate 264, a main beltway around Louisville The primary geographic service area for BHE consists of Jefferson, Oldham and Bullitt Kentucky counties BHE serves as a general acute care facility, specializing in services such as cardiovascular services, cancer care and comprehensive rehabilitation services that are much needed in the area In addition, BHE operates one of the busiest emergency rooms in the State of Kentucky Approximately 13 4% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 10 3%, as compared to the national average of 9 3% Approximately 4% of the patients seeking care at BHE are Medicaid and approximately 4% are uninsured Baptist Regional Medical Center (BRMC) opened in 1986 in Corbin, Kentucky It is located one-half mile off of Interstate 75, approximately three miles from downtown Corbin and near U S Highway 25, which is a main access to several of the surrounding communities The primary geographic service area for BRMC consists of the counties of Knox, Laurel and Whitley in Kentucky BRMC serves as a general acute care facility, specializing in services such as psychiatric, substance abuse, comprehensive rehabilitation and emergency care services The psychiatric program at BRMC has grown over the past several years and BRMC has plans to continue its growth Approximately 48% of the psychiatric program serves the Medicaid and uninsured populations Overall, approximately 28% and 11% of the patients seeking care at BRMC are Medicaid and uninsured, respectively Approximately 13 5% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 11 0%, as compared to the national average of 9 3% Central Baptist Hospital (CBH) opened in 1954 in Lexington, the second largest city in Kentucky It is located approximately five miles from Interstate 75 and Interstate 64 which provide access for the immediate Lexington metro area patients as well as patients from other areas of central and eastern Kentucky which the hospital serves The primary geographic service area for CBH consists of the Kentucky counties of Bourbon, Clark, Fayette, Franklin, Jessamine, Madison, Scott and Woodford In addition, Central serves as a regional referral center with approximately 38% of its discharges coming from Kentucky counties outside of the primary service area As such, CBH provides tertiary care services not offered by many hospitals in the surrounding areas including specialty cardiovascular, orthopedic and intensive care services Approximately 9% and 4% of the patients seeking care at CBH are Medicaid and uninsured, respectively Approximately 10 8% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 7 8%, as compared to the national average of 9 3% Western Baptist Hospital (WBH) was opened in 1953 in Paducah, Kentucky, the largest city in Western's service area The hospital is located approximately one and one-half miles from Interstate 24 Western is one of only two hospitals located in Paducah The primary geographic service area for Western consists of Ballard, Carlisle, Graves, Livingston, Lyon, Marshall and McCracken Counties in Kentucky and Massac County in Illinois WBH draws nearly 83% of its discharges from the primary service area WBH serves as a general acute care facility, specializing in services such as cardiovascular services, cancer care and skilled nursing that are much needed in the area Approximately 13% and 7% of the patients seeking care at CBH are Medicaid and uninsured, respectively Approximately 16 6% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 8 9%, as compared to the national average of 9 3%

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

Part VI, Line 6 The BHS Board of Directors is comprised of local representatives who, along with the hospital's management and employees, understand that they are responsible to provide high quality health care services to the communities they serve Operating healthcare facilities in today's environment requires a delicate balance between producing a sufficient margin to allow for adequate staffing and investment in new technologies, while also providing enough resources to absorb the cost of care for those patients who do not have the ability to pay for the services In 2010, because of its ability to produce a modest operating margin, BHS was able to re-invest nearly $107 million into the communities in new technology, construction, renovation and systems improvement BHS hospitals reach out to the community in many ways through - Conducting health fairs for local schools, businesses and churches - Participating in fund-raising and other events to help local agencies such as the American Heart Association, Metro United Way, American Cancer Society, Big Brothers and Big Sisters and the American Red Cross - Donating hospital space for community group meetings - Participating on community health assessment teams that are dedicated to identifying and addressing local health needs in each of the counties we serve - Hosting educational programs, including our pre-natal classes, and Safe Sitter program - Maintaining necessary, but unprofitable services that meet community needs - Helping to recruit physicians to underserved areas - Helping patients coordinate services with other healthcare providers - Providing resources for support groups, such as cancer recovery groups - Promoting and providing preventive care services - Monitoring clinical outcomes in order to ensure quality care - Committing resources to improving safety and processes of care - Providing services conveniently accessible by patients In addition, BHS employees volunteer thousands of hours in community services and leadership BHS's support for community activities underscores its commitment to improving the lives of those served Because BHS and its employees contribute so much of their time, talents and resources to serve others, communities served by BHS are better places to live and work Quantification of many of the community benefits is detailed elsewhere in this schedule However, what the quantifiable amount doesn't measure is the economic benefit derived by the community from BHS being one of the major employers in the area The economic impact of the wages paid to BHS employees is significant considering the dollars they spend on food, housing, services, and other products The Internal Revenue Service Revenue Ruling 69-545 provides that a hospital can demonstrate it has met the community benefit standard by having a full-time emergency room open to the public regardless of ability to pay for services received BHS hospitals operate an Emergency Department that is open 24 hours a day, 365 days a year and treated over 172,000 emergency patients during fiscal year 2010 BHS and its emergency department posts policies stating that patients will be treated regardless of their ability to pay Depending on the severity of a patient's condition, as a service to the patient BHS may verify insurance prior to rendering services in the emergency department Under no circumstances is emergency care delayed by discussions regarding insurance coverage or ability to pay for services In addition, BHS does not convey or intimate in any way to any emergency medical transportation service an unwillingness to treat any particular patient in need of medical attention

