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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
MOUNTAIN STATES HEALTH ALLIANCE

Doing Business As
JOHNSON CITY MEDICAL CENTER

Number and street (or P O box if mail is not delivered to street address) | Room/suite
400 NORTH STATE OF FRANKLIN ROAD

City or town, state or country, and ZIP + 4
JOHNSON CITY, TN 37604

D Employer identification number
62-0476282

E Telephone number
(423) 302-3372

G Gross receipts $ 729,709,747

F Name and address of principal officer
DENNIS VONDERFECHT
701 NSTATE OF FRANKLIN RD STE 1
JOHNSON CITY, TN 37604

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW MSHA COM

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

L Year of formation 1945

M State of legal domicile TN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PLEASE SEE SCHEDULE O - PART I, LINE 1, MISSION AND SIGNIFICANT ACTIVITIES

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**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	8,870
6	Total number of volunteers (estimate if necessary)	**6**	1,759
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	3,543,768
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	174,903

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	3,938,777	3,143,661
9	Program service revenue (Part VIII, line 2g)	674,850,480	703,882,320
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,043,398	15,682,301
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,999,981	6,648,445
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	701,832,636	729,356,727
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	301,136	357,333
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)	287,264,466	301,399,812
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,534,772		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	370,493,266	377,644,976
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	658,058,868	679,402,121
19	Revenue less expenses Subtract line 18 from line 12	43,773,768	49,954,606
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	1,530,090,739	1,573,869,411
21	Total liabilities (Part X, line 26)	1,311,074,327	1,268,238,796
22	Net assets or fund balances Subtract line 21 from line 20	219,016,412	305,630,615

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

****** | 2012-04-30
Signature of officer | Date

MARVIN EICHORN SR VP/CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
DEBORAH O ERNSBERGER	DEBORAH O ERNSBERGER			

Firm's name ▶ PERSHING YOAKLEY & ASSOCIATES P C — Firm's EIN ▶

Firm's address ▶ ONE CHEROKEE MILLS 2220 SUTHERLAND KNOXVILLE, TN 379192363 — Phone no ▶ (865) 673-0844

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

MOUNTAIN STATES HEALTH ALLIANCE IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH

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 $ 548,973,782 including grants of $ 357,333) (Revenue $ 704,105,247)

