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Form 990   Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>  ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047  <b>2010</b>  <b>Open to Public Inspection</b>
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<b>A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011</b>		
<b>B</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	<b>C</b> Name of organization APPALACHIAN REGIONAL HEALTHCARE INC  Doing Business As  Number and street (or P O box if mail is not delivered to street address) Room/suite 2285 EXECUTIVE DRIVE NO 400  City or town, state or country, and ZIP + 4 LEXINGTON, KY 40505	<b>D Employer identification number</b>  52-0795508
	<b>F</b> Name and address of principal officer JERRY HAYNES 2285 EXECUTIVE DRIVE NO 400 LEXINGTON, KY 40505	<b>E Telephone number</b>  (859) 226-2440
	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
	<b>H(c)</b> Group exemption number ▶	
<b>I</b> 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		
<b>J Website:</b> ▶ WWW.ARH.ORG		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	<b>L</b> Year of formation 1956	<b>M</b> State of legal domicile KY

<b>Part I</b>	<b>Summary</b>
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA		
	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	16
	4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4	16
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .	5	4,876
6 Total number of volunteers (estimate if necessary) . . . . .	6	230	
7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	7a	11,246,838	
7b Net unrelated business taxable income from Form 990-T, line 34 . . . . .	7b	825,116	
Revenue	8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g) . . . . .	1,049,317	579,774
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	545,430,866	552,116,325
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,716,893	2,894,979
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	16,757,854	24,124,989
		566,954,930	579,716,067
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)	282,192,194	282,996,380
	16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <u>▶290,860</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) . . . . .	273,512,451	281,053,303
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	555,704,645	564,049,683
	19 Revenue less expenses Subtract line 18 from line 12 . . . . .	11,250,285	15,666,384
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16) . . . . .		374,684,749	407,052,802
21 Total liabilities (Part X, line 26) . . . . .		365,423,566	353,344,697
22 Net assets or fund balances Subtract line 21 from line 20 . . . . .		9,261,183	53,708,105

<b>Part II</b>	<b>Signature Block</b>
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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.

<b>Sign Here</b>	***** Signature of officer		2012-05-11 Date		
	JOSEPH GROSSMAN CFO/VP FISCAL AFFAIRS Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name LEIGH MCKEE	Preparer's signature LEIGH MCKEE	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ DEAN DORTON ALLEN FORD PLLC				Firm's EIN ▶
	Firm's address ▶ 106 W VINE STREET SUITE 600 LEXINGTON, KY 40507				Phone no ▶ (859) 255-2341

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

TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA IN AN EVOLVING, COMMUNITY BASED SYSTEM PROVIDING HIGH QUALITY HEALTHCARE PROGRAMS AND SERVICES

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

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

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

If "Yes," describe these changes on Schedule O

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses  
Section 501(c)(3) and 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 \$)	504,903,878	including grants of \$	(Revenue \$)	559,932,577
		<p>HISTORY APPALACHIAN REGIONAL HEALTHCARE (ARH) IS A NOT-FOR-PROFIT HEALTH SYSTEM OPERATING NINE HOSPITALS, PHYSICIAN PRACTICES, HOME HEALTH AGENCIES, HOMECARE STORES AND RETAIL PHARMACIES IN HARLAN, HAZARD, MCDOWELL, MIDDLESBORO, MORGAN COUNTY, WHITESBURG AND SOUTH WILLIAMSON, KY AND BECKLEY AND SUMMERS COUNTY, W VA THE SYSTEM SERVES MORE THAN 16 COUNTIES AND MORE THAN 350,000 RESIDENTS IN THE TWO STATES ARH IS BOTH THE LARGEST PROVIDER OF CARE AND ONE OF THE LARGEST PRIVATE EMPLOYERS IN SOUTHEASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA FOR THE PAST 50 YEARS, ARH HAS ADDRESSED THE VARIED HEALTHCARE NEEDS OF THE RESIDENTS OF EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA BY STANDING FIRM TO ITS MISSION TO IMPROVE THE HEALTH AND PROMOTE THE WELL BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA IN PARTNERSHIP WITH ITS COMMUNITIES THE UMWA'S FIRST MINERS MEMORIAL HOSPITAL ASSOCIATION (MMHA) HOSPITAL OPENED IN MIDDLESBORO, KENTUCKY ON NOVEMBER 12, 1955 - THE SYSTEM'S OTHER HOSPITALS WERE LOCATED IN HARLAN, HAZARD, MCDOWELL, WHITESBURG, PIKEVILLE AND SOUTH WILLIAMSON, KENTUCKY, BECKLEY AND MAN, WEST VIRGINIA, AND WISE, VIRGINIA THE UMWA AND THOUSANDS OF CITIZENS IN THE COAL COMMUNITIES OFFICIALLY DEDICATED THE MMHA FACILITIES ON JUNE 2, 1956 IN BECKLEY, WEST VIRGINIA THIS UNIQUE HOSPITAL SYSTEM WAS A HUGE SUCCESS WITH MINERS AND THEIR FAMILIES AND HAS SERVED AS A MODEL FOR SIMILAR HEALTHCARE ORGANIZATIONS IN 1962, THE MMHA ANNOUNCED ITS INTENTION TO CLOSE FOUR HOSPITALS IN KENTUCKY IN ORDER TO SAVE THE SYSTEM THE REVEREND SAMUEL MCMASTER KERR, THEN-PASTOR OF THE FIRST PRESBYTERIAN CHURCH IN HARLAN, REALIZED THE CONSEQUENCES OF MMHA'S DECISION HE ASKED THE BOARD OF NATIONAL MISSIONS OF THE UNITED PRESBYTERIAN CHURCH TO INVESTIGATE IN THE MEANTIME, THE UMWA DECIDED IT WOULD HAVE TO SELL ALL OF ITS FACILITIES CHURCH LEADERS COMMITTED THEMSELVES TO FINDING A SOLUTION ON JUNE 28, 1963, THE BOARD OF NATIONAL MISSIONS FORMED A NEW AND INDEPENDENT NOT-FOR-PROFIT CORPORATION -- APPALACHIAN REGIONAL HOSPITALS (ARH) ARH PURCHASED THE FIRST HOSPITALS WITH A \$3.9 MILLION GRANT FROM THE AREA REDEVELOPMENT ADMINISTRATION, ESTABLISHED BY PRESIDENT JOHN F. KENNEDY GOVERNOR BERT T. COMBS CALLED A SPECIAL SESSION OF THE KENTUCKY LEGISLATURE TO APPROVE \$700,000 TO SUPPORT INDIGENT CARE DURING ARH'S FIRST YEAR ARH CONTINUES TO SERVE SOME OF THE MOST ECONOMICALLY DEPRESSED REGIONS IN THE NATION THAT HAVE SOME OF THE COUNTRY'S HIGHEST RATES FOR HEART DISEASE, LUNG CANCER AND DIABETES MANY HEALTH ANALYSTS TRACE THESE CONDITIONS TO THE HARSH REALITY THAT THESE FINANCIAL STRUGGLES OFTEN OVERSHADOW CONCERNS ABOUT HEALTH RISK FACTORS OR PREVENTIVE CARE THEREFORE, IT IS NO COINCIDENCE THAT RESIDENTS OF EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA STATISTICALLY DIE YOUNGER OF EASILY PREVENTABLE DISEASE MOST OF ARH'S FACILITIES ARE LOCATED IN AREAS THAT ARE AT LEAST PARTIALLY CLASSIFIED AS MEDICALLY UNDERSERVED AREAS AND HEALTH PROFESSIONAL SHORTAGE AREAS A BOARD OF TRUSTEES PROVIDES GOVERNANCE TO THE ARH SYSTEM THIS DYNAMIC GROUP OF MEN AND WOMEN WORK WITHOUT COMPENSATION TO BENEFIT THE SYSTEM AND THE PEOPLE IT SERVES AMONG THEM ARE REPRESENTATIVES FROM THE AREA SERVED BY ARH, AS WELL AS OTHERS WITH AN INTEREST IN THE ARH SERVICE AREA THIS BOARD IS COMPOSED OF A MAXIMUM OF 21 PEOPLE, INCLUDING TWO EX-OFFICIO MEMBERS THESE EX-OFFICIO MEMBERS INCLUDE A REPRESENTATIVE FROM THE MEDICAL STAFF LEADERSHIP COUNCIL AND A REPRESENTATIVE OF THE REGIONAL ADVISORY COUNCIL DURING FISCAL YEAR ENDING JUNE 30, 2011, ARH PROVIDED EACH OF THE COMMUNITIES IT SERVES IN EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA AN ABUNDANCE OF HEALTHCARE AND COMMUNITY-ORIENTED SERVICES ARH OPERATES IN AN AREA WITH SOME OF THE LARGEST UNINSURED AND UNDERINSURED RATES AND PROVIDES CARE TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY ARH PROVIDED \$133 MILLION IN UNCOMPENSATED CARE THROUGHOUT ITS SYSTEM ARH PROVIDES ASSISTANCE IN THE FORM OF CHARITY CARE FOR THOSE WHO QUALIFY FOR REDUCED PAYMENTS THROUGH A SLIDING FEE SCHEDULE, INTEREST-FREE TIME PAYMENTS AND MEDICAL ASSISTANCE LOANS ARH ALSO REGULARLY WORKS WITH UNINSURED AND UNDERINSURED PATIENTS TO HELP THEM QUALIFY FOR FINANCIAL ASSISTANCE, FREE OR DISCOUNTED MEDICATION, AND REFERRALS TO PHYSICIANS WHO PROVIDE PREVENTIVE CARE AT NO CHARGE ARH ALSO OFFERS OUTREACH PROGRAMS TO IDENTIFY AND TREAT UNINSURED PATIENTS WITH CHRONIC DISEASES AND HELPS THEM MANAGE THEIR CONDITIONS MORE EFFECTIVELY ON THEIR OWN TO FURTHER IMPROVE THE HEALTH OF THE RESIDENTS IT SERVES, ESPECIALLY THOSE WITHOUT HEALTH INSURANCE, ARH STRONGLY PROMOTES THE IMPORTANCE OF PREVENTATIVE HEALTH SCREENINGS THROUGHOUT THE YEAR, EACH FACILITY PROVIDED FREE HEALTH SCREENINGS SUCH AS BLOOD PRESSURE CHECKS, BLOOD GLUCOSE, BODY MASS INDEX, PULSE AND CHOLESTEROL SCREENINGS THE HEALTH SYSTEM ALSO IS WORKING TO EDUCATE THE REGION'S YOUTH ABOUT THE IMPORTANCE OF PHYSICAL FITNESS TO GOOD HEALTH BY HOSTING FITNESS FAIRS AT ELEMENTARY SCHOOLS AND KEEPS OUR SENIORS HEALTHY THROUGH A SENIOR WELLNESS PROGRAM DURING FY 11, ARH ALSO BEGAN NEW HEALTH EDUCATION INITIATIVES TO BRING AWARENESS TO HEALTH ISSUES SUCH AS HEART DISEASE AS WELL AS ISSUES IMPORTANT TO WOMEN THROUGH A WOMEN'S HEALTH SERIES WHICH FEATURED TOPICS SUCH AS STRESS, BREAST DISEASE, PREGNANCY AND PRENATAL CARE, AND DIABETES IN RECOGNITION OF ITS EFFORTS IN IMPROVING ACCESS TO HEALTH SERVICES AND INFORMATION FOR PEOPLE IN RURAL AREAS, THE FULL-RANGE OF SERVICES OFFERED BY THE ARH SYSTEM WERE RECOGNIZED FOR THE SIXTH TIME IN THE PAST SEVEN YEARS AS BEING AMONG THE BEST IN THE NATION BY SDI HEALTH LLC, A NATIONALLY RECOGNIZED HEALTHCARE DATA AND CONSULTING FIRM REGARDED AS THE NATION'S PREMIER RATING SYSTEM, SDI'S ANNUAL REPORT EVALUATES IHNS ON THEIR PERFORMANCE AND DEGREE OF INTEGRATION THE DESIGNATION RECOGNIZES THE 100 MOST INTEGRATED NETWORKS OUT OF HUNDREDS OF HEALTH SYSTEMS GRADED ANNUALLY ON THE NETWORK'S ABILITY TO OPERATE AS A UNIFIED ORGANIZATION IN EIGHT CATEGORIES INTEGRATION, INTEGRATED TECHNOLOGY, CONTRACTUAL CAPABILITIES, OUTPATIENT UTILIZATION, FINANCIAL STABILITY, SERVICES AND ACCESS, HOSPITAL UTILIZATION, AND PHYSICIANS ADDITIONALLY, HARLAN ARH HOSPITAL WAS NAMED ONE OF THE NATION'S 100 TOP HOSPITALS BY THOMSON REUTERS, A LEADING PROVIDER OF INFORMATION AND SOLUTIONS TO IMPROVE THE COST AND QUALITY OF HEALTHCARE THIS IS THE THIRD TIME HARLAN ARH HAS BEEN RECOGNIZED WITH THIS HONOR AS A TOP 100 HOSPITAL, HARLAN ARH IS RECOGNIZED AS ONE OF THE BEST IN THE NATION PROVIDING CARE THAT IS EFFECTIVE, SAFE AND PATIENT-CENTERED ARH'S HOSPITAL IN MCDOWELL, KY, AND SUMMERS COUNTY, WV ALSO RECEIVED MULTIPLE ACCOLADES DURING THE YEAR INCLUDING AN EXCELLENCE THROUGH INSIGHT AWARD PRESENTED TO MCDOWELL ARH FOR OVERALL SATISFACTION IN THEIR OUTPATIENT LAB UNIT BY HEALTHSTREAM, AND A HEALTHSTREAM EXCELLENCE THROUGH INSIGHT AWARD TO SUMMERS COUNTY ARH FOR OVERALL INPATIENT SATISFACTION THE AWARDS RECOGNIZE HOSPITALS THAT EXCEL IN THEIR ABILITY TO GAIN INSIGHT INTO THEIR PATIENTS, EMPLOYEES, PHYSICIANS, AND COMMUNITY THROUGH RESEARCH AND TO USE THAT INFORMATION TO BUILD EXCELLENCE WITHIN THEIR ORGANIZATION</p>				




















[illegible][illegible]

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

<b>4e</b>	<b>Total program service expenses</b>	<b>\$ 504,903,878</b>
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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)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes
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? <i>If "Yes," complete Schedule C, Part III.</i> 	5	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? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
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		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
c	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	No
d	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i> . . . . .	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Parts II and IV.</i> . . . . .	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Parts III and IV.</i> . . . . .	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> . . . . .	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . . . .	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> . . . . . 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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	Yes	
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		No
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		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <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		No
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	<b>Section 501(c)(3) organizations.</b> 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? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	<b>1a</b>	177
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	<b>2a</b>	4,876
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	<b>2b</b>	Yes
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	Yes
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>	Yes
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	No
<b>b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	
<b>10 Section 501(c)(7) organizations.</b> Enter			
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>	
<b>11 Section 501(c)(12) organizations.</b> Enter			
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>	
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand.	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>	

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

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

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

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

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. Indicate how you make these available. Check all that apply.  
Own website    Another's website    ☒ Upon request

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

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

ORGANIZATION  
2285 EXECUTIVE DRIVE SUITE 400  
LEXINGTON, KY 40505  
(859) 226-2440

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

**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

[illegible]



## Part VII

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: 173

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b>	No
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>4</b> Yes	
<b>5</b>	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> . . . . .	<b>5</b>	No

## **Section B. Independent Contractors**

<b>1</b> Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization		
<b>(A)</b> Name and business address	<b>(B)</b> Description of services	<b>(C)</b> Compensation
TRIANGLE ANESTHESIA GROUP PSC 3300 TATES CREEK ROAD SUITE 100 LEXINGTON, KY 40502	PHSICIAN SERVICES	6,550,000
DENHAM-BLYTHE COMPANY INC 100 TRADE STREET 2 LEXINGTON, KY 40511	ARCHITECTS	5,985,889
MCKESSON INFORMATION SOLUTIONS PO BOX 9837 CHICAGO, IL 60693	IT CONSULTING	4,307,670
EST BUSINESS SOLUTIONS 4144 N CENTRAL EXPRESSWAY SUITE 2 DALLAS, TX 75204	REVENUE CYCLED CONSULTING	2,580,268
MAYO COLLABORATIVE SERVICES INC PO BOX 9146 MINNEAPOLIS, MN 55480	REFERENCE LABORATORY	2,440,787
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶52		

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)		
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	361,331					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	218,443					
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f . . . . .	579,774					
	Program Service Revenue	2a	PATIENT SERVICE REVENUE	621110	542,735,711	542,735,711		
b		PHARMACY/LAB/LAUNDRY	812300	9,200,700		5,387,888		
c		RECORD TRANSCRIPT FEES	900099	179,914				
d								
e								
f		All other program service revenue						
g		Total. Add lines 2a-2f . . . . .	552,116,325					
Other Revenue		3	Investment income (including dividends, interest and other similar amounts) . . . . .		3,458,290		3,458,290	
		4	Income from investment of tax-exempt bond proceeds . . . . .					
	5	Royalties . . . . .						
	6a	Gross Rents	(i) Real					
				1,173,506				
				87,645				
				1,085,861				
	d	Net rental income or (loss) . . . . .		1,085,861		1,085,861		
	7a	Gross amount from sales of assets other than inventory	(i) Securities					
				25,876		23,537		
						612,724		
				25,876		-589,187		
	d	Net gain or (loss) . . . . .		-563,311		-563,311		
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . . a						
			b	Less direct expenses . . . . . b				
			c	Net income or (loss) from fundraising events . . . . .				
	9a	Gross income from gaming activities See Part IV, line 19 . . . . . a						
			b	Less direct expenses . . . . . b				
			c	Net income or (loss) from gaming activities . . . . .				
	10a	Gross sales of inventory, less returns and allowances . . . . . a						
			b	Less cost of goods sold . . . . . b				
c			Net income or (loss) from sales of inventory . . . . .					
11a	MISCELLANEOUS REVENUE	Business Code						
		900099	15,196,866	15,196,866				
		446199	5,809,499		5,809,499			
		722100	1,046,875			1,046,875		
			985,888		49,451	936,437		
			23,039,128					
			579,716,067	557,932,577	11,246,838	9,956,878		
12	Total revenue. See Instructions . . . . .							

