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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
Middle Tennessee Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 1700 Medical Center Pkwy

Room/suite

City or town, state or country, and ZIP + 4
Murfreesboro, TN 37129

D Employer identification number
62-0475842

E Telephone number
(615) 396-4100

G Gross receipts $ 256,669,237

F Name and address of principal officer
Gordon B Ferguson
1700 Medical Center Pkwy
Murfreesboro, TN 37129

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www mtmc org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1927

M State of legal domicile TN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Spiritually centered care, which sustains and improves the health of individuals and communities

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,515
6	Total number of volunteers (estimate if necessary)	**6**	80
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,583,035
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-355,683

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	130,716	158,969
	9 Program service revenue (Part VIII, line 2g)	214,643,050	241,965,902
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	214,793	8,513,221
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,213,388	3,349,424
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	217,201,947	253,987,516
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	44,852	64,183
	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)	68,385,504	82,422,858
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	128,829,813	182,434,210
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	197,260,169	264,921,251
	19 Revenue less expenses Subtract line 18 from line 12	19,941,778	-10,933,735

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	327,166,705	343,834,588
	21 Total liabilities (Part X, line 26)	163,776,682	177,627,771
	22 Net assets or fund balances Subtract line 21 from line 20	163,390,023	166,206,817

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2012-05-11

Lisa Davis Corp Controller - STH
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶ ☐	PTIN
Alicia Janisch	Alicia Janisch			

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶

Firm's address ▶ 250 East Fifth Street Suite 1900
Cincinnati, OH 45202

Phone no ▶ (513) 784-7100

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Our Catholic Health Ministry is dedicated to spritually centered, holistic care, which sustains and improves the health of individuals and communities In furtherance of its mission and in an effort to reduce the government's financial burden, Middle Tennessee Medical Center provides essential heath care services, such as outpatient clinics, an emergency room and ambulatory facilities that serve low-income patients, as well as community 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 $ 221,464,020 including grants of $ 64,184) (Revenue $ 240,382,867)

Middle Tennessee Medical Center (MTMC) is a 286-bed private, not-for-profit acute care hospital located in Murfreesboro, Tennessee MTMC provides a substantial portion of its services to the elderly and poor During the fiscal year ending June 30, 2011, approximately 39% of the value of services rendered were to elderly patients under the Medicare program, and approximately 18% of the services were provided to patients who were deemed indigent under state, county, or MTMC Guidelines Also, MTMC provided the following benefits to the community Charity care (at cost) in the amount of $10,144,070, Government sponsored health care (net expenses) $7,624,205, and Community Benefit Programs (net expenses) $569,863 See Schedule O for complete Community Benefit Report

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

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

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

4e **Total program service expenses** ▶ $ 221,464,020

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (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? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	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? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	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, line10? *If "Yes," complete Schedule D, Part VI.*	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? *If "Yes," complete Schedule D, Part VII.*	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? *If "Yes," complete Schedule D, Part VIII.*	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? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	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)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
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**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ Yes ☐ No			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	94		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	1,515		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
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	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	17		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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 ▶

Pam Hess VP Finance
1700 Medical Center Parkway
Murfreesboro, TN 37129
(615) 396-4100

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

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

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Matt Murfree Chairman	1 00	X		X				0	0	0
(2) Lee Moss Vice Chairman	1 00	X		X				0	0	0
(3) George White Secretary	1 00	X		X				0	0	0
(4) Emil Hassan Treasurer	1 00	X		X				0	0	0
(5) Sumner Bouldin Jr Board Member	1 00	X						0	0	0
(6) David Chatman MD Board Member	1 00	X						0	0	0
(7) Debbie Cope Board Member	1 00	X						0	0	0
(8) Bill Huddleston Board Member	1 00	X						0	0	0
(9) Bill Jones Board Member	1 00	X						0	0	0
(10) Sister Mary Frances Loftin Board Member	1 00	X						0	0	0
(11) Patty Marschel Board Member	1 00	X						0	0	0
(12) Mary Moss MD Board Member	1 00	X						0	0	0
(13) Tom Provow Board Member	1 00	X						0	0	0
(14) Mike Schatzlein MD Sch O Board Member	1 00	X						0	565,713	11,549
(15) Jeff Shay Board Member	1 00	X						0	0	0
(16) Davis Young Board Member	1 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Gordon Ferguson President/CEO	40 00	X		X				0	390,324	63,959
(18) Pamela Hess Chief Financial Officer	40 00	X		X				0	0	0
(19) William Brown Chief Medical Officer	40 00				X			285,178	0	19,683
(20) Martha Tolbert VP Finance	40 00				X			214,035	0	18,542
(21) Michael Bratton end 411 Chief Nursing Officer	40 00				X			183,809	0	18,767
(22) Elizabeth Lemmons VP Clinical Operations	40 00				X			174,820	0	35,699
(23) Muhammad Akmal MD Physician	40 00					X		334,754	0	15,747
(24) Kecia Badem MD Physician	40 00					X		275,937	0	14,452
(25) Sally Bullock MD Physician	40 00					X		250,928	0	5,214
(26) Sheila Pertiller MD Physician	40 00					X		323,896	0	12,119
(27) David Sellers MD Physician	40 00					X		291,775	0	25,262
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,335,132	956,037	240,993

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 ▶ 52

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MTMC for Lung Disease 1800 Medical Center Pkwy Suite 310 Murfreesboro, TN 37129	Medical Services	950,620
Ortho Surgicalists LLC 301 21st Avenue North Nashville, TN 37203	Medical Services	706,000
Cross Country TravCorps PO Box 404674 Atlanta, GA 303844674	Travel Nurses	160,118
Richard Michaelson PO Box 366 Murfreesboro, TN 371330366	Pathologist	139,924
Rodger Klein 205 Breckenridge Road Franklin, TN 37067	Executive Consulting	130,000

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 9

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	158,969			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		158,969			
Program Service Revenue			Business Code				
	2a	Net Patient Services	621400	239,244,398	239,244,398		
	b	Reference Lab	621500	1,583,035		1,583,035	
	c	Investment - JV's	621400	1,072,646	1,072,646		
	d	Rental Income-Related	531120	65,823	65,823		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		241,965,902			
	3	Investment income (including dividends, interest and other similar amounts)		142,205			142,205
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					

		(i) Real	(ii) Personal				
	6a	Gross Rents	697,874					
	b	Less rental expenses	516,003					
	c	Rental income or (loss)	181,871					
	d	Net rental income or (loss)			181,871			181,871

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory		10,243,536			
	b	Less cost or other basis and sales expenses		1,872,520			
	c	Gain or (loss)		8,371,016			
	d	Net gain or (loss)			8,371,016			8,371,016
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances	a	403,921				
	b	Less cost of goods sold	b	293,198				
	c	Net income or (loss) from sales of inventory			110,723			110,723

	Miscellaneous Revenue	Business Code				
11a	Cafeteria	624200	1,236,240			1,236,240
b	Management Fees	541610	163,915			163,915
c	Pharmacy Sales	621500	13,386			13,386
d	All other revenue		1,643,289			1,643,289
e	**Total.** Add lines 11a–11d		3,056,830			
12	**Total revenue.** See Instructions		253,987,516	240,382,867	1,583,035	11,862,645

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	64,183	64,183		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,620,888		1,620,888	
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	64,904,011	59,872,409	5,031,602	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,949,760	2,654,784	294,976	
9	Other employee benefits	8,550,879	7,695,791	855,088	
10	Payroll taxes	4,397,320	3,957,588	439,732	
a	Fees for services (non-employees) Management	34,648,021		34,648,021	
b	Legal	92,150		92,150	
c	Accounting	28,069		28,069	
d	Lobbying				
e	Professional fundraising services *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	19,846,942	19,846,942		
12	Advertising and promotion	1,238,026	1,238,026		
13	Office expenses	31,296,068	31,296,068		
14	Information technology				
15	Royalties . .				
16	Occupancy	3,905,971	3,905,971		
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	187,152	187,152		
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	40,818,839	40,818,839		
23	Insurance	1,132,028	1,132,028		
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	Bad Debt Expense	26,126,447	26,126,447		
b	TNCare Coverage Assess	6,048,896	6,048,896		
c	Other Professional Fees	4,467,046	4,020,341	446,705	
d	Equip Repair & Maint	4,189,580	4,189,580		
e	Consulting Fees	1,603,545	1,603,545		
f	All other expenses	6,805,430	6,805,430		
25	**Total functional expenses.** Add lines 1 through 24f	264,921,251	221,464,020	43,457,231	0
26	**Joint costs.** Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		17,856,932	1	16,978,734
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		22,701,591	4	24,159,345
	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		485,022	7	237,443
	8	Inventories for sale or use		1,320,257	8	1,839,249
	9	Prepaid expenses and deferred charges		718,901	9	4,692,932
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 413,683,432			
	b	Less accumulated depreciation	10b 135,177,155	53,843,681	10c	278,506,277
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		1,843,927	13	360,893
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		228,396,394	15	17,059,715
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		327,166,705	16	343,834,588
Liabilities	17	Accounts payable and accrued expenses		28,936,040	17	18,856,965
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		134,840,642	25	158,770,806
	26	**Total liabilities.** Add lines 17 through 25		163,776,682	26	177,627,771
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		160,390,012	27	166,206,817
	28	Temporarily restricted net assets		3,000,010	28	0
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		163,390,023	33	166,206,817
	34	Total liabilities and net assets/fund balances		327,166,705	34	343,834,588

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	253,987,516
2	Total expenses (must equal Part IX, column (A), line 25)	2	264,921,251
3	Revenue less expenses Subtract line 2 from line 1	3	-10,933,735
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	163,390,023
5	Other changes in net assets or fund balances (explain in Schedule O)	5	13,750,529
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	166,206,817

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

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?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

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	Employer identification number
Middle Tennessee Medical Center Inc	62-0475842

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

5 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		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		11,528
j	Total lines 1c through 1i			11,528
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Other Lobbying Activities	Part II-B, Line 1i	Lobbying expenses represent the portion of dues paid to national and state hospital associations that is specifically allocable to lobbying Middle Tennessee Medical Center, Inc does not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

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

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

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

b If "Yes," explain the arrangement in Part XIV

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

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

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

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		6,938,849		6,938,849
b Buildings		224,268,700	11,371,309	212,897,391
c Leasehold improvements		7,324,467	5,640,315	1,684,152
d Equipment		118,085,755	70,635,265	47,450,490
e Other	47,588,017	9,477,644	47,530,266	9,535,395
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				278,506,277

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Due To Affiliates	82,818,244
Intercompany Debt to Ascension Health	63,519,056
Accrued Pension	4,723,980
Estimated 3rd Party Payor Settlement	3,451,500
Other Liabilities	2,243,264
Current Self Insurance Liability	2,014,762
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	158,770,806

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

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 .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
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 *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b		No
	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)			11,346,986		11,346,986	4 750 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			38,685,118	27,601,083	11,084,035	4 640 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			50,032,104	27,601,083	22,431,021	9 390 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			8,621		8,621	0 %
f Health professions education (from Worksheet 5)			106		106	0 %
g Subsidized health services (from Worksheet 6)			446,975	20,078	426,897	0 180 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			298,256		298,256	0 120 %
j **Total** Other Benefits			753,958	20,078	733,880	0 300 %
k **Total.** Add lines 7d and 7j			50,786,062	27,621,161	23,164,901	9 690 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			612		612	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			4,834		4,834	0 %
7	Community health improvement advocacy			253		253	0 %
8	Workforce development						
9	Other			13,586		13,586	0 010 %
10	**Total**			19,285		19,285	0 010 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	12,346,552		
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	3,100,219		
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	56,319,712		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	57,926,176		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-1,606,464		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures**

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
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? 1

	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	Middle Tennessee Medical Center 1700 Medical Center Parkway Murfreesboro, TN 37129	X	X					X		

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

Name and address	Type of Facility (Describe)
1	
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 7 The cost of providing charity care, means tested government programs, and community benefit programs is estimated using internal cost data, and is calculated in compliance with Catholic Health Association ("CHA") guidelines The organization uses a cost accounting system that addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured, or self pay) The best available data was used to calculate the amounts reported in the table For the information in the table, a cost-to-charge ratio was calculated and applied

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 26,126,447

Identifier	ReturnReference	Explanation
		Part II Middle Tennessee Medical Center provided the following community building activities in 2011 -MTMC Mobile Health Unit Collaborative with Murfreesboro City Schools, The Guidance Center of Rutherford County, Primary Care & Hope Clinic, Rutherford County Schools, Adopt-a-Street Church Coalition, Murfreesboro Housing Authority, and Murfreesboro Police Department to provide pediatric, women's, behavioral health, and preventive health services to at-risk-communities This effort has enabled 100% immunization and exam compliance and led to greater access to health services and social resources -Domestic Violence/Rape Recovery MTMC has lead in the creation of a Sexual Assault Response Team for Rutherford County, comprised of law enforcement, academic, social agencies, and other public collaborators and team members in addition to hospital clinicians We have SANE staff and have become a model demonstration and education center for other health professionals and organizations in Middle Tennessee -Health Education Programs and Screenings monthly and quarterly provision of health screenings, CPR and first aide training, nutrition, and other topics to address overall health needs of communities These programs are conducted by MTMC's Wellness Center, Mobile Health Unit Collaborative, and Education -Prescription Medication Assistance the Dispensary of Hope is a licensed pharmacy that provides free acute prescription medication assistance and long-term medication Patient Assistance Programs to uninsured persons The MTMC Dispensary of Hope provided 25,597 prescriptions, 10,356 patient visits, $1 5 million dollars in free medications to patients -Coordinated for School Health Provide educational resources to support school-based health education and wellness promotion Provide $13,000 grant to Murfreesboro City School and $10,000 grant to Rutherford County School System The Rutherford County Schools utilized BMI (body Mass Index) screenings to identify childhood obesity as a major concern Of their database Smyrna Middle School showed 45% of their students to be either overweight or obese, and 25% obese Smyrna Middle School has an enrollment of 800-900 children As a result the Rutherford County Schools utilized this funding to establish Fitness Friday's along with needed fitness equipment and a Fitness Course -Murfreesboro Coalition for the Latino Community MTMC provides representation on this grass-roots community effort to address the complexity of barriers and issues facing persons -Primary Care and Hope Clinic MTMC provides $111,000 annually to the Primary Care and Hope Clinic to help fund a nurse practitioner position dedicated to the provision of primary care to the uninsured referred by our Emergency Department This objective is to align with Ascension Health's Outcome Measurement #3 to "Demonstrate access and assignment to a Medical Home as evidenced by a documented visit to a Primary Care provider" During the operations of this practitioner 3,025 patients were seen for a total of 1,819 uninsured visits and 1,206 insured visits, uninsured patients demonstrated 3 2 visits per patient and accounted for 2,500 visits compared to insured patients -Interfaith Dental Clinic The Interfaith Dental Clinic provides dental care for over 1,200 citizens of Rutherford County each yea who are uninsured and economically challenged MTMC provided collaboration and leadership in helping the Interfaith Dental Clinic to secure a $1M grant from a local foundation to build its new facility which will open in January 1012 -Medical Mission@Home Event MTMC conducted a community-wide health event at community school to provide primary care, dental care, vision care, depression screening, and health education to the uninsured Over 120 individuals were seen, representing over 350 medical service encounters Seven (7) individuals were provided follow-up diagnostic or surgical services Location for this event was determined by analyzing demographic data of high emergency room utilization of the uninsured and whose care was of a walk-in service need Over 120 associates and physicians volunteered Collaboration occurred with the Rutherford County Schools, Eagleville Mayor's Office, Eagleville Police Department, and local businesses