MOUNTAIN STATES HEALTH ALLIANCE (MSHA) WAS CREATED IN SEPTEMBER 1998 AS A PRIVATE, LOCALLY OWNED, TAX-EXEMPT, REGIONAL HEALTHCARE SYSTEM MSHA IS A 1,200 BED TERTIARY-CARE AND REFERRAL HOSPITAL SYSTEM, THE REGION'S LARGEST BY BED COUNT AND VOLUMES FOR THE YEAR ENDING JUNE 30, 2011, MSHA RECORDED 48,180 INPATIENT ADMISSIONS, AND PROVIDED FOR 720,772 OUTPATIENT VISITS, INCLUDING 145,390 EMERGENCY VISITS AND 94,251 HOME HEALTH VISITS THE ALLIANCE IS COMPOSED OF 8 HOSPITALS, AN OUTPATIENT SURGERY CENTER, AN OUTPATIENT RADIATION ONCOLOGY CENTER, TWO OUTPATIENT DIAGNOSTIC CENTERS AND TWO OUTPATIENT REHABILITATION THERAPY CENTERS IT ALSO HAS SERVICES FOR HOME HEALTH, DURABLE MEDICAL EQUIPMENT, INFUSION THERAPY, HOSPICE AND PARISH NURSING FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH) LICENSED FOR 80 BEDS, OPENED IN JULY 2010, REPLACING OPERATIONS AT NORTH SIDE HOSPITAL (NSH) AND JOHNSON CITY SPECIALTY HOSPITAL (JCSH) NSH AND JCSH WERE LICENSED FOR 91 BEDS AND 23 BEDS, RESPECTIVELY, PRIOR TO THE OPENING OF FWCH AND A TOTAL OF 64 BEDS WERE TRANSFERRED WITHIN THE ALLIANCE MSHA ENTITIES, IN CONCERT WITH THE MOUNTAIN STATES HEALTHCARE NETWORK OF 54 AFFILIATED HOSPITALS AND NURSING HOMES, PROVIDE AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE TO RESIDENTS ACROSS A WIDESPREAD, PREDOMINANTLY RURAL 29-COUNTY AREA OF APPALACHIA THE SERVICE AREA INCLUDES PARTS OF NORTHEAST TENNESSEE, SOUTHWEST VIRGINIA, SOUTHEAST KENTUCKY AND WESTERN NORTH CAROLINA ALL 8 MSHA HOSPITALS ARE LOCATED IN NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA JOHNSON CITY MEDICAL CENTER, THE COMPANY'S FLAGSHIP FACILITY, IS HOME TO MANY OF THE REGION'S CRITICALLY NEEDED PROGRAMS MSHA ALSO HAS A MAJORITY OWNERSHIP IN SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) LOCATED IN MARION, VA, NORTON COMMUNITY HOSPITAL (NCH), LOCATED IN NORTON, VA, DICKENSON COMMUNITY HOSPITAL (DCH), LOCATED IN CLINTWOOD, VA, AND JOHNSTON MEMORIAL HOSPITAL (JMH), LOCATED IN ABINGDON, VA BECAUSE SCCH, NCH, DCH AND JMH ARE PARTIALLY OWNED ENTITIES, THEIR DATA ARE EXCLUDED FROM THIS DOCUMENT AND EACH OF THESE HOSPITALS FILE A SEPARATE FORM 990 WASHINGTON COUNTY, TN JOHNSON CITY MEDICAL CENTER (JCMC) FLAGSHIP FACILITY - TEACHING HOSPITAL AFFILIATED WITH QUILLEN COLLEGE OF MEDICINE AT EAST TENNESSEE STATE UNIVERSITY (ETSU)- LEVEL I TRAUMA CENTER - ONE OF ONLY SIX IN TENNESSEE - HOME OF THE REGIONAL CANCER CENTER- HOME OF THE REGION'S ONLY ORGAN TRANSPLANT PROGRAM - ONE OF ONLY SIX IN TENNESSEE- HOME TO NISWONGER CHILDREN'S HOSPITAL, WHICH ALSO OFFERS THE ST JUDE TRI-CITIES AFFILIATE CLINIC, ONE OF ONLY SIX SUCH CLINICS IN THE COUNTRY, WORKING WITH THE MEMPHIS FACILITY TO TREAT PEDIATRIC PATIENTS IN OUR REGION AND, THE REGION'S ONLY NACHRI-AFFILIATED CHILDREN'S HOSPITAL- HOME OF THE REGION'S ONLY STATE-DESIGNATED PERINATAL CENTER - ONE OF ONLY FIVE IN TENNESSEE- HOME OF THE REGION'S FIRST AND LARGEST AIR AMBULANCE FLEET, WINGS AIR RESCUE- FIRST HOSPITAL IN TENNESSEE AWARDED MAGNET STATUS FOR NURSING EXCELLENCE BY AMERICAN NURSES CREDENTIALING CENTER- 2001-2011 CONSUMER'S CHOICE AWARD FOR THE REGION THROUGH AN INDEPENDENT SURVEY CONDUCTED BY THE NATIONAL RESEARCH COUNCIL BEST OVERALL QUALITY, BEST DOCTORS, BEST NURSES, MOST PERSONALIZED CARE AND HAVING THE BEST REPUTATIONOTHER JCMC HOSPITALS, JAMES H & CECILE C QUILLEN REHABILITATION HOSPITAL (CARF-ACCREDITED) AND WOODRIDGE HOSPITAL FOR BEHAVIORAL HEALTH SERVICES FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH) OPENED ITS DOORS IN THE SUMMER OF 2010 AS A REPLACEMENT HOSPITAL FOR 2 AGING WASHINGTON COUNTY FACILITIES FWCH WAS THE FIRST "LEED" CERTIFIED HOSPITAL IN TENNESSEE AND HAS SET THE PRECEDENT FOR ENVIRONMENTALLY FRIENDLY DESIGNS SULLIVAN COUNTY, TN INDIAN PATH MEDICAL CENTERCARTER COUNTY, TN SYCAMORE SHOALS HOSPITALJOHNSON COUNTY, TN JOHNSON COUNTY COMMUNITY HOSPITAL, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES, A MEDICALLY UNDERSERVED AREARUSSELL COUNTY, VA RUSSELL COUNTY MEDICAL CENTER MSHA WAS AWARDED THE GOVERNOR'S EXCELLENCE AWARD BY THE TENNESSEE CENTER FOR PERFORMANCE EXCELLENCE (TNCPE) IN 2009 MSHA WAS ALSO THE RECIPIENT OF THIS ESTEEMED AWARD IN 2005 AND IS THE FIRST HEALTHCARE RECIPIENT TO BE RECOGNIZED TWICE, AND ONLY THE SECOND ORGANIZATION IN THE HISTORY OF TNCPE TO BE RECOGNIZED AT THIS TOP LEVEL MORE THAN ONCE THREE MSHA HOSPITALS WERE RECOGNIZED AS TOP PERFORMERS ON KEY QUALITY MEASURES AS DEFINED BY THE JOINT COMMISSION, THE LEADING ACCREDITOR OF HEALTH CARE ORGANIZATIONS IN THE UNITED STATES FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER AND RUSSELL COUNTY MEDICAL CENTER WERE RECOGNIZED BY THE JOINT COMMISION BASED ON DATA REPORTED ABOUT EVIDENCE-BASED CLINICAL PROCESSES THAT ARE SHOWN TO IMPROVE CARE FOR CERTAIN CONDITIONS, INCLUDING HEART ATTACK, HEART FAILURE, PNEUMONIA, SURGICAL CARE AND CHILDREN'S ASTHMA THESE THREE HOSPITALS ARE AMONG ONLY 405 U S HOSPITALS EARNING THE DISTINCTION OF "TOP PERFORMER ON KEY QUALITY MEASURES" JOHNSON CITY MEDICAL CENTER (JCMC) WAS RECOGNIZED BY THE U S DEPARTMENT OF HEALTH AND HUMAN SERVICES AND THE SOCIETY OF CRITICAL CARE MEDICINE WITH AN OUTSTANDING LEADERSHIP AWARD FOR THE HOSPITAL'S ACHIEVEMENT IN PREVENTING VENTILATOR-ASSOCIATED PNEUMONIA JCMC WAS ONE OF ONLY SIX HOSPITALS IN THE NATION RECOGNIZED FOR OUTSTANDING LEADERSHIP IN PREVENTING VENTILATOR-ASSOCIATED PNEUMONIA (VAP) THE VAP RATE AT JCMC IS NOW ONE-THIRD OF WHAT IS TYPICALLY FOUND IN HOSPITALS OF A SIMILAR SIZE AND PATIENT POPULATION ICU TEAMS AT JCMC BEGAN A PROJECT IN 2006 DESIGNED TO TARGET VAP INFECTIONS THE OUTSTANDING LEADERSHIP AWARD REQUIRES A HOSPITAL TO REACH THEIR INFECTION TARGETS FOR 25 MONTHS OR MORE FOR THE SECOND YEAR IN A ROW, JOHNSON CITY MEDICAL CENTER HAS BEEN AWARDED TWO GOLD MEDALS BY THE AMERICAN HEART ASSOCIATION, WHILE TWO OTHER MSHA FACILITIES EACH RECEIVED THEIR FIRST AHA GOLD AWARDS THESE AHA AWARDS WERE SPOTLIGHTED IN THE JULY 2010 EDITION OF U S NEWS AND WORLD REPORT JCMC RECEIVED ITS SECOND GOLD IN TREATMENT OF BOTH HEART FAILURE AND CORONARY ARTERY DISEARSE IN AS MANY YEARS JCMC WAS THE ONLY HOSPITAL IN TENNESSEE TO ACHIEVE THE HONOR OF TWO GOLDS OVER A TWO-YEAR PERIOD IN THESE CATEGORIES IPMC AND SSH EACH RECEIVED THEIR FIRST GOLD AWARDS IN THE TREATMENT OF HEART FAILURE TO ACHIEVE A GOLD AWARD, A HOSPITAL MUST MEET OR EXCEED BEST PRACTICE GUIDELINES WITH A MINIMUM 85% COMPLIANCE FOR AT LEAST 24 MONTHS MSHA FACILITIES HAVE STEADILY IMPROVED IN THE AHA'S RANKINGS OVER THE YEARS AND WERE THE ONLY HOSPITALS IN THE REGION TO RECEIVE THIS RECOGNITION A DOCUMENTARY ON THE HISTORY OF JOHNSON CITY MEDICAL CENTER WON GOLD IN THE MARCOM AWARDS, AN INTERNATIONAL COMPETITION FOR INDIVIDUALS AND COMPANIES INVOLVED IN THE CONCEPT, WRITING AND DESIGN OF PRINT, VISUAL, AUDIO AND WEB MATERIALS THERE WERE MORE THAN 6,000 ENTRIES THROUGHOUT THE UNITED STATES, CANADA AND OTHER COUNTRIES IN THE 2011 COMPETITION THE DOCUMENTARY FOCUSED ON 100 YEARS OF HEALTH CARE AT JCMC AUDIT AND COMPLIANCE PRACTICES MSHA IS GOVERNED BY A BOARD OF DIRECTORS, WHOSE MEMBERS ARE FROM THE COMMUNITIES MSHA SERVES THE CORPORATE BOARD INCLUDES A LONGSTANDING AUDIT AND COMPLIANCE COMMITTEE ALL AUDITORS AND COMPLIANCE SPECIALISTS, INTERNAL AND EXTERNAL, REPORT DIRECTLY TO THE AUDIT AND COMPLIANCE COMMITTEE AS A WAY TO ENSURE THE AUDIT AND COMPLIANCE PROCESS IS INDEPENDENT - MSHA'S COMPLIANCE PLAN ENSURES THE ORGANIZATION CONDUCTS BUSINESS IN AN APPROPRIATE MANNER AND IN ACCORDANCE WITH LOCAL, STATE AND FEDERAL LAWS AND REGULATIONS THE PLAN ADDRESSES FISCAL ACCOUNTABILITY AND TRANSPARENCY OF OPERATIONS THROUGH THE REVIEW AND USE OF INDEPENDENT AUDITS BY EXTERNAL AUDITORS AND RATING AGENCIES - UPON EMPLOYMENT, MSHA TEAM MEMBERS RECEIVE A COPY OF THE BOOKLET "CODE OF ETHICS AND BUSINESS CONDUCT", DETAILING REQUIRED STANDARDS OF BEHAVIOR YEARLY, TEAM MEMBERS RECEIVE REFRESHER EDUCATION ON THEIR OBLIGATIONS UNDER THE CODE OF ETHICS AND BUSINESS CONDUCT - ANNUALLY, DEPARTMENT DIRECTORS, EXECUTIVE OFFICERS AND BOARD MEMBERS ARE REQUIRED TO SIGN MSHA'S CONFLICT OF INTEREST POLICY BY SIGNING THIS POLICY, THEY AFFIRM THEIR KNOWLEDGE AND UNDERSTANDING OF THE POLICY AND ALSO HAVE THE OPPORTUNITY TO DISCLOSE ANY CONFLICT OF INTEREST THEY MAY HAVE ALL TEAM MEMBERS ARE REQUIRED BY POLICY TO IMMEDIATELY DISCLOSE SITUATIONS THAT MAY CONSTITUTE CONFLICTS OF INTEREST WHEN THEY ARISE - MSHA IS FULLY COMPLIANT WITH REGULATORY AND LEGAL REQUIREMENTS, AND ITS HOSPITALS ARE ACCREDITED BY THE JOINT COMMISSION