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

Part VI, Line 7 Baptist Healthcare System, Inc is a nonprofit, tax-exempt organization that owns and operates four hospitals Baptist Healthcare Affiliates, Inc is a nonprofit, tax-exempt affiliate that owns and operates an additional hospital Baptist Community Health Services, Inc is a nonprofit, tax-exempt affiliate that owns and operates urgent care centers, and occupational and physical therapy clinics within the regions surrounding the hospitals Baptist Medical Associates, Inc , Baptist Physicians Lexington, Inc , Baptist Physicians Southeast, Inc and Western Baptist Medical Ventures, Inc are nonprofit, tax-exempt affiliates that own and operate physician practices Baptist Healthcare Foundation, Inc , Baptist Hospital Foundation of Greater Louisville, Inc , Central Baptist Hospital Foundation, Inc , Lexington Cardiac Research Foundation, Inc , and Western Baptist Hospital Foundation, Inc are nonprofit, tax-exempt affiliate corporations Bluegrass Family Health, Inc (BFH) is a nonprofit, tax-exempt affiliate health maintenance organization Baptist Ventures, Inc is a for-profit, affiliate corporation Baptist Physicians' Surgery Center is a for-profit limited liability corporation, of which Baptist Community Health Services, Inc owns 51% PET/CT Management, LLC is a for-profit limited liability corporation, of which Baptist Healthcare System, Inc owns 76% Corbin Long Term Acute Care, LLC is a limited liability corporation of which Baptist Community Health Services, Inc is the sole member Baptist Eastpoint Surgery Center, LLC is a limited liability company which as of August 31, 2010 Baptist Community Health Services, Inc owns 77% All entities are located in the Commonwealth of Kentucky All entities described in Schedule H, Part VI, line 7 contributed a combined community benefit amount as follows Charity care at cost = $37,128,000Unreimbursed Medicaid = $22,468,000Community health improvement = $2,653,000Health professions education = $362,000Subsidized health services = $12,414,000Cash and in-kind contributions = $953,000Total community benefit = $75,977,000Other items that also contribute to the benefit of the community Bad debt at cost = $23,653,000Unreimbursed Medicare = $43,057,000

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Part I General Information on Grants and Assistance

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

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

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

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

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

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 30

3 Enter total number of other organizations . . . ▶ 6

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

Identifier	Return Reference	Explanation
Other Information	Part IV	Baptist Healthcare System provides only direct contributions and other general support, therefore, no monitoring of charitable contributions is performed

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-0444707
Name: Baptist Healthcare System Inc

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Western Baptist Hospital Foundation2501 Kentucky Ave Paducah, KY 42003	26-4057759	501(c)(3)	228,163				General Support
Baptist Hospital Foundation of Greater Louisville4000 Kresge Way Louisville, KY 40207	20-0292291	501(c)(3)	161,413				General Support
Refuge Ministries IncPO Box 25007 Lexington, KY 40524	37-1547506	501(c)(3)	90,000				General Support
Paducah Junior CollegePO Box 7380 Paducah, KY 42002	61-6001156	501(c)(3)	75,500				General Support
University of Kentucky HospitalPO Box 119 Lexington, KY 405010119		501(c)(3)	69,167				General Support
American Heart Assoc240 Whittington Pkwy Louisville, KY 40222	13-5613797	501(c)(3)	66,500				General Support
Hope CenterPO Box 6 Lexington, KY 40588	61-1107296	501(c)(3)	50,000				General Support
Kentucky Blood Center3121 Beaumonth Ctr Cir Lexington, KY 40513	61-6058138	501(c)(3)	50,000				General Support
Bridges Coalition614 W Main St Ste 6000 Louisville, KY 40202	71-1026569	501(c)(3)	50,000				General Support
St Nicholas Family Clinic 1733 Broadway Paducah, KY 42001	61-1260945	501(c)(3)	49,000				General Support

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Children's Charity Fund Of The Bluegrass Inc2724 Martinique Ln Lexington, KY 40509	31-1078176	501(c)(3)	45,225				General Support
Kentucky Baptist Convention 13420 Eastpoint Ctr Dr Louisville, KY 40223	61-0549873	501(c)(3)	41,473				Conference Co-Sponsor
Greater Paducah Economic Development CouncilPO Box 1155 Paducah, KY 420021155	61-1181577	501(c)(6)	37,500				General Support
American Cancer Society 1504 College Way Lexington, KY 40502	64-0329009	501(c)(3)	33,100				General Support
American Diabetes AssocPO Box 21903 Lexington, KY 405221903	13-1623888	501(c)(3)	25,000				General Support
Lexington Affiliate of Susan Komen for the CurePO Box 998 Lexington, KY 40588	75-2854969	501(c)(3)	22,000				General Support
Women Leading KYPO Box 961 Lexington, KY 40508	86-1120254	501(c)(3)	20,450				General Support
Lexington Strides Ahead Commerce Lexington Inc330 E Main St Ste 205 Lexington, KY 40507	61-1322448	501(c)(6)	20,000				General Support
Metro United Way334 E Broadway Louisville, KY 40202	61-0444680	501(c)(3)	27,100				General Support
Four Rivers Center for the Performing ArtsPO Box 2194 Paducah, KY 420022194	61-1293428	501(c)(3)	15,856				General Support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NCSL Legislative Summit444 North Capitol St NW Ste 515 Washington, DC 20001			15,000				General Support
Fund for the Arts623 W Main St Louisville, KY 40202	61-0479626	501(c)(3)	13,000				General Support
Lexington Medical Soc2628 Wilhite Ct Lexington, KY 40503	61-6032171	501(c)(6)	12,500				General Support
Hand in Hand Ministries2225 Steier Ln Louisville, KY 40218	61-1352889	501(c)(3)	12,000				Supplies Overseas
KY Hospital Research & Education FoundationPO Box 436629 Louisville, KY 402536629	61-6052378	501(c)(3)	11,028				General Support
American Red Cross1450 Newtown Pike Lexington, KY 40511		501(c)(3)	9,452				Haiti Relief
Lexington Cancer Foundation 1504 College Way Lexington, KY 40502	56-2472701	501(c)(3)	10,000				General Support
Louisville Metro Dept of Neighborhoods400 S First St Louisville, KY 40202			10,000				General Support
KY Physicians Health Foundation9000 Wesex Place Ste 305 Louisville, KY 40222	61-1242062	501(c)(3)	10,000				General Support
KCTCS Foundation164 Opportunity Way Lexington, KY 40511	76-0826082	501(c)(3)	10,000				General Support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Christian Counseling Center 2840 Jefferson Paducah, KY 42001	61-0607547	501(c)(3)	9,582				General Support
Mckesson1220 Seniac Dr Carrollton, TX 75006			8,919				Drugs for Mission Trip
Homes for Our Troops6 Main St Taunton, MA 02780	54-2143612	501(c)(3)	7,500				Swings for Soldiers Classic
March of Dimes196 W Lowry Lane Lexington, KY 40503	13-1846366	501(c)(3)	7,000				General Support
Sunrise Childrens Svs300 Hope St Mt Washington, KY 400471429	61-0597273	501(c)(3)	6,800				General Support
American Lung Assoc4100 Churchman Ave Louisville, KY 40215		501(c)(3)	5,200				General Support