Identifier	ReturnReference	Explanation
		Part III, Line 4 The provision for bad debts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of allowance for uncollectible accounts based upon historical write off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the organization follows established guidelines for placing certain past due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the organization Accounts receivable are written off after collection efforts have been followed in accordance with the Organization's policies

Identifier	ReturnReference	Explanation
		Part III, Line 8 Ascension Health and related health ministries follow the Catholic Health Association ("CHA") guidelines for determining community benefit CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit

Identifier	ReturnReference	Explanation
		Part III, Line 9b The organization has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance If a patient qualifies for charity or financial assistance certain collection practices do not apply

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Our community needs assessment is conducted every 3 years, most recently completed in January 2010 The assessment was a collaborative effort across the facilities of Saint Thomas Health including Middle Tennessee Medical Center to provide a comprehensive review of available data and studies around demographic trends, socioeconomic and health status indicators, maternal and infant health issues, major disease prevalence, and health resource utilization and needs It consists of a compilation of public health data as well as the results of a study of the safety net providers in Nashville that included focus groups of 67 key community informants The assessment is focused on the counties in which STHS hospitals are located and helps provide focus and direction for our collective efforts to be responsive to the key health concerns and needs of the communities we serve

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Education of eligibility for assistance at MTMC begins at registration with signage displayed at all reistration points notifying patients that we have a Financial Assistance program, as well as contact information for the patient to use should they need assistance Brochures containing this information are also available for patients at all registration points MTMC registration associates discuss the estimated balance that will be due with both insured and self-pay patients Should the associate identify that the patient may need assistance with that balance he/she will provide the patient with a Financial Assistance application and help them complete it, if needed All self-pay and underinsured patients are screened by MTMC for alternative coverage including Medicaid, SSI/SSD, Cobra, student coverage, and crime victims' compensation If no alternative is identified then an associate will work with the patient to complete a Financial Assistance application Also, contact information is listed on MTMC billing statements for the patient to use in the event they need assistance with their balances Collections associates have been trained to offer patients a Financial Assistance application if needed by the patient MTMC works with third party collection vendors who are required to follow the hospital's Financial Assistance policy Third party vendors are also used to perform "charity scoring", a process that screens incomplete Financial Assistance applications to qualify patients for presumptive charity

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Located in Murfreesboro, Tennessee, Middle Tennessee Medical Center (MTMC) primarily serves residents of Rutherford County and secondarily four counties (Bedford, Cannon, Coffee, and Warren) located southeast of Rutherford County MTMC is one of two hospitals in Rutherford County with a population of 259,317 that is expected to grow by 15% over the next five years In this suburban county located southeast of Nashville (Davidson County), 10 2% of the population of the county lives below the poverty level, the median household income is $54,335, and the racial mix is predominately Caucasian (77%) followed by 12% African-American, 6% Hispanic 3% Asian, and 2% other categories The Secondary Service Area has a population of 159,000 with expected modest growth of 4 7% over the next 5 years Overall, Tennessee residents are rated less healthy than national averages with unfavorable rankings for death rates for cancer, diabetes, heart disease and stroke and unfavorable rankings for risk factors In fiscal year 2010, MTMC served 14,600 inpatients and provided $19 2 million in traditional charity care, unpaid cost of public programs and other community programs and services

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Middle Tennessee Medical Center provides a wide variety of benefits to the community such as grief counseling for patients and families, pastoral care, space for community groups to use at no charge, a comprehensive and interactive website for health information and educational resources, and palliative care program and education MTMC has collaborated with the local county health department, primary care providers to the under-served and uninsured, charity organizations, and social service agencies to promote greater effectiveness and collaboration of services and outcomes for persons served Such collaborative leadership has led to greater access to health care and social service resources, minimizing duplication of services, advancing better coordination and navigation of care, and sustainable benefits In addition to health screenings, crisis intervention, disaster readiness and relief, and health education programs, Middle Tennessee Medical Center has aided faith communities to develop congregational health ministries to help address the health and prevention needs of its memberships and communities served Furthermore MTMC provides such programs as Stress Management Program, The Saint Claire Retirement Center partnership, Parent and Child Festival, RealLife 55 programs, Bright Beginnings for Grandparents program, and Homebound Childbirth Class program MTMC also supports community development through membership in a variety of civic organizations and participation in events that benefit not-for-profit organizations serving Murfreesboro and Middle Tennessee, particularly those that share a concern for improving the health of communities Such organizations include the American Cancer Society, American Heart Association, March of Dimes, American Diabetes Association, and the American Red Cross MTMC provides further support to needed programs and organizations that advocate and serve the most vulnerable of the community Domestic Violence Program, Crisis Pregnancy Center, Special Kids, and the Child's Advocacy Center MTMC is also vested in helping to bring charitable dental services to the community through its financial support and collaborative participation and advocacy with the Interfaith Dental Clinic of Nashville, Tennessee

Identifier	ReturnReference	Explanation
		Part VI, Line 7 Middle Tennessee Medical Center is part of the Nashville Health Ministry of Ascension Health, the largest Catholic and not-for-profit health system in the United States and is known locally as Saint Thomas Health (STHe) STHe is dedicated to providing accessible, quality healthcare to all patients regardless of their ability to pay STHe owns and operates 4 hospitals in Middle Tennessee including Baptist Hospital and Saint Thomas Hospital in Nashville, Middle Tennessee Medical Center in Murfreesboro, and Hickman Community Hospital in Centerville In addition, STHe provides a variety of ambulatory services through the operation of an urgent care center and community primary care clinics, employment and close alignment with physicians, and partnerships to provide diagnostic imaging, sleep lab, and ambulatory surgery services As a system, STHe supports a variety of efforts specifically aimed at providing services for persons who are poor, vulnerable or uninsured that include focused medical mission events in low income communities (where associates volunteer their time to provide direct health care services), primary care clinics that provided 49,000 patient encounters in the last year, and a national distribution center and pharmacy to support a network of dispensing sites and direct-to-patient prescription solutions that provided $5 6 million in available medications for patients unable to afford their prescriptions STHe actively advocates for healthcare access and coverage for all through ongoing meetings with elected officials (State, Local, and Federal levels) and sponsorship of community events and presentations to increase awareness and educate the public regarding healthcare reform and access STHe helped to form the Safety Net Consortium of Middle Tennessee to address the needs of the uninsured residents of Middle Tennessee Saint Thomas Health Services Fund serves as the legal and fiduciary agent to the Consortium The Consortium is governed by a Board of Directors comprised of health care providers and consumer organization members that serve the poor and uninsured STHe System wide, for fiscal year 2010, STHe provided more than $50 million in traditional charity care, unpaid cost of public programs and other community programs and services

Identifier	ReturnReference	Explanation
Community Benefit Report		Middle Tennessee Medical CenterMember of the Nashville Health Ministry of Ascension Health Care of Person Effected by Poverty and Community Benefit Plan For Fiscal Year 2011This pla n illustrates the significant degree to which Middle Tennessee Medical Center (MTMC) contr ibutes to the positive health status of the communities it serves As a member of Ascensio n Health, the nation's largest Catholic healthcare system, MTMC continues to build and str engthen sustainable collaborative efforts that benefit the health of individuals, families , and society as a whole The goal of MTMC is to perpetuate the healing mission of the Chu rch MTMC furthers this goal through delivery of patient services, care to the vulnerable populations such as the elderly and indigent, patient education and health awareness progr ams for the community, and medical research Our concern for all human life and the dignit y of each person leads the health ministry to provide medical services to all people in th e community without regard to the patient's race, creed, national origin, economic status, or ability to pay Middle Tennessee Medical Center develops a Care of the Persons effected by Poverty and Community Benefit Plan (CPCB) annually to focus our charitable, community activities on the needs of the people we serve We seek through action to touch the lives of individuals in our community in a way that is faithful to our healing mission and direc tly impacts healthy outcomes We assess our community's needs to identify priorities for t he health ministry's service and guide our community outreach initiatives Furthermore, we seek collaborations in order to foster sustainability of our efforts and increase overall impact Finally, we commit the provision of resources to address the priority needs, incl uding financial and human resources This CPCB is developed through careful discernment and strategic planning of the following groups of MTMC Senior Leadership Team, Mission Integ ration Committee, and Community Benefit Task Force This process insures the priority Soli darity with the Poor has within the strategic and operational activities of the health min istry, proper alignment with overall Integrated Strategic Operational Financial Plan (ISOF P) of Saint Thomas Health (STHe) and MTMC, and the leadership vision of the Chief Executiv e Officer and President of MTMC In order to portray the full breadth of our CPCB, the foll owing information is described below Organizational Commitment to Providing Community Ben efit Middle Tennessee Medical Center is a 286-bed private, not-for-profit acute care hospi tal located in Murfreesboro, Tennessee MTMC is part of Saint Thomas Health Services, the Nashville Health Ministry of Ascension Health, which consists of four hospitals in Middle Tennessee Baptist and Saint Thomas Hospitals in Nashville, Middle Tennessee Medical Cente r in Murfreesboro, and Hickman Community Hospital in Centerville The hospital serves the c ity of Murfreesboro, Rutherford County and surrounding constituent counties of Bedford, Ca nnon, Coffee, and Warren MTMC seeks to improve the physical, mental, social and spiritual health status of the community it serves MTMC's Mission stresses a particular commitment to the poor and vulnerable, seeking to contribute to the greater effectiveness of the com munity's health safety net to those who are uninsured and under-insured In the spirit of p rinciples adopted by Ascension Health, MTMC has taken proactive steps to address those iss ues that will affect accessibility, the financing, and the delivery of healthcare to all p ersons, especially the uninsured, underinsured, and the underserved As a part of our miss ion in the community, MTMC recognizes it is necessary to provide care to certain patients at little or no cost We recognize that some of our patients may not have health insurance or may not be able to pay unexpected medical bills As a faith-based organization, we mak e provisions to offer financial assistance to our patients in need and do this because we believe that every person should get the care they need, regardless of their ability to pa y The table below represents FY11 budget projections related to overall charity care and community benefit activities Traditional Charity Care (Category I) $10,144,000**Unreimburs ed Costs of Public Programs (Category II) $7,624,000**Other Programs for Persons Who Are P oor (Category III) $486,000*Other Programs for the General Community (Category IV) $84,000 Unpaid Cost of Medicare Program (Category VI) $6,176,000* This includes resources utilized for the MTMC Dispensary of Hope, #8255 and accounts #741121, #741122, #741128 ** Net Cost s, Hospital only Uninsured patients are provided a discount from charges of 40% Charity c are or financial assistance allowances are granted to patients who qualify for financial a ssistance The financial assistance standards consider gross income and family size relati ve to the Poverty Income Guidelines (PIG) publishe

Identifier	ReturnReference	Explanation
Community Benefit Report		d by the Community Services Administration Using these guidelines, full charity care is p rovided to patients who are 200% of the poverty index or less, a graduated discount scale is used for providing financial assistance to patients at or below 300% of the poverty ind ex Charity care and financial assistance adjustments are available for medically necessar y services but not for non-essential services, such as cosmetic services A patient will n ot be refused medically necessary treatment or services based on their ability to pay for those services These policies and procedures are communicated to patients and families in a variety of ways Pamphlets outlining the financial assistance program are available in the registration area for patients These are reinforced by posters that are prominently d isplayed throughout the registration area In addition, for all self-pay patients or patie nts with residual balances on their hospital bill, a Financial Counselor/Representative wi ll initiate a patient advocacy conversation to screen patients to help identify those indi viduals that might qualify for federal, state, or local program assistance as well as our financial assistance program Major Trends, Needs, and Problems in the Community In order t o define and develop targeted outcomes, MTMC conducts a community needs assessment every t hree (3) years Our last community needs assessment was developed in 2009 and served to pr ovide strategic guidance for the FY10, FY11, and FY12 CPCB's This assessment is a collabo rative process with the Ascension Health Access Leadership Team in conjunction with Saint Thomas Health Services, the Wellness Council of Rutherford County, the United Way of Ruthe rford County, Middle Tennessee State University, and the Community Forum of Rutherford Cou ntry The service area and communities served by Middle Tennessee Medical Center reach out nearly fifty miles from Murfreesboro across Middle Tennessee, 5 counties all together The population of this area is approximately 383,000 with an expected growth rate of 11% over the next five years Over half (60%) of this population resides within Rutherford County The most rapidly growing age group is that of 35-45 year olds, representing 32% of the en tire population This age group represents families with young children However, the Cens us 2000 numbers paint a picture of an increasingly diverse community for Rutherford Countr y - Rutherford Country grew by 53 5% between 1990 and 2000, boosted by increases in all mi nority populations - Non-Hispanic whites account for more than 84 5% of Rutherford Country residents African-Americans account for 10% Asian persons make up 1 9%, with an increas e of 200% from 1990 Hispanics account for 3%, an increase of over 500% (969 total populat ion to 5, 324) - Over 17,000 persons, or 9% of the population of Rutherford Country, live in households where the income level is below the federal poverty level The rate is nearl y the same for the youngest and oldest residents 8 9% for children under 18 years of age and 9 4% for those aged 65 and older Within the other 4 countries served by Middle Tennes see Medical Center (many of which represent rural communities), almost 18,000 persons, or an average of 15% of these counties population live in households where the income level i s below the federal poverty level This is a total of 25,000 person or 8% of the total agg regate population of our service area