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** ▶ $ 548,973,782

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	Yes	
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	Yes	
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	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
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**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**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	719		
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	8,870		
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 13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 7		
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	Yes	
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	Yes	
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	Yes	
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 ▶ VA

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 ▶

MARVIN EICHORN
400 N STATE OF FRANKLIN RD
JOHNSON CITY, TN 37604
(423) 302-3372

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) DENNIS VONDERFECHT PRESIDENT/CEO	60 00	X		X				855,625	0	42,464
(2) WILLIAM WALKER MD DIRECTOR	80	X						0	612,004	1,615
(3) BARBARA ALLEN VICE CHAIR	2 10	X						0	0	0
(4) JOHN CAMPBELL DIRECTOR	60	X						0	0	0
(5) SANDRA BROOKS MD DIRECTOR	1 30	X						0	0	0
(6) MAUREEN MACIVER PAST CHAIR	2 20	X						0	0	0
(7) GARY PEACOCK DIRECTOR	1 10	X						0	0	0
(8) CLEM WILKES JR TREASURER	1 60	X						0	0	0
(9) ROBERT FEATHERS CHAIRMAN	1 60	X						0	0	0
(10) BILL HAWKINS DIRECTOR	1 10	X						0	0	0
(11) MIKE CHRISTIAN DIRECTOR	1 30	X						0	0	0
(12) JOANNE GILMER SECRETARY	1 50	X						0	0	0
(13) DAVID MAY DIRECTOR	1 30	X						0	0	0
(14) MARVIN EICHORN SR VP/CFO	60 00			X				597,053	0	209,233
(15) DALE CLAYTORE VP	55 00				X			216,997	0	11,406
(16) ANN FLEMING SR VP	55 00				X			442,795	0	65,589

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) CANDACE JENNINGS SR VP/CEO WASHINGTON CO	55 00				X			458,976	0	71,955
(18) LYNN KRUTAK VP/CFO	55 00				X			242,859	0	30,312
(19) MONTY MCLAURIN VP/CEO IPMC	55 00				X			324,458	0	54,124
(20) CINDY SALYER VP CARDIO/PULMONARY	55 00				X			232,182	0	41,464
(21) SHANE HILTON VP/CFO-TN	55 00				X			193,587	0	31,422
(22) PAT NIDAY CNO - WASHINGTON COUNTY	55 00				X			156,116	0	27,602
(23) BRAD NURKIN CEO - JCMC	55 00				X			244,706	0	20,237
(24) STEVE KILGORE PRESIDENT/CEO BRMMC	55 00					X		339,311	0	52,799
(25) JAMIE PARSONS VP H/R	50 00					X		253,987	0	30,442
(26) CHAO LEE MD PHYSICIAN	50 00					X		309,360	0	25,655
(27) TONY BENTON JR VP	50 00					X		238,984	0	28,792
(28) MORRIS SELIGMAN CMO	50 00					X		485,251	0	69,030
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								5,592,247	612,004	814,141

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 ▶ 164

		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
HOSPITAL HOUSEKEEPING SYSTEMS 322 CONGRESS AVENUE AUSTIN, TX 78701	HOUSEKEEPING SERVICES/MGMT	3,899,360
CREDIT BUREAU COLLECTIONS PO BOX 5187 KINGSPORT, TN 37663	COLLECTION SERVICES	1,053,429
MILLIGAN COLLEGE PO BOX 750 MILLIGAN COLLEGE, TN 37682	EDUCATIONAL	801,069
HANCOCK DANIEL JOHNSON & NAGLE PO BOX 72050 RICHMOND, VA 232552050	LEGAL SERVICES	724,381
AVANTAS WORK STRATEGIES 1128 JOHN GALT BLVD STE 400 OMAHA, NE 68134	SCHEDULING SYSTEM	688,140

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 ▶ 36

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	1,957,949			
	e Government grants (contributions)	1e	947,756			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	237,956			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		3,143,661			
Program Service Revenue		Business Code				
	2a PATIENT SERVICES	621500	700,421,164	698,661,352	1,759,812	
	b WELLNESS PROGRAMS	621990	3,231,669	3,231,669		
	c P/S PROG SERV INCOME	561000	229,487	225,554	3,933	
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		703,882,320			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		14,059,273		7,768	14,051,505
	4 Income from investment of tax-exempt bond proceeds . . ▶		13,232			13,232
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	302,737				
	b Less rental expenses	289,918				
	c Rental income or (loss)	12,819				
	d Net rental income or (loss) . . . . . ▶		12,819		13,871	-1,052
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	1,403,969	268,929			
	b Less cost or other basis and sales expenses		63,102			
	c Gain or (loss)	1,403,969	205,827			
	d Net gain or (loss) . . . . . ▶		1,609,796	222,929		1,386,867
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a CAFETERIA SALES	722210	3,932,816			3,932,816
	b JCMC DAYCARE	624410	970,799			970,799
	c DIET/SECUR/ENGIN/OTHER	541900	953,931		980,304	-26,373
	d All other revenue		778,080		778,080	
	e **Total.** Add lines 11a–11d . . . . . ▶		6,635,626			
	12 **Total revenue.** See Instructions . . . ▶		729,356,727	702,341,504	3,543,768	20,327,794

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	357,333	357,333		
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	4,701,600		4,701,600	
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	233,797,106	223,583,109	9,528,935	685,062
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,763,324	9,582,668	151,295	29,361
9 Other employee benefits	35,048,014	30,903,153	4,064,436	80,425
10 Payroll taxes	18,089,768	16,140,576	1,911,865	37,327
a Fees for services (non-employees) Management				
b Legal	1,481,288	70	1,481,218	
c Accounting	252,600	5,441	227,519	19,640
d Lobbying	15,666	15,666		
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees	909,566		909,566	
g Other	78,751,295	60,834,645	17,708,514	208,136
12 Advertising and promotion	3,065,167	2,407,402	645,067	12,698
13 Office expenses	8,682,390	6,842,387	1,703,754	136,249
14 Information technology	11,401,755	10,286,180	1,115,575	
15 Royalties				
16 Occupancy	14,429,955	11,969,854	2,395,897	64,204
17 Travel	2,291,207	1,637,251	615,980	37,976
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	359,432	297,108	61,719	605
20 Interest	42,206,499	8,154	42,198,345	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	61,675,549	30,249,046	31,418,807	7,696
23 Insurance	627,063	15,885	611,178	
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 MEDICAL SUPPLIES & DRUG	126,183,544	126,032,884	146,030	4,630
b TAXES - UBIT	7,800		7,800	
c REPAIRS & MAINTENANCE	14,046,240	13,466,849	529,169	50,222
d OTHER	5,377,696	2,923,554	2,293,658	160,484
e BAD DEBTS	4,097,305	18,145	4,079,160	
f All other expenses	1,782,959	1,396,422	386,480	57
25 **Total functional expenses.** Add lines 1 through 24f	679,402,121	548,973,782	128,893,567	1,534,772
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		1	
	2	Savings and temporary cash investments	208,449,573	2	94,236,272
	3	Pledges and grants receivable, net	189,220	3	196,903
	4	Accounts receivable, net	84,415,992	4	96,082,434
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	4,579,735	5	5,517,265
	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	20,219,171	7	94,585,775
	8	Inventories for sale or use	14,609,053	8	15,564,585
	9	Prepaid expenses and deferred charges	4,368,028	9	3,217,335
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 887,338,436			
	b	Less accumulated depreciation — 10b: 417,725,411	463,651,654	10c	469,613,025
	11	Investments—publicly traded securities	152,089,704	11	257,416,902
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11	282,350,254	13	282,266,093
	14	Intangible assets	143,276,118	14	143,276,118
	15	Other assets See Part IV, line 11	151,892,237	15	111,896,704
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	1,530,090,739	16	1,573,869,411
Liabilities	17	Accounts payable and accrued expenses	76,082,572	17	66,520,793
	18	Grants payable		18	
	19	Deferred revenue	20,092,072	19	19,167,490
	20	Tax-exempt bond liabilities	626,569,957	20	620,629,456
	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	400,096,949	23	382,866,923
	24	Unsecured notes and loans payable to unrelated third parties	3,114,607	24	
	25	Other liabilities Complete Part X of Schedule D	185,118,170	25	179,054,134
	26	**Total liabilities.** Add lines 17 through 25	1,311,074,327	26	1,268,238,796
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	218,490,539	27	305,570,637
	28	Temporarily restricted net assets	525,873	28	59,978
	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	219,016,412	33	305,630,615
	34	Total liabilities and net assets/fund balances	1,530,090,739	34	1,573,869,411