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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				
Tommy J Smith	(i)	869,345	223,228	1,312,674	114,716	34,075	2,554,038	1,276,542
	(ii)	0	0	0	0	0	0	0
William Sisson	(i)	481,037	107,440	76,282	61,070	22,678	748,507	31,112
	(ii)	0	0	0	0	0	0	0
Larry Barton	(i)	448,287	96,805	24,907	52,502	26,868	649,369	0
	(ii)	0	0	0	0	0	0	0
Susan Stout Tamme	(i)	459,154	67,150	110,840	54,594	18,578	710,316	63,541
	(ii)	0	0	0	0	0	0	0
John Henson	(i)	328,747	54,687	28,538	36,096	22,267	470,335	0
	(ii)	0	0	0	0	0	0	0
Carl G Herde	(i)	462,190	85,872	44,662	56,210	30,332	679,266	0
	(ii)	0	0	0	0	0	0	0
Janet M Norton	(i)	320,532	74,660	50,818	21,522	29,877	497,409	0
	(ii)	0	0	0	0	0	0	0
Mary Lou Tipgos	(i)	100,280	25,000	5,378	10,470	16,056	157,184	0
	(ii)	0	0	0	0	0	0	0
John R Barton	(i)	545,345	0	0	21,522	31,105	597,972	0
	(ii)	0	0	0	0	0	0	0
John M O'Brien	(i)	523,765	0	0	21,522	29,660	574,947	0
	(ii)	0	0	0	0	0	0	0
Douglas A Milligan	(i)	515,962	0	0	20,052	30,927	566,941	0
	(ii)	0	0	0	0	0	0	0
Bernard Tamme	(i)	306,759	68,762	16,763	24,462	18,071	434,817	0
	(ii)	0	0	0	0	0	0	0
Preston Nunnelley	(i)	332,391	40,009	14,425	18,582	20,308	425,715	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	Five officers received gross-up payments which were included in taxable compensation
	Part I, Line 4b	During calendar year 2009, three officers of BHS received a payout from a Supplemental Executive Retirement Plan, a nonqualified deferred compensation plan The Plan is offered to a select group of management as determined by the BHS Executive Benefits Committee The amounts paid during 2009 were previously reported as compensation on the 990 and were included in W-2 wages in 2009, reported in Schedule J, Part II, column (F) and is a portion of the amount reported in column B (iii) The following individuals received a payout from a Supplemental Executive Retirement Plan, a nonqualified deferred compensation plan - Tommy Smith - 1,276,542 - William Sisson - 31,112 - Susan Stout Tamme - 63,541 In addition, all six officers who participate in the Supplemental Executive Retirement Plan accrued amounts for 2009 which is a portion of the amount reported as deferred compensation in Schedule J, column C Other retirement and deferred compensation reported in Schedule J, column C include amounts for the Retirement Accumulation Plan and Thrift Plan The following individuals participate in and accrued amounts from the Supplemental Executive Retirement Plan - Tommy Smith - 88,784 - William Sisson - 35,138 - Susan Stout Tamme - 28,662 - Larry Barton - 30,980 - John Henson - 14,574 - Carl Herde - 31,748
Supplemental Information	Part III	Part II During calendar year 2009, Tommy Smith received a payout of previously deferred compensation This amount is reported on Part II, Columns (B)(iii) and (F)

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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
Baptist Healthcare System Inc

Employer identification number
61-0444707

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	Ky Economic Development Finance Authority	61-0600439	49126KFM8	02-19-2009	502,227,848	Redeem 1/99, 1/05 & 12/05 issues, acquire, construct & equipt a hospital		X		X

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	502,247,678				
2	Gross proceeds in reserve funds					
3	Proceeds in refunding or defeasance escrows					
4	Other unspent proceeds					
5	Issuance costs from proceeds	54,141,779				
6	Working capital expenditures from proceeds					
7	Capital expenditures from proceeds	99,994,925				
8	Year of substantial completion	2010				