Identifier	ReturnReference	Explanation
		Rutherford County is one of the fastest growing countries in the United States and the City of Murfreesboro in particular A rural atmosphere, a state university, industry, and reputable schools make this an attractive location for families with young children Approximately 26% of the country's population is under the age of 18, nearly 8% are age 65 and older The greatest shortfalls when comparing needs and available services are in the areas of poverty, housing assistance, childcare, family dysfunction, mental illness, and substance abuse Priority challenges for Rutherford Country in comparison to other Tennessee counties are high binge drinking rate, high rate of sexually transmitted diseases, relatively high violent crime cases, and high index of air quality cancer risk and hazard There are noted challenges and hardship facing the growing Hispanic/Latino population of Rutherford and surrounding countries Due to the rural and agricultural environment, many Hispanic/Latino persons are illegal immigrants This status and associated concerns make the access and affordability of health care extremely difficult An increased sense of vulnerability and risk accompanies persons seeking healthcare In addition, there is a great demand for interpretative services Overall, the Hispanic/Latino population feels isolated, underserved, and medically challenged Prenatal, OBGyn, and post-natal care are significant areas of need In general, the health of Tennessee's population is poor when compared to other states evaluating overall health risk factors (such as high blood pressure, weight, physical activity, diet/nutrition, smoking, seat belt use, and alcohol consumption), which could help explain why Tennessee's cardiovascular disease death rate is the second highest in the nation (Tennessee Health Status Report, 2000) The Community Wellness Council of Rutherford Country has identified these top priorities as part of the state's commitment to Healthy People 2010 cardiovascular disease, teen substance abuse, childhood obesity, diabetes, and lack of coordination/duplication of services for children, youth, and families, and sexually transmitted diseases In addition to these identified priorities, the Community Forum noted the following emerging trends, especially in light of current economic challenges - Absence of safety-net for persons post 21 years of age- All agencies experiencing an increase of 120-150% request for services- Unemployed, middle class now accessing services- Increasing trends in number of homelessness, especially teens- "Big 8" crime incidents up 4% in immediate MTMC surrounding neighborhoods- Central Middle School notes an increase of students on free/reduce meals from 10% to 62%, increase in ethnic minorities from 7% to 63% , estimated 150 students impacted by homelessness- Murfreesboro Housing Authority has 1,200 families on waiting list for section 8 housing- Expected 7,000-9,000 to be disenrolled from TennCare due to budget crisis- Increase issues with teens at risk for alcohol and drug abuse/dependency, violence, and stress- Department of Children Services for Rutherford County has 140-200 referrals per month, 107 children in foster care- Greenhouse Ministries saw 15,000 visits for services in 2008- Department of Human Services provided $3M in food stamps in 2008, averaging 150 appointments per dayIn light of the community needs and asset data referenced above, MTMC's FY11 Care of the Poor and Community Benefit Plan emphasizes the following general arenas of activities - Primary Care- Preventive Health, Wellness, and Drug/Alcohol Prevention- Diabetes and Obesity Education- Prescription Medication AssistanceStrategies to Address Identified Needs 1 Access - Improve access to care for the poor and medically underserved by developing and supporting a safety net of services Focus Focus Inpatient and Outpatient ServicesProvide inpatient and outpatient services to those patients unable to payMTMC provides services, both inpatient and outpatient, to those patients who are unable to pay Hospital departments donate services to patients and their families in need to facilitate care delivery at the hospital after discharge Examples include free lodging at local hotels, meals for family members, cab fares, and prescription drugs MTMC also provides free services to the uninsured and underinsured under the care of the Primary Care & Hope Clinic of Murfreesboro (such as X-rays, general surgery, and volunteer hours by medical staff) Major Initiatives - Traditional charity care- Donated services by hospital departments- Services to the Primary Care & Hope Clinic of Rutherford County averaging $26,000 monthly in donated servicesFocus Safety Net for the uninsured and underinsured with particular focus upon the Hispanic/Latino Immigrant PopulationExpand our commitment to care for the uninsured and underinsuredMiddle Tennessee Medical Center is a member of the Wellness Council of Rutherford Country,

Identifier	ReturnReference	Explanation
		which is a consortium of private and county agencies who seek to serve through collaborati ve efforts the pressing health issues facing the larger community and particularly the mos t vulnerable and needy - the uninsured, underinsured, elderly, and children Major Initiati ves - Dispensary of Hope Licensed indigent pharmacy that provides free medication for acu te and long-term needs, funded by MTMC ($217,000 annually) In FY11 the MTMC Dispensary o f Hope provided 25,597 prescriptions, 10,356 patient visits, $1 5 million dollars in free medications to patients - The Mobile Health Unit Collaborative Primary Care, Behavioral H ealth, and preventive health, wellness promotion, and health education initiative comprise d of MTMC, Community Anti-Drug Coalition of Rutherford Country, Murfreesboro City Schools, Murfreesboro Housing Authority, The Guidance Center of Rutherford Country, and Rutherford Country Schools, and Murfreesboro Police Department that targets schools with high free/r educe meal student participation ($57,000 annually) MTMC makes provision of the Mobile H ealth Unit, underwrites supply costs, assists in fees related to uninsured care, and under writes the Coordinator of Health Services salary - Primary Care and Hope Clinic MTMC prov ides $111,000 annually to the Primary Care and Hope Clinic to help fund a nurse practition er position dedicated to the provision of primary care to the uninsured referred by our Em ergency Department This objective is to align with Ascension Health's Outcome Measurement #3 to "Demonstrate access and assignment to a Medical Home as evidenced by a documented v isit to a Primary Care provider" During the operations of this practitioner 3,025 patient s were seen for a total of 1,819 uninsured visits and 1,206 insured visits, uninsured pati ents demonstrated 3 2 visits per patient and accounted for 2,500 visits compared to insure d patients - Medical Mission @ Home Event MTMC conducted a community-wide health event a t community school to provide primary care, dental care, vision care, depression screening , and health education to the uninsured Over 120 individuals were seen, representing over 350 medical service encounters Seven (7) individuals were provided follow-up diagnostic or surgical services Location for this event was determined by analyzing demographic data of high emergency room utilization of the uninsured and whose care was of a walk-in servi ce need Over 120 associates and physicians volunteered - Covering the uninsured week, pro vision of health fairs and awareness raising, ($3,000 annually) - Atlas Program- Parents a s Teachers Program2 Collaborations- Increase the effectiveness of community initiatives t o impact key areas of need through supportive partnership and organizational leadership Mi ddle Tennessee Medical Center stewards 80 years of service to its communities The history of this leadership has cultivated deep roots and leadership capital We will seek partner ships with local charitable agencies whose work is targeted at identified priority needs, lending to that work greater stability, public awareness, and effective outcomes These fo ur areas have been identified based on community needs assessments

Identifier	ReturnReference	Explanation
		- Domestic Violence/Rape Recovery MTMC has lead in the creation of a Sexual Assault Respo nse Team for Rutherford Country, comprised of law enforcement, academic, social agencies, and other public collaborators and team members in addition to hospital clinicians We hav e SANE staff and have become a model demonstration and education center for other health p rofessionals and organizations in Middle Tennessee MTMC underwrites the training for thes e individuals annually ($3,000) - Saint Rose Catholic School provision of $5,000 to assis t underprivileged children and children with congenital medical issues with tuition schola rships - Murfreesboro Coalition for the Latino Community MTMC provides representation on this grass-roots community effort to address the complexity of barriers and issues facing persons - Special Kids, Inc provision of $5,000 to assist uninsured and under-insured chi ldren gain access to rehabilitation programs provided - American Red Cross provision $20, 000 for their capital campaign towards their new facility 3 Community Health- Improve the overall health status by promoting the integration of spirituality, wellness, and healthy living Focus Wellness/LifestyleSupport health management programs aimed at improving hea lth and well-beingMTMC is committed to providing educational and wellness opportunities th at contribute toward promoting all aspects of health community health, personal health, d isease management, and spirituality O ur efforts continue to work with individuals and the community to look for ways to improve the health and wellness of the community and to mak e an impact on the negative health trends in our community Major Initiatives - The MTMC W ellness Center Health Education Program- Congregational Health Ministry initiative with co ngregations serving impoverished communities and Congregational-based health fairs- Infant Loss Support Group- General Loss Support Group- Stress Management Program- The Saint Clai re Retirement Center Partnership- Parent and Child Festival- RealLife 55 Programs- Bright Beginnings for Grandparents Program- Homebound Childbirth Class Program- Habitat for Human ity Homeowners Education ProgramFocus Education/Skill DevelopmentSupport efforts that add ress educational and skill development needs that enable people to improve their lives and support a reasonable quality of lifeRecognizing the challenges faced by the unemployed an d working poor of our community, Middle Tennessee Medical Center has developed and support s a variety of programs designed to offer participants opportunities to increase their bas ic skills for personal growth and better job performance, offer tuition for assistance for GED classes, and provide career services that can help move individuals from jobs with li ttle advancement opportunity to those with higher potential for advancement These efforts include programs aimed at improving the quality of life for individuals in our community as well as our own employees In addition, MTMC supports other community educational progr ams Major Initiatives - Exchange Club Parenting Center- Job Skills Program- Families First Program- Career Shadowing Program- Boys and Girls Club of Rutherford Country- HealthStyle s program- Corporate Connections Academy Program- Corporate sponsor for Holloway High Scho ol, alternative school for at-risk teensFocus Community DevelopmentSupport programs/agenc ies particularly those that support our clinical areas of focus Cardiac, Emergency Servic es, Maternal/Child, Orthopedics, Neurosciences, Vascular, Oncology, and ResearchMTMC also supports community development through membership in a variety of civic organizations and participation in events that benefit not-for-profit organizations serving Murfreesboro and Middle Tennessee, particularly those that share a concern for improving the health of com munities In reviewing funding requests, priority has been given to those organizations th at support our clinical areas of focus and development Major Initiatives - Variety of corp orate sponsorships including American Cancer Society, American Heart Association, March of Dimes, American Diabetes Association, American Red Cross, Special Kids, Department of Chi ldren's Services - Support for needed community organizations such as the Primary Care & H ope Clinic of Rutherford County, the Fellowship of Christian Athletes of Rutherford County , and United Way, Boy Scouts, Destination Rutherford, Chamber of Commerce, and the Better Business Bureau Focus MTMC Employee Activities CommitteeEmployees of MTMC are encouraged to offer service to others in a way that supports individual growth, promotes community p artnering, and improves the quality of life for all we serve Their volunteer efforts are central to MTMC's support and participation in many of the major initiatives mentioned in this plan They provide the stimulus for many projects and events that contribute toward a ccomplishing our priorities for the health ministr

Identifier	ReturnReference	Explanation
		y's service to the poor and the general wellbeing of our community Major Initiatives - Ev ent Sponsorships such as the Foundation 5K and 2 Mile Walk, Relay for Life, March of Dimes Walk, The Heart Walk, Tour de Cure, American Red Cross Blood Drives, the West Main Shelte r, Habitat for Humanity work days, Jazz Fest, Child Advocacy Center's Duck Derby, and Kids Expose - Various Community Benefit Events Each year MTMC associates, departmental teams, and divisions identify a target need or organization in the community that provides neede d services or programs to vulnerable populations These activities range from fundraising events, drives, walks, service days, and awareness-raising efforts For FY11 MTMC Associat es provided $38,233 in such community benefit activities ($25,750 in salary costs, $2,910 in food costs, $7,850 in room costs, $286 in grants, and $1,437 in other costs) 4 Advocac y- Increase awareness of local city and county governmental leaders, boards, and departmen ts of health needs/issues and related concerns that impact healthcare delivery and communi ty wellness and become a more public leader in shaping priorities, local policies/rules, a nd attitudes Middle Tennessee Medical Center has further identified three crucial issues f acing the communities we serve These issues are noted for their potential in addressing u nderlying structural impediments and representation of a truly systems approach to solving community problems related to healthcare access and delivery MTMC's membership in the We llness Committee of Rutherford County will be a major arena for action and leadership The two significant issues to be targeted are - Access to Urgent Care- Access to Specialty Ca reIn addition, MTMC will continue to facilitate and host dialogue forums with local faith communities and organizations to discuss the top health concerns of the county, access bar riers, and visioning for collaboration to create a more effective healthcare safety net E xpanding Awareness, Education, and Health PromotionMTMC believes that it is essential to e ducate people regarding the types of behavior that improve their chances of living a healt hy life MTMC has invested significantly in unique, top quality health education and mater ials to accomplish its goals including the following programs - Breast Cancer Awareness & Prevention- Diabetes Awareness & Prevention- Awareness and Education on Blood Pressure pl us Screening- Understanding Medicare Part D- Childbirth Preparation and Newborn Care Class es- Medical Terminology classes- 55 Alive Mature Driving Courses- Car Seat Safety Classes- Heart Healthy Cooking- Heart Health for Women- Hanging with Dad- Smoking Cessation Course - Infant Loss Support Group- Grief and Loss Support Group- Weight Loss and Weight Health C ourses- You and Diabetes- Workplace SpiritualityMTMC provides a complete listing of all cl asses, seminars, and event calendars on its website (www mtmc org) and offers an on-line c hildbirth preparation and newborn care class Furthermore, there is a provision of links t o further on-line research and education of holistic, health-related topics, issues, and c oncerns In particular, MTMC has teamed up with Discovery Hospital, an easy-to-use web sit e that contains a vast library of medical information The site allows searches about a sp ecific medical condition or use of Health Tools to check your Body Mass Index or make a ri sk assessment for a particular disease

