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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
2010
Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 01-01-2010 and ending 12-31-2010

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization BENEFIS HOSPITALS INC Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 1101 26TH STREET SOUTH City or town, state or country, and ZIP + 4 GREAT FALLS, MT 59405 F Name and address of principal officer LAURA GOLDHAHN 1101 26TH STREET SOUTH GREAT FALLS, MT 59405	D Employer identification number 81-0232122 E Telephone number (406) 455-2563 G Gross receipts \$ 501,801,061 H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.BENEFIS.ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1897 M State of legal domicile MT

Part I Summary

1	Briefly describe the organization's mission or most significant activities BENEFIS HOSPITALS, INC IS A 513 BED HOSPITAL, PROVIDING INPATIENT AND OUTPATIENT SERVICES				
2	Check this box <input type="checkbox"/> 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		11	
4	Number of independent voting members of the governing body (Part VI, line 1b)	4		7	
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5		2,389	
6	Total number of volunteers (estimate if necessary)	6		545	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a		0	
7b	Net unrelated business taxable income from Form 990-T, line 34	7b		0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year		Current Year	
	9 Program service revenue (Part VIII, line 2g)	2,053,770		0	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	242,223,015		498,946,250	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-350,692		790,935	
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,038,521		1,541,270	
		245,964,614		501,278,455	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0		0	
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0		0	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	98,128,700		95,693,909	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0		0	
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰				
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	130,163,330		383,491,409	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	228,292,030		479,185,318		
19 Revenue less expenses Subtract line 18 from line 12	17,672,584		22,093,137		
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year		End of Year	
	21 Total liabilities (Part X, line 26)	401,952,006		132,767,947	
	22 Net assets or fund balances Subtract line 21 from line 20	162,857,953		151,999,870	
		239,094,053		-19,231,923	

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	2011-10-25 Date			
	LAURA GOLDHAHN PRESIDENT Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name WENDY CAMPOS	Preparer's signature WENDY CAMPOS	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ MOSS ADAMS LLP				Firm's EIN ▶
	Firm's address ▶ 805 SW BROADWAY SUITE 1200 PORTLAND, OR 97205				Phone no ▶ (503) 242-1447

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission

BENEFIS HOSPITALS, INC IS DEDICATED TO OUR CHRISTIAN TRADITION AS A HEALING MINISTRY TO PROVIDE EXCELLENT PHYSICAL, EMOTIONAL, AND SPIRITUAL CARE TO ALL IN NEED

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 \$ 235,843,754 including grants of \$) (Revenue \$ 293,080,291)
 BENEFIS HOSPITALS, INC OPERATES A 513 BED, TWO-CAMPUS FACILITY PROVIDING ACUTE CARE, REHABILITATION SERVICES, AND PSYCHIATRIC HEALTH SERVICES TO THE PUBLIC REGARDLESS OF ABILITY TO PAY

4b (Code) (Expenses \$ 133,679,115 including grants of \$) (Revenue \$ 166,121,483)
 BENEFIS HOSPITALS, INC PROVIDES OUTPATIENT MEDICAL AND SURGICAL SERVICES TO THE PUBLIC REGARDLESS OF ABILITY TO PAY

4c (Code) (Expenses \$ 31,982,659 including grants of \$) (Revenue \$ 39,744,476)
 BENEFIS HOSPITALS, INC PROVIDES HOSPICE, DIALYSIS, AND SKILLED NURSING SERVICES TO THE PUBLIC REGARDLESS OF ABILITY TO PAY

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

4e Total program service expenses \$ 401,505,528

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	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?		No
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		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		No
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		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		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		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	Yes	
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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
11a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	Yes	
11b	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.	Yes	
11c	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.		No
11d	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.		No
11e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	Yes	
11f	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 (ASC 740)? If "Yes," complete Schedule D, Part X.	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII		No
12b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
14b	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, Parts I and IV		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, Parts II and IV		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, Parts III and IV		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 (see instructions)		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		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		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	Yes	
20b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)		No

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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	Yes	
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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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

Check if Schedule O contains a response to any question in this Part V []

Table with columns for question ID, question text, and Yes/No response boxes. Includes rows for 1a-1b, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, and 14a-14b.

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.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (11), 1b (7), 2 (Yes), 3 (Yes), 4 (No), 5 (No), 6 (Yes), 7a (Yes), 7b (Yes), 8a (Yes), 8b (Yes), 9 (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (No), 10b, 11a (Yes), 11b, 12a (Yes), 12b (Yes), 12c (Yes), 13 (Yes), 14 (No), 15a (Yes), 15b (Yes), 16a (Yes), 16b (Yes).

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed
18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection
19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

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

Check if Schedule O contains a response to any question in this Part VII

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

- 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, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(1) DOMINIC CASELNOVA III PHARMACY DIRECTOR	60 00					X		175,699	0	15,039
(2) COLONEL LESLIE L DIXON DIRECTOR	3 00	X						0	0	0
(3) PAUL DOLAN MD CMQO	59 00			X				655,373	0	75,181
(4) CHRIS EBELING CHAIR	6 00	X		X				0	0	0
(5) BILL FERRIN DIRECTOR	3 00	X						0	0	0
(6) LAURA GOLDHAHN PRESIDENT	39 00			X				0	707,446	89,549
(7) PETER GRAY EXECUTIVE DIRECTOR	60 00					X		148,780	0	6,787
(8) JULIE HICKETHIER COO	60 00			X				580,616	0	66,112
(9) KATHY HILL CAO	60 00					X		149,294	0	14,372
(10) JEFF JARACZESKI DIRECTOR	3 00	X						0	0	0
(11) JOE LODUCA CAO	60 00					X		150,850	0	13,378
(12) KEVIN A MCCAFFERTY MD DIRECTOR	3 00	X						0	0	0
(13) LYLE J ONSTAD MD DIRECTOR	3 00	X						0	0	0
(14) SUSAN WALLACE RAPH MN DIRECTOR	3 00	X						0	0	0
(15) DAVID A ROHRER MD DIRECTOR	3 00	X						0	0	0
(16) MAYILYN K ROSE DIRECTOR	3 00	X						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(17) JERRY W SPEER MD DIRECTOR	3 00	X					0	302,167	6,252	
(18) FRANK SOLTYS EXECUTIVE DIRECTOR	60 00					X	141,811	0	6,787	
(19) GREGORY S TIERNEY MD DIRECTOR	3 00	X					0	0	0	
(20) BILL WEBER DIRECTOR	3 00	X					0	0	0	
(21) DAVID WILSEY DIRECTOR	3 00	X					0	0	0	
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							2,002,423	1,009,613	293,457	