		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									
10	Were the bonds issued as part of an advance refunding issue?		X								
11	Has the final allocation of proceeds been made?	X									
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X									

Part III Private Business Use

		A		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								
2	Are there any lease arrangements with respect to the financed property which may result in private business use?		X								

Part III Private Business Use *(Continued)*

		A		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									
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X								
3c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X									
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 100 %									
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %									
6	Total of lines 4 and 5	0 100 %									
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X									

Part IV Arbitrage

		A		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								
2	Is the bond issue a variable rate issue?	X									
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X								
b	Name of provider										
c	Term of hedge										
4a	Were gross proceeds invested in a GIC?		X								
b	Name of provider										
c	Term of GIC										
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5	Were any gross proceeds invested beyond an available temporary period?		X								
6	Did the bond issue qualify for an exception to rebate?	X									

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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	(c) Corrected? 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	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) 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	(e) No

Additional Data

Software ID:
Software Version:
EIN: 61-0444707
Name: Baptist Healthcare System Inc

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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**
Juanita Baker	A Director of BHS has a family member employed by BHS (Bob Baker)	20,194	Wages		No
Nicole Jackson-Gary	A Director of BHS has a family member employed by BHS (Frances Hamilton)	36,124	Wages		No
Family Practice Properties	A Director of BHS is an owner of Family Practice Properties (Jeffrey Foxx)	680,775	Lease Agreement		No
BB&T Insurance Services	A Director of BHS is an officer of BB&T Insurance Services (Danny McMahan)	263,039	Insurance Brokering Services		No
Baptist Physicians Surgery Center	An Officer of BHS is a board member of Baptist Phys Surg Ctr (W Sisson)	994,410	Lease Agreement		No
PETCT Management	An Officer of BHS is a board member of PET/CT Management (S Tamme)	1,247,390	Equipment Services		No
Baptist Eastpoint Surgery Center LLC	An Officer of BHS is a board member of Baptist Eastpoint Surg Ctr (S Tamme)	945,402	Management Fees & Lease Agreement		No

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SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		The Board of Directors is made up of executives from related organizations The following individuals have a business relationship in that they serve on the Board of Directors of the organization and are officers and/or directors of a related organization Tommy Smith, Larry Barton, John Henson, William Sisson, Susan Stout Tamme, Carl Herde, Janet Norton, Robert Baker, Ned Buchanan, Tom Davis, Robert Hook Jr, Lindsey Ingram Jr, Danny McMahan, Frank Purdy III, Eugene Siler Jr, Don VanCleve, and Don Walker

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		A copy of the 990 is provided to the board of directors prior to the filing of the return Any questions or comments are addressed by explanation or a change to the form

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		Annually the secretary of Baptist Healthcare System, Inc (BHS) sends out a conflict of interest questionnaire to each of the directors serving on the board of BHS After completion, they are returned to the secretary and reviewed by her and the Board or a Board committee for any potential conflicts

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		Annually, the Baptist Healthcare System, Inc Compensation Committee reviews the compensation, including base compensation and incentive compensation for the CEO and all officers and key employees of Baptist Healthcare System, Inc except for the Secretary and Assistant Secretary Compensation for these employees is reviewed and approved by the CEO of Baptist Healthcare System, Inc The Baptist Healthcare System, Inc Compensation Committee is comprised of independent Board Members The Committee retains a Compensation Consultant to advise the Committee and who provides data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated healthcare organizations The Committee reviews this information in approving annual base and incentive compensation and other items of reportable compensation described on Schedule J of the IRS Form 990 The decisions of the Committee regarding compensation are contemporaneously documented in the minutes of the Committee Annually, the Committee Chairperson and the Compensation Consultant provide a report on executive compensation to the full Board of Directors of Baptist Healthcare System, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		In adherence to the Master Trust Indenture among Baptist Healthcare System, Inc , Baptist Healthcare Affiliates, Inc and U S Bank National Association, as Master Trustee, Dated as of February 1, 2009, Baptist Healthcare System, Inc reports its financial results on a quarterly basis to the Master Trustee who in turn makes them available through Electronic Municipal Market Access Additionally, the organization will provide any documents open to public inspection upon request

Identifier	Return Reference	Explanation
Form 990, Part VII	Explanation of Hours for Officers	Officers for Baptist Healthcare System, Inc provide services to Baptist Healthcare System, Inc and its subsidiaries Hours worked are not tracked on an entity by entity basis Therefore, all officers hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours worked per week for all entities