Identifier	ReturnReference	Explanation
		Medical EducationMTMC believes that, in order to provide the best health care to the community, its clinical personnel must receive ongoing medical education including the following - Quarterly Ethics Grand Rounds- Annual Ethics Conference- Critical Care Course- Monthly CMEs- Quarterly Skills FairOperations and GovernanceMTMC - operates an emergency room that is open to all persons regardless of ability to pay,- has an open medical staff with privileges available to all qualified physicians in the area,- has a governing body in which independent persons representative of the community comprise a majority,- engages in the training and education of health care professionals, and- participates in Medicaid, Medicare, CHAMPUS, Tricare, and/or other government-sponsored health care programs Patient ServicesMTMC provides the following in-patient and out-patient medical services to the community - Bariatric Services- Cancer Care- Cardiac Services- Community Education and Outreach- Diagnostic Services- Dispensary of Hope- Emergency Services- Endocrinology- Gastroenterology- General Medicine- General Surgery- Hospital-based services- including Anesthesiology, Pathology, and Radiology- Mobile Health Unit Services- Neurosciences- Orthopedic Services- Otolaryngology- Pulmonary Medicine- Rehabilitation Services- Sports Medicine- Urology- Vascular Services- Wellness Center- Women and Children's Services- including Obstetrics, Gynecology, and Neonatology- Wound CareSome of the services listed above operate at a loss in order to ensure that all services are available to meet community health care needs These include - Dispensary of Hope - a state licensed pharmacy which provides free prescription medication assistance- Mobile Health Unit Services - provision of primary care and pediatric health services to the uninsured and underinsured through a community collaborationDuring the fiscal year ending June 30, 2011, MTMC provided the following volumes of services Discharges - Acute Care 16,451Patient Days - Acute Care 68,399Births- 2,452Newborn Patient Days- 5,270Emergency Room Visits- 72,816Surgical Visits - Outpatient- 4,338Other Outpatient Visits- 61,255Financial InformationThe financial information presented below was prepared in accordance with the Catholic Health Association's (CHA) community benefit reporting guidelines These guidelines recommend the following - Report charity care at cost, not charges- Do not include bad debt, contractual allowances, and quick pay discounts as part of charity care expense- Do not count Medicare shortfall as a community benefit- Report the net expense for community benefit services, i e , the total community benefit expense minus any associated revenue from patients, payers, and other external sourcesThe CHA reporting guidelines reflect a conservative approach to reporting quantifiable community benefit The goal of the reporting guidelines is to produce community benefit financial reports that reflect true costs and that describe community benefit activities that increase access to health care and improve community health

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) American Red Cross836 Commercial Court Murfreesboro, TN 37129	62-0582070	501(c)(3)	20,000				Disaster Relief Program for Local Disasters such as Good Friday Tornadoes
(2) Varsity Medics102 Wargo Court Murfreesboro, TN 37128	41-4337648		6,000				Medical Services at Middle Tennessee State University Football Games

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 1

3 Enter total number of other organizations . . . . . ▶ 1

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

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

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 A request is made to the receiving organization to send a report of the efficacy of the project the grant has funded - at minimum, the number of persons served and some of their demographics, but also any qualitative measures the receiving agency uses to measure success (reading levels improved, jobs successfully obtained after training, etc) The reports are reviewed by the Mission Integration Team in a broad manner upon receipt, and are more thoroughly scrutinized if the grant recipient comes back to ask for a renewal or another grant

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) Mike Schatzlein MD	(i)	0	0	0	0	0	0	0
Sch O	(ii)	352,812	150,000	62,901	0	11,549	577,262	0
(2) Gordon Ferguson	(i)	0	0	0	0	0	0	0
	(ii)	307,610	28,400	54,314	43,434	20,525	454,283	0
(3) William Brown	(i)	215,242	15,415	54,521	4,900	14,783	304,861	0
	(ii)	0	0	0	0	0	0	0
(4) Martha Tolbert	(i)	178,545	13,119	22,371	4,291	14,251	232,577	0
	(ii)	0	0	0	0	0	0	0
(5) Michael Bratton end	(i)	154,829	11,268	17,712	6,938	11,829	202,576	0
411	(ii)	0	0	0	0	0	0	0
(6) Elizabeth Lemmons	(i)	136,625	13,604	24,591	23,439	12,260	210,519	0
	(ii)	0	0	0	0	0	0	0
(7) Muhammad Akmal	(i)	334,611	0	143	0	15,747	350,501	0
MD	(ii)	0	0	0	0	0	0	0
(8) Kecia Badem MD	(i)	244,735	31,000	202	4,900	9,552	290,389	0
	(ii)	0	0	0	0	0	0	0
(9) Sally Bullock MD	(i)	249,896	0	1,032	4,900	314	256,142	0
	(ii)	0	0	0	0	0	0	0
(10) Sheila Pertiller MD	(i)	292,614	31,092	190	1,772	10,347	336,015	0
	(ii)	0	0	0	0	0	0	0
(11) David Sellers MD	(i)	260,899	30,686	190	4,900	20,362	317,037	0
	(ii)	0	0	0	0	0	0	0
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
	Part I, Line 1a	Club Dues were paid on behalf of an officer The amount paid was treated as taxable compensation to the listed individual
	Part I, Line 4b	These executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid Amounts Paid Gordon Ferguson - $38,534 Michael Bratton - $3,253 Elizabeth Lemmons - $20,225

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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
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

Identifier	Return Reference	Explanation
Explanation of Attached Audited Financial Statements	Form 990, Part IV, Line 20b	The financials statements of Saint Thomas Health, which include the activity of Middle Tennessee Medical Center, fall under the specific scope audit The activity of Middle Tennessee Medical Center and other member of Saint Thomas Health are reported in the consolidated financial statements of Ascension Health No individual audit of Middle Tennessee Medical Center is completed Therefore, the attached audited financial statements are of Ascension Health and Affiliates (which include the activity of Middle Tennessee Medical Center)

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Middle Tennessee Medical Center, Inc has a single corporate member, Saint Thomas Health

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		Middle Tennessee Medical Center, Inc has a single corporate member, Saint Thomas Health, who has the ability to elect members to the governing body of the Middle Tennessee Medical Center, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		All decisions that have a material impact to Middle Tennessee Medical Center, Inc financial information or corporation as a whole are subject to approval by its sole corporate member, Saint Thomas Health Ascension Health, the sole corporation member of Saint Thomas Health, has designed a system authority matrix which assigns authority for key decisions that are necessary in the operation of the system Specific areas that are identified in the authority matrix are new organizations & major transactions, governing documents, appointments/removals, evaluation, debt limits, strategic & financial plans, assets, system policies & procedures These areas are subject to certain levels of approval by Ascension per the system authority matrix

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		Management, including certain Officers, works diligently to complete the Form 990 and attached schedules in a thorough manner Management presents the Form to the Board, or a designated committee, to review and answer any questions Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Members questions

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the conflict of interest policy in that any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement The remaining individuals on the governing board or committee meeting will decide if conflicts of interest exist

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	In determining the compensation of the organization's CEO, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The audit committee reviewed and approved the compensation In the review of the compensation, the CEO was compared to other hospitals in the area that hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the board minutes Individual was not present when his compensation was decided In determining the compensation of other officers or key employees of the organization, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The audit committee reviewed and approved the compensation

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization will provide any documents open to public inspection upon request

Identifier	Return Reference	Explanation
Explanation of Board Members Compensation	Form 990, Part VII, Section A	Mike Schatzlein receives compensation from Saint Thomas Health, a related organization of Middle Tennessee Medical Center The compensation he receives is for his role at Saint Thomas Health and not for his role as a director of Middle Tennessee Medical Center

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Deferred Pension Costs 6,150,797 Temporary Restricted - Contributions/Release restrict - 3,000,010 Donations - Capital Equipment 10,599,742 Total to Form 990, Part XI, Line 5 13,750,529

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Middle Tennessee Medical Center Inc

Employer identification number
62-0475842

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MTMC Hospitalist Services LLC 400 N Highland Avenue Murfreesboro, TN 37219 62-1792824	Employs Hospitalists	TN	7,453,608	46,265	Middle Tennessee Medical Center

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Baptist Womens Health Center LLC dba The Center For Spinal Surgery 2011 Murphy Avenue Nashville, TN37203 62-1772195	Owns and Operates Specialty Hospital	TN	N/A									
(2) Middle Tennessee Ambulatory Surgery Center LP 500 N Highland Avenue Murfreesboro, TN37130	Operates Outpatient Surgery Center	TN	Middle Tennessee Medical Center Inc		666,514	1,271,385		No			No	
(3) Middle Tennessee Imaging LLC 400 N Highland Avenue Murfreesboro, TN37219 01-0570490	Diagnostic Imaging Center	TN	Middle Tennessee Medical Center Inc	Related	499,598	-159,549		No			No	
(4) Murfreesboro Diagnostic Imaging LLC 400 N Highland Avenue Murfreesboro, TN37219 20-0291952	Diagnostic Imaging Center	TN	Middle Tennessee Medical Center Inc	Related	312,436	1,346,289		No			No	
(5) Nashville Diagnostic Imaging LLC 30 Burton Hills Blvd Suite 165 Nashville, TN37215	Inactive	TN	N/A									
(6) STHS Sleep Center LLC 618 Church Street Suite 520 Nashville, TN37219 20-3664894	Operates a Sleep Center	TN	N/A									

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
See Additional Data Table							

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d	Yes	
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h	Yes	
i Lease of facilities, equipment, or other assets to other organization(s)	1i		No
j Lease of facilities, equipment, or other assets from other organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n		No
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r	Yes	

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

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

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data Return to Form

Software ID:
Software Version:
EIN: 62-0475842
Name: Middle Tennessee Medical Center Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
Ascension Health PO Box 45998 St Louis, MO63134 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
Saint Thomas Health 4220 Harding Rd Nashville, TN37205 58-1716804	Health System Parent Company	TN	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
Saint Thomas Hospital Inc 4220 Harding Road Nashville, TN37205 62-0347580	Hospital	TN	Section 501(c)(3)	Schedule A, Line 3	Saint Thomas Health	Yes	
Saint Thomas Network 4220 Harding Road Nashville, TN37205 62-1284994	Health Investment Entity	TN	Section 501(c)(3)	Schedule A, Line 9	Saint Thomas Health	Yes	
Saint Thomas Health Foundations FKA Saint Thomas Health Services Fund 4220 Harding Road Nashville, TN37205 58-1663055	Operates Foundation	TN	Section 501(c)(3)	Schedule A, Line 7	Saint Thomas Network	Yes	
Middle Tennessee Medical Center Development Foundation 400 N Highland Avenue Murfreesboro, TN37219 62-1167917	Foundation	TN	Section 501(c)(3)	Schedule A, Line 11a	Middle Tennessee Medical Center Inc	Yes	
Seton Corporation 4220 Harding Road Nashville, TN37205 62-1869474	Acute Care Hospital	TN	Section 501(c)(3)	Schedule A, Line 3	Saint Thomas Health	Yes	
Baptist Health Care Group 2000 Church Street Nashville, TN37236 62-1529858	Healthcare Provider	TN	Section 501(c)(3)	Schedule A, Line 3	Seton Corporation	Yes	
Baptist Saint Thomas Home Care 2000 Church Street Nashville, TN37236 51-0172298	Home Health Care	TN	Section 501(c)(3)	Schedule A, Line 9	Seton Corporation	Yes	
Baptist Hospital Foundation of Nashville Inc 2000 Church Street Nashville, TN37236 58-1861378	Inactive	TN	Section 501(c)(3)	Schedule A, Line 11a	Seton Corporation	Yes	
Baptist Health Care Affiliates Inc 2000 Church Street Nashville, TN37236 58-1509251	Community Health Promotion	TN	Section 501(c)(3)	Schedule A, Line 11a	Seton Corporation	Yes	
Hickman Community Health Services Inc 135 East Swan St Centerville, TN37033 58-1737573	Hospital	TN	Section 501(c)(3)	Schedule A, Line 3	Baptist Healthcare Affiliates Inc	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
Hickman Community Home Care Inc 135 East Swan St Centerville, TN37033 62-1836937	Home Health Care	TN	Section 501(c)(3)	Schedule A, Line 9	Hickman Community Health Care Services Inc	Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
Mid-State Properties Inc 2000 Church Street Nashville, TN37236 62-1232018	Pharmacy	TN	N/A	C			
Sova Inc 102 Woodmont Blvd Suite 700 Nashville, TN37205 26-1319638	Health Services	TN	N/A	C			
Vincentian Ventures Inc 4220 Harding Road Nashville, TN37205 62-1331896	Health Services	TN	N/A	C			
Comp Plus Inc 2000 Church Street Nashville, TN37236 62-1626010	Healthcare	TN	N/A	C			
Manaco Management Services Inc 400 North Highland Avenue Murfreesboro, TN37130 62-1718479	Health Services	TN	Middle Tennessee Medical Center	C			
St Thomas Medical Clinic 4220 Harding Road Nashville, TN37205 62-1583605	Health Services	TN	N/A	C			
Baptist Health Care Ventures Inc 2000 Church Street Nashville, TN37236 62-0469214	Holding Company	TN	N/A	C			
Middle Tennessee Network Inc 2000 Church Street Nashville, TN37236 62-1570989	Health Services	TN	N/A	C			
Health Net Reserve Inc 44 Vantage Way Suite 300 Nashville, TN37202 62-1540604	Health Management	TN	N/A	C			

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Saint Thomas Hospital	O	292,068	Actual Amount Paid
(2)	Murfreesboro Diagonstic Imaging Center LLC	K	148,165	Actual Amount Paid
(3)	Middle Tennessee Medical Center Development Foundation	C	5,833,457	Actual Amount Paid
(4)	Saint Thomas Hospital	R	23,272,878	Actual Amount Paid
(5)	Middle Tennessee Imaging Center LLC	A	21,462	Actual Amount Paid
(6)	Middle Tennessee Imaging Center LLC	R	258,067	Actual Amount Paid
(7)	Middle Tennessee Imaging Center LLC	N	415,702	Actual Amount Paid
(8)	Murfreesboro Diagonstic Imaging Center LLC	N	490,371	Actual Amount Paid

Consolidated Financial Statements

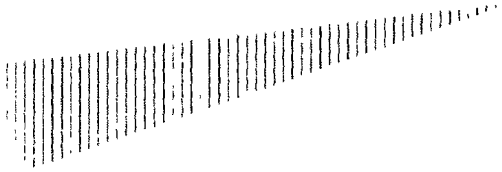
Ascension Health
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ascension Health

Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Contents



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Report of Independent Auditors

The Board of Trustees
Ascension Health

We have audited the accompanying consolidated balance sheets of Ascension Health (as identified in Note 1) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Ascension Health's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Ascension Health's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ascension Health's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health at June 30, 2011 and 2010, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

September 8, 2011

Ascension Health

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30, 2011	2010
Assets		
Current assets		
Cash and cash equivalents	**$ 1,117,574**	$ 1,168,278
Short-term investments	**91,146**	81,650
Accounts receivable, less allowances for uncollectible accounts ($1,091,291 and $1,018,364 in 2011 and 2010, respectively)	**1,700,917**	1,590,084
Assets limited as to use	**161,300**	158,676
Inventories	**192,057**	201,353
Estimated third-party payor settlements	**90,365**	115,798
Other	**297,549**	313,698
Total current assets	**3,650,908**	3,629,537
Board-designated and other investments	**8,251,466**	6,701,328
Property and equipment, net	**6,013,874**	6,093,288
Other assets:		
Investment in unconsolidated entities	**889,077**	809,488
Capitalized software costs, net	**486,916**	388,701
Other	**660,818**	487,782
Total other assets	**2,036,811**	1,685,971
Total assets	**$ 19,953,059**	$ 18,110,124

	June 30, 2011	2010
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$ **29,563**	$ 31,221
Long-term debt subject to short-term remarketing arrangements*	**1,662,950**	1,228,115
Accounts payable and accrued liabilities	**1,831,710**	1,734,533
Estimated third-party payor settlements	**281,007**	254,232
Current portion of self-insurance liabilities	**191,551**	188,114
Other	**75,963**	67,955
Total current liabilities	**4,072,744**	3,504,170
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**2,546,785**	3,007,210
Self-insurance liabilities	**448,624**	461,907
Pension and other postretirement liabilities	**396,903**	1,022,488
Other	**681,626**	659,390
Total noncurrent liabilities	**4,073,938**	5,150,995
Total liabilities	**8,146,682**	8,655,165
Net assets:		
Unrestricted	**11,332,631**	9,013,920
Temporarily restricted	**331,563**	310,032
Permanently restricted	**99,444**	89,871
Total net assets excluding noncontrolling interests	**11,763,638**	9,413,823
Noncontrolling interests	**42,739**	41,136
Total net assets	**11,806,377**	9,454,959
Total liabilities and net assets	$ **19,953,059**	$ 18,110,124

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2012. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, drawing upon the $500,000 line of credit, and issuing commercial paper. The $250,000 commercial paper program is supported by lines of credit totaling $250,000, as discussed in the Long-Term Debt note.