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 **▶**36

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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
ARAMARK HEALTHCARE FOOD 25271 NETWORK PLACE CHICAGO, IL 60673	CAFETERIA	1,997,801
ANESTHESIA ASSOCIATES 401 15TH AVENUE SOUTH 109 GREAT FALLS, MT 59405	MEDICAL	1,877,132
METRO AVIATION INC PO BOX 7008 SHREVEPORT, LA 71137	AMBULANCE	1,512,523
COGENT HEALTHCARE PO BOX 645037 CINCINNATI, OH 45264	HOSPITALISTS	1,066,483
CITY OF GREAT FALLS PO BOX 5021 GREAT FALLS, MT 59403	UTILITIES	960,774

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 **▶**113

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					
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f ▼					
	Program Service Revenue	2a PATIENT SERVICES	Business Code 621990	494,118,472	494,118,472	
b OTHER OPERATIONS		621990	4,827,778	4,827,778		
c						
d						
e						
f All other program service revenue						
g Total. Add lines 2a-2f ▼			498,946,250			
Other Revenue		3 Investment income (including dividends, interest and other similar amounts) ▼		589,958		589,958
	4 Income from investment of tax-exempt bond proceeds ▼					
	5 Royalties ▼					
	6a Gross Rents	(i) Real				
		(ii) Personal				
		b Less rental expenses				
		c Rental income or (loss)				
	d Net rental income or (loss) ▼					
	7a Gross amount from sales of assets other than inventory	(i) Securities		200,977		
		(ii) Other				
		b Less cost or other basis and sales expenses				
		c Gain or (loss)		200,977		
	d Net gain or (loss) ▼		200,977		200,977	
	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		513,511				
	b Less cost of goods sold b		522,606			
	c Net income or (loss) from sales of inventory ▼		-9,095		-9,095	
Miscellaneous Revenue	11a CAFETERIA	Business Code 722210	1,550,365		1,550,365	
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d ▼		1,550,365			
	12 Total revenue. See Instructions ▼		501,278,455	498,946,250	0	2,332,205

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,377,282	1,186,558	190,724	
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	79,451,050	68,448,758	11,002,292	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits	9,043,010	158,615	8,884,395	
10	Payroll taxes	5,822,567		5,822,567	
a	Fees for services (non-employees)				
	Management	31,006,602		31,006,602	
b	Legal				
c	Accounting				
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other				
12	Advertising and promotion				
13	Office expenses	47,663,422	46,246,185	1,417,237	
14	Information technology				
15	Royalties				
16	Occupancy	12,967,062	6,434,933	6,532,129	
17	Travel	537,775	389,282	148,493	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	5,922,439		5,922,439	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	7,936,071	6,435,185	1,500,886	
23	Insurance	18,437	18,437		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	CONTRACTUAL ADJ/CHARITY	241,174,476	241,174,476		
b	OTHER EXPENSES	21,908,200	16,656,174	5,252,026	
c	BAD DEBT EXPENSE	14,356,925	14,356,925		
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	479,185,318	401,505,528	77,679,790	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) 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)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	13,447,360	1	23,198,521
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	42,557,563	4	41,563,391
	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)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	7,392,737	8	7,642,738
	9 Prepaid expenses and deferred charges	2,294,774	9	822,048
	10a Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	117,804,947		
	b Less accumulated depreciation	75,728,713	233,279,295	10c 42,076,234
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11	76,838,291	12	14,550,138
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	26,141,986	15	2,914,877
16 Total assets. Add lines 1 through 15 (must equal line 34)	401,952,006	16	132,767,947	
Liabilities	17 Accounts payable and accrued expenses	22,937,658	17	26,653,080
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	131,518,076	20	123,059,068
	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	8,402,219	25	2,287,722
	26 Total liabilities. Add lines 17 through 25	162,857,953	26	151,999,870
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	230,445,277	27	-19,231,923
	28 Temporarily restricted net assets	2,422,346	28	0
	29 Permanently restricted net assets	6,226,430	29	0
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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	239,094,053	33	-19,231,923	
34 Total liabilities and net assets/fund balances	401,952,006	34	132,767,947	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	501,278,455
2	Total expenses (must equal Part IX, column (A), line 25)	2	479,185,318
3	Revenue less expenses Subtract line 2 from line 1	3	22,093,137
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	239,094,053
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-280,419,113
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	-19,231,923

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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 separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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 described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 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?
 - (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 - (ii) a family member of a person described in (i) above?
 - (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in Sections 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 or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2010 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14	15	

16a 33 1/3% support test—2010. 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—2009.** 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—2010.** 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—2009.** 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 Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 section 501(c)(3) organization, check this box and stop here 						

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. 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—2009. 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 explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2010

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization BENEFIS HOSPITALS INC

Employer identification number 81-0232122

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

- a Total number of conservation easements
b Total acreage restricted by conservation easements
c Number of conservation easements on a certified historic structure included in (a)
d Number of conservation easements included in (c) acquired after 8/17/06

Table with 2 columns: Held at the End of the Year. Rows 2a, 2b, 2c, 2d.

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year

4 Number of states where property subject to conservation easement is located

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

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)?

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
1c Beginning balance	11,091
1d Additions during the year	
1e Distributions during the year	3,273
1f Ending balance	7,818

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	8,650,429	6,708,274	7,442,737		
b Contributions		1,547,349	1,828,005		
c Investment earnings or losses		772,024	-963,297		
d Grants or scholarships					
e Other expenditures for facilities and programs	8,650,429	377,218	1,599,171		
f Administrative expenses					
g End of year balance		8,650,429	6,708,274		

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

- a** Board designated or quasi-endowment ▶ 0 %
- b** Permanent endowment ▶ 0 %
- c** Term endowment ▶ 0 %

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				
b Buildings				
c Leasehold improvements				
d Equipment		117,804,947	75,728,713	42,076,234
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				42,076,234

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 1B	THE ORGANIZATION MAINTAINS TRUST ACCOUNTS FOR PATIENTS LIVING IN THE ONSITE NURSING HOME
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	ENDOWMENT FUNDS ARE RELATED TO BENEFIS HEALTHCARE FOUNDATION THESE ACCOUNTS WERE TRANSFERRED TO BENEFIS HEALTH SYSTEM, INC , A RELATED EXEMPT ORGANIZATION, DURING 2010
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE ORGANIZATION IS A NOT-FOR-PROFIT CORPORATION AND HAS BEEN RECOGNIZED AS TAX EXEMPT PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (IRC) THE ORGANIZATION IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501 (C)(3) OF THE IRC EXCEPT TO THE EXTENT OF UNRELATED BUSINESS TAXABLE INCOME AS DEFINED UNDER IRC SECTIONS 511 THROUGH 515 EFFECTIVE JANUARY 1, 2009, THE ORGANIZATION ADOPTED ACCOUNTING FOR UNCERTAIN TAX POSITIONS THE ACCOUNTING STANDARD PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT PROCESS FOR UNCERTAIN TAX POSITIONS THE ORGANIZATION HAD NO UNCERTAIN TAX POSITIONS AS OF DECEMBER 31, 2010 OR 2009

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

2010

Open to Public Inspection

Name of the organization BENEFIS HOSPITALS INC

Employer identification number 81-0232122

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a. 1b If "Yes," is it a written policy? 2 If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. 3a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? 3b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? 6a Does the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-d) and Other Benefits (e-k).