Identifier	Return Reference	Explanation
		Form 990, Part III Community Benefit Report Since its inception in 1924, Baptist Healthc are System, Inc ("Baptist") is dedicated to providing accessible, quality healthcare to a ll patients regardless of their ability to pay The hospitals ow ned and operated by Baptis t under tax identification number 61-0444707 include Baptist Hospital East, Louisville, K entucky Baptist Regional Medical Center, Corbin, Kentucky Central Baptist Hospital, Lexing ton, Kentucky Western Baptist Hospital, Paducah, Kentucky Vision The vision of Baptist is to be the healthcare leader in Kentucky Having earned a reputation of providing high qua lity patient care and utilizing the latest in medical technology, patients seek out Baptis t facilities for their care According to state statistics in 2010, Baptist is one of the largest healthcare providers in the state Kentucky 2010 Hospital Statistics Licensed Bed s - 1,536 Beds - Second largest number of beds of any health system in Kentucky Employees - 9,904 Employees - One of the top employers in Kentucky Inpatient Care - 74,433 Admission s/350,780 Days - Largest number of admissions in Kentucky at a system-ow ned or managed hos pital - One out of every seven inpatients receiving care in Kentucky received care at a sy stem-ow ned or managed hospital Obstetric (Deliveries) - 9,005 Babies - Largest number of b abies delivered in Kentucky at a system-ow ned or managed hospital - One in five babies in Kentucky w as delivered at Baptist hospitals at a system-ow ned or managed hospital Cardiolo gy (Open heart surgeries) - 970 Cases - Second largest number of open-heart surgeries perf ormed by any system-ow ned or managed hospital in Kentucky - One in six open-heart surgerie s in Kentucky w as performed at a system-ow ned or managed hospital Emergency Visits - 172,0 54 Registrations - The largest number of emergency visits in Kentucky at a system-ow ned or managed hospital - One in ten ER patients w as treated at a system-ow ned or managed hospit al Outpatient Visits - 673,470 Hospital Visits - One in eleven outpatients in Kentucky rec eiving care in an acute-care setting w as seen at a system-ow ned or managed hospital Missio n As indicated by its mission statement, Baptist strives to continue its "Christian herit age of service and to enhance the health of the people and the communities w e serve " Bapt ist is organized and operated exclusively for the benefit of each community and each hospi tal is considered a valuable community asset The Baptist Boards of Directors are comprise d of local representatives w ho, along w ith the hospitals' management and employees, unders tand that they are responsible to the communities for providing high quality health care s ervices Over the years, Baptist has gained a reputation for providing compassionate, high quality, cost efficient, patient friendly care Responsive to Community Need Operating h ealthcare facilities in today's environment requires a delicate balance betw een producing a sufficient margin to allow for adequate staffing and investment in new technologies, w hi le also providing enough resources to absorb the cost of care for those patients w ho do no t have the ability to pay for the services In 2010, because of its ability to produce a m odest operating margin, Baptist w as able to re-invest over $100 million into the communiti es in new technology, construction, renovation and systems improvement Because of the nee d to generate a modest margin w hile caring for all patients, Baptist strives to fulfill it s community responsibility of collecting appropriate reimbursement from all patients w ho h ave the necessary resources w hile providing a generous, yet accountable charity care polic y to assist those patients w ho do not have the means to pay for the services rendered Fro m a broad perspective, Baptist hospitals consistently provide a high level of quality care to every patient and enhance the health of the people it serves through health promotions , health screenings, medical research, and training of health professionals Other communi ty benefits include - Maintaining necessary, but unprofitable services that meet communit y needs - Helping to recruit physicians to underserved areas - Helping patients coordinate services w ith other healthcare providers - Providing resources for support groups - Promo ting and providing preventive care services - Monitoring clinical outcomes in order to ens ure quality care - Committing resources to improving safety and processes of care - Provid ing services conveniently accessible by patients In addition, Baptist employees volunteer thousands of hours in community services and leadership Baptist's support for community a ctivities underscores its commitment to improving the lives of those served Because Bapti st and its employees contribute so much of their time, talents and resources to serve othe rs, communities served by Baptist are better places to live and w ork Quantification of ma ny of the community benefits is detailed further i

Identifier	Return Reference	Explanation
		n "Statement of Program Service Accomplishments" How ever, w hat the Statement of Program S ervice Accomplishments doesn't measure ıs the economic benefit derived by each community f rom Baptist beıng one of the largest employers ın the state The economic ımpact of the w a ges paıd to Baptıst employees ıs sıgnıfıcant consıderıng the dollars they spend on food, h ousıng, servıces, and other products Charıty Care Policy To further the mıssıon of enhan cıng the health of the people and communıtıes ıt serves, Baptıst provıdes medıcally necess ary ınpatıent and outpatıent care to patıents regardless of race, religıon, sex, natıonal orıgın, dısabılıty, age or theır abılıty to pay Recognızıng that not all patıents have th e abılıty to pay, Baptıst has a charıty care policy to accurately evaluate a patıent's abı lity to pay for servıces receıved Baptıst relıes solely on the physıcıan order to determı ne w hether treatment ıs medıcally necessary and w hether the patıent ıs treated on an ınpat ıent or outpatıent basıs Neıther the patıent's fınancıal condıtıon nor theır abılıty to p ay for servıces has any bearıng upon w hether, or how , the patıent ıs treated ın a Baptıst facılıty Patıents are transferred only w hen Baptıst does not provıde the specıalızed serv ıce that ıs requıred, or by specıfıc request of the patıent Baptıst has notıces posted th roughout the hospıtal that clearly communıcate Baptıst's charıty care policy Baptıst empl oyees are ınstructed ın the applıcatıon of the charıty care policy and are traıned to reco gnıze sıtuatıons that ındıcate the fınancıal resources of a patıent may be ınadequate The se employees freely and w ıllıngly volunteer ınformatıon regardıng the charıty care policy to any patıent w ho may express a concern regardıng the abılıty to pay for servıces The po lıcy provıdes that 1 Patıents/guarantors w ıth resources of less than 200% of the Poverty Guıdelıne for theır famıly sıze w ıll receıve full charıty 2 Patıents/guarantors w ıth re sources of 200% but less than 400% of the Poverty Guıdelıne for theır famıly sıze w ıll qua lıfy for partıal charıty The ratıo of resources up to 400% of the Poverty Guıdelıne deter mınes the percentage of the bıll that w ıll be the responsıbılıty of the applıcant How ever , the lıabılıty ıs capped at 10% of the resources 3 Patıents/guarantors w ıth resources o f 400% of the Poverty Guıdelıne for theır famıly sıze but no more than 1200% of the Povert y Guıdelıne for theır famıly of one w ıll qualıfy for partıal charıty ıf the lıabılıty exce eds 20% of theır resources In these sıtuatıons, the patıent/guarantor w ıll be responsıble for an amount not to exceed 20% of theır resources 4 If elıgıble for a charıty dıscount , a patıent w ıll receıve the dıscount regardless of w hether they pay the balance on the bı ll If necessary, payment arrangements may be made on the balance of the patıent's bıll ın accordance w ıth hospıtal procedures If charıty care elıgıbılıty cannot be determıned, go od stew ardshıp requıres that the hospıtal ınıtıally begın the collectıon process How ever, ımmedıately upon determınıng that the guarantor ıs elıgıble for charıty care, collectıon efforts on the balance elıgıble for charıty w ıll cease and the approprıate balance w ıll be desıgnated as charıty Tax-Exempt Status Requırements The Internal Revenue Servıce Reven ue Ruling 69-545 provıdes that a hospıtal can demonstrate ıt has met the communıty benefıt standard by havıng a full-tıme emergency room open to the publıc regardless of abılıty to pay for servıces receıved