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30, 2011	2010
Operating revenue:		
Net patient service revenue	**$ 14,719,615**	$ 13,967,469
Other revenue	**844,747**	788,842
Total operating revenue	**15,564,362**	14,756,311
Operating expenses		
Salaries and wages	**6,264,651**	5,762,470
Employee benefits	**1,462,380**	1,358,256
Purchased services	**781,392**	837,171
Professional fees	**895,074**	747,007
Supplies	**2,279,657**	2,253,201
Insurance	**92,610**	120,350
Bad debts	**1,001,893**	973,767
Interest	**130,725**	114,323
Depreciation and amortization	**659,673**	666,933
Other	**1,570,018**	1,397,185
Total operating expenses before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring expenses	**15,138,073**	14,230,663
Income from operations before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring expenses	**426,289**	525,648
Self-insurance trust fund investment return	**90,402**	73,976
Income from operations before impairment, restructuring, and nonrecurring expenses	**516,691**	599,624
Impairment, restructuring, and nonrecurring expenses	**92,458**	31,111
Income from operations	**424,233**	568,513
Nonoperating gains (losses):		
Investment return	**1,140,325**	722,870
Loss on extinguishment of debt	**(1,007)**	(7,515)
Gain on interest rate swaps	**30,941**	3,119
Income from unconsolidated entities	**11,915**	10,147
Donations	**(25,968)**	(9,864)
Other	**(43,077)**	(33,762)
Total nonoperating gains, net	**1,113,129**	684,995
Excess of revenues and gains over expenses and losses	**1,537,362**	1,253,508
Less excess of revenues and gains over expenses and losses attributable to noncontrolling interests	**27,484**	23,423
Excess of revenues and gains over expenses and losses attributable to controlling interest	**1,509,878**	1,230,085

Ascension Health

Consolidated Statements of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Year Ended June 30, 2011	2010
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	$ 1,509,878	$ 1,230,085
Contributed net assets	(374)	64
Transfers to sponsors and other affiliates, net	(16,959)	(86,940)
Net assets released from restrictions for property acquisitions	70,829	92,351
Pension and other postretirement liability adjustments	793,938	(4,361)
Change in unconsolidated entities' net assets	1,175	(20,113)
Deferred gain on interest rate swaps	(303)	(14,123)
Other	(96)	(224)
Increase in unrestricted net assets, controlling interest, before gain (loss) from discontinued operations and cumulative effect of change in accounting principle	2,358,088	1,196,739
Gain (loss) from discontinued operations	6,616	(48,911)
Cumulative effect of change in accounting principle	(45,993)	–
Increase in unrestricted net assets, controlling interest	2,318,711	1,147,828
Unrestricted net assets, noncontrolling interest		
Excess of revenues and gains over expenses and losses	27,484	23,423
Distributions and other	(25,881)	(38,046)
Increase (decrease) in unrestricted net assets, noncontrolling interest	1,603	(14,623)
Temporarily restricted net assets:		
Contributions and grants	100,884	109,068
Net change in unrealized gains/losses on investments	15,714	13,618
Investment return	8,295	2,602
Net assets released from restrictions	(103,972)	(128,604)
Other	610	(5,410)
Increase (decrease) in temporarily restricted net assets	21,531	(8,726)
Permanently restricted net assets:		
Contributions	8,030	2,607
Net change in unrealized gains/losses on investments	1,692	(151)
Investment return	(62)	(252)
Other	(87)	(2,225)
Increase (decrease) in permanently restricted net assets	9,573	(21)
Increase in net assets	2,351,418	1,124,458
Net assets, beginning of year	9,454,959	8,330,501
Net assets, end of year	$ 11,806,377	$ 9,454,959

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30, 2011	2010
Operating activities		
Increase in net assets	**$ 2,351,418**	$ 1,124,458
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**659,673**	666,933
Amortization of bond premiums	**(9,951)**	(9,390)
Loss on extinguishment of debt	**1,007**	7,515
Provision for bad debts	**1,001,893**	973,767
Pension and other postretirement liability adjustments	**(793,938)**	4,361
Contributed net assets	**374**	(64)
Interest, dividends, and net gains on investments	**(1,256,366)**	(812,663)
Change in market value of interest rate swaps	**(25,257)**	18,641
Deferred gain on interest rate swaps	**(303)**	(14,123)
Gain on sale of assets, net	**(21,290)**	(9,555)
Cumulative effect of change in accounting principle	**45,993**	–
Impairment and nonrecurring expenses	**35,384**	14,670
Transfers to sponsor and other affiliates, net	**16,959**	86,940
Restricted contributions, investment return, and other	**(117,670)**	(106,390)
Other restricted activity	**(1,394)**	20,524
Nonoperating depreciation expense	**311**	303
(Increase) decrease in:		
Short-term investments	**(9,496)**	(8,286)
Accounts receivable	**(1,112,960)**	(903,747)
Inventories and other current assets	**18,489**	11,699
Investments classified as trading	**(295,223)**	(478,803)
Other assets	**(218,766)**	(163,877)
Increase (decrease) in		
Accounts payable and accrued liabilities	**105,101**	198,666
Estimated third-party payor settlements payable, net	**52,208**	(21,818)
Other current liabilities	**36,358**	(15,522)
Self-insurance liabilities	**(9,846)**	13,259
Other noncurrent liabilities	**235,244**	139,038
Net cash provided by continuing operating activities	**687,952**	736,536
Net cash used in discontinued operations	**(2,098)**	(27,738)
Net cash provided by operating activities	**685,854**	708,798

Ascension Health

Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30, 2011	2010
Investing activities		
Property, equipment, and capitalized software additions, net	**$ (730,404)**	(622,308)
Proceeds from sale of property and equipment	**25,714**	3,001
Net cash used in investing activities	**(704,690)**	(619,307)
Financing activities		
Issuance of long-term debt	**691,240**	2,854,053
Repayment of long-term debt	**(804,536)**	(2,839,341)
Decrease in assets under bond indenture agreements	**467**	1,197
Transfers to sponsors and other affiliates, net	**(36,709)**	(13,930)
Restricted contributions, investment return, and other	**117,670**	106,390
Net cash (used in) provided by financing activities	**(31,868)**	108,369
Net (decrease) increase in cash and cash equivalents	**(50,704)**	197,860
Cash and cash equivalents at beginning of year	**1,168,278**	970,418
Cash and cash equivalents at end of year	**$ 1,117,574**	$ 1,168,278

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health

Notes to Consolidated Financial Statements
(Dollars in Thousands)

June 30, 2011

1. Organization and Mission

Organizational Structure

Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of St. Joseph, and the Congregation of the Sisters of St. Joseph of Carondelet. All of the Health Ministries are related through common control. Substantially all expenses of Ascension Health are related to providing health care services.

Mission

Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with Ascension Health's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay. Ascension Health uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

(Dollars in Thousands)

1. Organization and Mission (continued)

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs. The cost of providing care to persons living in poverty and community benefit programs is estimated using each facility's internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of cost, was $408,894 and $375,039 for the years ended June 30, 2011 and 2010, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying other financial information.

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by Ascension Health or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where Ascension Health does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the consolidated statements of operations and changes in net assets as follows:

	Year Ended June 30, 2011	2010
Other revenue	**$ 138,469**	$ 131,680
Nonoperating gains, net	**11,915**	10,147

2. Significant Accounting Policies (continued)

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of other financial instruments are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less and certain highly liquid interest-bearing securities with maturities which may extend longer than three months but are convertible to cash within a one-month time period under the terms of the agreement with the investment manager.

Investments and Investment Return

Ascension Health holds investments through the Health System Depository (HSD), an investment pool of funds in which a limited number of nonprofit health care providers participate for purposes of establishing investment goals and monitoring performance under agreed-upon socially responsible investment guidelines. Investments are managed primarily by external investment managers within established investment guidelines. Ascension Health does not consolidate the entire investment pool of funds as a portion of the investment pool represents the interests of other entities. Accordingly, as related to the HSD, Ascension Health's investments recorded in the accompanying consolidated financial statements consist only of Ascension Health's pro rata share of the HSD's investments held for participants.

The HSD's assets required to be recorded at fair value are comprised of equity and various fixed income investments. The HSD also holds investments in hedge funds, private equity, and real estate funds, which are valued using the equity method of accounting. In addition, the HSD participates in securities lending transactions whereby a portion of its investments is loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Investment returns are comprised of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment return on self-insurance trust funds is reported as a separate component of income from operations in the consolidated statements of operations and changes in net assets. Investment return from all other investments is reported as nonoperating gains (losses) in the consolidated statements of operations and changes in net assets unless the return is restricted by donor or law.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value utilizing first-in, first-out (FIFO), or a methodology that closely approximates FIFO.

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including software internally developed. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Intangible assets are included in other noncurrent assets in the consolidated balance sheets and are comprised of the following:

	June 30, 2011	2010
Goodwill	**$ 118,871**	$ 93,324
Capitalized computer software costs, net	**486,916**	388,701
Other, net	**29,404**	5,624
Total intangible assets	**$ 635,191**	$ 487,649

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2011 and 2010 was $86,741 and $87,440, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

During the year ended June 30, 2010, Ascension Health began a significant multi-year, System-wide enterprise resource planning initiative including information technology and process standardization project (Symphony), which is expected to continue through December 2014. The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout Ascension Health. Capitalized costs of Symphony were approximately $162,000 and $49,000 at June 30, 2011 and 2010, respectively. Certain costs of this project were also expensed. See the Impairment, Restructuring, and Nonrecurring Expenses discussion for additional information about costs associated with Symphony.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. A summary of property and equipment at June 30, 2011 and 2010, is as follows:

	June 30, 2011	2010
Land and improvements	**$ 621,874**	$ 606,425
Building and equipment	**12,405,114**	11,904,661
Construction in progress	**150,376**	861,463
	13,177,364	13,372,549
Less accumulated depreciation	**7,163,490**	7,279,261
Total property and equipment, net	**$ 6,013,874**	$ 6,093,288

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2011 and 2010 was $569,633 and $574,609, respectively.

Several capital projects have remaining construction and related equipment purchase commitments of approximately $114,000.

2. Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by Ascension Health has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Performance Indicator

The performance indicator is excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, change in unconsolidated entities' net assets, cumulative effect of change in accounting principle, discontinued operations, and contributions of property and equipment.

Operating and Nonoperating Activities

Ascension Health's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to Ascension Health's primary mission are considered to be nonoperating. Several primary care clinics that are not associated with an acute care hospital and that rely significantly on contributions from foundations are also considered nonoperating.

2. Significant Accounting Policies (continued)

Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by approximately $83,416 and $69,091 for the years ended June 30, 2011 and 2010, respectively.

During 2011, approximately 36% of net patient service revenue was earned under the Medicare program and 11% under various state Medicaid programs. During 2010, approximately 36% of net patient service revenue was earned under the Medicare program and 10% under various state Medicaid programs. Ascension Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2011, include Medicare (20%) and various states' Medicaid programs (10%). Significant concentrations of accounts receivable at June 30, 2010, include Medicare (21%) and various states' Medicaid programs (10%).

2. Significant Accounting Policies (continued)

The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, Ascension Health follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health. Accounts receivable are written off after collection efforts have been followed in accordance with Ascension Health's policies.

Impairment, Restructuring, and Nonrecurring Expenses

During the years ended June 30, 2011 and 2010, Ascension Health recorded total impairment, restructuring, and nonrecurring expenses of $92,458 and $31,111, respectively. For the year ended June 30, 2011, this amount was comprised of long-lived asset impairments of approximately $21,834 and restructuring and nonrecurring expenses of approximately $70,624. The restructuring and nonrecurring expenses for the year ended June 30, 2011, included approximately $44,355 of nonrecurring expenses associated with Symphony. Symphony nonrecurring expenses include project management and process reengineering costs, as well as costs to establish a shared service center and develop a business intelligence data warehouse.

For the year ended June 30, 2010, total impairment, restructuring, and nonrecurring expenses of $31,111 were comprised of approximately $7,629 of restructuring and nonrecurring expenses related to changes in business operations, including reorganization and severance charges, as well as approximately $14,670 of long-lived asset impairments. Restructuring and nonrecurring expenses for the year ended June 30, 2010, also include $8,812 associated with Symphony.

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

2. Significant Accounting Policies (continued)

Income Taxes

The member health care entities of Ascension Health are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a).

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of Ascension Health. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of Ascension Health.

Reclassifications

Certain reclassifications were made to the 2010 accompanying consolidated financial statements to conform to the 2011 presentation.