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(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			16,800		16,800	0 %
2 Economic development						
3 Community support			15,940		15,940	0 %
4 Environmental improvements						
5 Leadership development and training for community members			11,543		11,543	0 %
6 Coalition building			2,432		2,432	0 %
7 Community health improvement advocacy			27,528		27,528	0 010 %
8 Workforce development						
9 Other			681		681	0 %
10 Total			74,924		74,924	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2 Enter the amount of the organization's bad debt expense (at cost)	2	6,940,138	
3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	337,985	
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 a portion of bad debt amounts as community benefit			

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	85,421,261
6 Enter Medicare allowable costs of care relating to payments on line 5	6	106,425,033
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-21,003,772
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a Does the organization have a written debt collection policy?	9a	Yes
b If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	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 1 TREASURE STATE	PREFERRED PROVIDER			
2 2 HEALTHCARE NETWORK	ORGANIZATION SERVING	50 000 %	0 %	50 000 %
3 3	GREAT FALLS AND			
4 4	SURROUNDING AREAS			
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 2

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)
1	BENEFIS HOSPITALS INC EAST CAMPUS 1101 26TH STREET SOUTH GREAT FALLS, MT 59405	X	X					X		
2	BENEFIS HOSPITALS INC WEST CAMPUS 500 15TH AVENUE SOUTH GREAT FALLS, MT 59405	X	X							

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 1

Name and address	Type of Facility (Describe)
1 BENEFIS SLETTEN HI-LINE CANCER CENTER 40 13TH STREET WEST HAVRE, MT 59501	CANCER TREATMENT CENTER
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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 financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities 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.)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 14357000
		PART I, LINE 6A AS REQUIRED BY MONTANA LAW, THE ORGANIZATION ANNUALLY SUBMITS A COMMUNITY BENEFIT REPORT TO THE MONTANA ATTORNEY GENERAL'S OFFICE, WHICH OVERSEES NONPROFIT CORPORATIONS IN THE STATE IN 2011, THE ATTORNEY GENERAL'S OFFICE RELEASED TO THE PUBLIC ITS FOURTH ANNUAL REPORT ON THE CHARITABLE ACTIVITIES OF MONTANA HOSPITALS, INCLUDING THE TEN LARGEST HOSPITALS IN THE STATE (WITH THE ORGANIZATION AMONG THEM) THE ORGANIZATION ITSELF ALSO ANNUALLY PREPARES A SUMMARY COMMUNITY BENEFIT REPORT FOR PURPOSES OF EXPLANATION TO THE LOCAL PUBLIC, WHICH IS PUBLISHED IN THE FORM OF A POSTING IN THE LOCAL NEWSPAPER PART I, LINE 7G THE ORGANIZATION AS PART OF ITS COMMUNITY BENEFIT INCLUDES THE COST OF SUBSIDIZED HEALTH SERVICES ATTRIBUTABLE TO SERVICES IT OFFERS THAT ARE SOLE COMMUNITY RESOURCES AND IF ABSENT WOULD NOT BE OFFERED IN THE SERVICE AREA THE ORGANIZATION ONLY REPORTS THE SERVICES IF THEY ARE SUBSIDIZED PART III, LINE 3 THE ORGANIZATION ESTIMATES THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER ITS CHARITY CARE POLICY BY ANALYZING PAST ACTIVITY FOR ACCOUNTS CLASSIFIED AS BAD DEBT THAT SUBSEQUENTLY QUALIFIED FOR CHARITY CARE WHEN ADDITIONAL ELIGIBILITY INFORMATION WAS OBTAINED PART III, LINE 4 THE ORGANIZATION'S FINANCIAL STATEMENTS INCLUDE THE FOLLOWING NOTE REGARDING BAD DEBT EXPENSE "THE CARRYING AMOUNT OF PATIENT AND RESIDENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS, RESIDENTS, AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT AND RESIDENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS OR RESIDENTS DUE TO BAD DEBTS AND CHARITY CARE MANAGEMENT CONSIDERS HISTORICAL WRITE-OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION " THE COSTING METHODOLOGY UTILIZED TO CALCULATE THE COST OF THE ORGANIZATION'S BAD DEBT EXPENSE IS A COST TO CHARGE RATIO PART III, LINE 8 THE ORGANIZATION DOES NOT BELIEVE THAT ANY SHORTFALL REPORTED IN LINE 7 SHOULD BE TREATED AS COMMUNITY BENEFIT THE ORGANIZATION USED ITS COST TO CHARGE RATIO TO OBTAIN THE MEDICARE ALLOWABLE COST REPORTED IN PART III, SECTION B THE ORGANIZATION HAS A CONSIDERABLE POPULATION OF MEDICARE PATIENTS, AND IS PAID SUBSTANTIALLY LESS THAN ITS COSTS DUE TO THE REIMBURSEMENT METHODOLOGY USED BY MEDICARE
		PART VI, LINE 2 BENEFIS HOSPITALS, INC HISTORICALLY HAS ASSESSED THE HEALTH NEEDS OF THE COMMUNITIES WITHIN ITS SERVICE AREA THROUGH DIRECT OBSERVATION AND EXPERIENCE, AS WELL AS THROUGH THE USE OF CERTAIN SECONDARY DATA COMPILED BY INDEPENDENT SOURCES THE HOSPITAL IS CURRENTLY ASSEMBLING A TEAM OF HEALTH CARE PROVIDERS, COMMUNITY AGENCIES, CLINICS, LOCAL HEALTH DEPARTMENTS, AND OTHER PUBLIC HEALTH PROFESSIONALS WHO WILL CONDUCT A COMMUNITY NEEDS ASSESSMENT IN THE FUTURE, AS CONTEMPLATED BY NEWLY ENACTED IRC SECTION 501(R) PART VI, LINE 3 THE ORGANIZATION HAS POSTED IN REGISTRATION AREAS, EMERGENCY ROOMS, AND FINANCIAL ASSISTANCE AREAS A SUMMARY OF ITS FINANCIAL ASSISTANCE POLICY ALONG WITH BROCHURES THAT DEFINE THE POLICY THE POLICY AND APPLICATION IS AVAILABLE ONLINE AND IS MAILED TO EACH PATIENT ALONG WITH THEIR BILLING STATEMENT PART VI, LINE 4 THE ORGANIZATION'S SERVICE AREA IS APPROXIMATELY 45,000 SQUARE MILES AND HAS A POPULATION OF APPROXIMATELY 225,000 PEOPLE THE SERVICE AREA IS APPROXIMATELY 49.5% FEMALE AND 50.5% MALE APPROXIMATELY 6.6% OF THE POPULATION IS UNDER 5 YEARS OF AGE, APPROXIMATELY 74% BETWEEN THE AGE OF 18 AND 65 YEARS OF AGE, AND APPROXIMATELY 14% OF THE POPULATION IS OVER THE AGE OF 65 THE SERVICE AREA IS 90.7% WHITE WITH THE NEXT LARGEST COMBINED POPULATION APPROXIMATELY 5.8% NATIVE AMERICAN AND THE REMAINDER AFRICAN-AMERICAN OR MULTIPLE RACES
		THE AVERAGE HOUSHOLD SIZE IS 2.4 PEOPLE, WITH APPROXIMATELY 92.4% OF ALL HOUSING UNITS BEING OWNER OCCUPIED THE AVERAGE PER CAPITA INCOME IS \$17,566 WITH THE MEDIAN HOUSEHOLD INCOME BEING \$32,971 (US CENSUS BUREAU, 2000 DEMOGRAPHIC PROFILE)PART VI, LINE 5 THE ORGANIZATION HELPS DEVELOP THE COMMUNITY THROUGH PARTICIPATION IN COMMUNITY LEADERSHIP ACTIVITIES, IMPROVED HEALTH ADVOCACY WITH COMMUNITY CLINICS, HEALTH FAIRS AND SUPPORT OF GENERAL HEALTH CLINICS THE ORGANIZATION PROVIDES SUPPORT TO INDIAN HEALTH FACILITY CLINICS AND PROVIDES ECONOMIC FUNDING FOR COMMUNITY HEALTH CLINICS TO PROVIDE LOCUM DOCTORS TO COME DURING PLANNED AND UNPLANNED ABSENCES BENEFIS HOSPITALS, INC PROMOTES THE HEALTH OF PERSONS RESIDING THROUGHOUT ITS SERVICE AREA THE HOSPITAL OPERATES AN EMERGENCY ROOM OPEN TO ALL PERSONS, WITHOUT REGARD TO ABILITY TO PAY, AND PARTICIPATES IN GOVERNMENT SPONSORED HEALTHCARE PAYMENT PROGRAMS THE HOSPITAL USES ANY SURPLUS FUNDS TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND OR IMPROVE ITS FACILITIES, AND ADVANCE ITS MEDICAL TRAINING, EDUCATION, AND RESEARCH PROGRAMS, THE HOSPITAL'S BOARD OF DIRECTORS (AND THAT OF BENEFIS HEALTH SYSTEM, ITS SOLE CORPORATE MEMBER) CONSISTS PRIMARILY OF INDIVIDUALS REPRESENTING THE COMMUNITY THE HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF, WITH MEMBERSHIP AND PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS AND HEALTHCARE PROFESSIONALS, AS SET FORTH IN THE MEDICAL STAFF BYLAWS, RULES, AND REGULATIONS IN THESE AND OTHER RESPECTS, THE HOSPITAL IS ORGANIZED AND OPERATED IN A MANNER THAT PROMOTES THE HEALTH OF THE COMMUNITY AND THEREFORE FULFILLS CHARITABLE PRUPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(C)(3)
		PART VI, LINE 6 THE ORGANIZATION IS PART OF AN INTEGRATED HEALTHCARE DELIVERY SYSTEM AND AS SUCH COORDINATES EFFORTS BETWEEN ALL SYSTEM ENTITIES TO REDUCE DUPLICATION AND PROMOTE THE BROADEST OFFERING OF SERVICES
REPORTS FILED WITH STATES	PART VI, LINE 7	MT