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	729,356,727
2	Total expenses (must equal Part IX, column (A), line 25)	2	679,402,121
3	Revenue less expenses Subtract line 2 from line 1	3	49,954,606
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	219,016,412
5	Other changes in net assets or fund balances (explain in Schedule O)	5	36,659,597
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	305,630,615

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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

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 331/3% 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 331/3% 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).

Facts And Circumstances Test

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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
MOUNTAIN STATES HEALTH ALLIANCE	62-0476282

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)?	Yes		
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?	Yes		248,878
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			248,878
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	THE COMMUNITY & GOVERNMENT RELATIONS ASSISTANT VICE PRESIDENT AND/OR THE COMMUNITY & GOVERNMENT RELATIONS MANAGER AND/OR DIRECTOR ATTENDED THE FOLLOWING LEGISLATIVE CONFERENCES - PREMIER FEDERAL AFFAIRS NETWORK MEETINGS - AMERICAN HOSPITAL ASSOCIATION ANNUAL MEETING - TENNESSEE HOSPITAL ASSOCIATION LEGISLATIVE ADVOCACY DAY - TENNESSEE HOSPITAL ASSOCIATION ANNUAL MEETING - HOSPITAL ALLIANCE OF TENNESSEE ANNUAL MEETING - NACHRI VIP ADVOCACY DAY - TNPATH ANNUAL MEETING - VHHA LEGISLATIVE ISSUES CONFERENCE, SPRING CONFERENCE ANNUAL MEETING - ASSOCIATION OF AMERICAN MEDICAL COLLEGES GOVERNMENT RELATIONS MEETING THE COMMUNITY & GOVERNMENT RELATIONS ASSISTANT VICE PRESIDENT AND/OR DEPARTMENTAL STAFF ALSO CONTACTED CONGRESSIONAL OFFICES CONCERNING THE FOLLOWING ISSUES - SUPPORT FOR EXTENSION OF ENHANCED FEDERAL MATCH ASSISTANCE PROGRAM - SUPPORT AFFORDABLE CARE ACT PROVISIONS TO EXPAND INSURANCE COVERAGE TO THE UNINSURED - SUPPORT FOR INITIATIVES TO IMPROVE PAYMENT DELIVERY REDESIGN SUCH AS ACO REGULATIONS - SUPPORT FOR CONTINUATION OF TENNESSEE MEDICAID DSH - CONTRIBUTED TO MSHA'S COMMENTS REGARDING PROPOSED ACO REGULATIONS - OPPOSITION TO HOSPITAL CUTS IN PROPOSED IPPS RULE (CODING OFFSET) - OPPOSITION TO ADDITIONAL CUTS IN MEDICARE/MEDICAID - SUPPORT FOR REAUTHORIZATION OF CHILDREN'S HOSPITAL GRADUATE MEDICAL EDUCATION - CONTINUED WORK WITH THE NATIONAL FOUNDATION FOR TRAUMA CARE TO SECURE FEDERAL FUNDING - SUPPORT FOR AN INCREMENTAL AND REALISTIC TIMETABLE THAT RECOGNIZES FLEXIBLE CRITERIA FOR THE MEDICARE EHR INCENTIVE PROGRAM - SUPPORT FOR GRADUATE MEDICAL EDUCATION THE COMMUNITY AND GOVERNMENT RELATIONS ASSISTANT VICE PRESIDENT AND/OR DEPARTMENTAL STAFF RESPONDED VIA LETTER, PHONE, OR IN PERSON TO THE FOLLOWING TENNESSEE AND VIRGINIA LEGISLATIVE ISSUES - SUPPORT FOR CONTINUATION OF HOSPITAL ASSESSMENT FEE IN TENNESSEE - SUPPORT FOR CONTINUATION OF TENNESSEE'S APPROPRIATION FOR CARE OF UNINSURED MENTALLY ILL PATIENTS - SUPPORT FOR RESTORATION OF FUNDING FOR PERINATAL CENTERS IN TENNESSEE - SUPPORT FOR CONTINUATION OF SAFETY NET FUNDING FOR PROJECT ACCESS - SUPPORT FOR LEGISLATION TO ENSURE THAT MEDICAID RATES REMAIN UNCHANGED IN VIRGINIA - SUPPORT FOR A BUDGET AMENDMENT THAT REINSTATED SUPPLEMENTAL PAYMENTS TO JCMC'S NICU FOR ITS HIGH VIRGINIA MEDICAID VOLUME - OPPOSED A CERTIFICATE OF NEED BILL IN TENNESSEE THAT WOULD HAVE SEVERELY WEAKENED THE CON PROCESS - SUPPORTED TORT REFORM LEGISLATION IN TENNESSEE

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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
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

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		34,838,122		34,838,122
b Buildings		443,078,534	127,384,695	315,693,839
c Leasehold improvements		856,198	379,181	477,017
d Equipment		408,565,582	289,961,535	118,604,047
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				469,613,025

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
(1) INVESTMENT IN BRMMC	100,273,634	C
(2) INVESTMENT IN ISHN	1,843,937	C
(3) INVESTMENT IN OTHER	48,522	C
(4) INVESTMENT IN SCCH	48,100,000	C
(5) INVESTMENT IN JMH	132,000,000	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	282,266,093	

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

(a) Description	(b) Book value
(1) AWUL - CURRENT	7,628,257
(2) AWUL - UNDER BOND INDENTURE AGREEMENTS	71,689,876
(3) DEFERRED CHARGES AND OTHER	22,473,469
(4) LONG TERM COMPENSATION INVESTMENT	10,105,102
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	111,896,704

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ACCRUED INTEREST	19,607,249
OTHER LONG-TERM LIABILITIES	6,895,891
ACCRUED SALARIES, ABSENCES, & W/H	40,176,880
CALL OPTION LIABILITY	92,044,033
EST FAIR VALUE OF INT RATE SWAP	7,782,969
DUE TO THIRD PARTY PAYORS	12,547,112
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	179,054,134

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	MOUNTAIN STATES HEALTH ALLIANCE IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS FOR THE ALLIANCE AND ITS TAX-EXEMPT SUBSIDIARIES TAXABLE ENTITIES ACCOUNT FOR INCOME TAXES IN ACCORDANCE WITH FASB ASC 740, "INCOME TAXES" THE ALLIANCE HAS NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2011 AND 2010