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 . . . . .	2,158,181		2,158,181	
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	197,038,338	180,220,061	16,694,106	124,171
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	17,210,753	13,650,730	3,549,728	10,295
9	Other employee benefits . . . . .	52,632,621	46,815,907	5,782,855	33,859
10	Payroll taxes . . . . .	13,956,487	12,574,371	1,373,255	8,861
a	Fees for services (non-employees)				
	Management . . . . .				
b	Legal . . . . .	1,887,326	443,464	1,443,862	
c	Accounting . . . . .	617,773		617,773	
d	Lobbying . . . . .				
e	Professional fundraising services See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other . . . . .	17,747,211	17,747,211		
12	Advertising and promotion . . . . .	908,160	158,237	749,923	
13	Office expenses . . . . .	3,365,673	2,342,702	1,021,882	1,089
14	Information technology . . . . .				
15	Royalties . . . . .				
16	Occupancy . . . . .	10,414,342	8,915,708	1,496,814	1,820
17	Travel . . . . .	1,256,830	935,617	321,066	147
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	238,298	164,456	73,842	
20	Interest . . . . .	5,785,577	4,730,474	1,055,103	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	22,523,041	17,980,358	4,542,683	
23	Insurance . . . . .	7,773,017	7,695,653	77,364	
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	UBI TAX	146,774		146,774	
b	SUPPLIES	78,542,024	76,106,716	2,432,484	2,824
c	BAD DEBT	65,944,147	65,823,299	120,848	
d	OUTSIDE SERVICES	24,397,237	21,822,435	2,574,802	
e	EQUIPMENT RENTAL & MAIN	13,046,990	8,964,574	4,082,027	389
f	All other expenses	26,458,883	17,811,905	8,539,573	107,405
25	Total functional expenses. Add lines 1 through 24f	564,049,683	504,903,878	58,854,945	290,860
26	Joint costs. Check here <input checked="" 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 . . . . .			33,309,622	1	47,990,030
	2	Savings and temporary cash investments . . . . .			24,541,645	2	23,832,916
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			75,020,707	4	67,954,292
	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 . . . . .			5,868,810	7	3,809,792
	8	Inventories for sale or use . . . . .			8,395,072	8	10,639,554
	9	Prepaid expenses and deferred charges . . . . .			2,717,789	9	3,243,271
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	449,352,339			
	b	Less: accumulated depreciation . . . . .	10b	305,092,819	149,767,636	10c	144,259,520
	11	Investments—publicly traded securities . . . . .			67,908,455	11	98,896,351
	12	Investments—other securities. See Part IV, line 11 . . . . .				12	
	13	Investments—program-related. See Part IV, line 11 . . . . .			711,158	13	945,437
	14	Intangible assets . . . . .				14	
	15	Other assets. See Part IV, line 11 . . . . .			6,443,855	15	5,481,639
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .			374,684,749	16	407,052,802
Liabilities	17	Accounts payable and accrued expenses . . . . .			62,913,778	17	79,911,356
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .			17,217,822	19	16,945,316
	20	Tax-exempt bond liabilities . . . . .			74,953,835	20	70,791,425
	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 . . . . .			15,447,992	23	13,169,183
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			194,890,139	25	172,527,417
	26	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .			365,423,566	26	353,344,697
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>						
	27	Unrestricted net assets . . . . .			9,261,183	27	53,708,105
	28	Temporarily restricted net assets . . . . .				28	
	29	Permanently restricted net assets . . . . .				29	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	<b>Total net assets or fund balances</b> . . . . .			9,261,183	33	53,708,105
	34	<b>Total liabilities and net assets/fund balances</b> . . . . .			374,684,749	34	407,052,802

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	579,716,067
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	564,049,683
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	15,666,384
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	9,261,183
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	28,780,538
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	53,708,105

**Part XII Financial Statements and Reporting**

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

		Yes	No
<b>1</b>	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		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant?	Yes	
<b>c</b>	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	
<b>d</b>	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		
<b>3a</b>	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?		No
<b>b</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		

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC	Employer identification number 52-0795508
---	--

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 IIIPart 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 <b>stop here</b> 						

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 <b>stop here</b> . 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 <b>stop here</b> . 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).

Additional Data

Software ID:

Software Version:

EIN: 52-0795508

Name: APPALACHIAN REGIONAL HEALTHCARE INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CRAIG LENZ TRUSTEE	3 00	X						0	0	0
LEON HOLLON VICE CHAIRMAN	5 00	X						0	0	0
RUSSELL BENTLEY CHAIRMAN	5 00	X						0	0	0
KATHLEEN DALTON TRUSTEE	3 00	X						0	0	0
DEBORAH HARRIS TRUSTEE	3 00	X						0	0	0
IDA ANDROWICH TRUSTEE	3 00	X						0	0	0
WILLIAM MAY TRUSTEE	3 00	X						0	0	0
WAYNE MYERS MD TRUSTEE	3 00	X						0	0	0
MADONNA STURGILL TRUSTEE	3 00	X						0	0	0
EMMETT PUGH III SECRETARY/TREASURER	5 00	X						0	0	0
CAROLYN SUNDY TRUSTEE	3 00	X						0	0	0
BROCK LITTERAL TRUSTEE	3 00	X						0	0	0
RAYMOND COX TRUSTEE	3 00	X						0	0	0
AHMED FAHEEM TRUSTEE	3 00	X						1,548	0	0
MARIA HORTILLOSA TRUSTEE	3 00	X						0	0	0
THOMAS HYATT TRUSTEE	3 00	X						0	0	0
DEBBIE REYNOLDS TRUSTEE	3 00	X						0	0	0
CARL LAWSON TRUSTEE	3 00	X						0	0	0
JEFF HOLLON TRUSTEE	3 00	X						0	0	0
GREG PAULEY TRUSTEE	3 00	X						0	0	0
LARRY MEADOR TRUSTEE	3 00	X						0	0	0
JERRY HAYNES PRESIDENT/CEO	40 00			X				641,038	0	71,022
JOSEPH GROSSMAN CFO/VP FISCAL SERVICES	40 00			X				360,327	0	57,648
HOLLIE P HARRIS VP CORPORATE STRATEGY	40 00			X				216,397	0	55,250
JOHN D MILLER CMO/VP MEDICAL SERVICES	40 00			X				305,336	0	38,419

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)							(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former				
PAUL MILES COO/VP OPERATIONS	40 00			X				288,390	0	58,436	
BOBBY RICK KING CLO/VP LEGAL AFFAIRS	40 00			X				259,793	0	54,598	
JOSE M ECHEVERRIA GENERAL INTERNIST	40 00					X		514,621	0	29,558	
JAMEEL A BUTT GENERAL SURGEON	40 00					X		710,035	0	34,538	
JAMEL BAZZI ORTHOPEDIC SURGEON	40 00					X		410,649	0	19,807	
NATHAN E DOCTRY ORTHOPEDIC SURGEON	40 00					X		404,671	0	7,708	
RAYMOND ELSOUEIDI ONCOLOGIST	40 00					X		393,073	0	24,245	

SCHEDULE C  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.**  
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

**If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then**

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

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC	Employer identification number 52-0795508
---	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a)		(b)
		Yes	No	Amount
<b>1</b>	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
<b>a</b>	Volunteers?		No	
<b>b</b>	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b>	Media advertisements?		No	
<b>d</b>	Mailings to members, legislators, or the public?		No	
<b>e</b>	Publications, or published or broadcast statements?		No	
<b>f</b>	Grants to other organizations for lobbying purposes?		No	
<b>g</b>	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b>	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b>	Other activities? If "Yes," describe in Part IV	Yes		69,162
<b>j</b>	Total lines 1c through 1i			69,162
<b>2a</b>	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b>	If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b>	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b>	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

**Part IV Supplemental Information**

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	RETAINED A LOBBYIST FOR MAILING TO LEGISLATORS OR THE PUBLIC AND ALSO TO HAVE DIRECT CONTACT WITH LEGISLATORS, THEIR STAFFS, GOVERNMENT OFFICIALS, AND/OR A LEGISLATIVE BODY. THESE ARE DONE AT THE STATE LEVEL ONLY. ARH IS A MEMBER OF VARIOUS HOSPITAL ASSOCIATIONS. THE APPROPRIATE PERCENTAGE OF DUES PAID TO THE ORGANIZATIONS ALLOCABLE TO LOBBYING ACTIVITIES ARE ALSO INCLUDED.

SCHEDULE D

(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public  
Inspection

**Name of the organization**  
APPALACHIAN REGIONAL HEALTHCARE INC

**Employer identification number**  
52-0795508

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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 <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
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?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

**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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations . . . . .

3a(i)

Yes

No

(ii)

related organizations . . . . .

3a(ii)

b

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

3b

4

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

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		6,465,344		6,465,344
b Buildings . . . . .		214,517,801	123,121,085	91,396,716
c Leasehold improvements . . . . .				
d Equipment . . . . .		197,728,230	165,019,628	32,708,602
e Other . . . . .		30,640,964	16,952,106	13,688,858
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				144,259,520





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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE CORPORATION IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (IRC) AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE IRC. HOWEVER, THE CORPORATION IS SUBJECT TO FEDERAL INCOME TAX ON ANY UNRELATED BUSINESS TAXABLE INCOME. GAAP REQUIRES THE CORPORATION TO EVALUATE ITS TAX POSITIONS AND RECOGNIZE A TAX LIABILITY (OR ASSET) IF IT HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS). THE CORPORATION HAS EVALUATED ITS TAX POSITIONS AND HAS CONCLUDED THAT THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY (OR ASSET) OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. THE CORPORATION BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2008.

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**  
APPALACHIAN REGIONAL HEALTHCARE INC

**Employer identification number**  
52-0795508

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	Yes	
b	If "Yes," is it a written policy? . . . . .	Yes	
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 <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input checked="" type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%</div> <div><input checked="" type="checkbox"/> 150%</div> <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> Other _____%</div>	Yes	
b	Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> 250%</div> <div><input type="checkbox"/> 300%</div> <div><input type="checkbox"/> 350%</div> <div><input type="checkbox"/> 400%</div> <div><input checked="" type="checkbox"/> Other <b>150.000000000000</b>%</div>	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care		
4	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"? . . . . .	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . .	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .		
6a	Does the organization prepare a community benefit report during the tax year? . . . . .	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	Yes	
	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

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			31,539,999	11,602,819	19,937,180	3 530 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .			115,547,572	68,184,646	47,362,926	8 400 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .			0			
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			147,087,571	79,787,465	67,300,106	11 930 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,271,707	22,241	1,249,466	0 220 %
f Health professions education (from Worksheet 5) . . . . .				0		
g Subsidized health services (from Worksheet 6) . . . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .						
j <b>Total</b> Other Benefits . . . . .			1,271,707	22,241	1,249,466	0 220 %
k <b>Total.</b> Add lines 7d and 7j) . . . . .			148,359,278	79,809,706	68,549,572	12 150 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			1,034,507	22,241	1,012,266	0 180 %
8Workforce development						
9Other			237,200	0	237,200	0 040 %
10Total			1,271,707	22,241	1,249,466	0 220 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	22,699,741	
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	0	
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	143,191,971	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	156,325,919	
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-13,133,948	
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 IVManagement 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 AHR REGIONAL MEDICAL CENTER PROFESSIONAL OFFICE BUILDING CO-OWNERS COUNCI	CONDO OWNER	36 250 %		63 750 %
2 2 HAZARD ARH IMAGING CENTER LLC MEDICAL MALL IMAGING CENTER	DIAGNOSTIC IMAGING SERVICES	60 000 %		40 000 %
3 3 WHITESBURG PHYSICIAN OFFICE BUILDING LLC	CONDO OWNER	28 000 %		72 000 %
4 4 PHELPS REGIONAL HEALTH SERVICES INC	PROPERTY OWNER OF PHYSICIAN OFFICE BUILDING & NURSING HOME	50 000 %		50 000 %
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? 9

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	HAZARD ARH REGIONAL MEDICAL CENTER 100 MEDICAL CENTER DRIVE HAZARD,KY 41701	X	X		X			X		
2	HARLAN ARH HOSPITAL 81 BALL PARK ROAD HARLAN,KY 40831	X	X					X		
3	BECKLEY ARH HOSPITAL 306 STANAFORD ROAD BECKLEY,WV 25801	X	X					X		
4	WILLIAMSON ARH HOSPITAL 260 HOSPITAL DRIVE SOUTH WILLIAMSON,KY 41503	X	X					X		
5	WHITESBURG ARH HOSPITAL 240 HOSPITAL ROAD WHITESBURG,KY 41858	X	X					X		
6	MIDDLESBORO ARH HOSPITAL 3600 WEST CUMBERLAND AVE MIDDLESBORO,KY 40965	X	X					X		
7	MORGAN COUNTY ARH HOSPITAL 476 LIBERTY ROAD WEST LIBERTY,KY 41472	X	X			X		X		
8	MCDOWELL ARH HOSPITAL ROUTE 122 BOX 247 MCDOWELL,KY 41647	X	X			X		X		
9	SUMMERS COUNTY ARH HOSPITAL 1500 TERRACE STREET HINTON,WV 25951	X	X			X		X		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: HAZARD ARH REGIONAL MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		



Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: HARLAN ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: BECKLEY ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: WILLIAMSON ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 4

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: WHITESBURG ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 5

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: MIDDLESBORO ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 6

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: MORGAN COUNTY ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 7

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	



Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: MCDOWELL ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 8

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: SUMMERS COUNTY ARH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 9

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)	18		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a <input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b <input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c <input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI	21		



Part V

Facility Information (continued)

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? 50

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
1	
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 3C THE DISCOUNTS ARE BASED ON A SLIDING FEE SCHEDULE STARTING AT 150% OF FPG QUALIFYING FOR FREE CARE, RANGING UP TO UNLIMITED INCOME LEVELS FOR A 40% DISCOUNT ON ALL UNINSURED CARE PROVIDED