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

Part I Questions Regarding Compensation

	Yes	No
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <p> <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Travel for companions <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Tax indemnification and gross-up payments <input checked="" type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) </p>		
<p>b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain.</p>		No
<p>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?</p>	Yes	
<p>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.</p> <p> <input checked="" type="checkbox"/> Compensation committee <input type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Compensation survey or study <input type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Approval by the board or compensation committee </p>		
<p>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:</p>		
<p>a Receive a severance payment or change-of-control payment from the organization or a related organization?</p>		No
<p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	Yes	
<p>c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>		No
<p>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</p>		
<p>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:</p>		
<p>a The organization?</p>		No
<p>b Any related organization? If "Yes," to line 5a or 5b, describe in Part III.</p>		No
<p>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:</p>		
<p>a The organization?</p>		No
<p>b Any related organization? If "Yes," to line 6a or 6b, describe in Part III.</p>		No
<p>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.</p>	Yes	
<p>8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III.</p>		No
<p>9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is 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				
(1) DOMINIC CASELNOVA III	(i) (ii)	160,493 0	14,966 0	240 0	8,223 0	6,816 0	190,738 0	0 0
(2) PAUL DOLAN MD	(i) (ii)	255,750 0	75,207 0	324,416 0	68,199 0	6,982 0	730,554 0	318,056 0
(3) LAURA GOLDHAHN	(i) (ii)	0 290,506	0 86,086	0 330,854	0 83,767	0 5,782	0 796,995	0 328,611
(4) PETER GRAY	(i) (ii)	148,780 0	0 0	0 0	0 0	6,787 0	155,567 0	0 0
(5) JULIE HICKETHIER	(i) (ii)	223,197 0	63,724 0	293,695 0	65,670 0	442 0	646,728 0	290,214 0
(6) KATHY HILL	(i) (ii)	149,294 0	0 0	0 0	7,585 0	6,787 0	163,666 0	0 0
(7) JOE LODUCA	(i) (ii)	134,798 0	15,812 0	240 0	6,591 0	6,787 0	164,228 0	0 0
(8) JERRY W SPEER MD	(i) (ii)	0 292,679	0 9,488	0 0	0 0	0 6,252	0 308,419	0 0
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