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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
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

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 380.000000000000 %	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	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			13,141,846		13,141,846	1 950 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			15,382,326	11,993,765	3,388,561	0 500 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			73,485,181	50,198,122	23,287,059	3 450 %
d **Total** Financial Assistance and Means-Tested Government Programs			102,009,353	62,191,887	39,817,466	5 900 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			6,281,105	1,021,002	5,260,103	0 780 %
f Health professions education (from Worksheet 5)			9,860,820	2,652,458	7,208,362	1 070 %
g Subsidized health services (from Worksheet 6)			17,494,050	5,593,591	11,900,459	1 760 %
h Research (from Worksheet 7)			472,920		472,920	0 070 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			248,259		248,259	0 040 %
j **Total** Other Benefits			34,357,154	9,267,051	25,090,103	3 720 %
k **Total.** Add lines 7d and 7j			136,366,507	71,458,938	64,907,569	9 620 %

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			26,206		26,206	0 %
3	Community support			359		359	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			2,139,245		2,139,245	0 320 %
9	Other			82,635		82,635	0 010 %
10	**Total**			2,248,445		2,248,445	0 330 %

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 Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	19,031,222		
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	11,418,733		
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	201,775,707		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	207,565,036		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-5,789,329		
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	1 MEDICAL SPECIALISTS OF JOHNSON CITY LLC	MEDICAL SERVICES	51 000 %		49 000 %
2	2 EMMAUS COMMUNITY HEALTHCARE PLLC	MEDICAL SERVICES	75 000 %		25 000 %
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? 6

	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	JOHNSON CITY MEDICAL CENTER 400 N STATE OF FRANKLIN ROAD JOHNSON CITY,TN 37604	X	X	X	X		X	X		REHABILITATION & MENTAL HEALTH HOSPITALS
2	INDIAN PATH MEDICAL CENTER 2000 BROOKSIDE DRIVE KINGSPORT,TN 37660	X	X		X			X		
3	FRANKLIN WOODS COMMUNITY HOSPITAL 300 MED TECH PARKWAY JOHNSON CITY,TN 37604	X	X					X		
4	SYCAMORE SHOALS HOSPITAL 1501 W ELK AVENUE ELIZABETHTON,TN 37643	X	X					X		
5	RUSSELL COUNTY MEDICAL CENTER 58 CARROLL STREET LEBANON,VA 24266	X	X					X		
6	JOHNSON COUNTY COMMUNITY HOSPITAL 1901 S SHADY STREET MOUNTAIN CITY,TN 37683	X				X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: JOHNSON CITY MEDICAL CENTER

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: INDIAN PATH MEDICAL CENTER

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: FRANKLIN WOODS COMMUNITY HOSPITAL

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: SYCAMORE SHOALS HOSPITAL

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: RUSSELL COUNTY MEDICAL CENTER

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: JOHNSON COUNTY COMMUNITY HOSPITAL

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **11**

Name and address	Type of Facility (Describe)
1 See Additional Data Table	

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 A COST TO CHARGE RATIO WAS DERIVED FROM THE SCHEDULE H APPLICABLE WORKSHEETS, INCLUDING WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGES

Identifier	ReturnReference	Explanation
		PART I, LINE 7G JOHNSON COUNTY COMMUNITY HOSPITAL, A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL, OPERATES A PHYSICIAN SPECIALTY CLINIC, WHICH INCURRED AN OPERATING LOSS OF $59,254 FOR THE TWELVE MONTHS ENDING JUNE, 2011 THE SPECIALTY CLINIC INCLUDES CARDIOLOGY, ORTHOPEDICS, GENERAL SURGERY, VASCULAR SURGERY, NEPHROLOGY, ONCOLOGY, PODIATRY AND OTHER SPECIALTY SERVICES THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY AIDING WITH TRANSPORTATION ISSUES (OTHER OFFICES ARE MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION THE SPECIALTY CLINIC REPORTED 2,227 VISITS DURING THE YEAR RUSSELL COUNTY MEDICAL CENTER OPERATES A RURAL HEALTH CLINIC LOCATED IN ST PAUL, VA, ON THE BORDER OF WISE AND RUSSELL COUNTIES RIVERSIDE CLINIC FIRST OPENED IN 1991 TO PROVIDE PRIMARY CARE SERVICES TO THIS ELDERLY UNDERSERVED POPULATION THE CLINIC'S LARGEST PAYOR IS MEDICARE, WHICH ACCOUNTS FOR MORE THAN 40% OF THEIR PATIENTS DURING THE 12-MONTH REPORTING PERIOD, THE CLINIC HAD 10,101 OUTPATIENT VISITS AND INCURRED UNREIMBURSED EXPENSES OF $399,460

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF $4,097,305 IS INCLUDED IN THE STATEMENT OF FUNCTIONAL EXPENSES ON FORM 990, PART IX, LINE 25, BUT HAS BEEN SUBTRACTED FOR PURPOSES OF CALCULATING PERCENTAGES ON PART 1, LINE 7, COLUMN F

Identifier	ReturnReference	Explanation
		PART II MSHA LEADERS SUPPORT AND ENCOURAGE ALL EMPLOYEES TO VOLUNTEER TIME, MONEY, AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR MSHA EMPLOYEES BY SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NONPROFIT ORGANIZATIONS MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTH CARE, AND EDUCATION EMPLOYEES SERVED THE BOYS & GIRLS CLUB, KIWANIS CLUBS, SUSAN G KOMEN BREAST CANCER FOUNDATION, ECONOMIC DEVELOPMENT STEERING COMMITTEE FOR WASHINGTON COUNTY, THE TENNESSEE VALLEY CORRIDOR, JUNIOR ACHIEVEMENT, SALVATION ARMY, AMERICAN HEART ASSOCIATION, HANDS ON! MUSEUM, KINGSPORT TOMORROW INC , CARTER COUNTY TOMORROW, APPALACHIAN MOUNTAIN PROJECT ACCESS, WASHINGTON COUNTY EMERGENCY MEDICAL SERVICES, APPALACHIAN REGIONAL COALITION ON HOMELESSNESS, WASHINGTON COUNTY VETERAN'S MEMORIAL COMMITTEE OF THE JOHNSON CITY PARKS AND RECREATION FOUNDATION, EATING DISORDERS COALITION OF TENNESSEE, JOHNSON CITY SYMPHONY ORCHESTRA, DAWN OF HOPE, UNITED WAY, CHAMBER OF COMMERCE BOARDS, AND MANY OTHERS SOME OF THESE EMPLOYEES DEVOTED TWO WEEKS OF NORMAL WORK TIME TO OUTSIDE CHARITABLE ACTIVITIES MSHA PROVIDES SPONSORSHIPS AND OFFERS ASSISTANCE WITH COORDINATION, ADVOCACY, AND PUBLICITY, PROVIDES SPACE, OR CONTRIBUTES SUPPLIES TO SUPPORT COMMUNITY ORGANIZATIONS FOR THEIR PROGRAM ACTIVITIES MSHA PROVIDES STAFF AT ITS EXPENSE TO LOCAL AGENCIES, COMMUNITY ADVISORY BOARDS, COUNCILS, AND OTHER ORGANIZATIONS TO ASSIST WITH LEADERSHIP PROGRAMS, PLANNING, COMMITTEE PARTICIPATION, AND ASSISTANCE WITH SPECIAL EVENTS EXAMPLES INCLUDE AMERICAN RED CROSS BLOOD DRIVES, IMAGINATION LIBRARY STEERING COMMITTEE, RONALD MCDONALD HOUSE BOARD, UNITED WAY BOARD, AND OTHERS PHYSICIAN RECRUITMENT IS REPORTED IN COMMUNITY BUILDING AND INCLUDES EXPENSE TO REPLACE PHYSICIANS RETIRING OR LEAVING OUR SERVICE AREAS, INCLUDING RECRUITMENT TO ONE OF OUR FEDERALLY DESIGNATED UNDERSERVED COMMUNITIES WITHOUT MSHA'S DEDICATION TO RURAL HEALTH, THERE WOULD NOT BE AN ADEQUATE NUMBER OF PHYSICIANS TO SERVE THIS PATIENT POPULATION MSHA SUPPORTS THE ECONOMIC DEVELOPMENT OF THE REGION BY PROVIDING FINANCIAL SUPPORT AS WELL AS PAID EMPLOYEE'S TIME TO SERVE ON ECONOMIC DEVELOPMENT BOARDS EVIDENCE SHOWS THAT A HEALTHY ECONOMY RELATES TO A HEALTHIER POPULATION