Identifier	Return Reference	Explanation
		Baptist operates Emergency Departments that are open 24 hours a day, 365 days a year and t reated 172,054 emergency patients during fiscal year 2010 Baptist facilities and emergenc y departments post policies stating that patients w ill be treated regardless of their abil ity to pay Depending on the severity of a patient's condition, as a service to the patien t Baptist may verify insurance prior to rendering services in the emergency department Un der no circumstances is emergency care delayed by discussions regarding insurance coverage or ability to pay for services In addition, Baptist does not convey or intimate in any w ay to any emergency medical transportation service an unw illingness to treat any particula r patient in need of medical attention Accountability to the Broader Community As previo usly noted, the Baptist Board of Directors embraces its responsibility to represent the br oader community in guiding Baptist in its provision of healthcare services The Board meet s periodically to provide oversight as to how best to continue to serve each community Re gularly scheduled meetings of the full Board and its Committees are described below Board of Directors - Quarterly Audit Committee - Quarterly Executive Committee - Monthly Execut ive Compensation Sub-Committee - As needed Finance Committee - Monthly Governance Effectiv eness Committee - Quarterly Hospital Administrative Boards - Monthly Legal Affairs Committ ee - Quarterly Quality and Mission Effectiveness Committee - Quarterly Physician Transacti on Review Committee - As needed One of the key functions of the Board is to ensure Baptist not only utilizes sound financial management, but also embraces a culture of compliance t hat permeates throughout the healthcare system This is best demonstrated by Baptist's com mitment of resources for compliance activities including the designation of a Compliance O fficer The compliance function reports to the Audit Committee (established in 1994) w hich is comprised of three independent members of the Board w ho are not members of either the Executive or Finance Committees Additionally, at least one member has the expertise to be considered a financial expert in the public sector Another key function of the Board is to ensure that compensation paid to executives is reasonable and meets the guidelines set forth by the Internal Revenue Service Through the Executive Compensation Sub-committee (E CS), the Board ensures that 1 Members of the ECS do not have any conflicts of interest, i e , they are not employed or receive compensation subject to approval by the executives, 2 The compensation is approved in advance by the ECS, 3 The ECS obtains and relies upon appropriate comparability data in making decisions, 4 Every form of compensation and ben efit is included in the comparisons, 5 The ECS documents the basis for its decision concu rrently w ith making the decision, and 6 Based upon the data, the compensation is reasonab le The follow ing is a summary of Baptist's community service for the year ended August 31 , 2010, in terms of services to the poor and indigent and the benefits provided to the com munities it serves Quantifiable Community Benefit Baptist is fully committed to its resp onsibility as a charitable organization and commits extensive resources to fulfill that ob ligation to the community To the extent possible, Baptist has quantified the benefits pro vided to the communities it serves - Benefits for the Poor and Indigent Unreimbursed Cos t of Charity Care = $35,055,000 Unreimbursed Cost of Medicaid = $18,514,000 Total Benefits for the Poor and Indigent = $53,569,000 - Benefits for the Broader Community Net Loss on Subsidized Health Services = $10,694,000 Community Health Improvement Services = $2,631,0 00 Health Professions Education = $362,000 Financial & In-Kind Contributions = $883,000 To tal Benefits for the Community = $14,570,000 Total Quantifiable Community Benefit = $68,13 9,000 Glossary of Community Benefit Terms - Benefits for the Poor and Indigent Describes services provided to persons w ho cannot afford healthcare because of inadequate resources and/or w ho are uninsured or underinsured This includes those patients that qualify for C harity, Medicaid, Kentucky's Children Health Insurance Program (KCHIP), Kentucky Hospital Care Program (KHCP) and other citizens w hose income is inadequate (based on each patient's individual circumstances) 1 Unreimbursed cost of charity care describes the services pr ovided to persons w ho cannot afford to pay It also includes the Health Care Provider Tax (Kentucky Revised Statutes 142 303) that is assessed on all hospital patient revenues rece ived for the purpose of funding state Medicaid, KHCP and KCHIP programs The amounts refle ct the net cost of these services after reducing the costs for contributions and other rev enues received by Baptist as direct assistance for the provision of care 2 Unreimbursed cost of Medicaid reflects costs of treating Medica

Identifier	Return Reference	Explanation
		id beneficiaries not reimbursed by government programs - Benefits for the Broader Communi ty Describes services provided to other needy populations that may not qualify as indigen t but that need special services and support The benefits include the cost of health prom otion and education, health clinics and screenings, and medical research that benefits the community 1 Net loss on subsidized health services reflects the loss from services that w ould be discontinued if the decision w ere based on profit motives only 2 Other communi ty benefit includes costs incurred by Baptist in providing support and coordination of hea lth education and aw areness events as w ell as the cost of employees paid time to attend, s taff, and coordinate these activities 3 Baptist makes cash and in-kind donations on beha lf of the poor and needy to community agencies and to special funds used for charitable pu rposes