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
		<p>PART II TODAY, APPALACHIAN REGIONAL HEALTHCARE CONTINUES ITS MISSION IN THE MOUNTAINS BY OFFERING RESIDENTS OF EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA A LOCAL OPTION FOR QUALITY HEALTHCARE SERVICES ARH HOLDS STEADFAST TO THE MISSION TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA IN PARTNERSHIP WITH OUR COMMUNITIES ARH HAS EVOLVED INTO AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVING MORE THAN 370,000 RESIDENTS AND EMPLOYING CLOSE TO 4,700 PEOPLE ACROSS EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA WITH HOSPITALS, CLINICS, HOME HEALTH AGENCIES, PHARMACIES AND HOME DURABLE MEDICAL EQUIPMENT STORES IN FISCAL YEAR 2011, THE NINE ARH HOSPITALS RANGE IN SIZE FROM CRITICAL-ACCESS FACILITIES TO THE SYSTEM FLAGSHIP REGIONAL MEDICAL CENTER WITH 308-LICENSED BEDS IN HAZARD, KENTUCKY WHILE PROVIDING THIS REGION WITH QUALITY HEALTHCARE, ARH REINVESTS ANY EARNINGS BACK INTO OPERATIONS TO FURTHER THE SYSTEM EFFORTS IN IMPROVING AND ACCESSING HEALTHCARE SERVICES FOR THE REGION CREATED TO ADDRESS THE UNMET HEALTH NEEDS OF AN UNDERSERVED REGION, ARH LEADERSHIP AND STAFF MEMBERS REALIZE THAT SERVING THIS POPULATION IS ABOUT MORE THAN JUST ADDRESSING THE HEALTH NEEDS, IT IS ALSO ABOUT PREVENTING CHRONIC DISEASES THROUGH PARTNERSHIPS WITH AREA SCHOOLS, BUSINESSES, ORGANIZATIONS AND HEALTH DEPARTMENTS, ARH IS ONE OF THE PRIMARY SOURCES FOR HEALTH EDUCATION AND DISEASE PREVENTION IN EACH COMMUNITY AND PARTNERS WITH ALL OF THESE VARIOUS COMMUNITY ENTITIES TO FURTHER THESE EFFORTS ARH SPONSORS MANY COMMUNITY-WIDE WELLNESS EVENTS THROUGHOUT ITS COMMUNITIES, INCLUDING HEALTH FAIRS AND VARIOUS SUPPORT GROUPS EACH YEAR, ARH PROVIDES FREE OR DISCOUNTED HEALTH SCREENINGS FOR COLORECTAL, BREAST AND PROSTATE CANCERS AS WELL AS ROUTINE BLOOD PRESSURE, CHOLESTEROL, GLUCOSE AND BODY MASS INDEX (BMI) SCREENINGS IN EFFORTS TO PREVENT THE ONSET OF ILLNESSES OR CATCH MEDICAL CONDITIONS BEFORE THEY BECOME LIFE THREATENING ARH ALSO ACTIVELY UTILIZES ALL FORMS OF MEDIA TO PROMOTE WELLNESS AND EDUCATE THE PUBLIC ON THE SIGNS AND SYMPTOMS OF MANY COMMON HEALTH CONDITIONS THIS INCLUDES HEALTH EDUCATION NEWSLETTERS THAT ARE MAILED DIRECTLY TO RESIDENT HOMES</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 FINANCIAL STATEMENT FOOTNOTE THE CORPORATION HAS AN ESTABLISHED PROCESS TO DETERMINE THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THAT RELIES ON A NUMBER OF ANALYTICAL TOOLS AND BENCHMARKS TO ARRIVE AT A REASONABLE ALLOWANCE NO SINGLE STATISTIC OR MEASUREMENT DETERMINES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS SOME OF THE ANALYTICAL TOOLS THAT THE CORPORATION UTILIZES INCLUDE, BUT ARE NOT LIMITED TO, HISTORICAL CASH COLLECTION EXPERIENCE BY PAYOR, REVENUE TRENDS BY PAYOR CLASSIFICATION, AND AGED ACCOUNTS FROM DATE OF SERVICE BY PAYOR ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE CORPORATION'S POLICIES COSTING METHODOLOGY TO DETERMINE THE BAD DEBT EXPENSE ON LINE 2, THE BAD DEBT EXPENSE PER THE FINANCIAL STATEMENTS, WHICH CONSISTS OF GROSS CHARGES LESS DISCOUNTS, WAS CONVERTED TO COST USING THE GLOBAL COST-TO-CHARGE RATIO DEVELOPED IN WORKSHEET 2 PATIENT DISCOUNTS ARE NOT REFLECTED IN BAD DEBT ANY PAYMENTS ON AN ACCOUNT AFTER IT IS WRITTEN OFF TO BAD DEBT RESULT IN A REVERSAL OF THE ENTIRE ACCOUNT OUT OF BAD DEBT, REINSTATEMENT OF THE PATIENT ACCOUNT RECEIVABLE, AND ANY NEGOTIATED DIFFERENCE IN THE FULL AMOUNT OF THE ACCOUNT AND THE PAYMENT MADE IS WRITTEN OFF TO CONTRACTUAL ALLOWANCE PATIENTS WHO MAY QUALIFY FOR CHARITY CARE BUT DO NOT APPLY CANNOT BE ESTIMATED ALL PATIENTS ARE EDUCATED ABOUT AND GIVEN EVERY OPPORTUNITY TO APPLY FOR CHARITY CARE AND, THEREFORE, ARH HAS NO INFORMATION FOR THOSE WHO CHOOSE NOT TO APPLY</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 IN THE FISCAL YEAR ENDING JUNE 30, 2011, NEARLY ONE-HALF OF THE CORPORATION'S PATIENT REVENUES WERE DERIVED FROM SERVICES PROVIDED TO MEDICARE BENEFICIARIES IN TURN, PAYMENTS RECEIVED FROM THE FEDERAL GOVERNMENT FELL SHORT OF THE COST TO PROVIDE SUCH SERVICES BY MORE THAN \$13 MILLION MEDICARE RECIPIENTS RELY HEAVILY ON ARH FOR CARE, IN MANY OF THE COMMUNITIES IT SERVES, ARH IS THE LONE PROVIDER OF ACUTE HOSPITAL CARE THE CORPORATION CONSIDERS ITS PARTICIPATION IN THE MEDICARE PROGRAM AND THE ASSOCIATED LOSSES RESULTING THEREOF AS AN ESSENTIAL COMPONENT OF COMMUNITY BENEFIT ACCORDINGLY, WE DEEM THAT \$13,133,948 (OR 100%) OF THE AMOUNT REPORTED ON SCHEDULE H, PART III, LINE 7 BE TREATED AS COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE PROVISIONS IN THE POLICY ARE THAT CHARITY AND FINANCIAL ASSISTANCE APPLICATIONS ARE VALID FOR 6 MONTHS, AFTER THAT TIME THE PATIENT MUST REAPPLY AND PRESENT CURRENT FINANICAL DOCUMENTS AS NECESSARY

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE NEEDS OF THE COMMUNITIES THAT ARH SERVES THROUGHOUT EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA ARE ASSESSED BY FOLLOWING EMERGING MEDICAL PRACTICE NEEDS AS A WHOLE ACROSS THE NATION AND SPECIFICALLY IN THE APPALACHIAN REGION THE HEALTH NEEDS ARE EXAMINED BY LOOKING AT HEALTH STATISTICS AND DISEASE PREVALENCE COMPARED TO SERVICE/PHYSICIAN AVAILABILITY PATIENT AND COMMUNITY SURVEYS ARE ALSO REGULARLY CONDUCTED TO ASSESS CONSUMER PERCEIVED NEEDS LOCAL ADVISORY COUNCILS (LACS) ALSO EXIST IN EACH OF ARH'S HOSPITAL COMMUNITIES THE COUNCILS ARE COMPRISED OF LOCAL CITIZENS WHO VOLUNTEER TO HELP ARH IMPROVE THE HEALTH OF ITS COMMUNITIES THROUGH REGULAR MEETINGS THAT DISCUSS COMMUNITY HEALTH ISSUES AND HELP ARH IDENTIFY AND ADDRESS THEM MEMBERS ALSO ADVISE ARH ABOUT IMPROVEMENTS NEEDED AND COMMUNITY PERCEPTIONS OF ARH FACILITIES AND THESE INDIVIDUALS SERVE AS EXCELLENT AMBASSADORS FOR ARH AND ITS SERVICES THESE INDIVIDUALS HAVE DEMONSTRATED THEIR LEADERSHIP IN LOCAL CIVIC AFFAIRS AND REFLECT A CROSS SECTION OF THE COMMUNITY QUARTERLY, ONE REPRESENTATIVE FROM EACH OF THESE LACS MEETS TO DISCUSS COMMON ISSUES ACROSS THE SYSTEM AT A REGIONAL ADVISORY COUNCIL MEETING FROM THIS GROUP OF REPRESENTATIVES, ONE MEMBER IS SELECTED TO ALSO SERVE ON THE HEALTH SYSTEM BOARD OF TRUSTEES



Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED IN A PROGRAM BASED ON INCOME AND FAMILY STATUS, THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 THE RURAL SERVICE AREA COVERED BY ARH IN EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA COVERS 16 COUNTIES AND CONSISTS OF ALMOST 370,000 RESIDENTS WITH 51 PERCENT BEING FEMALE AND 49 PERCENT BEING MALE THIS REGION IS FRAUGHT WITH SOME OF THE HIGHEST CHRONIC HEALTH PREVALENCE RATES IN THE COUNTRY FOR LUNG CANCER, DIABETES, AND HEART DISEASE TO COMPOUND THESE PROBLEMS, MOST OF ARH'S FACILITIES ARE LOCATED IN AREAS THAT ARE AT LEAST PARTIALLY CLASSIFIED AS MEDICALLY UNDERSERVED AREAS AND HEALTH PROFESSIONAL SHORTAGE AREAS BY THE U S DEPARTMENT OF HEALTH AND HUMAN SERVICES IN ADDITION, THE AREAS SERVED BY ARH ALSO FACE UNEMPLOYMENT RATES THAT ARE SUBSTANTIALLY HIGHER THAN STATE AND NATIONAL AVERAGES AND A HIGHER NUMBER OF CITIZENS IN THESE AREAS RANK BELOW THE NATIONAL POVERTY LEVEL FOR EXAMPLE, IN SEPTEMBER 2011, THE UNEMPLOYMENT RATE FOR HARLAN COUNTY, KENTUCKY WAS 11 3 PERCENT, COMPARED TO 9 6 PERCENT FOR THE STATE AND 8 8 PERCENT NATIONALLY FOR MORE THAN HALF A CENTURY, ARH HAS CARRIED A HEAVY LOAD IN CARING FOR THIS POPULATION OVER 8 PERCENT OF ARH INPATIENTS IN FISCAL YEAR 2011 WERE UNINSURED AND DURING THAT SAME FISCAL YEAR MORE THAN 63 PERCENT OF ARH'S INPATIENTS WERE MEDICARE OR MEDICAID BENEFICIARIES</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 TODAY, APPALACHIAN REGIONAL HEALTHCARE CONTINUES ITS MISSION IN THE MOUNTAINS BY OFFERING RESIDENTS OF EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA A LOCAL OPTION FOR QUALITY HEALTHCARE SERVICES ARH HOLDS STEADFAST TO THE MISSION TO, "IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA IN PARTNERSHIP WITH OUR COMMUNITIES "ARH HAS EVOLVED INTO AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVING MORE THAN 370,000 RESIDENTS AND EMPLOYING CLOSE TO 4,700 PEOPLE ACROSS EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA WITH HOSPITALS, CLINICS, HOME HEALTH AGENCIES, PHARMACIES AND HOME DURABLE MEDICAL EQUIPMENT STORES IN FISCAL YEAR 2011, ARH'S NINE HOSPITALS RANGE IN SIZE FROM CRITICAL-ACCESS FACILITIES TO THE SYSTEM'S FLAGSHIP REGIONAL MEDICAL CENTER WITH 308-LICENSED BEDS IN HAZARD, KENTUCKY WHILE PROVIDING THIS REGION WITH QUALITY HEALTHCARE, ARH REINVESTS ANY EARNINGS BACK INTO OPERATIONS TO FURTHER THE SYSTEM'S EFFORTS IN IMPROVING AND ACCESSING HEALTHCARE SERVICES FOR THE REGION CREATED TO ADDRESS THE UNMET HEALTH NEEDS OF AN UNDERSERVED REGION, ARH LEADERSHIP AND STAFF MEMBERS REALIZE THAT SERVING THIS POPULATION IS ABOUT MORE THAN JUST ADDRESSING THE HEALTH NEEDS, IT IS ALSO ABOUT PREVENTING CHRONIC DISEASES THROUGH PARTNERSHIPS WITH AREA SCHOOLS, BUSINESSES, ORGANIZATIONS AND HEALTH DEPARTMENTS, ARH IS ONE OF THE PRIMARY SOURCES FOR HEALTH EDUCATION AND DISEASE PREVENTION IN EACH COMMUNITY AND PARTNERS WITH ALL OF THESE VARIOUS COMMUNITY ENTITIES TO FURTHER THESE EFFORTS ARH SPONSORS MANY COMMUNITY-WIDE WELLNESS EVENTS THROUGHOUT ITS COMMUNITIES, INCLUDING HEALTH FAIRS AND VARIOUS SUPPORT GROUPS EACH YEAR, ARH PROVIDES FREE OR DISCOUNTED HEALTH SCREENINGS FOR COLORECTAL, BREAST AND PROSTATE CANCERS AS WELL AS ROUTINE BLOOD PRESSURE, CHOLESTEROL, GLUCOSE AND BODY MASS INDEX (BMI) SCREENINGS IN EFFORTS TO PREVENT THE ONSET OF ILLNESSES OR CATCH MEDICAL CONDITIONS BEFORE THEY BECOME LIFE THREATENING ARH ALSO ACTIVELY UTILIZES ALL FORMS OF MEDIA TO PROMOTE WELLNESS AND EDUCATE THE PUBLIC ON THE SIGNS AND SYMPTOMS OF MANY COMMON HEALTH CONDITIONS THIS INCLUDES HEALTH EDUCATION NEWSLETTERS THAT ARE MAILED DIRECTLY TO RESIDENTS' HOMES</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 DURING FISCAL YEAR 2011, ARH'S SERVICES WERE MAINLY ORGANIZED AROUND NINE SPECIFIC COMMUNITIES ACROSS EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA IN EACH OF THESE COMMUNITIES A HOSPITAL EXISTS ALONG WITH A COMPLIMENTARY ARRANGEMENT OF OTHER ARH SERVICES WHICH MAY INCLUDE CLINICS, HOME HEALTH AGENCIES, PHARMACIES, AND/OR HOME DURABLE MEDICAL EQUIPMENT STORES AT THE SYSTEM-LEVEL VARIOUS HEALTH PROMOTION ACTIVITIES ARE ORGANIZED AND PROMOTED ACROSS THE FACILITIES, INCLUDING THE INTRODUCTION OF NEW SERVICE LINES AND NEW TECHNOLOGY HOWEVER, IN EACH OF ARH'S NINE COMMUNITIES, VARIOUS COMMUNITY OUTREACH PROGRAMS ARE ALSO UNDERWAY AND AGGRESSIVELY ADDRESSING THE HEALTH CONCERNS OF THAT PARTICULAR AREA WHILE STRONG COMMUNITY COLLABORATION IS BEING DEVELOPED FROM DIABETES SUPPORT GROUPS TO COMPREHENSIVE WELLNESS EDUCATION PROGRAMS, ARH'S COMMUNITIES ARE REAPING THE BENEFITS OF SUCCESSFUL COMMUNITY OUTREACH

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	KY,WV

Additional Data

Software ID:

Software Version:

EIN: 52-0795508

Name: APPALACHIAN REGIONAL HEALTHCARE INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? 50	
Name and address	Type of Facility (Describe)
BECKLEY ARH BEHAVIORAL SCIENCES CENTER 306 STANAFORD ROAD BECKLEY,WV 25801	PHARMACY
HARLAN ARH HOSPITAL PSYCHIATRIC SERVICE 81 BALL PARK ROAD HARLAN,KY 40831	PHARMACY
ARH PSYCHIATRIC CENTER-HAZARD 102 MEDICAL CENTER DRIVE HAZARD,KY 41701	PHARMACY
ARH HAZARD FAMILY HEALTH SERVICES 200 MEDICAL CENTER DRIVE HAZARD,KY 41701	PRIMARY CARE CLINIC
ARH TUG VALLEY MEDICAL ASSOCIATES 306 HOSPITAL DRIVE SOUTH WILLIAMSON,KY 41503	RURAL HEALTH CLINIC
ARH REFERENCE LABORATORY 100 MEDICAL CENTER DRIVE HAZARD,KY 41701	LAB
ARH WOMEN'S & FAMILY HEALTH CARE HARLAN 87 BALL PARK ROAD SUITE 201 HARLAN,KY 40831	CLINIC
HAZARD ARH REGIONAL MED CTR CLINIC PHARM 200 MEDICAL CENTER DRIVE HAZARD,KY 41701	PHARMACY
HARLAN ARH OUTPATIENT PHARMACY 37 BALL PARK RD HARLAN,KY 40831	PHARMACY
WHITESBURG ARH HOME HEALTH AGENCY 240 HOSPITAL ROAD WHITESBURG,KY 41858	HOME HEALTH
BECKLEY ARH HOME HEALTH AGENCY 306 STANAFORD ROAD BECKLEY,WV 25801	HOME HEALTH
HAZARD ARH HOME HEALTH AGENCY 100 AIRPORT GARDENS RD HAZARD,KY 41701	HOME HEALTH
ARH PRESCRIPTION DIVISION 306 HOSPITAL DRIVE SUITE 105 SOUTH WILLIAMSON,KY 41503	PHARMACY
ARH HAZARD HOMECARE STORE 200 MEDICAL CENTER DRIVE HAZARD,KY 41701	HOME CARE
MCDOWELL ARH HOME HEALTH AGENCY 8535 KY RT 122 MINNE,KY 41651	HOME HEALTH
MORGAN COUNTY ARH HOME HEALTH AGENCY 493 MAIN STREET WEST LIBERTY,KY 41472	HOME HEALTH
ARH WILLIAMSON HOMECARE STORE 306 HOSPITAL DRIVE SUITE 104A SOUTH WILLIAMSON,KY 41503	HOME CARE
ARH MAN HOMECARE STORE ROUTE 99 BUFFALO CREEK ROAD KISTLER,WV 25628	HOME CARE
ARH TUG VALLEY MEDICAL MALL 26901 US HIGHWAY 119N BELFRY,KY 41514	PRIMARY CARE CLINIC
ARH BECKLEY HOMECARE STORE 260 STANAFORD ROAD BECKLEY,KY 25801	HOME CARE
ARH HARLAN HOMECARE STORE 106 RAILROAD STREET SUITE 5 HARLAN,KY 40831	HOME CARE
HARLAN ARH HOME HEALTH AGENCY 81 BALL PARK ROAD HARLAN,KY 40831	HOME HEALTH
MAN ARH HOME HEALTH SUB-STATION BUFFALO CREEK ROAD /ROUTE 99 KISTLER,WV 25628	HOME HEALTH
ARH COMMUNITY PHARMACY 210 BLACK GOLD BLVD SUITE 104 HAZARD,KY 41701	PHARMACY
PIKEVILLE BRANCH-ARH PIKE CO HOME HEALT 247 SOUTH MAYO TRAIL PIKEVILLE,KY 41502	HOME HEALTH
WILLIAMSON ARH HOME HEALTH AGENCY 160 HOSPITAL DRIVE SOUTH WILLIAMSON,KY 41503	HOME HEALTH
ARH WEST LIBERTY HOMECARE STORE 520 PRESTONSBURG STREET WEST LIBERTY,KY 41472	HOME CARE
MORGAN COUNTY ARH PHARMACY 476 LIBERTY ROAD WEST LIBERTY,KY 41472	PHARMACY
BECKLEY ARH PHARMACY 250 STANAFORD RD BECKLEY,WV 25801	PHARMACY
ARH WHITESBURG CLINIC 214 HOSPITAL ROAD WHITESBURG,KY 41858	RURAL HEALTH CLINIC
ARH MORGAN COUNTY CLINIC 476 LIBERTY ROAD WEST LIBERTY,KY 41472	RURAL HEALTH CLINIC
ARH TRI-CITY MEDICAL CENTER 18880 NORTH US 119 CUMBERLAND,KY 40823	RURAL HEALTH CLINIC/PRIMARY CARE CLINIC
WHITESBURG ARH PHARMACY 240 HOSPITAL ROAD WHITESBURG,KY 41858	PHARMACY
ARH SUMMERS COUNTY CLINIC 1500 TERRACE STREET HINTON,WV 25951	CLINIC
ARH TRI CITIES CLINIC PHARMACY 18880 NORTH US 119 CUMBERLAND,KY 40823	PHARMACY
ARH WHITESBURG HOMECARE STORE 240 HOSPITAL ROAD WHITESBURG,KY 41858	HOME CARE
MIDDLESBORO0 ARH PHARMACY 3600 WEST CUMBERLAND AVE MIDDLESBORO,KY 40965	PHARMACY
ARH MCDOWELL HOMECARE STORE 8535 KY RT 122 MINNE,KY 41651	HOME CARE
ARH PIKEVILLE HOMECARE STORE 247 SOUTH MAYO TRAIL PIKEVILLE,KY 41501	HOME CARE
MIDDLESBORO ARH HOME HEALTH AGENCY 1916 CUMBERLAND AVENUE MIDDLESBORO,KY 40965	HOME HEALTH
ARH HINTON HOMECARE STORE 1500 TERRACE STREET HINTON,WV 25951	HOME CARE
ARH MCDOWELL PROFESSIONAL CLINIC 9879 KY RT 122 MCDOWELL,KY 41647	RURAL HEALTH CLINIC
BARIATRIC CLINIC 210 BLACK GOLD BLVD SUITE 102 HAZARD,KY 41701	CLINIC
ARH MIDDLESBORO HOMECARE STORE 1916 CUMBERLAND AVENUE MIDDLESBORO,KY 40965	HOME CARE
ARH FAMILY CARE MIDDLESBORO 1217 EAST CUMBERLAND AVE MIDDLESBORO,KY 40965	CLINIC
JENKINS ARH FAMILY CARE 9480 HIGHWAY 805 JENKINS,KY 41514	PRIMARY CARE CLINIC
NEON CLINIC 37 HIGHWAY 343 NEON,KY 41840	CLINIC
ARH MIDDLESBORO INTERNAL MEDICINE 3004 CUMBERLAND AVE SUITE 3 MIDDLESBORO,KY 40965	CLINIC
ELKHORN CITY ARH FAMILY CARE 905 WEST RUSSELL STREET ELKHORN CITY,KY 41522	PRIMARY CARE CLINIC
ARH FAMILY CARE WAYLAND 2662 KING KELLY COLEMAN HWY WAYLAND,KY 41666	PRIMARY CARE CLINIC

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.

Name of the organization  
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number  
52-0795508

Part I

Questions Regarding Compensation

		Yes	No
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. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	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		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
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:		
4a	Receive a severance payment or change-of-control payment from the organization or a related organization?		No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
5a	The organization?		No
5b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
6a	The organization?	Yes	
6b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
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		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

**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) JERRY HAYNES	(i)	519,493	121,545	0	54,768	16,254	712,060	0
	(ii)	0	0	0	0	0	0	0
(2) JOSEPH GROSSMAN	(i)	303,404	56,923	0	32,707	24,941	417,975	0
	(ii)	0	0	0	0	0	0	0
(3) HOLLIE P HARRIS	(i)	180,573	35,824	0	30,309	24,941	271,647	0
	(ii)	0	0	0	0	0	0	0
(4) JOHN D MILLER	(i)	259,173	46,163	0	22,165	16,254	343,755	0
	(ii)	0	0	0	0	0	0	0
(5) PAUL MILES	(i)	242,227	46,163	0	33,495	24,941	346,826	0
	(ii)	0	0	0	0	0	0	0
(6) BOBBY RICK KING	(i)	216,631	43,162	0	38,344	16,254	314,391	0
	(ii)	0	0	0	0	0	0	0
(7) JOSE M ECHEVERRIA	(i)	213,312	301,309	0	0	29,558	544,179	0
	(ii)	0	0	0	0	0	0	0
(8) JAMEEL A BUTT	(i)	438,910	271,125	0	21,517	13,021	744,573	0
	(ii)	0	0	0	0	0	0	0
(9) JAMEL BAZZI	(i)	410,649	0	0	12,750	7,057	430,456	0
	(ii)	0	0	0	0	0	0	0
(10) NATHAN E DOCTRY	(i)	404,671	0	0	0	7,708	412,379	0
	(ii)	0	0	0	0	0	0	0
(11) RAYMOND EL SOUEIDI	(i)	393,073	0	0	0	24,245	417,318	0
	(ii)	0	0	0	0	0	0	0
( 12 )								
( 13 )								
( 14 )								
( 15 )								
( 16 )								



Part IIISupplemental 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 4B	ARH PROVIDES SENIOR EXECUTIVES A CONTRIBUTION OF SEVEN (7) PERCENT OF PAY (SUBJECT TO A DOLLAR CAP) INTO THE TOP HAT 457(B) RETIREMENT PLAN, IF THE EXECUTIVE SIGNS A NON-COMPETE AGREEMENT. THE CONTRIBUTION AND EARNINGS ARE TAX DEFERRED UNTIL ASSETS ARE DISTRIBUTED OR WITHDRAWN. THE MAXIMUM CONTRIBUTION IS SUBJECT TO THE IRS COMPENSATION CAP, WHICH ALLOWS A CONTRIBUTION OF UP TO \$16,500 IN 2010. THIS CONTRIBUTION TOTAL IS AN AGGREGATE TOTAL REGARDLESS OF WHETHER ARH OR THE EXECUTIVE MAKES THE CONTRIBUTION. CONTRIBUTION TO THE 457(B) DOES NOT AFFECT THE AMOUNTS THE EXECUTIVE MIGHT CONTRIBUTE TO THE 403(B) THRIFT PLAN. THE EXECUTIVE MAY CONTRIBUTE HER/HIS OWN MONEY TO THE PLAN PRE-TAX, TO THE EXTENT THE IRS CAPS ALLOW ROOM AFTER ARH'S CONTRIBUTION. CATCH UP CONTRIBUTIONS ARE ALLOWED WITHIN IRS LIMITS IN THE LAST THREE YEARS PRIOR TO RETIREMENT (AND, IF 7% OF PAY EXCEEDS THE REGULAR DOLLAR CAP, ARH MAY USE THE BALANCE OF THE 7% TO FUND UP TO THE CATCH UP LIMIT). BENEFITS ARE SUBJECT TO SOCIAL SECURITY AND MEDICARE TAXES AS THEY ACCRUE. THE FUNDS ARE INVESTED AS DIRECTED BY THE EXECUTIVE, BUT THE ACCOUNT REMAINS A GENERAL ASSET OF ARH. IF ARH BECOMES INSOLVENT, THE EXECUTIVE WILL BE AN UNSECURED CREDITOR AND WILL HAVE NO PREFERRED CLAIM TO ANY ASSETS. TO RECEIVE THE ARH CREDIT TO THE 457(B) PLAN, THE EXECUTIVE MUST SIGN A NON-COMPETE, CONFIDENTIALITY, ETC. AGREEMENT RESTRICTING WORK FOR A COMPETING ORGANIZATION FOR TWO (2) YEARS POST TERMINATION. IF THE FUNDING OF THE 457(B), INCLUDING ANY CATCH UP PROVISIONS, IS LESS THAN 7% OF BASE PAY, THEN ARH WILL CONTRIBUTE THE REMAINDER TO A 457(F) PLAN. INDIVIDUALS PARTICIPATING IN THE PLAN AND THE RESPECTIVE EMPLOYER CONTRIBUTIONS FOR EACH INCLUDE: JERRY HAYNES \$22,492, JOSEPH GROSSMAN \$6,407, JOHN MILLER \$2,290, PAUL MILES \$2,290, RICK KING \$874.
	PART I, LINE 6	THE COMPENSATION AND CONTRACTS COMMITTEE OF THE ARH BOARD OF TRUSTEES ADOPTED A SHORT-TERM INCENTIVE COMPENSATION PROGRAM FOR EXECUTIVES IN SEPTEMBER 2002. THE PROGRAM ESTABLISHED INCENTIVES FOR ACHIEVING SYSTEM AND COMMUNITY OBJECTIVES FOR EXECUTIVE LEADERSHIP BY INTEGRATING THE PERFORMANCE MANAGEMENT AND EXECUTIVE COMPENSATION SYSTEMS. THE INCENTIVE THRESHOLDS HAVE BEEN MODIFIED ACROSS TIME TO REFLECT INCREASED PERFORMANCE EXPECTATIONS AS IDENTIFIED IN THE SYSTEM'S STRATEGIC, BUDGET AND OPERATIONS PLANS. THE INCENTIVE AWARDS PROVIDE ADDITIONAL CASH COMPENSATION AS A PERCENTAGE OF BASE SALARY IN RELATION TO LEVELS OF ACHIEVEMENT. THESE ACHIEVEMENT LEVELS RANGE FROM THRESHOLD (LOWEST), TO TARGET (10% ABOVE THE THRESHOLD), AND MAXIMUM (HIGHEST AND 20% ABOVE THE THRESHOLD) AND VARY BASED UPON EXECUTIVE LEVEL. THE EXECUTIVE INCENTIVE PLAN WILL BE ADMINISTERED IN ACCORDANCE WITH THE FOLLOWING GUIDELINES: A. OBJECTIVES AND TARGETS ARE SET THROUGH THE STRATEGIC PLANNING, BUDGETING AND PERFORMANCE MANAGEMENT PROCESSES. B. SYSTEM MARGIN AND CASH BUDGET THRESHOLDS MUST BE MET BEFORE INDIVIDUAL AWARDS WILL BE CONSIDERED. C. AWARDS WILL BE CONSIDERED AS HAVING BEEN EARNED UPON AFFIRMATION BASED ON AUDITED FINANCIAL RESULTS AND ACTUAL OPERATING PERFORMANCE. D. THE PRESIDENT AND CEO WILL RECOMMEND PAYMENT OF INDIVIDUAL AWARDS, IF ANY, TO THE COMPENSATION AND CONTRACTS COMMITTEE FOR CONSIDERATION. E. THE COMPENSATION AND CONTRACTS COMMITTEE MAY ACCEPT, REJECT, OR MODIFY THE PRESIDENT AND CEO'S RECOMMENDATION.