Identifier	ReturnReference	Explanation
		PART III, LINE 4 WORKSHEET A WAS USED FOR PART III, LINES 2 AND 3 IN DETERMINING BAD DEBT AT COST MSHA FOLLOWS THE HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION'S PRINCIPLES AND PRACTICES BOARD ISSUED STATEMENT 15 VALUATION AND FINANCIAL STATEMENT PRESENTATION OF CHARITY CARE AND BAD DEBTS BY INSTITUTIONAL HEALTHCARE PROVIDERS ("THE STATEMENT") THE STATEMENT PROVIDES GUIDANCE ON COLLECTABILITY CRITERIA AND EMPHASIZES REVENUE RECOGNITION ONLY WHEN COLLECTIONS ARE REASONABLY ASSURED TO FURTHER EXPLAIN MSHA'S REPORTING OF BAD DEBT EXPENSE, MSHA'S FINANCIAL STATEMENTS ACCOUNT FOR BAD DEBT IN TWO LOCATIONS FIRST, A DEDUCTION FROM REVENUE LINE ITEM CALLED "CONTRA-REVENUE" CONTAINS THE MAJORITY OF MSHA'S SELF-PAY ESTIMATED BAD DEBT FOR FISCAL YEAR 2011, 95% OF TOTAL BAD DEBT WAS MOVED TO THIS LINE THIS PERCENTAGE IS SIMPLY AN ESTIMATE OF WHAT PATIENT FINANCIAL SERVICES ANTICIPATES WILL NOT BE COLLECTED AFTER ALL DEBT COLLECTION EFFORTS HAVE BEEN EXHAUSTED THIS ESTIMATE IS BASED ON HISTORICAL INFORMATION THE REMAINING 5% OF BAD DEBT IS RECORDED IN THE EXPENSE SECTION APPROPRIATELY CALLED "BAD DEBT "THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENTS STATES "CURRENT OPERATIONS INCLUDE A PROVISION FOR BAD DEBTS IN THE CONSOLIDATED STATEMENTS OF OPERATIONS ESTIMATED BASED UPON THE AGE OF THE PATIENT ACCOUNTS RECEIVABLE, PRIOR EXPERIENCE AND ANY UNUSUAL CIRCUMSTANCES (SUCH AS LOCAL, REGIONAL OR NATIONAL ECONOMIC CONDITIONS) WHICH AFFECT THE COLLECTABILITY OF RECEIVABLES, INCLUDING MANAGEMENT'S ASSUMPTIONS ABOUT CONDITIONS IT EXPECTS TO EXIST AND COURSES OF ACTION IT EXPECTS TO TAKE "REGARDING LINE 3, IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF MSHA'S BAD DEBT EXPENSE ASSOCIATED WITH THOSE CLIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT WE ARE UNABLE TO DETERMINE OUR PATIENT'S FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US WE CAN ASSERT THAT MORE THAN 90% OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE OUR VICE PRESIDENT OF PATIENT FINANCIAL SERVICES CONSERVATIVELY ESTIMATES THAT 60% OF TOTAL BAD DEBT EXPENSE WAS ASSUMED ATTRIBUTABLE TO CLIENTS POTENTIALLY ELIGIBLE FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS WERE REPORTED USING MSHA'S FILED MEDICARE COST REPORT (C/R) THE C/R USES A COST TO CHARGE RATIO BASED ON A STEP DOWN METHOD IN CARING FOR THE PATIENT, THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NON-ALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT, COMFORT ITEMS TO INCLUDE A TELEVISION, MAGAZINES, OR A TELEPHONE ADDITIONAL NON-ALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS, PHYSICIAN GUARANTEES AND A PORTION OF THE BAD DEBT (30%) ASSOCIATED WITH THE CARE OF THE PATIENT MEDICARE LOSSES, INCLUDING SOME NON-ALLOWABLE COSTS, SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION AS A NOT-FOR-PROFIT ORGANIZATION, WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF THE COMMUNITY AND THE INDIVIDUAL WHILE MAINTAINING A HIGH LEVEL OF HEALTH CARE SERVICES WITHOUT LOSSES SINCE LOSSES DO OCCUR THROUGH THE CMS SYSTEM OF REIMBURSEMENT, THESE LOSSES ARE A COST OF DOING BUSINESS FOR OUR COMMUNITY AND SHOULD BE CONSIDERED A COMMUNITY BENEFIT AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM, MSHA IS REQUIRED TO PROVIDE THE FULL REGIMEN OF CARE FOR OUR MEDICARE POPULATION THERE ARE A NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT LEVELS BELOW OUR COST THEREFORE IT IS ONLY LOGICAL TO ALLOW MSHA TO REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT ON THIS DOCUMENT BY MAKING THIS CHANGE, NON-PROFIT PROVIDERS WILL BE ENCOURAGED TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B MSHA FOLLOWS A STRONG COLLECTION PROGRAM THAT COMMUNICATES FINANCIAL RESPONSIBILITY TO THE PATIENT PRIOR TO SERVICE COLLECTION PRACTICES APPLY TO ALL PATIENTS, CHARITY AND NON-CHARITY IN ROUTINE CIRCUMSTANCES WHEN IT IS DETERMINED THAT A PATIENT HAS NOT RESPONDED TO REQUESTS FOR PAYMENT, AN ACCOUNT CAN BE REFERRED TO AN OUTSIDE COLLECTION AGENCY FOR COLLECTION ASSISTANCE MSHA ENSURES THAT OUTSIDE COLLECTION AGENCIES FOLLOW HOSPITAL BILLING AND COLLECTION GUIDELINES ONCE A DELINQUENT PATIENT ACCOUNT HAS BEEN SUBMITTED TO AN OUTSIDE COLLECTION AGENCY IT CAN BE RETRACTED IF IT IS DETERMINED THAT THE PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE ALL REQUESTS FOR FINANCIAL ASSISTANCE MUST BE ACCOMPANIED BY A COMPLETED FINANCIAL ASSESSMENT FORM AND SUPPORTING DOCUMENTATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 8 MSHA SUBMITS COMMUNITY BENEFIT DATA TO THE VIRGINIA HEALTH AND HOSPITAL ASSOCIATION (VHHA) AND THE HOSPITAL ALLIANCE OF TENNESSEE (HAT) VHHA COMBINES DATA FROM ALL SOURCES TO DEMONSTRATE THE COMMUNITY BENEFITS PROVIDED BY BOTH FOR-PROFIT AND NOT-FOR-PROFIT HOSPITALS AND HEALTH SYSTEMS TO THE STATE OF VIRGINIA HAT PROVIDES ITS MEMBERS AND TENNESSEE LEGISLATORS WITH COMMUNITY BENEFIT DATA IN AN EFFORT TO PROVIDE A CLEAR PICTURE OF NOT-FOR-PROFIT HEALTH SYSTEM'S INVESTMENT IN THE COMMUNITIES THEY SERVE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 DURING FISCAL YEAR 2008 AND FISCAL YEAR 2009, MSHA CONDUCTED THE LARGEST COMMUNITY HEALTH NEEDS ASSESSMENT IN ITS HISTORY IN AN EFFORT TO PROFILE THE HEALTH OF THE RESIDENTS WITHIN THE LOCAL REGION THE ASSESSMENT FOCUSED ON STATE, REGIONAL, AND COUNTY SPECIFIC DATA COLLECTION THIS ASSESSMENT ALSO INCLUDED PRIMARY DATA COLLECTED THROUGH APPROXIMATELY 50 ONE-ON-ONE INTERVIEWS THOSE INTERVIEWED WERE INDIVIDUALS FROM AROUND THE REGION WHICH INCLUDED LOCAL AND STATE GOVERNMENT OFFICIALS, HEALTH DEPARTMENT REPRESENTATIVES, PHYSICIANS, GENERAL PUBLIC, LOCAL INDUSTRY, CIVIC ORGANIZATIONS, EDUCATION OFFICIALS, AND COMMUNITY RESOURCE GROUPS THIS INFORMATION WAS COLLECTED, AND THEN ANALYZED, AND A SUMMARY OF THE FINDINGS WAS LISTED IN AN EFFORT TO OBTAIN A MORE DETAILED SNAPSHOT SPECIFIC TO EACH COUNTY LOCATED THROUGHOUT THE MSHA SERVICE AREA THIS INFORMATION WAS REVIEWED BY MSHA'S STRATEGIC PLANNING TEAM ALONG WITH GOVERNMENT RELATIONS AND QUALITY DEPARTMENTS THE MSHA STEERING COMMITTEE IDENTIFIED CHILDHOOD OBESITY AS THE HEALTH DISPARITY TARGETED FOR IMPROVEMENT DURING FISCAL YEAR 2009, MSHA BEGAN COLLABORATIVE EFFORTS WITH EAST TENNESSEE STATE UNIVERSITY'S COLLEGE OF PUBLIC HEALTH TO DEVELOP THE MSHA-ETSU OBESITY COLLABORATIVE COMMITTEE THE FOCUS OF THIS COMMITTEE IS TO PULL TOGETHER MANY PARTNERS AND ORGANIZATIONS IN COLLABORATION TO REDUCE THE LEVEL OF CHILDHOOD OBESITY THROUGHOUT NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA DURING FISCAL YEAR 2011, THE COMMITTEE OFFERED 25 SEED GRANTS OF $2,000 EACH TO LOCAL COMMUNITY ORGANIZATIONS SUCH AS CHURCHES, COMMUNITY GROUPS, SCHOOLS, AND EMPLOYERS THAT WANT TO EXPLORE OBESITY REDUCTION EFFORTS IN ADDITION TO THE GRANTS PROGRAM, AN ANNUAL SYMPOSIUM IS PROVIDED FREE TO THE REGION AND AVAILABLE TO RESIDENTS AND COMMUNITY GROUPS NATIONAL, REGIONAL, AND LOCAL EXPERTS SHARE INFORMATION ON TRENDS REGARDING CHILDHOOD OBESITY AND PROVEN COMMUNITY-BASED STRATEGIES TO REDUCE THE PREVALENCE MOUNTAIN STATES HEALTH ALLIANCE DOCUMENTED ITS CORPORATE RESPONSIBILITY PROGRAMS, PARTNERSHIPS, AND ACTIVITIES FOR COMMUNITY BENEFIT AND SOCIAL RESPONSIBILITY IN THE 2011 SOCIAL RESPONSIBILITY PLAN (THE PLAN) THE PLAN PROVIDES THE STRATEGIC DIRECTION OF SOCIAL RESPONSIBILITY FOR THE ORGANIZATION MSHA CREATED A SOCIAL RESPONSIBILITY COMMITTEE TO ENSURE A STRATEGIC COMMITMENT TO THE ORGANIZATION'S SOCIAL RESPONSIBILITY THROUGH NEEDS PRIORITIZED FROM THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) THE CHNA IDENTIFIES SEVERAL PRIORITIES TO FOCUS THE ORGANIZATION'S COMMUNITY BENEFIT, COMMUNITY BUILDING AND OTHER INITIATIVES TO IMPACT THE HEALTH OF INDIVIDUALS AND COMMUNITIES WITHIN THE DEFINED SERVICE AREA THE COMMITTEE MEETS ON A QUARTERLY BASIS AND INCLUDES MSHA BOARD MEMBERS, THE DEAN OF PUBLIC HEALTH AT EAST TENNESSEE STATE UNIVERSITY, THE PRESIDENT AND CEO OF UNITED WAY OF WASHINGTON COUNTY, TENNESSEE, MSHA'S CEO AND OTHER EXECUTIVES AS WELL AS OTHER COMMUNITY LEADERS THE FOUNDATION OF MSHA'S SOCIAL RESPONSIBILITY IS THE CHNA TO PRIORITIZE FUTURE HEALTH IMPROVEMENT INITIATIVES TO BE COMPLETED IN COLLABORATION WITH LOCAL RESOURCES THE PROJECT FULLY SUPPORTS THE MSHA MISSION TO "IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH" THE ASSESSMENT FOCUSES ON MSHA'S THIRTEEN CORE COUNTIES ACTIVITIES ASSOCIATED WITH THE DEVELOPMENT OF THIS ASSESSMENT INCLUDE STATE, REGIONAL AND COUNTY-SPECIFIC SECONDARY DATA COLLECTION AND PRIMARY DATA OBTAINED THROUGH OVER 56 SURVEYS WITH INDIVIDUALS FROM THE LOCAL COMMUNITIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 MSHA PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEB SITE AND ON POSTERS PLACED IN PROMINENT AREAS SUCH AS ADMITTING AREAS, EMERGENCY DEPARTMENTS AND PATIENT PAYMENT (CASHIER) LOCATIONS PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN THE PATIENT'S ADMITTING PAPERWORK POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON MSHA'S FINANCIAL ASSISTANCE POLICY MSHA ALSO HAS FINANCIAL COUNSELORS WHICH COMMUNICATE THE PATIENT'S FINANCIAL RESPONSIBILITY PRIOR TO SERVICE AS WELL AS PROVIDE EDUCATION ON MSHA'S FINANCIAL ASSISTANCE POLICY THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS TENNCARE OR MEDICAID IN ADDITION, MSHA CONTRACTS WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES FIRSTSOURCE SOLUTIONS USA DETERMINES A PATIENT'S ELIGIBILITY IN MEDICAL COVERAGE OPTIONS AND ASSISTS WITH THEIR ENROLLMENT MSHA BEARS THE COST FOR THE FIRSTSOURCE SOLUTIONS USA PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 MSHA SERVES THE HEALTHCARE NEEDS OF 29 APPALACHIAN COUNTIES IN TENNESSEE, SOUTHWEST VIRGINIA, KENTUCKY AND NORTH CAROLINA SOME OF THE COUNTIES MSHA SERVES ARE FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS MSHA OPERATES 2 CRITICAL ACCESS HOSPITALS, DICKENSON COMMUNITY HOSPITAL IN VIRGINIA AND JOHNSON COUNTY COMMUNITY HOSPITAL IN TENNESSEE THESE TWO FACILITIES OPERATE IN FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS THE HEALTH STATUS OF THE POPULATION IN MSHA'S SERVICE AREA IS GENERALLY POOR THE SERVICE AREA EXTENDS TO SOME OF THE POOREST RURAL COUNTIES IN THE REGION WITH A POVERTY RATE OF ALMOST 30% SOME OF THE MOST WELL OFF COUNTIES IN MSHA'S SERVICE AREA STILL HAVE A MEDIAN HOUSEHOLD INCOME LOWER THAN STATE AND NATIONAL AVERAGES RURAL SERVICE AREA COUNTIES SHARE COMMON CHALLENGES OF 1 HIGH RATES OF UNINSURED2 HIGH PREVALENCE OF OBESITY3 HIGH PREVALENCE OF DIABETES