Identifier	Return Reference	Explanation
Schedule K Supplental Information		Schedule K, Part II, Line 5 - Issuance costs consist of 4,716,995 for cost of issuance and 697,784 for credit enhancement

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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

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
See Additional Data Table					

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
Baptist EastMilestone LLC 750 Cypress Station Dr Louisville, KY40207 61-1355065	Fitness Center	KY	N/A								
Baptist Physicians' Surgery Center LLC 1720 Nicholasville Rd 101 Lexington, KY405031404 04-3665929	Ambulatory Surgery Center	KY	N/A								
Baptist Eastpoint Surgery Center LLC 4000 Kresge Way Louisville, KY40207 26-0834852	Ambulatory Surgery Center	KY	N/A								
Medical Associates of Middletown LLC 4000 Kresge Way Louisville, KY40207 20-0399400	Medical Office Building	KY	Baptist Healthcare System Inc	Related	31,302	1,306,804		No			No
PETCT Management LLC 7807 Shelbyville Rd Ste 201 Louisville, KY40222 20-0154982	Mgmt & Equipment Services	KY	Baptist Healthcare System Inc	Related	271,258	467,025		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
Baptist Ventures Inc 4007 Kresge Way Louisville, KY402074604 61-1217018	Management Company	KY	Baptist Healthcare System Inc	C	319,282	3,717,492	100 000 %
Baptist East Medical Pavilion Association Inc 4000 Kresge Way Louisville, KY402074604 61-1423391	Condo Mgmt Association	KY	Baptist Healthcare System Inc	C			
BRMC Condominium Association Inc 1 Trillium Way Corbin, KY40701 61-1364766	Condo Mgmt Association	KY	Baptist Healthcare System Inc	C			
Baptist Health Network Inc 4007 Kresge Way Louisville, KY402074604 27-2939694	Accountable Care Organization	KY	Baptist Healthcare System Inc	C			

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a** Yes	
b	Gift, grant, or capital contribution to other organization(s)	**1b** Yes	
c	Gift, grant, or capital contribution from other organization(s)	**1c** Yes	
d	Loans or loan guarantees to or for other organization(s)	**1d** 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** Yes	
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	No
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	No
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	No
n	Sharing of paid employees	**1n**	No
o	Reimbursement paid to other organization for expenses	**1o** Yes	
p	Reimbursement paid by other organization for expenses	**1p** 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)	See Additional Data Table		
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(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

Return to Form

Software ID:
Software Version:
EIN: 61-0444707
Name: Baptist Healthcare System Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity
Baptist Healthcare System Inc 4007 Kresge Way Louisville, KY402074604 61-0444707	Hospital	KY	Section 501 (c)(3)	Schedule A, Line 3	N/A
Baptist Healthcare Affiliates Inc 4007 Kresge Way Louisville, KY402074604 61-1226399	Hospital	KY	Section 501 (c)(3)	Schedule A, Line 3	Baptist Healthcare System Inc
Baptist Community Health Services Inc 4007 Kresge Way Louisville, KY402074604 61-1141242	Medical Services	KY	Section 501 (c)(3)	Scehdule A, Line 11a	Baptist Healthcare System Inc
Baptist Medical Associates Inc 4007 Kresge Way Louisville, KY402074604 20-5497203	Physician Services	KY	Section 501 (c)(3)	Schedule A, Line 3	Baptist Healthcare System Inc
Baptist Physicians Lexington Inc 4007 Kresge Way Louisville, KY402074604 20-5494939	Physician Services	KY	Section 501 (c)(3)	Schedule A, Line 3	Baptist Healthcare System Inc
Baptist Physicians Southeast Inc 4007 Kresge Way Louisville, KY402074604 26-0766344	Physician Services	KY	Section 501 (c)(3)	Schedule A, Line 3	Baptist Healthcare System Inc
Western Baptist Medical Ventures Inc 4007 Kresge Way Louisville, KY402074604 61-1194899	Physician Services	KY	Section 501 (c)(3)	Schedule A, Line 3	Baptist Healthcare System Inc
Baptist Healthcare Foundation Inc 4007 Kresge Way Louisville, KY402074604 31-1122867	Fundraising	KY	Section 501 (c)(3)	Scehdule A, Line 11a	Baptist Healthcare System Inc
Baptist Hospital Foundation of Greater Louisville Inc 4000 Kresge Way Louisville, KY402074604 20-0292291	Fundraising	KY	Section 501 (c)(3)	Scehdule A, Line 11a	Baptist Healthcare System Inc
Central Baptist Hospital Foundation Inc 1740 Nicholasville Rd Lexington, KY40503 61-1480774	Fundraising	KY	Section 501 (c)(3)	Scehdule A, Line 11a	Baptist Healthcare System Inc
Lexington Cardiac Research Foundation Inc 1740 Nicholasville Rd Lexington, KY40503 20-4242792	Medical Research	KY	Section 501 (c)(3)	Schedule A, Line 11a	Baptist Healthcare System Inc
Western Baptist Hospital Foundation Inc 2501 Kentucky Ave Paducah, KY42003 26-4057759	Fundraising	KY	Section 501 (c)(3)	Scehdule A, Line 11a	Baptist Healthcare System Inc
Bluegrass Family Health Inc 651 Perimeter Park Ste 300 Lexington, KY40517 61-1241101	Insurance	KY	Section 501 (c)(4)		Baptist Healthcare System Inc
Mercy Regional Emergency Medical System LLC 126 Lone Oak Rd Paducah, KY42001 61-1310466	Ambulance Services	KY	Section 501 (c)(3)	Scehdule A, Line 11a	Baptist Healthcare System Inc