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ 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.</div>	OMB No 1545-0047
		2010
		Open to Public Inspection

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC		Employer identification number 52-0795508
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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 CITY OF HAZARD KY	61-6001839		02-14-2007	4,600,000	FOR CONSTRUCTION OF AND EQUIPMENT AT HAZARD CANCER CENTER		X		X		X
B COUNTY OF PIKE KY	61-6000928		06-15-2007	2,400,000	FOR PURCHASE OF A BUILDING FOR CENTRAL PURCHASING SERVICES		X		X		X
C COUNTY OF PERRY KY	61-6000810		08-08-2007	4,600,000	FOR THE PURCHASE AND RENOVATION OF AND EQUIPMENT FOR THE HAZARD MEDICAL MALL		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			4,600,000		2,400,000		4,600,000			
4	Gross proceeds in reserve funds										
5	Capitalized interest from proceeds										
6	Proceeds in refunding escrow										
7	Issuance costs from proceeds			56,500		44,199		65,525			
8	Credit enhancement from proceeds										
9	Working capital expenditures from proceeds			4,543,500		2,355,801		4,534,475			
10	Capital expenditures from proceeds										
11	Other spent proceeds										
12	Other unspent proceeds										
13	Year of substantial completion			2008		2008		2008			
				Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?				X		X		X		
15	Were the bonds issued as part of an advance refunding issue?				X		X		X		
16	Has the final allocation of proceeds been made?			X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?			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		
2	Are there any lease arrangements that may result in private business use of bond-financed property?				X		X		X		

Part IIIPrivate 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		
b	Are there any research agreements that may result in private business use of bond-financed property?		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			
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 %			
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 %			
6	Total of lines 4 and 5	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			

Part IVArbitrage

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

Part VSupplemental 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)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC	Employer identification number  52-0795508
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total . . . . . ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) TRIANGLE ANESTHESIA GROUP PSC	TRUSTEE	6,550,000	DR MARIA HORTILLOSA IS A TRUSTEE OF ARH, AND IS A KEY EMPLOYEE OF TRIANGLE ANESTHESIA GROUP PSC, WHICH IS ONE OF THE INDEPENDENT CONTRACTORS THAT PROVIDE PHYSICIAN SERVICES TO ARH DR HORTILLOSA RECUSES HERSELF FROM ANY DECISIONS PERTAINING TO TRIANGLE ANESTHESIA GROUP PSC DURING BOARD MEETINGS AMOUNT OF TRANSACTION INCLUDES FEES FOR SERVICES PAID DIRECTLY TO TRIANGLE ANESTHESIA GROUP PSC		No
(2) PEOPLES BANK & TRUST CO	TRUSTEE	2,500,000	MR LEON HOLLAN IS A TRUSTEE OF ARH, AND IS THE PRESIDENT OF PEOPLES BANK & TRUST CO , WHICH IS ONE OF THE THREE PARTICIPATING BANKS ON THE \$7,500,000 LINE OF CREDIT HELD BY ARH MR HOLLAN RECUSES HIMSELF FROM ANY DECISIONS PERTAINING TO PEOPLES BANK & TRUST CO DURING BOARD MEETINGS AMOUNT OF TRANSACTION INCLUDES THE BANK'S PORTION OF THE LINE OF CREDIT		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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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  
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number  
52-0795508

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE DIRECTOR OF ACCOUNTING AND CFO BOTH REVIEW THE 990 PRIOR TO THE BOARD REVIEW THE BOARD THEN REVIEWS THE 990 PRIOR TO FILING WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	A SECURE WEBSITE IS PROVIDED TO OFFICERS AND TRUSTEES FOR ANNUAL DISCLOSURES, AND IS MONITORED REGULARLY BY THE VICE-PRESIDENT OF LEGAL AFFAIRS AND THE CORPORATE COMPLIANCE OFFICERS. POTENTIAL CONFLICTS OF INTEREST ARE REPORTED DIRECTLY TO THE CHAIRMAN OF THE BOARD. TRUSTEES IDENTIFIED AS HAVING A CONFLICT OF INTEREST IN A PARTICULAR MATTER BEFORE THE BOARD MAY NOT PARTICIPATE IN THE BOARD'S DECISION-MAKING PROCESS. FAILURE TO DISCLOSE IS SUBJECT TO DISCIPLINE, INCLUDING CENSURE, AND IN SOME CASES, REMOVAL FROM THE BOARD. EMPLOYEE OFFICERS ARE SUBJECT TO DISCIPLINE IN ACCORDANCE WITH THE CORPORATION'S HUMAN RESOURCE POLICIES AND THE ARH CODE OF BUSINESS AND PROFESSIONAL CONDUCT.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE ARH BOARD SETS COMPENSATION LEVELS FOR MR HAYNES AND OTHER ARH EXECUTIVES THE BOARD CONTRACTS WITH A CONSULTING FIRM TO REVIEW THE MARKET FOR THE POSITIONS ON THE SYSTEM OPERATING COUNCIL WHO MAKES RECOMMENDATIONS ON THE SALARY RANGES AND ASSESSES THE COMPETITIVENESS OF THE SALARIES WITH THAT INFORMATION, THE COMPENSATION AND CONTRACTS COMMITTEE SET THE RANGES AND THE PRESIDENT'S COMPENSATION THE BOARD REVIEWS AND FINALIZES COMPENSATION AMOUNTS THE CONSULTING FIRM FOLLOWS UP WITH A LETTER ATTESTING TO THE REASONABLENESS OF COMPENSATION



Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	WHILE ARH HAS NOT YET ADOPTED A POLICY OF SHARING ITS FINANCIAL STATEMENTS WITH THE PUBLIC, IT DOES PROVIDE FINANCIAL INFORMATION THROUGH THE FORM 990 AND ALSO PROVIDES CERTAIN FINANCIAL INFORMATION IN OTHER PUBLIC DOCUMENTS, INCLUDING ITS PERIODIC REPORTS TO THE COMMUNITIES IT SERVES

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -522,520 MINIMUM PENSION LIABILITY ADJUSTMENT 29,303,058 TOTAL TO FORM 990, PART XI, LINE 5 28,780,538

Identifier	Return Reference	Explanation
	PART XII, LINE 2C	THE PROCESS FOR OVERSEENG AND SELECTING INDEPENDENT AUDITORS HAS NOT CHANGED FROM THE PRIOR YEAR

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number  
52-0795508

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)					
(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) THE ARH FOUNDATION FOR HEALTHIER COMMUNITIES INC 100 AIRPORT GARDENS ROAD HAZARD, KY 41701 20-4840007	CARRYING OUT FUNDRAISING AND CHARITABLE ACTIVITIES FOR ARH	KY	501(C)(3)	LINE 7	APPALACHIAN REGIONAL HEALTHCARE INC	Yes	
(2) WEST VIRGINIA ARH INC 2285 EXECUTIVE DRIVE LEXINGTON, KY 40505 55-0756776	HEALTH CARE	WV	501(C)(3)	LINE 3	APPALACHIAN REGIONAL HEALTHCARE INC	Yes	

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) HAZARD ARH IMAGING CENTER LLC  210 BLACK GOLD BLVD STE 1 HAZARD, KY41701 27-0755457	MEDICAL IMAGING SERVICES	KY	N/A	RELATED	-40,985	1,626,648		No		Yes		60 000 %

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

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

Yes

Yes

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) THE ARH FOUNDATION FOR HEALTHIER COMMUNITIES INC	P	319,459	ACCRUAL BASIS
(2) HAZARD ARH IMAGING CENTER LLC	B	777,836	PER 2010 K-1
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

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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**APPALACHIAN REGIONAL  
HEALTHCARE, INC.**

**Consolidated Financial Statements**

*Years Ended June 30, 2011 and 2010  
with Independent Auditors' Report Thereon*

## CONTENTS

	<u>Pages</u>
Independent Auditors' Report.....	1
Consolidated Financial Statements:	
Balance Sheets.....	2 - 3
Statements of Operations and Changes in Net Assets.....	4 - 5
Statements of Cash Flows.....	6 - 7
Notes to the Consolidated Financial Statements.....	8 - 32
Consolidating Information.	
Balance Sheet.....	33 - 34
Statement of Operations and Changes in Net Assets.....	35 - 36

DEAN DORTON ALLEN FORD

**Independent Auditors' Report**

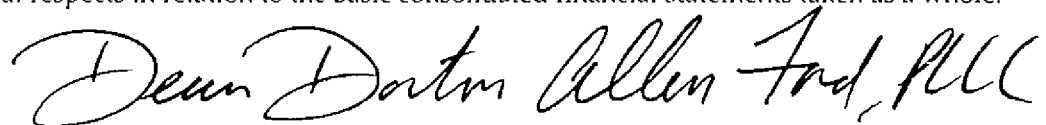
Board of Trustees  
Appalachian Regional Healthcare, Inc.  
Lexington, Kentucky

We have audited the accompanying consolidated balance sheet of Appalachian Regional Healthcare, Inc. (the Corporation) as of June 30, 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Corporation as of and for the year ended June 30, 2010, were audited by Dean Dorton Ford, PSC, whose report dated October 12, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Appalachian Regional Healthcare, Inc. as of June 30, 2011, and the results of its operations, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 33 - 36 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual corporations, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



October 11, 2011  
Lexington, Kentucky

CPA Firm Name: Dean Dorton Allen Ford, PLLC  
Firm Address: 1000 Market Street, Suite 200, Lexington, KY 40502  
Firm Phone: 606.255.1234  
Firm Fax: 606.255.1235  
Firm Email: info@ddaford.com

# APPALACHIAN REGIONAL HEALTHCARE, INC.

## Consolidated Balance Sheets

June 30

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 48,341,112	\$ 34,089,963
Short-term investments	43,161,156	42,337,435
Assets limited as to use, required for current liabilities	3,690,000	3,490,000
Patient accounts receivable, less allowance for uncollectible accounts of \$93,938,751 and \$68,209,113 at June 30, 2011 and 2010, respectively	68,559,348	75,411,323
Other receivables, less allowance for uncollectible accounts of \$1,885,021 and \$3,096,951 at June 30, 2011 and 2010, respectively	3,490,333	5,502,031
Inventories	10,639,554	8,395,072
Prepaid expenses and other current assets	<u>3,247,129</u>	<u>2,720,027</u>
Total current assets	181,128,632	171,945,851
Assets limited as to use, less amount required for current liabilities	76,333,762	46,936,507
Property and equipment, net	146,698,187	152,177,517
Other assets:		
Prepaid pension cost	2,821,432	4,111,522
Investments in affiliate	603,607	541,208
Prepaid recruiting expense	1,521,257	1,103,834
Life insurance contracts	324,782	324,782
Other	<u>814,168</u>	<u>903,717</u>
Total other assets	<u>6,085,246</u>	<u>6,985,063</u>
 Total assets	 \$ <u>410,245,827</u>	 \$ <u>378,044,938</u>

	<u>2011</u>	<u>2010</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 36,311,665	\$ 24,461,419
Accrued salaries, wages, and payroll taxes	16,845,690	15,568,676
Accrued vacation and vested sick time	19,525,436	18,168,240
Medicare and Medicaid estimated settlements	29,258,888	22,243,587
Current portion of accrued pension cost	13,489,805	12,406,872
Current portion of reserve for self-insurance	3,781,029	4,137,532
Current portion of deferred revenue	5,080,280	4,979,392
Health insurance accrual	5,985,483	4,642,504
Bond interest payable	901,710	951,442
Line of credit	2,250,000	-
Other	11,483,878	10,954,524
Current portion of long-term debt	<u>14,580,844</u>	<u>16,509,728</u>
Total current liabilities	159,494,708	135,023,916
Long-term debt, less current portion	84,293,856	96,194,072
Accrued pension cost, less current portion	64,660,453	95,046,444
Reserve for self-insurance, less current portion	33,335,562	27,875,513
Deferred revenue, less current portion	11,865,036	12,238,430
Physician commitments	494,094	575,568
Other	<u>1,122,992</u>	<u>1,278,409</u>
Total liabilities	355,266,701	368,232,352
Net assets		
Unrestricted	54,304,918	9,478,744
Temporarily restricted	<u>674,208</u>	<u>333,842</u>
Total net assets	<u>54,979,126</u>	<u>9,812,586</u>
Total liabilities and net assets	<u>\$ 410,245,827</u>	<u>\$ 378,044,938</u>

See accompanying notes.

**APPALACHIAN REGIONAL HEALTHCARE, INC.**

**Consolidated Statements of Operations and Changes in Net Assets**

Years ended June 30

	<u>2011</u>	<u>2010</u>
Revenue:		
Net patient service revenue	\$ 553,523,989	\$ 545,204,628
Grant revenue	469,832	1,063,708
Other revenue	<u>24,797,111</u>	<u>17,925,309</u>
Total revenue	578,790,932	564,193,645
Expenses:		
Employee compensation	177,794,404	177,480,801
Payroll taxes and employee benefits	83,887,755	87,783,903
Professional fees	39,698,439	32,195,132
Rent and lease expense	5,096,026	5,610,517
Outside services	32,895,257	29,835,848
Pharmaceuticals	28,501,716	28,168,143
Supplies	47,078,085	51,441,542
Depreciation and amortization	23,012,814	23,660,926
Interest	5,894,948	6,625,183
Provider tax expense	8,595,081	8,378,250
Provision for bad debts	65,944,147	57,567,407
Other expenses	<u>47,830,790</u>	<u>47,923,369</u>
Total expenses	<u>566,229,462</u>	<u>556,671,021</u>
Operating income	12,561,470	7,522,624
Other income:		
Investment income	2,899,247	4,026,885
Net change in investments in affiliate	<u>62,399</u>	<u>59,301</u>
Surplus of revenues over expenses	15,523,116	11,608,810

**APPALACHIAN REGIONAL HEALTHCARE, INC.**

Consolidated Statements of Operations and Changes in Net Assets, continued

Years ended June 30

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Surplus of revenues over expenses	15,523,116	11,608,810
Minimum pension liability adjustment	<u>29,303,058</u>	<u>(18,051,764)</u>
Increase (decrease) in unrestricted net assets	44,826,174	(6,442,954)
Temporarily restricted net assets		
Contributions	518,557	20,000
Distributions	(320,000)	-
Net realized and unrealized gain on investments	<u>141,809</u>	<u>101,366</u>
Increase in temporarily restricted net assets	<u>340,366</u>	<u>121,366</u>
Increase (decrease) in net assets	45,166,540	(6,321,588)
Net assets, beginning of year	<u>9,812,586</u>	<u>16,134,174</u>
Net assets, end of year	\$ <u>54,979,126</u>	\$ <u>9,812,586</u>

*See accompanying notes.*

# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Consolidated Statements of Cash Flows

Years ended June 30

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ 45,166,540	\$ (6,321,588)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities.		
Depreciation and amortization	23,012,814	23,660,926
Provision for bad debts	65,944,147	57,567,407
Net change in investments in affiliate	(62,399)	(59,301)
Minimum pension liability adjustment	(29,303,058)	18,051,764
Net realized and unrealized losses (gains) on investments	354,835	(722,623)
Gain on sale of assets	(104,840)	(66,565)
Physician loan forgiveness, including application of receivable to loan balance	(1,149,345)	(668,356)
Amortization of prepaid recruiting	650,448	991,686
Increase (decrease) in cash due to changes in.		
Patient accounts receivable	(59,092,172)	(63,826,695)
Other receivables	2,585,475	9,609,417
Inventories	(2,244,482)	167,106
Prepaid expenses and other assets	(485,273)	431,346
Prepaid pension cost	1,290,090	2,943,486
Accounts payable	11,850,246	(117,382)
Accrued salaries, wages, and payroll taxes	1,277,014	453,883
Accrued vacation and vested sick time	1,357,196	1,190,871
Medicare and Medicaid estimated settlements	7,015,301	8,103,540
Reserve for self-insurance	5,103,546	316,526
Deferred revenue	(272,506)	(193,055)
Health insurance accrual	1,342,979	1,031,619
Bond interest payable	(49,732)	(46,270)
Other liabilities	<u>373,937</u>	<u>3,372,832</u>
Net cash provided by operating activities	74,560,761	55,870,574



**APPALACHIAN REGIONAL HEALTHCARE, INC.**

Consolidated Statements of Cash Flows, continued

Years ended June 30

	<u>2011</u>	<u>2010</u>
<b>Cash flows from investing activities:</b>		
Property and equipment additions	(12,807,083)	(9,965,090)
Proceeds from sale of property and equipment	22,073	155,056
Increase in short-term investments, net	(931,108)	(13,187,958)
Increase in assets limited as to use, net	(29,844,703)	(25,477,260)
Physician commitments	<u>(573,777)</u>	<u>(82,370)</u>
Net cash used in investing activities	(44,134,598)	(48,557,622)
<b>Cash flows from financing activities:</b>		
Additions to long-term debt	-	6,736,045
Repayment of long-term debt	(18,425,014)	(15,137,077)
Additions to line of credit	<u>2,250,000</u>	<u>-</u>
Net cash used in financing activities	<u>(16,175,014)</u>	<u>(8,401,032)</u>
Increase (decrease) in cash and cash equivalents	14,251,149	(1,088,080)
Cash and cash equivalents, beginning of year	<u>34,089,963</u>	<u>35,178,043</u>
Cash and cash equivalents, end of year	\$ <u><u>48,341,112</u></u>	\$ <u><u>34,089,963</u></u>
 <b>Supplemental disclosures of cash flow information.</b>		
Cash paid during the year for:		
Interest	\$ 5,921,384	\$ 6,552,986
 Non-cash investing and financing transactions		
Capital lease obligations for acquisition of equipment	\$ 4,595,914	\$ 8,742,928
Issuance of physician guarantees	1,067,871	443,487

See accompanying notes

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements

#### 1. Summary of Significant Accounting Policies

##### Organization

Appalachian Regional Healthcare, Inc. (the Corporation) currently operates ten hospitals in Kentucky and West Virginia. In addition to providing inpatient and outpatient hospital services, the Corporation operates twenty-three multi-specialty clinics, eight home health agencies, nine durable medical equipment stores, and ten retail pharmacies, as well as other healthcare programs.

The Corporation operates hospitals in the following Kentucky communities: Hazard, Perry County (258 acute beds and 20 rehabilitation beds); Hazard Psychiatric Hospital, Perry County (100 psychiatric beds); Harlan, Harlan County (120 acute beds and 30 psychiatric beds); South Williamson, Pike County (113 acute beds); Middlesboro, Bell County (96 acute beds); Whitesburg, Letcher County (90 acute beds); McDowell, Floyd County (25 acute beds) and West Liberty, Morgan County (25 acute beds). In addition, the Corporation operates hospitals in Beckley, Raleigh County (99 acute beds and 60 psychiatric beds) and Hinton, Summers County (25 acute beds), in West Virginia. The Corporation operates home health agencies, durable medical equipment stores, retail pharmacies and multi-specialty clinics in the majority of these communities.