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE MAJORITY OF MSHA'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA ONLY TWO EMPLOYEES ARE ON THE MSHA BOARD OF DIRECTORS THE CEO PAID BY MSHA AND A PHYSICIAN WHO IS PAID BY A RELATED ORGANIZATION PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALED ARE EXTENDED PRIVILEGES BY MSHA MSHA IS DEDICATED TO OPERATING OUR FACILITIES EFFICIENTLY SO THAT WASTE IS MINIMIZED AND SURPLUSES MAY BE APPLIED TO MAINTAINING ADEQUATE FACILITIES AND EQUIPMENT FOR THE CARE FOR OUR PATIENTS VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 MOUNTAIN STATES HEALTH ALLIANCE (MSHA) PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY, AND NORTH CAROLINA EACH HOSPITAL IS FULLY ACCREDITED, MOST BY THE JOINT COMMISSION MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 13 HOSPITALS 9 FACILITIES ARE WHOLLY-OWNED AND 4 ARE MAJORITY OWNED THIS FORM 990 ENCOMPASSES 9 WHOLLY-OWNED FACILITIES 8 FACILITIES IN TENNESSEE AND 1 IN VIRGINIA EACH FACILITY IN THIS FORM 990 IS ACCREDITED BY THE JOINT COMMISSION WITH THE EXCEPTION OF JCCH JCCH RECEIVES CERTIFICATION THROUGH THE STATE OF TENNESSEE SINCE IT IS A CRITICAL ACCESS HOSPITAL IN ADDITION TO THE WHOLLY-OWNED HOSPITALS WITHIN THIS REPORTING FEDERAL EMPLOYER IDENTIFICATION NUMBER, MSHA ALSO HAS MAJORITY OWNERSHIP IN 4 HOSPITALS IN SOUTHWEST VIRGINA IN ADDITION TO OUR ACUTE CARE HOSPITALS, OUR SYSTEM ALSO INCLUDES SUCH SERVICES AS PRIMARY / SPECIALTY PHYSICIAN PRACTICES, URGENT CARE CENTERS, EMERGENCY DEPARTMENTS, OCCUPATIONAL MEDICINE, REHABILITATION, TRANSPLANT, OUTREACH LABORATORY, MENTAL HEALTH, NEONATAL INTENSIVE CARE, A NACHRI AFFILIATED CHILDREN'S HOSPITAL, RENAL DIALYSIS, ST JUDE'S ONCOLOGY, INPATIENT / OUTPATIENT SURGERY, SKILLED NURSING, HOME HEALTH, AIR AMBULANCE TRANSPORT, AN ORGAN TRANSPLANT DEPARTMENT, AND MORE WITH THESE ADDITIONAL FACILITIES AND SERVICES, MSHA EXTENDS A HIGHLY EFFECTIVE HEALTH CARE DELIVERY SYSTEM SINCE OUR SYSTEM IS BOTH HORIZONTALLY AND VERTICALLY INTEGRATED, PATIENTS CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES OUR FLAGSHIP FACILITY, JOHNSON CITY MEDICAL CENTER IS AT THE CORE OF OUR SYSTEM OFFERING FULL SERVICE TERTIARY CARE IN ADDITION TO OUR HOSPITALS, MSHA IS THE SOLE MEMBER OF BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC) MSHA EXTENDS AN INTEGRATED HEALTHCARE DELIVERY SYSTEM THROUGH BRMMC TO INCLUDE MULTIPLE PRIMARY AND SPECIALTY CARE PATIENT ACCESS CENTERS AND NUMEROUS OUTPATIENT CARE SITES, INCLUDING URGENT CARE CENTERS, OCCUPATIONAL MEDICINE SERVICES, A SAME DAY SURGERY CENTER, AND OUTPATIENT REHABILITATION MSHA COUNTY-SPECIFIC OPERATIONS ARE GOVERNED BY A COMMUNITY BOARD OF DIRECTORS COUNTY BOARDS REPORT TO A SYSTEM LEVEL BOARD OF DIRECTORS ALL BOARDS ARE PRIMARILY COMPOSED OF LOCAL COMMUNITY RESIDENTS