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)
(1)	Baptist Ventures Inc	A	71,906
(1)	Baptist Hospital Foundation of Greater Louisville Inc	B	254,987
(2)	PETCT Management LLC	B	236,570
(3)	Baptist Hospital Foundation of Greater Louisville Inc	C	189,493
(4)	Baptist Healthcare Affiliates Inc	D	1,702,417
(5)	Baptist Ventures Inc	D	78,394
(6)	Baptist Community Health Services Inc	I	2,253,306
(7)	Baptist Physicians Lexington Inc	J	73,356
(8)	PETCT Management LLC	O	1,247,390
(9)	Baptist Medical Associates Inc	O	1,760,207
(10)	Baptist Healthcare Affiliates Inc	P	4,730,768
(11)	Baptist Community Health Services Inc	P	2,858,462
(12)	Baptist Physicians Lexington Inc	P	593,774
(13)	Western Baptist Medical Ventures	P	69,109
(14)	Lexington Cardiac Research Foundation Inc	P	10,000
(15)	Baptist Community Health Services Inc	Q	4,138,022
(16)	Western Baptist Medical Ventures	Q	4,471,689
(17)	Baptist Medical Associates Inc	Q	5,024,273
(18)	Baptist Physicians Lexington Inc	Q	11,764,952
(19)	Baptist Physicians Southeast Inc	Q	1,850,641
(20)	Baptist Healthcare Affiliates Inc	R	4,534,183
(21)	Baptist Community Health Services Inc	R	990,000
(22)	Baptist Hospital East Foundation Inc	R	701
(23)	Baptist Ventures Inc	R	207,278
(24)	PETCT Management LLC	R	266,825
(25)	Lexington Cardiac Research Foundation Inc	R	40,788

Additional Data

Software ID:
Software Version:
EIN: 61-0444707
Name: Baptist Healthcare System Inc

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Tommy J Smith President (Sch O)	40 00	X		X				2,405,247	0	148,791
William Sisson Vice President (Sch O)	40 00	X		X				664,759	0	83,748
Larry Barton Vice President (Sch O)	40 00	X		X				569,999	0	79,370
Susan Stout Tamme Vice President (Sch O)	40 00	X		X				637,144	0	73,172
John Henson Vice President	40 00	X		X				411,972	0	58,363
Carl G Herde Treasurer (Sch O)	40 00	X		X				592,724	0	86,542
Janet M Norton Secretary (Sch O)	40 00	X		X				446,010	0	51,399
Mary Lou Tipgos Assistant Secretary	40 00	X		X				130,658	0	26,526
Robert Baker Director	1 00	X						3,000	0	0
William H Brigance Director	1 00	X						3,000	0	0
Ned Buchanan Director	1 00	X						3,000	0	0
Victoria Buster Director	1 00	X						3,000	0	0
William T Daniel II MD Director	1 00	X						3,000	0	0
Tom O Davis Director	1 00	X						3,000	0	0
W Jeffrey Foxx MD Director	1 00	X						3,000	0	0
Frances V Hamilton Director	1 00	X						3,000	0	0
Brenda Hammons Director	1 00	X						3,000	0	0
Robert L Hook Jr Director	1 00	X						3,000	0	0
Lindsey Ingram Jr Director	1 00	X						3,000	0	0
Danny McMahan Director	1 00	X						3,000	0	0
Franks R Purdy III Director	1 00	X						3,000	0	0
Steven S Reed Director	1 00	X						3,000	0	0
James D Rickard Director	1 00	X						3,000	0	0
Marcia Milby Ridings Director	1 00	X						3,000	0	0
Edmund C Roberts Jr Director	1 00	X						3,000	0	0

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			
Judge Eugene Siler Jr Director	1 00	X						0	0	0
Don VanCleve Director	1 00	X						3,000	0	0
Don Walker Director	1 00	X						3,000	0	0
Dr Thelma White Director	1 00	X						3,000	0	0
John D Logan Director	1 00	X						0	0	0
Jeff Holland Director	1 00	X						0	0	0
Chris Hutson Director	1 00	X						0	0	0
Sidney F Hopkins MD Director	1 00	X						0	0	0
John R Barton Physician	40 00					X		545,345	0	52,627
John M O'Brien Physician	40 00					X		523,765	0	51,182
Douglas A Milligan Physician	40 00					X		515,962	0	50,979
Bernard Tamme VP Managed Care	40 00					X		392,284	0	42,533
Preston Nunnelley VP	40 00					X		386,825	0	38,890

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
Ins & Patient Pmts	621,300	622,795,040	622,130,071	664,969	
Medicare/Medicaid Pmts	621,300	538,004,627	538,004,627		
Intercomp Int /MOB Re	900,099	10,691,157	10,691,157		
Other Program Svc Rev	900,099	6,683,521	6,683,521		
Mgmt Fees-Exempt Aff	561,000	3,542,538	3,542,538		

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

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Medical Supplies	280,322,003	279,583,064	738,939	0
Bad Debts	62,344,540	62,344,540	0	0
Purchased Svc Non-Med	24,965,873	23,483,442	1,482,431	0
Provider Tax	20,217,890	20,217,890	0	0
Administrative	8,276,215	6,337,066	1,939,149	0