In 2006, the Corporation established a separate entity, The ARH Foundation for Healthier Communities, Inc. (the Foundation), the membership of which is controlled by the Corporation's Board of Trustees. The Foundation was established to solicit contributions from the general public, with the specific purpose to support and complement the healthcare mission of the Corporation. Funds are distributed as determined by the Foundation's Board of Trustees. The Foundation's assets, liabilities, net assets, results of operations, and changes in net assets have been included in the Corporation's consolidated balance sheets and related consolidated statements of operations and changes in net assets and cash flows. The Foundation's net assets as of June 30, 2011 and 2010 were approximately \$350,000 and \$149,000, respectively.

In 2009, the Corporation entered into an operating agreement to jointly operate a diagnostic imaging center (the Imaging Center) in Hazard, Kentucky, which opened in 2010. Under the agreement, the Corporation owns 60% and two radiologists own 40% of the Imaging Center. Management has elected not to show the radiologists' equity as "noncontrolling interest" in the consolidation of ARH as it deems the amount of equity not controlled (\$417,908 and \$152,994) to be immaterial to the ARH consolidation as of June 30, 2011 and 2010, respectively. The Imaging Center's assets, liabilities, net assets, results of operations, and changes in net assets have been included with the Corporation's consolidated balance sheets and related consolidated statements of operations and changes in net assets and cash flows.

##### Use of Estimates

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 1. Summary of Significant Accounting Policies, continued

The following is a summary of the significant accounting policies consistently followed by the Corporation in the preparation of its financial statements.

##### Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of acquisition.

##### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest and dividends and net gains or losses of affiliated companies) is included in the surplus of revenues over expenses as other income.

##### Patient Accounts Receivable and Allowance for Uncollectible Accounts

Patient accounts receivable consist of amounts due from government programs (e.g., Medicare and Medicaid) and non-government payors (e.g., self-pay and commercial payors). Management believes there are minimal credit risks associated with the receivables from government programs. Non-government receivables are from various payors that are subject to differing economic conditions. Management continually monitors and adjusts the allowance for uncollectible accounts associated with credit risk.

The Corporation's ability to collect outstanding receivables is critical to its results of operations and cash flows. To provide for accounts receivable that could become uncollectible in the future, the Corporation establishes an allowance for uncollectible accounts to reduce the carrying value of such receivables to their estimated net realizable value. The primary uncertainty of such allowances lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients.

The Corporation has an established process to determine the adequacy of the allowance for uncollectible accounts that relies on a number of analytical tools and benchmarks to arrive at a reasonable allowance. No single statistic or measurement determines the adequacy of the allowance for uncollectible accounts. Some of the analytical tools that the Corporation utilizes include, but are not limited to, historical cash collection experience by payor, revenue trends by payor classification and aged accounts from date of service by payor. Accounts receivable are written off after collection efforts have been followed in accordance with the Corporation's policies.

##### Inventories

Inventories, which primarily consist of pharmaceuticals and medical supplies, are stated at the lower of cost (first-in, first-out) or market.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 1. Summary of Significant Accounting Policies, continued

##### Assets Limited as to Use

Resources that are designated for special uses are reported as assets limited as to use. Assets limited as to use include assets held by trustees under indenture and other trust agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. The Corporation also records donor restricted contributions as assets limited as to use.

The Corporation's policy is to fund depreciation as cash is available. Amounts funded are intended for the replacement, expansion, or improvement of the Corporation's facilities and repayment of long-term debt. Funds on deposit with a trustee in connection with bond indebtedness are to be used only for payment of interest or retiring indebtedness (debt service fund) or capital projects (project funds). Funds were also on deposit with trustees in connection with the Corporation's malpractice self-insurance.

Amounts required to meet current liabilities of the Corporation have been reclassified in the consolidated balance sheets.

##### Physician Commitments

The Corporation has committed to provide financial assistance pursuant to recruiting agreements with various physicians practicing in the communities it serves. In consideration for a physician relocating to one of its communities and agreeing to engage in private practice for the benefit of the respective community, the Corporation may commit to loan certain amounts of money to the physician. Typically the loans are paid out over a period of one or two years, and are designed to help the physician establish his or her practice. As of June 30, 2011 and 2010, the Corporation held approximately \$866,000 and \$1,156,000, respectively, in notes receivable from physicians where cash had been advanced. These amounts are included in other receivables on the consolidated balance sheets.

The Corporation follows GAAP in accounting for its physician commitments. According to GAAP, a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The Corporation had committed to advance a maximum amount of \$4,450,000 and \$3,420,000 to physicians as of June 30, 2011 and 2010, respectively. The actual amount of such commitments to be subsequently advanced to physicians is valued at approximately \$494,000 and \$576,000 as of June 30, 2011 and 2010, respectively. This valuation depends upon the financial results of a physician's private practice during the guaranteed period. An offsetting asset related to the term of service of the physician is also recorded. These assets will be expensed over the term of the agreements, which range from one to five years. Generally, amounts advanced under a recruiting agreement may be forgiven pro rata over the term of the agreement, contingent upon the physician continuing to practice in the respective community.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 1. Summary of Significant Accounting Policies, continued

##### Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated useful life of equipment is primarily based on the American Hospital Association's (AHA) *Estimated Useful Lives of Depreciable Hospital Assets, Revised 2004 Edition*. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease terms or the estimated useful lives of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Corporation has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

##### Reserve for Self-Insurance

The provision for estimated malpractice, general liability and workers' compensation claims includes independent actuarial estimates of the ultimate costs for both reported claims and claims incurred but not reported.

##### Deferred Revenue

Deferred revenue represents amounts received by the Corporation related to grants, the Hazard Psychiatric Hospital and home health agency reimbursement. The Corporation is the recipient of certain grant awards whereby deferred revenue is recognized for funds received prior to the occurrence of the associated costs.

The Corporation has an agreement through June 30, 2012 with the Commonwealth of Kentucky to operate a 100-bed psychiatric hospital in Hazard, Kentucky. Under the terms of the agreement, the Commonwealth of Kentucky reimburses the Corporation for operating the hospital, subject to contract limits. Deferred revenue represents amounts received or expected to be received by the Corporation under the terms of the contract in advance of incurring the actual expenses. The agreement has been renewed bi-annually since 1991.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 1. Summary of Significant Accounting Policies, continued

##### Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as receipt are reported as unrestricted contributions in the accompanying consolidated financial statements.

##### Consolidated Statements of Operations and Changes in Net Assets

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of healthcare services are reported as revenues and expenses. Changes in net assets that are excluded from surplus of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, contributions of long-lived assets and minimum pension liability adjustments.

##### Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. The Corporation targets its Kentucky-based hospitals' charges to not exceed ten percent of state medians for all Kentucky-based hospitals. The West Virginia hospitals' rates are in accordance with the directives of the Health Care Authority of West Virginia. Payment arrangements include prospectively determined rates per discharge or visit, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted, if necessary, in future periods as final settlements are determined or as years are no longer subject to audit, review and investigation.

##### Charity Care and Community Benefit (unaudited)

The Corporation and its precursor, the Miners Memorial Hospital Association, have a historic presence in the Central Appalachian Mountain region. For nearly 50 years, the Corporation has addressed the healthcare needs of the residents of Eastern Kentucky and Southern West Virginia, adhering to its mission of "improving health and promoting the well-being of all the people in Central Appalachia in partnership with our communities."

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 1. Summary of Significant Accounting Policies, continued

##### Charity Care and Community Benefit (unaudited), continued

The Corporation accepts all patients regardless of their ability to pay. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations and changes in net assets. Charges forgone based on established rates for charity care, determined by the Corporation at or near the time of service rendered, were approximately \$67 million and \$62 million for the years ended June 30, 2011 and 2010, respectively. Total annual uncompensated care, defined as forgone charges related to charity and bad debt expense, provided by the Corporation totaled \$133 million and \$120 million for the years ended June 30, 2011 and 2010, respectively. These figures do not include the amounts by which governmental program payments fail to cover costs.

The Corporation is a signatory to a "Confirmation of Commitment" of the AHA voluntary guidelines publicly demonstrating the Corporation's ongoing commitment to ensuring that compassion extends from the bedside to the billing office. Management believes that following the AHA's *Hospital Billing and Collection Practices' Statement of Principles and Guidelines* (Guidelines) is an approach that will help ensure patients are afforded dignity and assistance in the disposition of their healthcare bill. Regarding the individual Guidelines, the Corporation has implemented policies allowing for sliding fee schedules, extended payment periods, discounts to the under- and uninsured, alternative credit options, and assistance with state, federal and other aid programs.

In accordance with its mission, the Corporation commits substantial resources to sponsor a broad range of services to all members of the community, irrespective of economic circumstances. During the fiscal year ended June 30, 2011, the Corporation provided each of its nine communities with an abundance of community-oriented services. Annually, each facility, in addition to the uncompensated care noted above, provides countless health screenings, community health education, support groups, CPR instruction, maternity classes, and disease management support groups. The Corporation also sponsors and donates cash and in-kind contributions to a number of local and national organizations, including the local school systems and civic groups.

##### Tax-Exempt Status

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue code (IRC) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the IRC. However, the Corporation is subject to Federal income tax on any unrelated business taxable income.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 1. Summary of Significant Accounting Policies, continued

##### Tax-Exempt Status, continued

GAAP requires the Corporation to evaluate its tax positions and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). The Corporation has evaluated its tax positions and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Corporation believes it is no longer subject to income tax examinations for years prior to 2008.

##### New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) Nos. 2010-23, 2010-24 and 2011-07 to Accounting Standards Codification Topic 954, *Health Care Entities*.

ASU No. 2010-23, *Measuring Charity Care for Disclosure*, requires that a healthcare entity report the amount of charity care provided at the entity's estimated costs instead of at gross charges. For the Corporation, the effective date for this ASU is the fiscal year ending June 30, 2012.

ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, requires that a healthcare entity no longer report its insurance claim liabilities net of insurance recoveries and instead report both the gross liability and gross insurance recovery receivable on the entity's balance sheet. For the Corporation, the effective date for this ASU is the fiscal year ending June 30, 2012.

ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, requires that certain health care entities change the presentation in their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. For the Corporation, the effective date for this ASU is the year ending June 30, 2013.

#### 2. Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the significant payment arrangements with major third-party payors is described in the following paragraphs.



## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 2. Net Patient Service Revenue, continued

The Corporation participates in the Medicare and Medicaid Programs. Approximately 50% and 12%, respectively, of the Corporation's 2011 net patient service revenue was derived from services to patients covered by these Programs. Comparable percentages for 2010 were 48% and 14%, respectively. Changes in the Medicare and Medicaid Programs and the potential reductions of funding levels could have an adverse impact on the Corporation. The Medicare Program accounted for 46% of gross charges in 2011 and 2010, while the Medicaid Program accounted for 24% and 23% of gross charges in 2011 and 2010, respectively.

In the healthcare industry, laws and regulations governing Medicare and Medicaid are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines and penalties and exclusion from the Programs. The Corporation believes that it is in compliance with all applicable laws and regulations.

Services rendered to Medicare and Medicaid Program beneficiaries are primarily paid based upon prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Three of the Corporation's hospitals have been granted Critical Access Hospital status by Medicare. Under the Critical Access Hospital designation, services rendered to Medicare and Medicaid Program beneficiaries are reimbursed under a cost reimbursement methodology.

For cost reimbursed services and certain other exceptions to the prospective payment systems, the Corporation receives interim payments from Medicare and Medicaid. Final settlements are determined after submission of annual cost reports filed by the Corporation and audit or desk review thereof by Medicare and Medicaid. Management feels that adequate provision has been made for the effects, if any, of audits or desk reviews by either Program.

The Corporation has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payment to the Corporation under these agreements include prospectively determined rates per discharge, discounts from established rates, and prospectively determined daily or visit rates.

The Commonwealth of Kentucky and the State of West Virginia impose taxes on healthcare providers at rates ranging from 2.0% to 2.5% of certain net patient revenues. The states' legislation also provides for limited reimbursement of services provided to qualifying indigent care patients. Effective July 1, 2006, the Kentucky General Assembly froze the dollar amounts for provider taxes at the providers' 2006 levels.

# APPALACHIAN REGIONAL HEALTHCARE, INC.

## Notes to the Consolidated Financial Statements, continued

### 2. Net Patient Service Revenue, continued

Net patient service revenue consists approximately of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Patient service revenue at established rates	\$ 1,423,208,000	\$ 1,328,479,000
Less charity and contractual adjustments	<u>869,684,000</u>	<u>783,274,000</u>
	<u>\$ 553,524,000</u>	<u>\$ 545,205,000</u>

### 3. Concentrations of Risks

#### Credit Risks

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables and revenue from patients and third-party payors at June 30 was as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Patient Accounts Receivable</u>	<u>Net Patient Service Revenue</u>	<u>Patient Accounts Receivable</u>	<u>Net Patient Service Revenue</u>
Medicare	38 %	50 %	36 %	48 %
Medicaid	18	12	22	14
Private insurance	8	22	7	24
Other third-party payors	19	6	17	4
Self-pay	<u>17</u>	<u>10</u>	<u>18</u>	<u>10</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Corporation has a concentration of credit risk in that it maintains cash deposits in a single institution which, at times, exceed federally insured limits. The total amounts in excess of federally insured limits were approximately \$37,610,000 and \$28,514,000 at June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, respectively, the uninsured balances included approximately \$25,000,000 and \$20,345,000 of bank repurchase agreements that are not insured by the Federal Deposit Insurance Corporation, but pledged by the bank.

# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Notes to the Consolidated Financial Statements, continued

### **3. Concentrations of Risks, continued**

#### Unions

The Corporation employs approximately 4,400 employees throughout its service area. The majority of the employees are represented by either the United Steel Workers' of America (USWA), the Southern United Nurses (SUN), or the West Virginia Nurses Association (WVNA). The Corporation successfully completed a new three year collective bargaining agreement in April 2011 with the SUN/WVNA which will expire in April 2014. The agreement with the USWA remains in effect until March 31, 2013.

### **4. Investments**

#### Assets Limited as to Use

Assets limited as to use stated at fair value as of June 30 include.

	<u>2011</u>	<u>2010</u>
By Board of Trustees - funded depreciation		
Cash and cash equivalents	\$ 7,617,929	\$ 2,001,157
Fixed income securities	56,124,925	34,054,105
Accrued interest and other	<u>-</u>	<u>630</u>
	63,742,854	36,055,892
By bond indenture agreements:		
Cash and cash equivalents	6,634,178	6,628,771
Malpractice self-insurance investments.		
Cash and cash equivalents	9,191,079	7,428,002
By donor restrictions		
Cash and cash equivalents	<u>455,651</u>	<u>313,842</u>
	\$ <u>80,023,762</u>	\$ <u>50,426,507</u>

# APPALACHIAN REGIONAL HEALTHCARE, INC.

## Notes to the Consolidated Financial Statements, continued

### 4. Investments, continued

#### Short-Term Investments

Short-term investments stated at fair value as of June 30 include:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ -	\$ 7,750,501
Certificates of deposit	389,730	732,584
Fixed income securities	<u>42,771,426</u>	<u>33,854,350</u>
	<u>\$ 43,161,156</u>	<u>\$ 42,337,435</u>

#### Investments in Affiliate

Investments in affiliate, stated value based on equity method, as of June 30 include:

	<u>2011</u>	<u>2010</u>
Whitesburg Physician Office Building, L.L.C.	\$ <u>603,607</u>	\$ <u>541,208</u>

#### Investment Income

Investment income and gains for cash equivalents, short-term investments and assets limited as to use are comprised of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Income:		
Interest and dividend income	\$ 3,458,290	\$ 3,405,628
Realized gains on sale of securities	<u>25,876</u>	<u>621,257</u>
	<u>\$ 3,484,166</u>	<u>\$ 4,026,885</u>
Other Changes in Unrestricted Net Assets: Unrealized losses	<u>\$ (522,520)</u>	<u>\$ -</u>
Other Changes in Temporarily Restricted Net Assets: Unrealized gains	<u>\$ 141,809</u>	<u>\$ 101,366</u>

# APPALACHIAN REGIONAL HEALTHCARE, INC.

## Notes to the Consolidated Financial Statements, continued

### 4. Investments, continued

#### Fair Value Measurements

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are primarily valued using management's determination of the assumptions market participants would utilize in pricing the assets

The fair values of assets at June 30, 2011 are summarized as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets.				
Investments:				
Fixed income securities	\$ <u>98,896,351</u>	\$ <u>98,896,351</u>	\$ -	\$ -
	\$ <u>98,896,351</u>	\$ <u>98,896,351</u>	\$ -	\$ -

The fair values of assets at June 30, 2010 are summarized as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets.				
Investments:				
Fixed income securities	\$ <u>67,908,455</u>	\$ <u>67,908,455</u>	\$ -	\$ -
	\$ <u>67,908,455</u>	\$ <u>67,908,455</u>	\$ -	\$ -

The Corporation also had \$24,288,567 and \$6,881,116 of cash and cash equivalents as of June 30, 2011 and 2010, respectively. Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used during the fiscal year ended June 30, 2011.