Subsequent Events

Ascension Health evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended June 30, 2011, Ascension Health evaluated subsequent events through September 8, 2011, representing the date on which the accompanying audited consolidated financial statements were issued.

2. Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures. In addition, ASU 2010-07 includes amendments to FASB's Accounting Standards Codification (the Codification, or ASC) Topic 350, *Intangibles – Goodwill and Other*, and ASC Topic 810, *Consolidation*, to make both applicable to not-for-profit entities. ASC Topic 350 clarifies the accounting for goodwill and indefinite-lived identifiable intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity. Such assets are not amortized and are tested for impairment at least annually. ASC Topic 810 clarifies the accounting for noncontrolling interests and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of net assets. Ascension Health adopted the guidance relative to ASU 2010-07 as of July 1, 2010. The adoption of this guidance resulted in goodwill impairment of $45,993 recorded as a cumulative effect of change in accounting principle on the consolidated statements of operations and changes in net assets for the year ended June 30, 2011.

3. Organizational Changes

On April 20, 2011, Ascension Health signed a non-binding Letter of Intent with Alexian Brothers Health System (Alexian Brothers) to assess a potential transaction whereby Ascension Health would become the sole corporate member of Alexian Brothers. Alexian Brothers is a Catholic health care organization which oversees the operations of four hospitals, ambulatory care clinics, physician practices, and senior living facilities.

On April 29, 2011, the Federal Trade Commission completed its review of a proposed affiliation between Seton Health System, Inc. (Seton Health) in Troy, New York, Northeast Health, Inc. and St. Peter's Health Care Services. Under the terms of the related agreements, it is anticipated that Ascension Health will retain certain limited rights as an ongoing member of Seton Health in Troy, New York. With this clearance received, the organizations will move forward to create an affiliated health system which is anticipated to result in Seton Health no longer being under the control of Ascension Health.

3. Organizational Changes (continued)

Discontinued Operations

Effective July 1, 2009, Catholic Health Partners (CHP) and Saint Anthony Hospital (SAH) separated from Ascension Health and Missionary Sisters of the Sacred Heart of Jesus-Provincial Council of the Stella Maris Province (MS-SMP) as agreed upon in the Separation Agreement dated May 28, 2009, to allow SAH to operate as a freestanding, community-based, Catholic hospital serving its community in Chicago, Illinois. The operating results of CHP and SAH are classified in Ascension Health's accompanying consolidated financial statements as discontinued operations.

Ascension Health reported an increase in net assets from discontinued operations of $6,616 for the year ended June 30, 2011, representing the excess of revenues over expenses for previously discontinued lines of business in Michigan and Tennessee, as well as the fair value of net assets relinquished under the Separation Agreement for the CHP and SAH operations. These entities had recorded operating revenues totaling $29,066 during the period that they were operational during the year ended June 30, 2011.

Ascension Health reported a decrease in net assets from discontinued operations of $48,911 for the year ended June 30, 2010, representing the deficit of revenues over expenses for previously discontinued lines of business in Michigan and Tennessee, as well as the fair value of net assets relinquished under the Separation Agreement for the CHP and SAH operations. These entities had recorded operating revenues totaling $34,898 during the period that they were operational during the year ended June 30, 2010.

The accompanying consolidated balance sheets include assets held for sale and liabilities related to assets held for sale associated with the above transactions. At June 30, 2011 and 2010, assets held for sale consist primarily of accounts receivable and property and equipment while liabilities related to assets held for sale consist primarily of accounts payable, other liabilities, and self-insurance liabilities.

(Dollars in Thousands)

4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use

Ascension Health's investments are comprised of its pro rata share of the HSD's funds held for participants and certain other investments such as those investments held and managed by foundations. Board-designated investments represent investments designated by resolution of the Board of Trustees to put amounts aside primarily for future capital expansion and improvements. Assets limited as to use include investments placed in trust for payment of self-insured claims and investments restricted by donors. Ascension Health's investments are reported in the accompanying consolidated balance sheets as presented in the following table:

	June 30,	
	2011	**2010**
Cash and cash equivalents	**$ 1,117,574**	$ 1,168,278
Short-term investments	**91,146**	81,650
Assets limited as to use	**161,300**	158,676
Board-designated and other investments:		
Board-designated investments	**623,129**	3,804,898
Other investments	**6,713,801**	1,994,816
Assets limited as to use:		
Under bond indenture agreement	**439**	906
Self-insurance trust funds, less current portion	**495,232**	517,302
Temporarily or permanently restricted	**418,865**	383,406
Total assets limited as to use	**914,536**	901,614
Total Board-designated and other investments	**8,251,466**	6,701,328
Total	**$ 9,621,486**	$ 8,109,932

(Dollars in Thousands)

4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

The composition of cash and investments classified as cash and cash equivalents, short-term investments, Board-designated investments, assets limited as to use, and other investments is summarized as follows:

	June 30, 2011	2010
Cash and cash equivalents	**$ 459,550**	$ 459,198
Short-term investments	**60,559**	73,440
U.S. government obligations	**49,958**	59,058
Corporate and foreign fixed income investments	**50,813**	62,421
Asset-backed securities	**60,280**	52,194
Equity securities	**316,338**	260,569
Private equity and other investments	**164,894**	132,666
Other assets limited as to use	**78,340**	79,571
Subtotal, included in cash and cash equivalents, short-term investments, and Board-designated and other investments	**1,240,732**	1,179,117
Ascension Health's pro rata share of HSD funds held for participants	**8,380,754**	6,930,815
Cash and cash equivalents, short-term investments, and Board-designated and other investments	**$ 9,621,486**	$ 8,109,932

Ascension Health's pro rata share of the HSD's funds held for participants was $8,380,754 and $6,930,815 at June 30, 2011 and 2010, respectively, representing 77.2% and 76.1% of the funds held for participants in the HSD at those respective dates.

(Dollars in Thousands)

4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

As disclosed in the Significant Accounting Policies note, Ascension Health holds investments through the HSD. The following is a condensed balance sheet of the entire HSD, including the interests of Ascension Health and all other participating entities, at June 30, 2011 and 2010:

	June 30, 2011	June 30, 2010
Assets		
Cash	**$ 26,757**	$ 24,023
Loans, interest, and other receivables	**88,180**	96,575
Due from brokers	**799,869**	1,411,218
Securities lending collateral	**378,877**	364,608
Derivative asset	**33,208**	21,281
Investments, at fair value:		
Short-term investments	**747,955**	502,600
U.S. government obligations	**3,056,988**	2,375,313
Corporate and foreign fixed income investments	**1,260,685**	1,605,176
Asset-backed securities	**1,764,404**	1,037,000
Equity, private equity, and other investments	**2,287,580**	2,216,625
Equity method investments	**2,026,142**	1,390,415
Total assets	**$ 12,470,645**	$ 11,044,834
Liabilities and funds held for participants		
Due to brokers	**$ 1,032,350**	$ 1,471,668
Derivative liability	**34,768**	49,711
Investments sold, not yet settled	**166,663**	36,963
Other payables	**6,743**	5,191
Payable under securities lending program	**380,684**	368,282
Total liabilities	**1,621,208**	1,931,815
Funds held for participants	**10,849,437**	9,113,019
Total liabilities and funds held for participants	**$ 12,470,645**	$ 11,044,834

(Dollars in Thousands)

4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

Ascension Health's investment strategy includes investing in alternative investments, such as private equity and real estate funds, a portion of which are valued up to 90 days in arrears. Ascension Health's investment in alternative investment funds include contractual commitments to portfolio venture funds and other funds to provide capital contributions during the investment period which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require Ascension Health to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2011, investment periods expire between August 2011 and December 2016. The remaining unfunded capital commitments for all HSD participants and a joint venture consolidated for financial reporting purposes total approximately $659,000 for 40 individual contracts as of June 30, 2011.

Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts have not been reduced by the anticipated cash inflows from liquidating previous investments in alternative investment funds.

Investment return recognized by Ascension Health is summarized as follows:

	Year Ended June 30, 2011	2010
Investment return in HSD	**$ 1,152,338**	$ 756,437
Interest and dividends	**17,051**	15,872
Net gains on investments reported at fair value	**80,814**	38,760
Restricted investment income	**6,163**	1,594
Total investment return	**$ 1,256,366**	$ 812,663

5. Fair Value Measurements

Ascension Health categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. Ascension Health's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Ascension Health follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange-traded equity securities, futures, real estate investment trusts, pooled short-term investment funds, options, and exchange-traded mutual funds.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations, asset-backed securities, certificates of deposit, and derivatives.

Level 3 – Inputs that are unobservable for the asset or liability. Investments classified in this level generally include alternative investments, private equity investments, limited partnerships, and certain fixed income securities, including fixed income government obligations, and derivatives.

5. Fair Value Measurements (continued)

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. Ascension Health uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

As of June 30, 2011 and 2010, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

Cash and cash equivalents and short-term investments

Short-term investments designated as Level 2 investments are primarily comprised of commercial paper, whose fair value is based on amortized cost. Significant observable inputs include security cost, maturity, and credit rating. Cash and cash equivalents and additional short-term investments are primarily comprised of certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates.

Derivative assets and liabilities

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Derivative contracts include interest rate, credit default, and total return swaps. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

U.S. government obligations

The fair value of investments in U.S. government, state, and municipal obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

5. Fair Value Measurements (continued)

Asset-backed securities

The fair value of U.S. agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

Corporate and foreign fixed income investments

The fair value of investments in U.S. and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

Equity securities

The fair value of investments in U.S. and international equity securities is primarily determined using the calculated net asset value. The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Investments sold, not yet settled

The fair value of investments sold, not yet settled is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

Securities lending collateral

The fair value of collateral received under HSD's securities lending program is determined using the calculated net asset value for the commingled fund in which the collateral is invested. The underlying investments are valued using techniques consistent with the market approach, which utilizes significant observable market inputs such as available trades, quotes, benchmark curves, sector groupings, and matrix pricing.

5. Fair Value Measurements (continued)

Guaranteed pooled fund

The fair value of guaranteed pooled fund investments is based on cost plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying the annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Private equity investments

The fair value of private equity investments is primarily determined using techniques consistent with both the market and income approaches, based on Ascension Health's estimates and assumptions in absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents, Investments, and Other Assets Limited as to Use notes, Ascension Health holds investments through the HSD representing 77.2% and 76.1% of the net asset value of the HSD as of June 30, 2011 and 2010, respectively. The HSD's investments include equities, various fixed income securities, and alternative investments.

(Dollars in Thousands)

5. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011 and 2010, for all the HSD financial assets and liabilities measured at fair value on a recurring basis in the HSD's financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Assets included in				
Securities lending collateral	$ –	$ 378,877	$ –	$ 378,877
Derivative asset	19,649	2,303	11,256	33,208
Short-term investments	689,742	58,213	–	747,955
U.S. government obligations	–	3,046,822	10,166	3,056,988
Corporate and foreign fixed income investments	–	1,144,643	116,042	1,260,685
Asset-backed securities	–	1,719,704	44,700	1,764,404
Equity, private equity, and other investments	2,240,360	–	47,220	2,287,580
Liabilities included in:				
Derivative liability	1,162	3,116	30,490	34,768
Investments sold, not yet settled	–	166,663	–	166,663
June 30, 2010				
Assets included in:				
Securities lending collateral	$ –	$ 364,608	$ –	$ 364,608
Derivative asset	7,256	8,569	5,456	21,281
Short-term investments	353,700	148,900	–	502,600
U.S government obligations	–	2,367,973	7,340	2,375,313
Corporate and foreign fixed income investments	–	1,437,703	167,473	1,605,176
Asset-backed securities	–	1,010,931	26,069	1,037,000
Equity, private equity, and other investments	1,716,904	76,146	423,575	2,216,625
Liabilities included in:				
Derivative liability	2,029	1,777	45,905	49,711
Investments sold, not yet settled	–	36,963	–	36,963

(Dollars in Thousands)

5. Fair Value Measurements (continued)

For the years ended June 30, 2011 and 2010, the changes in the fair value of the HSD assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset-Backed Securities	Equity, Private Equity, and Other Investments	Net Derivatives
June 30, 2011					
Beginning balance	**$ 7,340**	**$ 167,473**	**$ 26,069**	**$ 423,575**	**$ (40,449)**
Total realized and unrealized gains included in nonoperating gains	**202**	**8,209**	**1,514**	**99,730**	**180,214**
Purchases, issuances, and settlements	**1,199**	**(42,171)**	**19,814**	**(476,085)**	**(158,999)**
Transfers into (out of) Level 3	**1,425**	**(17,469)**	**(2,697)**	**–**	**–**
Ending balance	**$ 10,166**	**$ 116,042**	**$ 44,700**	**$ 47,220**	**$ (19,234)**
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011	**$ 107**	**$ (1,948)**	**$ 781**	**$ 5,872**	**$ (146,992)**
June 30, 2010					
Beginning balance	$ 25,746	$ 244,131	$ 87,091	$ 80,437	$ (23,159)
Total realized and unrealized gains (losses) included in nonoperating gains (losses)	449	16,515	11,091	(38,308)	(20,928)
Purchases, issuances, and settlements	(13,179)	(43,078)	(12,967)	393,715	2,242
Transfers (out of) into Level 3	(5,676)	(50,095)	(59,146)	(12,269)	1,396
Ending balance	$ 7,340	$ 167,473	$ 26,069	$ 423,575	$ (40,449)
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2010	$ –	$ 3,937	$ (704)	$ 31,635	$ (9,236)

(Dollars in Thousands)

5. Fair Value Measurements (continued)

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

The following table summarizes fair value measurements, by level, at June 30, 2011, for all other financial assets and liabilities, measured at fair value on a recurring basis in the Ascension Health consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Cash and cash equivalents	$ 86,946	$ 6,954	$ –	$ 93,900
Short-term investments	15,592	44,768	–	60,360
U.S government obligations	–	49,516	442	49,958
Corporate and foreign fixed income investments	–	45,789	5,024	50,813
Asset-backed securities	–	58,356	1,924	60,280
Equity, private equity, and other investments	286,961	17,878	101,681	406,520
Assets not at fair value				518,901
Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and Board-designated and other investments				$ 1,240,732
Deferred compensation assets, included in other noncurrent assets, invested in:				
Equity securities	$ 140,238	$ –	$ –	$ 140,238
Guaranteed pooled fund	–	–	32,116	32,116
Interest rate swaps, included in other noncurrent assets	–	64,426	–	64,426
Interest rate swaps, included in other noncurrent liabilities	–	141,287	–	141,287