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	THE HEALTH CLUB WHERE OFFICERS ARE MEMBERS IS A SUBSIDIARY OF BENEFIS HEALTH SYSTEM, INC (BHS). THE HEALTH CLUB DUES THAT BHS PAYS FOR ITS OFFICERS ARE TREATED AS TAXABLE INCOME TO THE INDIVIDUAL ACCORDINGLY. OFFICERS AND DEPARTMENT HEADS ARE ELIGIBLE FOR HEALTH CLUB DUES. SUBSTANTIATION IS REQUIRED BEFORE ANY REIMBURSEMENTS ARE PAID.
	PART I, LINE 4B	BENEFIS HEALTH SYSTEM, INC. HISTORICALLY PERMITTED EXECUTIVES OF ITS AFFILIATED ENTITIES (INCLUDING THE ORGANIZATION) TO PARTICIPATE IN A NONQUALIFIED 457(F) RETIREMENT PLAN, WITH ANNUAL CONTRIBUTIONS BASED ON A PERCENT OF SALARY. IN 2010, THE SYSTEM SOUGHT THE ASSISTANCE OF AN INDEPENDENT COMPENSATION CONSULTING FIRM TO CONDUCT A COMPREHENSIVE REVIEW OF THE SYSTEM'S EXECUTIVE BENEFITS. BASED ON THE CONSULTANT'S RECOMMENDATIONS, BENEFIS HEALTH SYSTEM, INC. ADOPTED A MODIFIED VESTING SCHEDULE PURSUANT TO WHICH (I) ALL PARTICIPANTS IN THE PLANS WOULD BECOME FULLY VESTED IN SUPPLEMENTAL CONTRIBUTIONS MADE PRIOR TO 2010, WITH ALL PROCEEDS DISTRIBUTED CURRENTLY, AND (II) A NEW VESTING SCHEDULE WOULD APPLY TO FUTURE ACCRUALS UNDER CERTAIN OF THE PLANS. AS A RESULT OF THESE CHANGES, CERTAIN EXECUTIVES PARTICIPATING IN THE PLANS INCURRED SUBSTANTIAL ADDITIONAL TAXABLE INCOME IN 2010, AS SHOWN IN PART II, COLUMN B(III).
	PART I, LINE 7	BENEFIS HEALTH SYSTEM, INC. AND ITS AFFILIATES (INCLUDING THE ORGANIZATION) MAINTAIN AN INCENTIVE COMPENSATION PLAN THAT INCORPORATES BOTH SHARED AND INDIVIDUAL GOALS FOR MEMBERS OF THE EXECUTIVE LEADERSHIP TEAM (INCLUDING MS. GOLDHAHN, MS. HICKETHIER, AND DR. DOLAN), AND IS SUBJECT TO A PRECONDITION THAT THE SYSTEM MUST ACHIEVE BUDGETED OPERATING PERFORMANCE. IN 2010, THE SYSTEM ADOPTED SHARED PERFORMANCE OBJECTIVES INCLUDING SYSTEM GROWTH AS WELL AS MEASURES TIED TO WORKFORCE, PATIENT EXPERIENCE, PATIENT SAFETY, CLINICAL QUALITY, FINANCE/OPERATIONS, AND COMMUNITY BENEFIT. THE INDIVIDUAL PERFORMANCE OBJECTIVES ADOPTED IN 2010 ARE BASED ON AN ARRAY OF QUALITY, FINANCIAL, OPERATIONAL AND STRATEGIC INITIATIVES. INCENTIVE OPPORTUNITY LEVELS ARE CALCULATED BASED ON PREDETERMINED PERCENTAGES OF EACH EXECUTIVE'S BASE SALARY, AND VARY BASED ON THE ACHIEVEMENT OF THRESHOLD, TARGET OR STRETCH LEVELS AS TO EACH PERFORMANCE OBJECTIVE. THE SYSTEM ALSO MAINTAINS A LONG-TERM INCENTIVE PLAN DIRECTED AT RECRUITING AND RETAINING EXECUTIVE LEADERSHIP. PAYMENTS UNDER THE LONG-TERM PLAN ARE CONDITIONED ON AN EXECUTIVE REMAINING EMPLOYED BY THE SYSTEM AND MAINTAINING SATISFACTORY INDIVIDUAL PERFORMANCE. IN ADDITION, THE SYSTEM MUST HAVE MAINTAINED SATISFACTORY OVERALL PERFORMANCE, BASED ON BOTH FINANCIAL CRITERIA AND SATISFACTION OF EMPLOYEES, PATIENTS AND PHYSICIANS. INCENTIVE OPPORTUNITIES UNDER THE LONG-TERM PLAN ARE APPROVED IN ADVANCE BY THE BENEFIS HEALTH SYSTEM, INC. COMPENSATION COMMITTEE, WITH LATER PAYOUTS APPROVED BY THE COMMITTEE BASED ON ACTUAL PERFORMANCE RESULTS.

**Schedule K
(Form 990)**

OMB No 1545-0047

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.**

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BENEFIS HOSPITALS INC	81-0232122	61204KGH8	04-01-2007	2,455,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
B	BENEFIS HOSPITALS INC	81-0232122	61204KGJ4	04-01-2007	350,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
C	BENEFIS HOSPITALS INC	81-0232122	61204K GK1	04-01-2007	1,035,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
D	BENEFIS HOSPITALS INC	81-0232122	61204KGL9	04-01-2007	1,880,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue		2,516,108		358,712		1,060,763		1,926,796
4	Gross proceeds in reserve funds		169,567		24,175		71,488		129,852
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow		372,123		53,052		156,883		284,966
7	Issuance costs from proceeds		77,737		11,083		32,773		59,530
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		619,428		88,310		261,144		474,348
10	Capital expenditures from proceeds		1,896,680		270,402		799,619		1,452,448
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2009		2009		2009		2009
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?		X		X		X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		X

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X		X		X		X	
b Name of provider	BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK	
c Term of GIC	2 500000000000		2 500000000000		2 500000000000		2 500000000000	
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X		X	
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

**Schedule K
(Form 990)**

OMB No 1545-0047

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.**

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BENEFIS HOSPITALS INC	81-0232122	61204KGM7	04-01-2007	415,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
B	BENEFIS HOSPITALS INC	81-0232122	61204KGN5	04-01-2007	2,635,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
C	BENEFIS HOSPITALS INC	81-0232122	61204KGP0	04-01-2007	155,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
D	BENEFIS HOSPITALS INC	81-0232122	61204KGQ8	04-01-2007	3,045,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue		425,330		2,700,589		158,858		3,120,794
4	Gross proceeds in reserve funds		28,664		182,000		10,706		210,319
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow		62,905		399,407		23,495		461,554
7	Issuance costs from proceeds		13,141		83,437		4,908		96,420
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		104,710		664,844		39,108		768,293
10	Capital expenditures from proceeds		320,620		203,574		119,750		2,352,502
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2009		2009		2009		2009
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?		X		X		X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		X

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X		X		X		X	
b Name of provider	BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK	
c Term of GIC	2 500000000000		2 500000000000		2 500000000000		2 500000000000	
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X		X	
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