*Fixed income securities* Valued at the net asset value of shares held by the Corporation at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Notes to the Consolidated Financial Statements, continued

### **5. Property and Equipment**

The Corporation's property and equipment consists of the following at June 30:

	<u>2011</u>	<u>2010</u>
Land	\$ 6,465,343	\$ 6,465,343
Building improvements	216,448,962	212,864,869
Equipment	158,583,206	155,312,622
Equipment under capital lease obligations	40,389,201	38,126,315
Software	18,798,107	17,362,709
Construction in progress	<u>11,842,857</u>	<u>6,996,773</u>
	452,527,676	437,128,631
Less: Accumulated depreciation	<u>305,829,489</u>	<u>284,951,114</u>
	<u>\$ 146,698,187</u>	<u>\$ 152,177,517</u>

Depreciation expense was \$22,965,094 and \$23,572,535 for the fiscal years ending June 30, 2011 and 2010, respectively. Accumulated depreciation for equipment under capital lease obligations was approximately \$25,150,000 and \$19,989,000 as of June 30, 2011 and 2010, respectively. As of June 30, 2011 and 2010, the Corporation had approximately \$1,426,000 and \$3,093,000, respectively, of capital lease related equipment in construction in progress. Construction commitments approximated \$11,843,000 and \$6,997,000 at June 30, 2011 and 2010, respectively.

### **6. Line of Credit**

The Corporation currently has a twelve-month line of credit with a financial institution for \$7,500,000. The interest rate on this line of credit is at the prime rate for 2011 and 2010 (3.25% at June 30, 2011 and 2010) with a floor of 5%. Interest payments are due monthly with all accrued and unpaid interest and principal balances due at maturity. The outstanding balance on the line of credit was \$2,250,000 and \$0 as of June 30, 2011 and 2010, respectively. The line of credit matures annually on August 31. Management renewed the line of credit for \$5,000,000 effective September 1, 2011 for one year under the same terms. The line is secured by several tracts of land held in Beckley, West Virginia that are named in the security agreement.

# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Notes to the Consolidated Financial Statements, continued

### **7. Long-Term Debt**

Long-term debt is summarized as follows at June 30:

	<u>2011</u>	<u>2010</u>
Series 1997 Bonds	\$ 61,545,000	\$ 65,110,000
Project Bonds - Perry County; for the purchase and renovation of and equipment for the Hazard Medical Mall	4,190,316	4,301,021
Mortgage note payable at prime, with a floor of 5% (5% at June 30, 2011), due in monthly installments through October 2028 and secured by real estate, buildings, and equipment located in Hazard, Kentucky; for the renovation of the Hazard Medical Mall	3,782,429	4,039,742
Note payable - McKesson, for the settlement of past due invoices with McKesson; to be paid interest free over the span of three years in monthly installments	2,273,233	4,011,587
Project Bonds - City of Hazard; for the construction of and equipment for the Hazard Cancer Center	2,874,371	3,304,583
Bank note payable at 4.95%, due in monthly installments through June 2012 and secured by equipment held at various locations; for the implementation of the digital radiography system (Picture Archive Communications System - PACS) at Corporation hospitals	1,772,279	3,084,169
Mortgage note payable at prime (3.25% at June 30, 2011), due in monthly installments through March 2018 and secured by nine tracts of land in Beckley, West Virginia; for the expansion and renovation of the Beckley ARH emergency department	2,357,927	2,726,059
Project Bonds - Pike County; for the purchase of a building for central purchasing services	2,181,738	2,238,231
Note payable at prime (3.25% at June 30, 2011), due in monthly installments through January 2012 and secured by equipment held at various locations, for the implementation of the clinical laboratory information system at Corporation hospitals	232,300	898,241

# APPALACHIAN REGIONAL HEALTHCARE, INC.

## Notes to the Consolidated Financial Statements, continued

### 7. Long-Term Debt, continued

	<u>2011</u>	<u>2010</u>
Mortgage note payable at prime plus 0.5% (3.75% at June 30, 2011), due in monthly installments through August 2013 and secured by real estate, buildings, and equipment located in Beckley, West Virginia, and by securities held at the issuing financial institution; for the purchase of Heritage property in West Virginia	375,432	505,715
Note payable at 6.69%, due in monthly installments through August 2013 and secured by equipment located in Beckley, West Virginia, for the purchase of a nuclear camera in Beckley	125,583	182,478
Capital lease obligations, at varying rates of imputed interest from 5.2% to 10.25%, collateralized by leased equipment held at various locations	<u>17,164,092</u>	<u>22,301,974</u>
	98,874,700	112,703,800
Current portion	<u>14,580,844</u>	<u>16,509,728</u>
Long-term debt, less current portion	<u>\$ 84,293,856</u>	<u>\$ 96,194,072</u>

In October 1997, the Corporation issued \$95,000,000 of Kentucky Economic Development Finance Authority Hospital System Refunding and Improvement Revenue Bonds, Series 1997 (Series 1997 Bonds). The proceeds of the Series 1997 Bonds were used to repay the Variable Rate Series 1984 Health Care System Revenue Bonds and a portion of the Variable Rate Series 1991 Health Care System Revenue Bonds (Series 1991 Bonds), and the remainder (approximately \$48 million) was used to improve and furnish the Corporation's hospital facilities. The Series 1997 Bonds mature on October 1, 2022. Principal payments are payable on October 1 of each year. Interest payments are payable semiannually on April 1 and October 1 of each year.

The Series 1997 Bonds have interest rates reflecting the maturity year. The interest rates for bonds maturing in 2011 and 2010 were 5.75% and 5.7%, respectively. The Series 1997 Bonds contain special features for optional redemption by the Issuer that began on April 1, 2008 at redemption prices expressed as percentages of the principal amount to be redeemed plus interest accrued to the redemption date. The Series 1997 Bonds are secured by the Corporation's gross revenues. The Series 1997 Bonds contain certain covenants, which among other things, restrict the granting of liens or other encumbrance on any present or future property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2011, management is not aware of any violations of these covenants.



# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Notes to the Consolidated Financial Statements, continued

### **7. Long-Term Debt, continued**

In February 2007, the Corporation issued \$7,000,000 of Healthcare System Revenue Bonds, Series 2007 (Project Bonds). \$4,600,000 is a promise to pay to the City of Hazard, Kentucky, a de jure political subdivision, and \$2,400,000 is a promise to pay to the County of Pike, a de jure political subdivision. The City of Hazard Project Bonds mature on February 14, 2017, and the Pike County Bonds mature on June 1, 2022. Principal payments and interest payments are payable on a monthly basis. The Project Bonds have a fixed interest rate of 4.95%.

In August 2007, the Corporation issued \$4,600,000 of Healthcare System Revenue Bonds, Series 2007 (Project Bonds), the entirety of which is a promise to pay to the County of Perry, a de jure political subdivision. The Perry County Project Bonds mature on August 1, 2022. Principal payments and interest payments are payable on a monthly basis. The Project Bonds have a fixed interest rate of 4.95%.

Scheduled principal repayments are as follows:

<u>Year ending June 30,</u>	<u>Bonds, Notes</u>	<u>Capital Leases</u>
2012	\$ 8,433,098	\$ 6,380,156
2013	6,636,106	5,592,514
2014	1,537,980	3,972,575
2015	1,492,148	2,171,669
2016	1,560,823	538,576
Thereafter	<u>62,050,453</u>	<u>-</u>
	<u>\$ 81,710,608</u>	18,655,490
Less amount representing interest		<u>1,491,398</u>
		<u>\$ 17,164,092</u>

### **8. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purpose at June 30

	<u>2011</u>	<u>2010</u>
Healthcare services:		
Purchase of equipment and capital projects	\$ <u>674,208</u>	\$ <u>333,842</u>

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 9. Pension and Retirement Plans

The Corporation has three non-contributory defined benefit pension plans, Appalachian Regional Healthcare, Inc. Restated Non-Contributory Pension Plan, Appalachian Regional Healthcare, Inc. Retirement Plan, and Appalachian Regional Healthcare, Inc. Administrative Retirement Plan (the Plans), covering most employees. Each plan provides benefits of stated amounts for each year of service. The Corporation's funding policy is to contribute amounts to the Plans sufficient to meet all minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 (ERISA), plus such additional amounts as the Corporation may determine to be appropriate from time to time to avoid variable Pension Benefit Guaranty Corporation premiums.

During fiscal 2008, the Corporation froze the Administrative and Retirement Plans to new participants. Effective June 30, 2009 the Corporation froze the benefits for all active employees in the Administrative Plan as well as for employees in the Retirement Plan not covered by a collective bargaining agreement and began offering a defined contribution 403(b) plan. Pursuant to the agreement reached with the SUN, benefits will be frozen for those employees effective January 1, 2013 in the Retirement Plan covered by a collective bargaining unit. They will be offered a defined contribution 403(b) plan.

The Corporation is required under the Pension Protection Act of 2006 (the Act) to make contributions to the Plans sufficient to fund the value of any new benefits earned during the year (Target Normal Cost) plus changes in the Plans' unfunded Target Liabilities over a seven year period effective January 1, 2008. The Target Liability cannot reflect the effect of future salary increases. In addition, in order to mitigate funding volatility from year-to-year, the Corporation may elect to use asset and interest rate smoothing as allowed under the Act. Thus the Target Liability funded percentage may differ from the funded percentage based on the financial accounting measurements that follow.

The Corporation was granted a waiver by the IRS of the minimum funding standard under Section 412(d) of the IRC and Section 303 of ERISA related to its three defined benefit plans in 2009. The waiver is applicable to the final contribution for the plan year beginning July 1, 2007 and was due March 2009, totaling approximately \$8,330,000. The waiver was granted to the Corporation, contingent upon the Corporation providing collateral to the Pension Benefit Guaranty Corporation. In addition, the Corporation is required to make timely required contributions to the Plans during the term of the waiver. Management has complied with the terms of the waiver.

The following tables provide further information about the defined benefit plans:

#### Obligations and Funded Status

	<u>2011</u>	<u>2010</u>
Fair value of plan assets	\$ 199,077,610	\$ 172,620,259
Projected benefit obligations	<u>(274,406,436)</u>	<u>(275,962,053)</u>
Funded status	\$ <u>(75,328,826)</u>	\$ <u>(103,341,794)</u>

# APPALACHIAN REGIONAL HEALTHCARE, INC.

## Notes to the Consolidated Financial Statements, continued

### 9. Pension and Retirement Plans, continued

#### Obligations and Funded Status, continued

Amounts recognized in the consolidated balance sheets consist of

Prepaid pension cost	\$ 2,821,432	\$ 4,111,522
Accrued pension cost	<u>(78,150,258)</u>	<u>(107,453,316)</u>
Net amount recognized	\$ <u>(75,328,826)</u>	\$ <u>(103,341,794)</u>
Benefit cost	\$ 14,207,769	\$ 13,246,872
Employer contributions	12,917,679	10,303,386
Benefits paid	12,900,147	12,235,607

The total accumulated benefit obligation for all defined pension plans was \$273,816,683 and \$271,880,232 at June 30, 2011 and 2010, respectively.

#### Assumptions

	<u>2011</u>	<u>2010</u>
Weighted-average assumptions used to determine benefit obligations.		
Discount rates	5.75%	5.50%
Rate of compensation increase	3.00%	3.00%
Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30:		
Discount rate	5.50%	6.25%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	3.00%	4.00%

The Corporation's expected rate of return on plan assets is determined by the historical long-term investment performance of benchmark portfolios with similar investment strategies.

# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Notes to the Consolidated Financial Statements, continued

### **9. Pension and Retirement Plans, continued**

#### Plan Assets

The Corporation's investment strategy is for plan assets to have a long-term return of at least 8%. The investment policy requires assets of the Plans to be primarily invested in equities and fixed income funds. The Corporation, by its investment policy, is prohibited from investing in venture capital, securities not publicly traded, short sales, margin purchases, collateralized mortgage option residuals, derivatives, for-profit healthcare entities, and direct investments in natural resources. The Corporation's pension plan weighted-average asset allocations by asset category are as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Actual</u>	<u>Target</u>	<u>Actual</u>	<u>Target</u>
Equities	56 %	40-60 %	34 %	40-60 %
Fixed income mutual funds	41	40-60	62	40-60
Cash and cash equivalents	<u>3</u>	<u>-</u>	<u>4</u>	<u>-</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

# **APPALACHIAN REGIONAL HEALTHCARE, INC.**

## Notes to the Consolidated Financial Statements, continued

### **9. Pension and Retirement Plans, continued**

#### Fair Value Measurements

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are primarily valued using management's determination of the assumptions market participants would utilize in pricing the assets.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2011				
Equities	\$ 111,019,424	\$ 111,019,424	\$ -	\$ -
Fixed income mutual funds	<u>82,541,662</u>	<u>82,541,662</u>	<u>-</u>	<u>-</u>
	<u>\$ 193,561,086</u>	<u>\$ 193,561,086</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2010				
Equities	\$ 59,330,147	\$ 59,330,147	\$ -	\$ -
Fixed income mutual funds	<u>106,408,996</u>	<u>106,408,996</u>	<u>-</u>	<u>-</u>
	<u>\$ 165,739,143</u>	<u>\$ 165,739,143</u>	<u>\$ -</u>	<u>\$ -</u>

The Plans also had \$5,516,524 and \$6,881,116 of cash and cash equivalents as of June 30, 2011 and 2010, respectively. Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used during the fiscal year ended June 30, 2011.

*Equities and fixed income mutual funds.* Valued at the net asset value of shares held by the Plans at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### Cash Flows

##### *Contributions*

The Corporation expects to contribute \$18,216,281 to its pension plans during the fiscal year ended June 30, 2012.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 9. Pension and Retirement Plans, continued

##### Cash Flows, continued

##### *Estimated future benefit payments*

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid in the fiscal years ending June 30:

2012	\$ 13,490,000
2013	13,975,000
2014	14,423,000
2015	15,105,000
2016	15,604,000
2017-2021 (5 year total)	<u>88,190,000</u>
	<u>\$ 160,787,000</u>

#### 10. Medical Malpractice Insurance

Effective February 16, 2003, the Corporation became self-insured for medical malpractice and general liability losses. Losses from asserted and unasserted claims identified under the Corporation's incident reporting system, as well as claims incurred but not yet reported, are accrued based on estimates that incorporate past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The Corporation has employed independent actuaries to estimate the ultimate costs of the settlement of such claims. The Corporation recorded a malpractice liability (discounted at 4% as of June 30, 2011 and 2010) of \$23,402,129 and \$19,711,753 as of June 30, 2011 and 2010, respectively. Effective January 1, 2009, the Corporation obtained high-deductible, claims-made coverage for medical malpractice losses. The policy provides overall coverage of \$10,000,000 per occurrence/\$10,000,000 in aggregate. The Corporation retains the first \$5,000,000 of losses per each claim and is insured for losses greater than \$5,000,000 up to \$15,000,000.