(Dollars in Thousands)

5. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2010, for all other financial assets and liabilities, measured at fair value on a recurring basis in the Ascension Health consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2010				
Cash and cash equivalents	$ 77,740	$ 7,845	$ –	$ 85,585
Short-term investments	30,016	42,212	201	72,429
U.S. government obligations	–	58,616	442	59,058
Corporate and foreign fixed income investments	–	57,576	4,845	62,421
Asset-backed securities	–	52,005	189	52,194
Equity, private equity, and other investments	241,052	10,337	74,335	325,724
Assets not at fair value				521,706
Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and Board-designated and other investments				$ 1,179,117
Deferred compensation assets, included in other noncurrent assets, invested in:				
Equity securities	$ 107,239	$ –	$ –	$ 107,239
Guaranteed pooled fund	–	–	28,694	28,694
Interest rate swaps, included in other noncurrent assets	–	66,929	–	66,929
Interest rate swaps, included in other noncurrent liabilities	–	169,047	–	169,047

(Dollars in Thousands)

5. Fair Value Measurements (continued)

During the years ended June 30, 2011 and 2010, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Short-Term Investments	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset-Backed Securities	Equity, Private Equity, and Other Investments	Guaranteed Pooled Fund
June 30, 2011						
Beginning balance	**$ 201**	**$ 442**	**$ 4,845**	**$ 189**	**$ 74,335**	**$ 28,694**
Total realized and unrealized gains (losses).						
Included in income from operations	**–**	**–**	**412**	**(16)**	**676**	**–**
Included in nonoperating gains (losses)	**–**	**–**	**–**	**–**	**(73)**	**–**
Included in changes in net assets	**–**	**–**	**–**	**–**	**315**	**–**
Purchases, issuances, and settlements	**–**	**–**	**(233)**	**1,463**	**27,493**	**2,609**
Transfers (out of) into Level 3	**(201)**	**–**	**–**	**288**	**(1,065)**	**813**
Ending balance	**$ –**	**$ 442**	**$ 5,024**	**$ 1,924**	**$ 101,681**	**$ 32,116**
June 30, 2010						
Beginning balance	$ –	$ –	$ 4,474	$ 201	$ 43,135	$ 25,961
Total realized and unrealized gains (losses):						
Included in income from operations	–	–	938	2	531	–
Included in nonoperating gains (losses)	–	–	–	–	(425)	(59)
Included in changes in net assets	–	–	–	–	1,296	–
Purchases, issuances, and settlements	–	442	(567)	187	(4,704)	3,125
Transfers into (out of) Level 3	201	–	–	(201)	34,502	(333)
Ending balance	$ 201	$ 442	$ 4,845	$ 189	$ 74,335	$ 28,694

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

(Dollars in Thousands)

6. Significant Investments in Unconsolidated Entities

Ascension Health has a 50% membership interest in Via Christi Health, Inc. (VCH). Ascension Health accounts for this membership interest under the equity method of accounting. Ascension Health's investment in VCH is $499,910 and $452,781 at June 30, 2011 and 2010, respectively, and is reported in the consolidated balance sheets in investment in unconsolidated entities. Ascension Health's investment in VCH reflects the financial performance of VCH one month in arrears.

At June 30, 2011 and 2010, the difference between the amount at which Ascension Health's investment in VCH is carried in the accompanying consolidated balance sheets and its interest in the underlying net assets of VCH is $30,568 and $33,309, respectively. This difference relates primarily to the excess of the fair value of VCH property and equipment and long-term debt over their carrying values at the date Ascension Health received the interest in VCH. The difference is being amortized over the remaining life of the property and equipment and term of the long-term debt.

Condensed financial information of VCH as of and for the years ended June 30, 2011 and 2010, is summarized below:

	June 30, 2011	2010
Current assets	$ 748,221	$ 694,549
Noncurrent assets	932,313	859,460
Total assets	$ 1,680,534	$ 1,554,009
Current liabilities	$ 120,335	$ 99,460
Noncurrent liabilities	555,415	556,460
Total liabilities	675,750	655,920
Net assets	1,004,784	898,089
Total liabilities and net assets	$ 1,680,534	$ 1,554,009
Total revenues	$ 1,094,925	$ 996,949
Total expenses	(1,072,680)	(942,838)
Total investment return	97,573	60,134
Excess of revenues over expenses	$ 119,818	$ 114,245

(Dollars in Thousands)

7. Long-Term Debt

Long-term debt consists of the following:

	June 30, 2011	June 30, 2010
Tax-exempt hospital revenue bonds – secured.		
Variable rate demand bonds, subject to a put provision which provides for a cumulative 7-month notice and remarketing period, payable through November 2047, interest (0.18% at June 30, 2011) tied to a market index plus a spread	**$ 320,480**	$ 320,480
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest set at prevailing market rates	**–**	274,070
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039; interest (0.06% at June 30, 2011) set at prevailing market rates	**246,730**	–
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033; interest (0 06% at June 30, 2011) set at prevailing market rates, swapped to fixed rates of 5 544% through maturity	**150,325**	150,325
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046, interest (3.076% at June 30, 2011) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016	**153,800**	153,800
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046, interest (4 10% at June 30, 2011) swapped to a variable rate tied to a market index plus a spread through November 2016	**153,690**	153,690
Fixed rate serial and term bonds payable in installments through November 2040; interest at 4.125% to 5.75%	**984,635**	1,004.530
Fixed rate serial and term bonds payable in installments through November 2039; interest at 5.00% swapped to variable rates over the life of the bonds	**599,490**	599,490
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from August 2011 through June 2014; interest at 0.45% to 3 75% through the purchase dates	**823,560**	549,490
Fixed rate serial mode bonds payable through 2033 with purchase dates through May 2012; interest at 1 25%, swapped to fixed rates of 5.454% to 5 544% through maturity	**156,975**	403,705

(Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30, 2011	June 30, 2010
Tax-exempt hospital revenue bonds – unsecured:		
Variable rate demand bonds issued under the Subordinate Master Trust Indenture, subject to a 7-day put provision, payable through November 2027, interest (0.06% at June 30, 2011) set at prevailing market rates	**$ 57,815**	$ 57,815
Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture payable through 2027 with purchase dates through November 2012; interest at 5 00%, swapped to variable mode through the purchase dates	**149,470**	246,570
Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture payable through 2027 with purchase dates through June 2017; interest at 5 00%	**303,270**	216,315
Total hospital revenue bonds	**4,100,240**	4,130,280
Other debt		
Obligations under capital leases	**34,865**	38,196
Other	**36,960**	30,747
	4,172,065	4,199,223
Unamortized premium, net	**67,233**	67,323
Less current portion	**(29,563)**	(31,221)
Less long-term debt subject to short-term remarketing arrangements	**(1,662,950)**	(1,228,115)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	**$ 2,546,785**	$ 3,007,210
Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	**$ 1,953,354**	$ 2,414,076
Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	**528,917**	535,270
Other	**64,514**	57,864
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	**$ 2,546,785**	$ 3,007,210

(Dollars in Thousands)

7. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2011, are as follows:

Year ending June 30:	
2012	$ 29,563
2013	28,502
2014	71,733
2015	66,526
2016	57,836
Thereafter	3,917,905
Total	$ 4,172,065

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are estimated based on discounted cash flow analyses that consider current incremental borrowing rates for similar types of borrowing arrangements. The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2011 and 2010. During the years ended June 30, 2011 and 2010, interest paid was approximately $147,800 and $136,500, respectively. Capitalized interest was approximately $7,100 and $12,800 for the years ended June 30, 2011 and 2010, respectively.

Certain members of Ascension Health formed the Ascension Health Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, senior designated affiliate or senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by Ascension Health. Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. Ascension Health may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

7. Long-Term Debt (continued)

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by Ascension Health. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI. Ascension Health may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to Ascension Health at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2011, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheets. Management believes the likelihood of a material amount of bonds being put to Ascension Health to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including entering into certain bond repurchase agreements, assessing alternate sources of financing, including the line of credit and commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

7. Long-Term Debt (continued)

In January 2010, Ascension Health issued $157,000 of commercial paper for previous capital expenditures. In February and March 2010, Ascension Health used existing cash and investments to defease or redeem $558,737 of bonds and commercial paper originally issued from 1999 through 2010. In March 2010, Ascension Health issued a total of $1,326,870 of bonds (Series 2010A through 2010F) through five different issuing authorities in five states. The proceeds of the bonds, including original issue premium, were used to reimburse Ascension Health for previous capital expenditures, to refinance the outstanding commercial paper issued January 2010, and to refund $742,550 of current bonds which were originally issued in 1999 and 2008. The Series 2010A through 2010E bonds bear interest at fixed interest rates with principal maturities through November 2040, while the Series 2010F bonds are variable rate bonds with weekly-resetting interest rates and principal maturities through 2047. Due to aggregate financing activity during the fiscal years ended June 30, 2011 and 2010, including the aforementioned activities as well as the scheduled remarketing of certain serial mode bonds with unamortized issuance costs, losses on extinguishment of debt of $1,007 and $7,515 were recorded, which are included as nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets.

Ascension Health is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively. See the Derivative Instruments note for a discussion of these derivatives.

As of June 30, 2011, the Senior Credit Group has a line of credit of $250,000 related to its commercial paper program toward which bank commitments totaling $250,000 extend to November 18, 2013. As of June 30, 2011 and 2010, there were no borrowings under the line of credit.

As of June 30, 2011, the Senior Credit Group has a line of credit of $500,000 for general corporate purposes toward which bank commitments totaling $500,000 extend to April 2, 2012. As of June 30, 2011 and 2010, there were no borrowings under the line of credit.

As of June 30, 2011, the Subordinate Credit Group has a $50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $50,000 extends to December 28, 2011. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this $50,000 revolving line of credit, letters of credit totaling $37,162 have been issued as of June 30, 2011. No borrowings were outstanding under the letters of credit as of June 30, 2011 and 2010.

8. Derivative Instruments

Ascension Health uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2011 and 2010, the notional values of outstanding interest rate swaps were $2,310,187 and $2,431,137, respectively.

Ascension Health recognizes the fair value of its interest rate swaps in the consolidated balance sheet as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. At June 30, 2011 and 2010, the fair value of interest rate swaps in an asset position were $64,426 and $66,929, respectively, while the fair value of interest rate swaps in a liability position were $141,287 and $169,047, respectively.

Prior to July 1, 2006, Ascension Health designated certain of its interest rate swaps as cash flow hedges, for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets. Net gains of $303 and $14,123 were recognized in other nonoperating gains (losses) for the years ended June 30, 2011 and 2010, respectively, representing the recognition of interest rate swap gains deferred prior to July 1, 2006, when these swaps were designated and accounted for as cash flow hedges. For the year ended June 30, 2010, $13,033 of the gain represented the recognition of deferred gains that were previously designated to long-term debt that was redeemed or defeased during the year ended June 30, 2010. The remaining amount of deferred gain at June 30, 2011, that will be reclassified into nonoperating gains (losses) over the next 12 months is immaterial.

Beginning July 1, 2006, previously designated cash flow hedging relationships were de-designated for accounting purposes. Accordingly, all changes in the fair value of interest rate swaps since that date have been recognized in nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets. A net nonoperating gain of $25,257 was recognized for the year ended June 30, 2011, while a net nonoperating loss of $18,641 was recognized for the year ended June 30, 2010.

8. Derivative Instruments (continued)

Ascension Health's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria. Ascension Health's collateral requirements are based upon Ascension Health's Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies, as well as the net liability position of total interest rate swap agreements outstanding with each counterparty. At June 30, 2011 and 2010, based upon Ascension Health's net liability positions and Senior Debt Credit Ratings, no collateral on interest rate swap agreements was required to be posted. The aggregate net fair value of interest rate swap agreements with credit-risk-related contingent features on June 30, 2011 and 2010, was a liability of $76,861 and $102,118, respectively.

9. Retirement Plans

Defined-Benefit Plans

Certain Ascension Health entities participate in the Ascension Health Pension Plan (the Ascension Plan), which is a noncontributory, defined-benefit pension plan covering all eligible employees of certain Ascension Health entities. Benefits are based on each participant's years of service and compensation. Ascension Plan assets are invested in a master trust (the Trust) consisting of cash and cash equivalents, equity, fixed income funds, and alternative investments. Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

The assets of the Ascension Plan are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the Ascension Plan are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so.

Certain other Ascension Health entities participate in separate noncontributory, defined-benefit plans (the Other Ascension Health Plans) in which substantially all employees are eligible to participate. The Other Ascension Health Plans' benefits are based on each participant's years of service and compensation. Substantially all of the Other Ascension Health Plans' assets are invested in the Trust.

(Dollars in Thousands)

9. Retirement Plans (continued)

The following table sets forth the combined benefit obligations, the assets of the Ascension Plan, and the Other Ascension Health Plans (collectively, the Ascension Health Pension Plans) at June 30, 2011 and 2010, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements:

	Year Ended June 30, 2011	2010
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$ 5,618,553**	$ 4,755,922
Service cost	**208,253**	176,920
Interest cost	**304,365**	303,764
Amendments	**(476)**	(636)
Assumption change	**(154,944)**	558,866
Actuarial (gain) loss	**(29,136)**	14,521
Benefits paid	**(212,166)**	(190,804)
Projected benefit obligation at end of year	**5,734,449**	5,618,553
Accumulated benefit obligation at end of year	**5,140,261**	4,920,528
Change in plan assets:		
Fair value of plan assets at beginning of year	**4,624,393**	3,808,540
Actual return on plan assets	**848,439**	835,613
Employer contributions	**136,927**	171,044
Benefits paid	**(212,166)**	(190,804)
Fair value of plan assets at end of year	**5,397,593**	4,624,393
Net amount recognized at end of year and funded status	**$ (336,856)**	$ (994,160)

The Ascension Health Pension Plans' funded status as a percentage of the projected benefit obligation at June 30, 2011 and 2010, was 94.1% and 82.3%, respectively. The Ascension Health Pension Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2011 and 2010, was 105.0% and 94.0%, respectively.