**Schedule K
(Form 990)**

OMB No 1545-0047

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.**

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BENEFIS HOSPITALS INC	81-0232122	61204KGR6	04-01-2007	940,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
B	BENEFIS HOSPITALS INC	81-0232122	61204KGS4	04-01-2007	2,415,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
C	BENEFIS HOSPITALS INC	81-0232122	61204KGT2	04-01-2007	1,100,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
D	BENEFIS HOSPITALS INC	81-0232122	61204KGU9	04-01-2007	2,420,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue		963,398		2,475,113		1,127,381		2,480,237
4	Gross proceeds in reserve funds		64,926		166,804		75,977		167,150
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow		142,483		366,060		166,736		366,818
7	Issuance costs from proceeds		29,765		76,471		34,831		76,629
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		237,174		609,336		277,544		610,597
10	Capital expenditures from proceeds		726,224		1,865,777		849,836		1,869,640
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2009		2009		2009		2009
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?		X		X		X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		X

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X		X		X		X	
b Name of provider	BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK	
c Term of GIC	2 500000000000		2 500000000000		2 500000000000		2 500000000000	
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X		X	
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

**Schedule K
(Form 990)**

OMB No 1545-0047

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.**

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BENEFIS HOSPITALS INC	81-0232122	61204KGV7	04-01-2007	1,365,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
B	BENEFIS HOSPITALS INC	81-0232122	61204KGW5	04-01-2007	2,320,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
C	BENEFIS HOSPITALS INC	81-0232122	61204KGX3	04-01-2007	3,850,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
D	BENEFIS HOSPITALS INC	81-0232122	61204KGY1	04-01-2007	4,045,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue		1,398,977		2,377,748		3,945,832		4,145,686
4	Gross proceeds in reserve funds		24,281		160,243		265,920		279,389
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow		206,904		351,660		583,574		613,132
7	Issuance costs from proceeds		43,223		73,463		121,910		128,085
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		344,407		585,366		971,405		1,020,606
10	Capital expenditures from proceeds		1,054,570		1,792,382		2,974,427		3,125,080
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2009		2009		2009		2009
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?		X		X		X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		X

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X		X		X		X	
b Name of provider	BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK	
c Term of GIC	2 500000000000		2 500000000000		2 500000000000		2 500000000000	
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X		X	
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

**Schedule K
(Form 990)**

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

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2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BENEFIS HOSPITALS INC	81-0232122	61204KGZ8	04-01-2007	4,245,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
B	BENEFIS HOSPITALS INC	81-0232122	61204KHA2	04-01-2007	4,460,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
C	BENEFIS HOSPITALS INC	81-0232122	61204KHB0	04-01-2007	4,680,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
D	BENEFIS HOSPITALS INC	81-0232122	61204KHC8	04-01-2007	4,920,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired				
2 Amount of bonds legally defeased				
3 Total proceeds of issue	4,350,664	4,571,016	4,796,492	5,042,466
4 Gross proceeds in reserve funds	293,203	308,053	323,248	339,825
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrow	643,448	676,037	709,384	745,763
7 Issuance costs from proceeds	134,418	141,226	148,192	155,792
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds	1,071,068	1,125,315	1,180,824	1,241,379
10 Capital expenditures from proceeds	3,279,596	3,445,700	3,615,668	3,801,086
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion	2009	2009	2009	2009
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		X
15 Were the bonds issued as part of an advance refunding issue?		X		X
16 Has the final allocation of proceeds been made?		X		X
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X		X		X		X	
b Name of provider	BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK	
c Term of GIC	2 500000000000		2 500000000000		2 500000000000		2 500000000000	
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X		X	
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

**Schedule K
(Form 990)**

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

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2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	BENEFIS HOSPITALS INC	81-0232122	61204KHD6	04-01-2007	5,160,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
B	BENEFIS HOSPITALS INC	81-0232122	61204KHE4	04-01-2007	5,410,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
C	BENEFIS HOSPITALS INC	81-0232122	61204KHF1	04-01-2007	7,985,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X
D	BENEFIS HOSPITALS INC	81-0232122	61204KHG9	04-01-2007	43,310,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue		5,288,440		5,544,662		8,183,758		44,388,047
4	Gross proceeds in reserve funds		356,402		373,669		551,525		2,991,428
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow		782,141		820,036		1,210,348		6,564,833
7	Issuance costs from proceeds		163,391		820,036		252,845		1,371,409
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		1,301,934				2,014,718		10,927,671
10	Capital expenditures from proceeds		3,986,505		4,179,650		6,169,040		33,460,377
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2009		2009		2009		2009
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?		X		X		X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		X

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X		X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X		X		X		X	
b Name of provider	BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK		BAYERISCHE LANDESBANK	
c Term of GIC	2 500000000000		2 500000000000		2 500000000000		2 500000000000	
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X		X	
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

**Schedule K
(Form 990)**

OMB No 1545-0047

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.**

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number
81-0232122

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		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A BENEFIS HOSPITALS INC	81-0232122	61204KHH7	04-01-2007	10,000,000	CONSTRUCTION OF NEW MEDICAL FACILITIES		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired				
2 Amount of bonds legally defeased				
3 Total proceeds of issue	10,248,914			
4 Gross proceeds in reserve funds	690,702			
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrow	1,515,778			
7 Issuance costs from proceeds	316,649			
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds	2,523,129			
10 Capital expenditures from proceeds	7,725,785			
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion	2009			
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?		X		
17 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	
	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 that may result in private business use of bond-financed property?		X						

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	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 entered into a hedge with respect to the bond issue?		X						
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?	X							
b Name of provider	BAYERISCHE LANDESBANK							
c Term of GIC	2 500000000000							
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
5 Were any gross proceeds invested beyond an available temporary period?		X						
6 Did the bond issue qualify for an exception to rebate?		X						

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization BENEFS HOSPITALS INC

Employer identification number 81-0232122

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

Table with 3 main columns: (a) Name of disqualified person, (b) Description of transaction, (c) Corrected? (Yes/No)

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958. 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization.

Part II Loans to and/or From Interested Persons.

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

Table with 7 main columns: (a) Name of interested person and purpose, (b) Loan to or from the organization?, (c) Original principal amount, (d) Balance due, (e) In default?, (f) Approved by board or committee?, (g) Written agreement?

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 3 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) KEVIN A MCCAFFERTY MD	DIRECTOR	180,599	KEVIN MCCAFFERTY IS A PARTNER IN EMERGENCY PHYSICIANS PC, AN ENTITY THAT HAS AN AGREEMENT TO PROVIDE MEDICAL SERVICES TO THE ORGANIZATION		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
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Part I Liquidation, Termination or Dissolution (continued)

Note. If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B) should equal -0-

	Yes	No
3 Did the organization distribute its assets in accordance with its governing instrument(s)? If "No," describe in Part III		
4a Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate?		
b If "Yes," did the organization provide such notice?		
5 Did the organization discharge or pay all liabilities in accordance with state laws?		
6a Did the organization have any tax-exempt bonds outstanding during the year?		
b Did the organization discharge or defease tax-exempt bond liabilities in accordance with the Internal Revenue Code and state laws?		
c If "Yes," describe in Part III how the organization defeased or otherwise settled these liabilities. If "No," explain in Part III		

Part II Sale, Exchange, Disposition or Other Transfer of More Than 25% of the Organization's Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 32, or Form 990-EZ, line 36. Use Part III if additional space is needed.