#### 11. Workers' Compensation Insurance

The Corporation was insured by ROA for workers' compensation claims prior to January 1, 2002. As a result of ROA going into receivership, to the extent that ROA funds are insufficient, the Corporation has effectively become self-insured for claims occurring prior to this date. As of June 30, 2011 and 2010, the Corporation recorded a liability (discounted at 4% as of June 30, 2011 and 2010) of approximately \$3,288,000 and \$3,019,000, respectively, related to these claims

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 11. Workers' Compensation Insurance, continued

Beginning January 1, 2002, the Corporation insured its workers' compensation claims through AIK Comp (AIK), a mutual (or group) self-insurance organization. During 2004, the Corporation was notified by AIK of an assessment related to premiums for 2002 and 2003. The assessment was part of a plan submitted by AIK to the Commonwealth of Kentucky to maintain adequate reserves for claims. Based upon the formula prepared by AIK and management's estimates, the Corporation recorded an additional liability of \$5,555,000 as of June 30, 2005.

AIK is now in receivership with the Commonwealth of Kentucky and is currently the subject of a rehabilitation proceeding pending before the Franklin Circuit Court. On June 15, 2005, the Rehabilitator filed a Modified 2005 Assessment Plan and Reorganization Plan (2005 Assessment Plan) with the Franklin Circuit Court. The 2005 Assessment Plan includes an assessment of the 2004 year and two months ending February 28, 2005. Based upon the 2005 Assessment Plan, the Corporation recorded a liability in the amount of \$2,411 and \$319,087 as of June 30, 2011 and 2010, respectively. An additional contingent callable promissory note was held in the amount of \$796,676 for the years then ended. The Rehabilitator has qualified the Corporation for a payment plan to satisfy its pro rata share of the amended 2005 assessment.

Purportedly, all Group Members of AIK may have been subject to joint and several liability for the satisfaction of fund deficits for their respective years of participation. As part of the Corporation's compliance with the provisions of the 2005 Assessment Plan, the Corporation will be released from any joint and several liability for AIK's deficit upon the full payment of the Corporation's pro rata share of the amended 2005 assessment.

A small number of AIK group members have appealed the provisions of the 2005 Assessment Plan. The appeal is currently pending before the Kentucky Court of Appeals. Additionally, issues related to third-party culpability have been appealed, and are currently pending before the Kentucky Supreme Court.

Based upon information currently available regarding the status of AIK, management believes its reserves to be adequate relative to any adverse rulings through the court system. As of June 30, 2011 and 2010, the Corporation recorded a liability of \$799,000 and \$957,000, respectively.

Effective January 1, 2005 and 2007, the Corporation converted to high deductible workers' compensation programs for its employees. Under these programs, the Corporation retains the first \$750,000 and \$900,000 for the years ended June 30, 2011 and 2010, respectively, of losses per each claim and is insured for losses greater than \$750,000 and \$900,000 for the years ended June 30, 2011 and 2010, respectively. In connection with these policies, the Corporation obtained \$11,607,000 in irrevocable stand-by letters of credit which expire in January 2012. Losses from asserted and unasserted claims identified under the Corporation's incident reporting system, as well as claims incurred but not yet reported, are accrued based on estimates that incorporate past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The Corporation has employed independent actuaries to estimate the ultimate costs of the settlement of such claims.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 12. Fair Values of Financial Instruments

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments:

*Long-Term Debt* The fair values of long-term debt are based on quoted market prices for the same or similar issues, giving consideration to interest rates, maturity and other factors. The fair value of total long-term debt was approximately \$97,240,000 and \$110,540,000 at June 30, 2011 and 2010, respectively.

*Cash, Investments and Other Items for Which Fair Value Disclosure is Required.* The carrying amount reported in the consolidated balance sheets for such items is either fair value or approximates fair value, due to their short-term nature.

#### 13. Commitments and Contingent Liabilities

##### Operating Leases

The Corporation leases various equipment and facilities under operating leases expiring at various dates. Amounts included in rent and lease expense related to these future commitments for the years ended June 30, 2011 and 2010, respectively, were approximately \$1,056,000 and \$1,458,000

Minimum future lease payments under all leases for the next five fiscal years and thereafter are as follows

2012	\$ 882,391
2013	545,760
2014	<u>357,608</u>
	<u>\$ 1,785,759</u>

##### Grants

Certain facilities were financed in part by federal grants. Under the terms of the grants, the Corporation must operate the facilities as designated for a stated number of years or a portion of the grants are to be refunded.

#### 14. Functional Expenses

The Corporation provides general healthcare services to residents within its geographic location. For 2011 and 2010, approximately 88% and 91%, respectively, of the Corporation's expenses relate to healthcare services and 12% and 9%, respectively, relate to general and administrative costs. General and administrative costs include all non-patient care, and non-revenue producing functions.

Included within general and administrative expenses are fundraising expenses of approximately \$147,000 and \$213,000 and advertising expenses of approximately \$850,000 and \$742,000 in 2011 and 2010, respectively. These costs are expensed as incurred.



## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 15. Healthcare Reform

##### Patient Protection and Affordable Care Act

On March 23, 2010, *The Patient Protection and Affordable Care Act* (the Act) was signed into law. The effects of this legislation on hospitals are wide-ranging and potentially dramatic. In particular, the Act imposes additional requirements on hospitals seeking to obtain or maintain charitable tax-exempt status as defined under Section 501 of the IRC. Hospitals seeking to obtain or maintain charitable tax-exempt status must now:

- 1) *Conduct a community health needs assessment* Hospitals must conduct a community health needs assessment once every three years and then adopt and implement a strategy addressing the needs associated with the assessment
- 2) *Establish written financial assistance and emergency care policies.*
- 3) *Limit billed charge amounts for emergency or other medically necessary care to patients eligible for financial assistance*
- 4) *Prohibit the use of "extraordinary" collection efforts on patients who qualify for financial assistance.*

Charitable hospitals seeking to obtain or maintain charitable tax-exempt status must meet the new requirements by fiscal years beginning after March 23, 2010, with the exception of the community health needs assessment which is required for fiscal years beginning after March 23, 2012.

The Corporation believes it is in compliance with the Act. Final regulations have not yet been issued regarding all of the new requirements. The Corporation is in the process of understanding the requirements of the Act and is implementing plans for continued compliance.

##### Managed Care Organizations

The Kentucky Department for Medicaid Services (DMS) is in the process of converting Medicaid to a managed care environment looking toward an November 1, 2011 implementation date. DMS has contracted with three managed care organizations (MCOs) who are to create networks of providers throughout Kentucky to provide Medicaid services to approximately 560,000 Kentuckians. The contracts with these networks exclude nursing home and waiver program members. The MCOs are to provide Medicaid covered benefits for Medicaid recipients for a fixed per member, per month premium via rates based on age, gender, disability, etc. The Corporation has begun negotiations with the MCOs. The Corporation is not yet able to quantify the potential financial impact this transition may have on the Corporation.

##### The American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the Recovery Act) was signed into law. A major component of the Recovery Act is its emphasis on improving health information technology (also known as HIT). The federal government believes the implementation of technology will ultimately increase the quality and reduce the cost of healthcare.

## APPALACHIAN REGIONAL HEALTHCARE, INC.

### Notes to the Consolidated Financial Statements, continued

#### 15. Healthcare Reform, continued

##### The American Recovery and Reinvestment Act of 2009, continued

To accomplish the improvement of HIT, the Recovery Act includes payment incentives for qualifying professionals. Physicians and hospitals that are considered early adopters of electronic health records (EHR) can become eligible to receive a significant amount of money from Medicare or Medicaid.

During fiscal 2011, the Corporation applied for and received approximately \$5,810,000 in Medicaid HIT funds. The Corporation intends to apply for additional funds in the coming years. Both the 2011 funds and any funds from future applications are dependent on reaching certain metrics and various states of "meaningful use" as defined by the Recovery Act

#### 16. Subsequent Events

The Corporation's management evaluated the period from June 30, 2011 to October 11, 2011 (the date the consolidated financial statements were ready to be issued) for items requiring recognition or disclosure in the financial statements.

In August 2011, the Corporation formed a wholly owned subsidiary, ARH Mary Breckinridge Health Services, Inc. which in turn then entered into an agreement to purchase assets of Mary Breckinridge Hospital and related healthcare entities in Hyden, Kentucky. The agreement states that the Corporation will acquire the majority of assets of MBH in exchange for approximately \$1.8 million.

On May 7, 2011, the Corporation entered into an agreement with the United States Department of Agriculture (USDA) Rural Housing Service for a loan using American Recovery and Reinvestment Act (ARRA) funds. The loan, totaling \$13,932,000, is to fund the construction of a 15,000 square foot tower at Whitesburg ARH hospital, renovate a 5,071 square feet physical therapy facility in Belfry, Kentucky, and renovation of space in South Williamson, Kentucky to provide chemotherapy services. No proceeds were distributed prior to June 30, 2011. The loan will close and funds will be distributed upon completion of the projects. The Corporation plans on completing the construction project within one year

APPALACHIAN REGIONAL HEALTHCARE, INC.

Consolidating Balance Sheet

June 30, 2011

	<u>ARH</u>	<u>Foundation</u>	<u>Imaging Center</u>	<u>Elimination</u>	<u>Totals</u>
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 47,990,029	\$ 214,299	\$ 136,784	\$ -	\$ 48,341,112
Short-term investments	43,161,156	-	-	-	43,161,156
Assets limited as to use, required for current liabilities	3,690,000	-	-	-	3,690,000
Patient accounts receivable, less allowance for uncollectible accounts	67,954,292	-	605,056	-	68,559,348
Other receivables, less allowance for uncollectible accounts	3,809,792	-	-	319,459	3,490,333
Inventories	10,639,554	-	-	-	10,639,554
Prepaid expenses and other current assets	<u>3,243,271</u>	<u>-</u>	<u>3,858</u>	<u>-</u>	<u>3,247,129</u>
Total current assets	180,488,094	214,299	745,698	319,459	181,128,632
Assets limited as to use, less amount required for current liabilities	75,878,111	455,651	-	-	76,333,762
Property and equipment, net	144,259,521	-	2,438,666	-	146,698,187
Other assets:					
Prepaid pension cost	2,821,432	-	-	-	2,821,432
Investments in affiliate	945,437	-	-	341,830	603,607
Prepaid recruiting expense	1,521,257	-	-	-	1,521,257
Life insurance contracts	324,782	-	-	-	324,782
Other	<u>814,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,168</u>
Total other assets	<u>6,427,076</u>	<u>-</u>	<u>-</u>	<u>341,830</u>	<u>6,085,246</u>
 Total assets	 \$ <u>407,052,802</u>	 \$ <u>669,950</u>	 \$ <u>3,184,364</u>	 \$ <u>661,289</u>	 \$ <u>410,245,827</u>

APPALACHIAN REGIONAL HEALTHCARE, INC.

Consolidating Balance Sheet, continued

June 30, 2011

	<u>ARH</u>	<u>Foundation</u>	<u>Imaging Center</u>	<u>Elimination</u>	<u>Totals</u>
<b>Liabilities and Net Assets</b>					
Current liabilities					
Accounts payable	\$ 36,314,665	\$ 319,459	\$ -	\$ 319,459	\$ 36,311,665
Accrued salaries, wages, and payroll taxes	16,843,795	-	1,895	-	16,845,690
Accrued vacation and vested sick time	19,525,436	-	-	-	19,525,436
Medicare and Medicaid estimated settlements	29,258,888	-	-	-	29,258,888
Current portion of accrued pension cost	13,489,805	-	-	-	13,489,805
Current portion of reserve for self-insurance	3,781,029	-	-	-	3,781,029
Current portion of deferred revenue	5,080,280	-	-	-	5,080,280
Health insurance accrual	5,985,483	-	-	-	5,985,483
Bond interest payable	901,710	-	-	-	901,710
Line of credit	2,250,000	-	-	-	2,250,000
Other	11,483,878	-	-	-	11,483,878
Current portion of long-term debt	<u>14,068,150</u>	<u>-</u>	<u>512,694</u>	<u>-</u>	<u>14,580,844</u>
Total current liabilities	158,980,119	319,459	514,589	319,459	159,494,708
Long-term debt, less current portion	82,886,441	-	1,407,415	-	84,293,856
Accrued pension cost, less current portion	64,660,453	-	-	-	64,660,453
Reserve for self-insurance, less current portion	33,335,562	-	-	-	33,335,562
Deferred revenue, less current portion	11,865,036	-	-	-	11,865,036
Physician commitments	494,094	-	-	-	494,094
Other	<u>1,122,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,122,992</u>
Total liabilities	353,344,697	319,459	1,922,004	319,459	355,266,701
Net assets:					
Unrestricted	53,708,105	(105,160)	701,973	-	54,304,918
Temporarily restricted	<u>-</u>	<u>455,651</u>	<u>560,387</u>	<u>341,830</u>	<u>674,208</u>
Total net assets	<u>53,708,105</u>	<u>350,491</u>	<u>1,262,360</u>	<u>341,830</u>	<u>54,979,126</u>
Total liabilities and net assets	<u>\$ 407,052,802</u>	<u>\$ 669,950</u>	<u>\$ 3,184,364</u>	<u>\$ 661,289</u>	<u>\$ 410,245,827</u>

See independent auditors' report

APPALACHIAN REGIONAL HEALTHCARE, INC.

Consolidating Statement of Operations and Changes in Net Assets

Year ended June 30, 2011

	<u>ARH</u>	<u>Foundation</u>	<u>Imaging Center</u>	<u>Elimination</u>	<u>Totals</u>
Revenue:					
Net patient service revenue	\$ 551,171,203	\$ -	\$ 2,352,786	\$ -	\$ 553,523,989
Grant revenue	469,832	-	-	-	469,832
Other revenue	<u>24,590,750</u>	<u>206,361</u>	<u>-</u>	<u>-</u>	<u>24,797,111</u>
Total revenue	576,231,785	206,361	2,352,786	-	578,790,932
Expenses:					
Employee compensation	177,370,167	38,006	386,231	-	177,794,404
Payroll taxes and employee benefits	83,799,861	-	87,894	-	83,887,755
Professional fees	39,573,563	-	124,876	-	39,698,439
Rent and lease expense	5,096,026	-	-	-	5,096,026
Outside services	32,891,957	3,300	-	-	32,895,257
Pharmaceuticals	28,501,716	-	-	-	28,501,716
Supplies	46,880,982	250	196,853	-	47,078,085
Depreciation and amortization	22,523,041	-	489,773	-	23,012,814
Interest	5,785,577	-	109,371	-	5,894,948
Provider tax expense	8,595,081	-	-	-	8,595,081
Provision for bad debts	65,944,147	-	-	-	65,944,147
Other expenses	<u>47,087,449</u>	<u>105,042</u>	<u>638,299</u>	<u>-</u>	<u>47,830,790</u>
Total expenses	<u>564,049,567</u>	<u>146,598</u>	<u>2,033,297</u>	<u>-</u>	<u>566,229,462</u>
Operating income	12,182,218	59,763	319,489	-	12,561,470

APPALACHIAN REGIONAL HEALTHCARE, INC.

Consolidating Statement of Operations and Changes in Net Assets, continued

Year ended June 30, 2011

	<u>ARH</u>	<u>Foundation</u>	<u>Imaging Center</u>	<u>Elimination</u>	<u>Totals</u>
Other income:					
Investment income	2,899,247	-	-	-	2,899,247
Net change in investments in affiliate	<u>62,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,399</u>
Surplus of revenues over expenses	15,143,864	59,763	319,489	-	15,523,116
Unrestricted net assets					
Surplus of revenues over expenses	15,143,864	59,763	319,489	-	15,523,116
Minimum pension liability adjustment	<u>29,303,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,303,058</u>
Increase in unrestricted net assets	44,446,922	59,763	319,489	-	44,826,174
Temporarily restricted net assets					
Contributions	-	-	1,170,437	651,880	518,557
Distributions	-	-	(800,000)	(480,000)	(320,000)
Net realized and unrealized gain on investments	<u>-</u>	<u>141,809</u>	<u>-</u>	<u>-</u>	<u>141,809</u>
Increase in temporarily restricted net assets	<u>-</u>	<u>141,809</u>	<u>370,437</u>	<u>171,880</u>	<u>340,366</u>
Increase in net assets	44,446,922	201,572	689,926	171,880	45,166,540
Net assets, beginning of year	<u>9,261,183</u>	<u>148,919</u>	<u>572,434</u>	<u>169,950</u>	<u>9,812,586</u>
Net assets, end of year	<u>\$ 53,708,105</u>	<u>\$ 350,491</u>	<u>\$ 1,262,360</u>	<u>\$ 341,830</u>	<u>\$ 54,979,126</u>

See independent auditors' report