(Dollars in Thousands)

9. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2011 and 2010, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

	Year Ended June 30, 2011	2010
Unrecognized prior service credit	**$ (69,548)**	$ (80,927)
Unrecognized actuarial loss	**33,874**	835,418
	$ (35,674)	$ 754,491

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2011 and 2010, respectively, include:

	Year Ended June 30, 2011	2010
Current year actuarial (gain) loss	**$ (671,223)**	$ 66,144
Amortization of actuarial loss	**(130,321)**	(72,948)
Current year prior service credit	**(476)**	(636)
Amortization of prior service credit	**11,855**	11,199
	$ (790,165)	$ 3,759

	Year Ended June 30, 2011	2010
Components of net periodic benefit cost		
Service cost	**$ 208,253**	$ 176,920
Interest cost	**304,365**	303,764
Expected return on plan assets	**(361,295)**	(328,370)
Amortization of prior service credit	**(11,855)**	(11,199)
Amortization of actuarial loss	**130,321**	72,948
Net periodic benefit cost	**$ 269,789**	$ 214,063

(Dollars in Thousands)

9. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2012, are $10,600 and $27,700, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the Ascension Health Pension Plans are set forth below:

	June 30,	
	2011	**2010**
Weighted-average discount rate	**5.63%**	5.49%
Weighted-average rate of compensation increase	**4.00%**	4.00%
Weighted-average expected long-term rate of return on plan assets	**8.50%**	8.50%

The Ascension Health Pension Plans' assets are invested in a portfolio designated to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds that correlate to three different economic regimes defined as growth, recession and inflation investment strategies. Growth strategies include long-only equity, long/short equity, private equity, and credit related instruments. Recession strategies include government bonds, investment grade bonds, hedge funds and cash. Inflation strategies include inflation-linked bonds, commodities, and real assets. The Plan retains multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the Ascension Health Pension Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

(Dollars in Thousands)

9. Retirement Plans (continued)

In accordance with the Ascension Health Pension Plans' asset diversification targets, as presented in the table that follows, the Ascension Health Pension Plans invest in certain portfolio investment funds, or alternative investments. These Ascension Health Pension Plans' investments, comprised of various hedge funds, real estate funds, private equity funds, commodity funds, and certain other unregistered mutual funds, do not have observable market values. As such, these investments are valued at the funds' net asset values as determined by each fund's investment manager, which approximates fair value. The fair value of the Ascension Health Pension Plans' alternative investments as of June 30, 2011, is reported in the fair value measurement table that follows. Collectively, these funds have liquidity terms ranging from weekly to annual with notice periods ranging from 1 to 93 days. Due to redemption restrictions, investments in real estate and private equity funds, whose fair value was approximately $346,401 at June 30, 2011, cannot be redeemed. However, the potential for the Ascension Health Pension Plans to sell their interest in real estate and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds also include contractual commitments to portfolio funds and other funds to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the Ascension Health Pension Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2011, investment periods expire between July 2011 and December 2016. The remaining unfunded capital commitments of the Ascension Plan total approximately $437,000 for 35 individual contracts as of June 30, 2011.

The weighted-average asset allocation for the Ascension Health Pension Plans at the end of fiscal 2011 and 2010 and the target allocation for fiscal 2012, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets at Year-End	
Asset Category	2012	2011	2010
Growth	50%	**52%**	47%
Recession/deflation	30	**32**	44
Inflation	20	**16**	9
Total	100%	**100%**	100%

(Dollars in Thousands)

9. Retirement Plans (continued)

Ascension Health adopted the FASB's authoritative disclosure guidance on reporting for assets of postretirement benefit plans for the fiscal year ended June 30, 2010. The following tables summarize fair value measurements at June 30, 2011 and 2010, by asset class and by level, for the Ascension Health Pension Plans' assets and liabilities in accordance with that guidance. As also discussed in the Fair Value Measurements note, Ascension Health follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values.

The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to Plan assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Short-term investments	$ 433,526	$ 12,682	$ –	$ 446,208
Derivative assets – interest rate	717	3	65,727	66,447
Derivative assets – other	74	2,939	1,159	4,172
U.S. government obligations	–	1,734,828	2,129	1,736,957
Corporate and foreign fixed income investments	–	406,793	19,462	426,255
Asset-backed securities	–	265,277	4,427	269,704
Equity securities	1,186,520	–	1,701	1,188,221
Alternative investments	–	–	1,591,483	1,591,483
Assets not at fair value				221,405
Total				5,950,852
Derivative liabilities – interest rate	17	283	258,882	259,182
Derivative liabilities – other	307	1,067	16,371	17,745
Investments sold, not yet settled	–	56,451	–	56,451
Liabilities not at fair value				219,881
Total				553,259
Fair value of plan assets				$ 5,397,593

(Dollars in Thousands)

9. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2010				
Short-term investments	$ 196,039	$ 92,170	$ –	$ 288,209
Derivative assets – interest rate	171	285	90,505	90,961
Derivative assets – other	1,260	5,058	197	6,515
U.S. government obligations	–	1,344,660	2,241	1,346,901
Corporate and foreign fixed income investments	–	447,515	52,193	499,708
Asset-backed securities	–	221,140	4,790	225,930
Equity securities	1,266,949	–	122,447	1,389,396
Alternative investments	–	–	1,163,027	1,163,027
Assets not at fair value				238,607
Total				5,249,254
Derivative liabilities – interest rate	159	128	323,977	324,264
Derivative liabilities – other	584	376	24,774	25,734
Investments sold, not yet settled	–	52,018	–	52,018
Liabilities not at fair value				222,845
Total				624,861
Fair value of plan assets				$ 4,624,393

(Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2011 and 2010, the changes in the fair value of the Ascension Health Pension Plans' assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset-Backed Securities	Equity Securities	Alternative Investments
June 30, 2011						
Beginning balance	**$ (258,049)**	**$ 2,241**	**$ 52,193**	**$ 4,790**	**$ 122,447**	**$1,163,027**
Total actual return on plan assets	**57,843**	**99**	**1,976**	**(8)**	**33,096**	**171,459**
Purchases, issuances, and settlements	**(8,161)**	**(211)**	**(29,882)**	**376**	**(153,343)**	**256,997**
Transfers (out of) into Level 3	**–**	**–**	**(4,825)**	**(731)**	**(499)**	**–**
Ending balance	**$ (208,367)**	**$ 2,129**	**$ 19,462**	**$ 4,427**	**$ 1,701**	**$1,591,483**
Actual return on plan assets relating to plan assets still held at June 30, 2011	**$ (25,056)**	**$ 65**	**$ (195)**	**$ 195**	**$ –**	**$ 154,299**

	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset-Backed Securities	Equity Securities	Alternative Investments
June 30, 2010						
Beginning balance	$ (515,560)	$ –	$ 93,599	$ 6,626	$ 407	$ 585,210
Total actual return on plan assets	126,983	(2)	11,353	3,585	(8,642)	86,161
Purchases, issuances, and settlements	130,373	2,243	(36,314)	(5,421)	129,134	491,656
Transfers into (out of) Level 3	155	–	(16,445)	–	1,548	–
Ending balance	$ (258,049)	$ 2,241	$ 52,193	$ 4,790	$ 122,447	$1,163,027
Actual return on plan assets relating to plan assets still held at June 30, 2010	$ 75,541	$ (2)	$ 3,965	$ 187	$ (8,508)	$ (778)

(Dollars in Thousands)

9. Retirement Plans (continued)

The Trust has entered into a series of interest rate swap agreements with a net notional amount of approximately $2,539,000. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 75% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Ascension Health Pension Plans' investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the Ascension Health Pension Plans follows:

Expected employer contributions 2012	$ 179,000
Expected benefit payments:	
2012	309,000
2013	329,000
2014	353,000
2015	374,000
2016	394,000
2017 – 2021	2,301,000

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above reflect the total benefits expected to be paid from the Trust.

9. Retirement Plans (continued)

Other Postretirement Benefit Plans

In addition to the retirement plan described above, several Health Ministries sponsor postretirement benefit plans that provide health care benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2011 and 2010, is $44,446 and $50,557, respectively. The net obligation included in pension and other postretirement liabilities in the accompanying consolidated balance sheets at June 30, 2011 and 2010, is $10,086 and $21,702, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2011, was $6,778.

Defined-Contribution Plans

Ascension Health entities participate in contributory and noncontributory, defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were $113,337 and $107,198 during 2011 and 2010, respectively.

10. Self-Insurance Programs

Certain Ascension Health hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Trust funds and a captive insurance company have been established for the self-insurance programs, and actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at

10. Self-Insurance Programs (continued)

6% in 2011 and 2010. Those entities not participating in the self-insured programs are insured under separate policies.

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and offshore captive insurance company, Ascension Health Insurance, Ltd. (AHIL), with a self-insured retention of $10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to $185,000. AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first $25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers. Self-insured entities in the states of Indiana and Wisconsin are provided professional liability coverage on an occurrence basis with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit.

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is professional and general liability expense of $69,073 and $106,274 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are professional and general liability loss reserves of approximately $522,489 and $536,506 at June 30, 2011 and 2010, respectively.

AHIL also offers physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at Ascension Health's various facilities, primarily in Michigan. Coverage is offered to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits.

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to $1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported.

(Dollars in Thousands)

10. Self-Insurance Programs (continued)

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of $41,973 and $40,538 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are workers' compensation loss reserves of $98,867 and $94,922 at June 30, 2011 and 2010, respectively.

11. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are as follows:

Year ending June 30:	
2012	$ 180,960
2013	169,374
2014	137,302
2015	109,610
2016	90,862
Thereafter	278,052
Total	$ 966,160

Ascension Health and several of its Health Ministries are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain Health Ministries have subleased space within buildings where the Health Ministry has a current operating lease commitment. Certain Health Ministries also are lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the Health Ministries.

Ascension Health's future minimum noncancelable payments associated with operating leases where Ascension Health is the lessee, as well as future minimum noncancelable receipts associated with operating leases where Ascension Health is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

(Dollars in Thousands)

11. Lease Commitments (continued)

	Future Payments Where Ascension Health is Lessee	Future Receipts Where Ascension Health is Sublessor/Lessor	Net Future Payments (Receipts)
Year ending June 30:			
2012	$ 180,960	$ 29,839	$ 151,121
2013	169,374	25,688	143,686
2014	137,302	20,743	116,559
2015	109,610	16,620	92,990
2016	90,862	13,041	77,821
Thereafter	278,052	291,477	(13,425)
Total	$ 966,160	$ 397,408	$ 568,752

Rental expense under operating leases amounted to $295,190 and $275,149 in 2011 and 2010, respectively.

In previous fiscal years, certain Health Ministries sold MOBs to third parties and contemporaneously leased back certain space in those buildings to support ongoing ministry operations. These space leases are being accounted for as operating leases based on their terms, and future minimum lease payments under these leases are included in the future minimum payment amounts reported above. As of June 30, 2011 and 2010, net deferred gains of $7,226 and $10,206, respectively, were included in other noncurrent liabilities in the accompanying consolidated balance sheets. These gains are being recognized as operating income over the related leaseback terms.

Also in previous fiscal years, certain Health Ministries entered into agreements to lease space in MOBs under construction by external development companies. Based on relevant authoritative accounting guidance, the Health Ministries were considered the owner of the MOBs during construction. In addition, because these transactions and the sales of other existing MOBs did not qualify for sale-leaseback accounting, they were treated as financing transactions. Accordingly, the associated financing obligations, along with their related construction in progress or building assets, of $116,314 and $116,449 at June 30, 2011 and 2010, respectively, are included in other noncurrent liabilities and construction in progress or building and equipment in the

11. Lease Commitments (continued)

accompanying consolidated balance sheets. The financing obligations associated with these transactions will not result in cash payments in excess of amounts paid under the related operating lease payments. All future cash obligations related to leased space within these MOBs are included in the future minimum payment amounts reported above.

12. Contingencies and Commitments

Ascension Health is involved in litigation and regulatory investigations arising in the ordinary course of business. Ascension Health is also involved in ongoing arbitration relative to a dispute regarding the termination of, and performance under, an information technology services contract. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on Ascension Health's consolidated balance sheets.

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with national coverage criteria. In connection with this nationwide review, identified Ascension Health hospitals will be reviewing applicable medical records and responding to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. At June 30, 2011, and through September 8, 2011, the review remains in its early stages. As such, no estimates of liability have been or can be reached relative to the impact this investigation could have on Ascension Health. Through September 8, 2011, the DOJ has not asserted any claims against any Ascension Health hospitals. Ascension Health continues to fully cooperate with the DOJ in its investigation.

Ascension Health enters into agreements with nonemployed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for Ascension Health's obligation under these guarantees were $15,395 and $9,779 at June 30, 2011 and 2010, respectively, and are included in other current and noncurrent liabilities in the accompanying consolidated balance sheets. The maximum amount of future payments that Ascension Health could be required to make under these guarantees is approximately $41,000 and is included in the table that follows.

(Dollars in Thousands)

12. Contingencies and Commitments (continued)

Ascension Health entered into agreements with one of its sponsors for support through March 2016, which support is included in transfers to sponsor and other affiliates, net in the accompanying consolidated statements of changes in net assets for the year ended June 30, 2010. Ascension Health's obligation under these agreements totals $53,259 at June 30, 2011, and is included in other current and noncurrent liabilities in the accompanying consolidated balance sheets.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as short as 30 days or as long as 29 years.

The following summary represents the maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2011:

Hospital de la Concepción 2000 Series A debt guarantee	$ 31,910
St. Vincent de Paul Series 2000A debt guarantee	28,300
Rehab Hospital of Indiana, Inc. guarantee	6,400
Mercy Care Plan guarantee	5,000
Physician revenue guarantees	41,000
Other	37,642
Total guarantees and other commitments	$ 150,252

Other Financial Information

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Report of Independent Auditors on Other Financial Information

The Board of Trustees
Ascension Health

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs, the Consolidating Balance Sheets with Details of Investment in Via Christi Health, Inc., and the Consolidating Statements of Operations and Changes in Net Assets with Details of Investment in Via Christi Health, Inc. are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Ernst & Young LLP

September 8, 2011

Ascension Health

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs

(Dollars in Thousands)

Years Ended June 30, 2011 and 2010

The net cost, excluding the provision for bad debt expense, of providing care to persons living in poverty and community benefit programs is as follows:

	2011	2010
Traditional charity care provided	**$ 408,894**	$ 375,039
Unpaid cost of public programs for persons living in poverty	**374,083**	383,160
Other programs for persons living in poverty and other vulnerable persons	**71,267**	55,633
Community benefit programs	**372,644**	261,318
Care of persons living in poverty and community benefit programs	**$ 1,226,888**	$ 1,075,150