1	(a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity
	LAND AND BUILDING OWNED BY BENEFIS HOSPITALS TRANSFERRED TO BENEFIS HEALTH SYSTEM, INC , THE PARENT EXEMPT ORGANIZATION	04-30-2010	272,007,831	ASSETS TRANSFERRED AT NET BOOK VALUE, APPROXIMATING FMV	26-3538104	BENEFIS HEALTH SYSTEM INC 1101 26TH STREET SOUTH GREAT FALLS, MT 59405	501(C)(3)

	Yes	No
2 Did or will any officer, director, trustee, or key employee of the organization		
a Become a director or trustee of a successor or transferee organization?		
b Become an employee of, or independent contractor for, a successor or transferee organization?		
c Become a direct or indirect owner of a successor or transferee organization?		
d Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets?		
e If the organization answered "Yes" to any of the questions in this line, provide the name of the person involved and explain in Part III		

Part III Supplemental Information. Complete to provide the information required by Parts I and II, and any additional information.

Identifier	Return Reference	Explanation
		PART II, LINE 2E CHRIS EBELING
		PART II, LINE 2E CHRIS EBELING IS A DIRECTOR IN BENEFIS HOSPITALS, INC AND BENEFIS HEALTH SYSTEM, INC

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

**Open to Public
Inspection**

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

Identifier	Return Reference	Explanation
CHANGES IN PROGRAM SERVICES	FORM 990, PART III, LINE 3	IN EARLY 2010, AS PART OF A ONE-TIME REORGANIZATION, THE ORGANIZATION TRANSFERRED TO ITS TAX-EXEMPT PARENT ENTITY, BENEFIS HEALTH SYSTEM, INC, TITLE TO THE REAL ESTATE PREVIOUSLY OWNED BY THE ORGANIZATION. ON A GOING-FORWARD BASIS, BENEFIS HEALTH SYSTEM, INC WILL OWN AND OVERSEE SUCH REAL ESTATE ASSETS FOR THE BENEFIT OF THE SYSTEM AS A WHOLE, LEASING THEM TO THE ORGANIZATION AND ITS AFFILIATES AS APPROPRIATE FOR THEIR RESPECTIVE OPERATIONS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		CERTAIN OF THE OFFICERS AND DIRECTORS LISTED IN PART VII ALSO HOLD OFFICER AND/OR DIRECTOR POSITIONS IN RELATION TO THE ORGANIZATION'S AFFILIATES (AS IDENTIFIED IN SCHEDULE R) AND, IN THAT REGARD, MAY BE CONSIDERED TO HAVE BUSINESS RELATIONSHIPS WITH EACH OTHER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3		PURSUANT TO A CONTRACTUAL ARRANGEMENT, THE ORGANIZATION OBTAINS CERTAIN MANAGEMENT AND ADMINISTRATIVE SERVICES FROM ITS PARENT ENTITY, BENEFIS HEALTH SYSTEM, INC (BHS) BHS PROVIDES THESE SERVICES TO ITS SUBSIDIARY TAX EXEMPT OPERATING ENTITIES ON A CENTRALIZED BASIS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE SOLE CORPORATE MEMBER OF THE ORGANIZATION IS BENEFIS HEALTH SYSTEM, INC , A MONTANA NON-PROFIT PUBLIC BENEFIT CORPORATION THAT HAS BEEN RECOGNIZED BY THE IRS AS DESCRIBED IN IRC SECTION 501(C)(3)

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE BOARD OF DIRECTORS OF THE ORGANIZATION IS ELECTED BY BENEFIS HEALTH SYSTEM, INC AS THE ORGANIZATION'S SOLE CORPORATE MEMBER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		AS THE SOLE CORPORATE MEMBER OF THE ORGANIZATION, BENEFIS HEALTH SYSTEM, INC RETAINS CERTAIN RESERVED POWERS WITH RESPECT TO THE ORGANIZATION, INCLUDING AUTHORITY OVER MATTERS SUCH AS (WITHOUT LIMITATION) THE ORGANIZATION'S MISSION AND VISION STATEMENTS, STRATEGIC AND LONG-TERM PLANS, ELECTION OF ITS DIRECTORS AND OFFICERS, ANNUAL CAPITAL AND OPERATING BUDGETS, CHARITY CARE AND COMMUNITY BENEFIT POLICIES, AND ANY AMENDMENTS TO ITS ARTICLES OF INCORPORATION AND BYLAWS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THIS FORM 990 WAS PREPARED BY THE FINANCE DEPARTMENT PERSONNEL OF BENEFIS HEALTH SYSTEM, INC IN COLLABORATION WITH ITS OUTSTANDING ACCOUNTING FIRM. PRIOR TO FILING, A COPY OF THIS FORM 990 WAS DISTRIBUTED TO ALL MEMBERS OF THE ORGANIZATION'S BOARD OF DIRECTORS, WITH A PRESENTATION TO SUCH BOARD BY THE CHIEF FINANCIAL OFFICER OF BENEFIS HEALTH SYSTEM, INC

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ANNUALLY COMPLETE A FORM TO DISCLOSE INTERESTS THAT COULD GIVE RISE TO CONFLICTS. IN ADDITION, AT THE START OF EACH BOARD MEETING, MEMBERS ARE ASKED TO INDICATE WHETHER THEY HAVE A CONFLICT OF INTEREST WITH RESPECT TO ANY ITEMS ON THE AGENDA FOR THE MEETING. CONSISTENT WITH THE ORGANIZATION'S CONFLICTS OF INTEREST POLICY, BOARD MEMBERS ARE PROHIBITED FROM PARTICIPATING ON ANY MATTERS AS TO WHICH THEY HAVE A CONFLICT.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE COMPENSATION OF THE PRESIDENT, THE COO, AND THE CMQO WAS SET BY THE INDEPENDENT COMPENSATION COMMITTEE OF BENEFIS HEALTH SYSTEM, INC , WHICH IS CHARGED WITH ADMINISTERING THE SYSTEM'S EXECUTIVE COMPENSATION PHILOSOPHY , POLICIES AND PROGRAMS IN THE MANNER SET FORTH IN THE COMMITTEE'S WRITTEN CHARTER THE COMMITTEE'S RESPONSIBILITIES INCLUDE (I) DETERMINING APPROPRIATE COMPENSATION FOR ALL EXECUTIVES AND OTHER DISQUALIFIED PERSONS, (II) EVALUATING AND ADOPTING EXECUTIVE COMPENSATION PLANS, POLICIES AND PROGRAMS, (III) REVIEWING AND APPROVING EXECUTIVE BENEFIT PLANS, AND (IV) VERIFYING THAT COMPENSATION IS APPROPRIATELY AND FULLY DISCLOSED AND REPORTED THE COMMITTEE HAS ENGAGED AN INDEPENDENT COMPENSATION CONSULTING FIRM TO ASSIST IN ENSURING THAT AMOUNTS PAID TO THE SYSTEM'S EXECUTIVES ARE CONSISTENT WITH REASONABLE, FAIR MARKET LEVELS THE PROCESS FOLLOWED BY THE COMMITTEE, INCLUDING THE DATA RELIED UPON AND THE COMMITTEE'S DECISIONS, WAS THOROUGHLY AND TIMELY DOCUMENTED THE COMPENSATION OF THE ORGANIZATION'S KEY EMPLOYEES WAS SET BY THEIR RESPECTIVE SUPERVISORY EXECUTIVES IN CONSULTATION WITH BENEFIS HEALTH SYSTEM'S HUMAN RESOURCES DEPARTMENT AND EXECUTIVE LEADERSHIP, BASED ON A REVIEW OF INDEPENDENT DATA AS TO AMOUNTS PAID BY SIMILARLY-SITUATED ORGANIZATIONS FOR PERSONS PERFORMING COMPARABLE SERVICES</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	BENEFIS HOSPITALS, INC PROVIDES COPIES OF GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICIES, AND FINANCIAL STATEMENTS TO THE PUBLIC UPON REQUEST DURING NORMAL BUSINESS HOURS

Identifier	Return Reference	Explanation
AVERAGE HOURS PER WEEK DEVOTED TO RELATED ORGANIZATIONS	FORM 990, PART VII, SECTION A, COLUMN B	PAUL DOLAN - 1 HOUR LAURA GOLDHAHN - 21 HOURS JERRY SPEER - 57 HOURS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 237,494 INTERAFFILIATE TRANSFERS - 280,656,607 TOTAL TO FORM 990, PART XI, LINE 5 -280,419,113

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE ORGANIZATION'S FINANCIAL RESULTS ARE REPORTED AS PART OF THE CONSOLIDATED FINANCIAL STATEMENTS OF BENEFIS HEALTH SYSTEM, INC AND AFFILIATES THE AUDIT COMMITTEE OF BENEFIS HEALTH SYSTEM, INC IS RESPONSIBLE FOR SELECTION OF THE INDEPENDENT AUDIT FIRM AND OVERSEEING THE AUDIT

Identifier	Return Reference	Explanation
	FORM 990, PART XI, LINE 5	IN EARLY 2010, AS PART OF A ONE-TIME REORGANIZATION, THE ORGANIZATION TRANSFERRED TO ITS SOLE MEMBER, BENEFIS HEALTH SYSTEM, INC , TITLE TO ITS REAL ESTATE, RESULTING IN A SIGNIFICANT CHANGE IN THE ORGANIZATION'S NET ASSETS ON A GOING-FORWARD BASIS, BENEFIS HEALTH SYSTEM, INC WILL OWN AND OVERSEE SUCH REAL ESTATE ASSETS, LEASING THEM TO THE ORGANIZATION AND ITS AFFILIATES AS APPROPRIATE IN LIGHT OF THEIR RESPECTIVE OPERATIONS

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

Open to Public Inspection

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
BENEFIS HOSPITALS INC

Employer identification number

81-0232122

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
(1) BENEFIS SLETTEN HI-LINE CANCER CENTER LLC 1101 26TH STREET SOUTH GREAT FALLS, MT 59405 26-3144419	MEDICAL CARE	MT	-291,584	1,840,955	BENEFIS HEALTH SYSTEM INC

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	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) BENEFIS MEDICAL GROUP INC 1101 26TH STREET SOUTH GREAT FALLS, MT 59405 26-3538192	PHYSICIAN SERVICES	MT	501(C)(3)	SCHEDULE A, LINE 3	BENEFIS HEALTH SYSTEM INC		No
(2) BENEFIS SPECTRUM MEDICAL INC 1101 26TH STREET SOUTH GREAT FALLS, MT 59405 81-0431871	HOME HEALTH AND RELATED PRODUCTS	MT	501(C)(3)	SCHEDULE A, LINE 9	BENEFIS HEALTH SYSTEM INC		No
(3) BENEFIS HEALTH SYSTEM INC 1101 26TH STREET SOUTH GREAT FALLS, MT 59405 26-3538104	MANAGEMENT AND SUPPORT SERVICES	MT	501(C)(3)	SCHEDULE A, LINE 11	BENEFIS HEALTH SYSTEM INC		No
(4) BENEFIS HEALTHCARE EES HEALTH PLAN AND TRUST 1101 26TH STREET SOUTH GREAT FALLS, MT 59405 36-3386166	BENEFIT PLAN	MT	501(C)(9)		BENEFIS HEALTH SYSTEM INC		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) SPECTRUM HOME SOLUTIONS 2509 7TH AVE SOUTH GREAT FALLS, MT59405 81-0431871	IV THERAPY	MT	BENEFIS SPECTRUM MEDICAL INC	RELATED	337,068	257,484		No		Yes		50.670 %
(2) BBB LLC 1101 26TH STREET SOUTH GREAT FALLS, MT59405 26-3652926	MEDICAL BUILDING	MT	BENEFIS HEALTH SYSTEM INC	RELATED	93,505	9,686,166		No		Yes		60.000 %
(3) GREAT FALLS ATHLETIC CLUB LLC 1800 BENEFIS COURT GREAT FALLS, MT59405 91-2081505	FITNESS CLUB	MT	BENEFIS HEALTH SYSTEM INC	UNRELATED	217,538	2,478,270		No		Yes		51.000 %

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
(1) BENEFIS HEALTHCARE PRACTITIONERS PC 1101 26TH STREET SOUTH GREAT FALLS, MT59405 20-1383362	HEALTHCARE SERVICES	MT	BENEFIS HEALTH SYSTEM INC	C			100.000 %

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

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to other organization(s)
- c** Gift, grant, or capital contribution from other organization(s)
- d** Loans or loan guarantees to or for other organization(s)
- e** Loans or loan guarantees by other organization(s)
- f** Sale of assets to other organization(s)
- g** Purchase of assets from other organization(s)
- h** Exchange of assets
- i** Lease of facilities, equipment, or other assets to other organization(s)
- j** Lease of facilities, equipment, or other assets from other organization(s)
- k** Performance of services or membership or fundraising solicitations for other organization(s)
- l** Performance of services or membership or fundraising solicitations by other organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets
- n** Sharing of paid employees
- o** Reimbursement paid to other organization for expenses
- p** Reimbursement paid by other organization for expenses
- q** Other transfer of cash or property to other organization(s)
- r** Other transfer of cash or property from other organization(s)

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation
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