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

Additional Data

Software ID:
Software Version:
EIN: 62-0476282
Name: MOUNTAIN STATES HEALTH ALLIANCE

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **11** Name and address	Type of Facility (Describe)
JCMC AMBULATORY SURGERY CENTER 400 N STATE OF FRANKLIN ROAD JOHNSON CITY,TN 37604	LICENSED AMBULATORY SURGERY CENTER
MOUNTAIN STATES IMAGING CENTER 301 MED TECH PARKWAY STE 100 JOHNSON CITY,TN 37604	LICENSED OUTPATIENT DIAGNOSTIC CENTER
FRANKLIN TRANSITIONAL CARE 400 N STATE OF FRANKLIN ROAD JOHNSON CITY,TN 37604	LICENSED SKILLED NURSING FACILITY
MOUNTAIN STATES DIAGNOSTIC CENTER 1 PROFESSIONAL PARK DRIVE 16 JOHNSON CITY,TN 37604	LICENSED OUTPATIENT DIAGNOSTIC CENTER
INDIAN PATH TRANSITIONAL CARE 2000 BROOKSIDE DRIVE KINGSPORT,TN 37660	LICENSED SKILLED NURSING FACILITY
MED CENTER HOME CARE - JOHNSON CITY 101 MED TECH PARKWAY STE 100 JOHNSON CITY,TN 37604	LICENSED HOME HEALTH AGENCY
MEDICAL CENTER HOME CARE - KINGSPORT 2020 BROOKSIDE DRIVE 28 KINGSPORT,TN 37660	LICENSED HOME HEALTH AGENCY
RUSSELL CO MED CENTER HOME HEALTH 116 FLANNAGAN AVE LEBANON,VA 24266	LICENSED HOME HEALTH AGENCY
MEDICAL CENTER HOSPICE 10101 MED TECH PARKWAY STE 100 JOHNSON CITY,TN 37604	LICENSED HOSPICE AGENCY
JOHNSON COUNTY HOME HEALTH 1987 S SHADY STREET MOUNTAIN CITY,TN 37683	LICENSED HOME HEALTH AGENCY
RUSSELL COUNTY MEDICAL CENTER HOSPICE 116 FLANNAGAN AVE LEBANON,VA 24266	LICENSED HOSPICE AGENCY

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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
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

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) ETSU807 UNIVERSITY PKWY JOHNSON CITY,TN 37614	62-6021046	501(C)(3)	20,450	214	COST	PRINT SUPPLIES FOR MEDICAL SYMPOSIUM	SUPPORT FIT KIDS PROGRAM
(2) CARESPARKPO BOX 657 125 BROAD STREET KINGSPORT,TN 37662	20-2694144	501(C)(3)	53,027				SUPPORT DEVELOPMENT OF SHARED HEALTH INFORMATION TO IMPROVE PATIENT CARE
(3) SUSAN KOMEN BREAST CANCER FOUNDATION POBOX 5835 KINGSPORT,TN 37663	84-1689067	501(C)(3)	25,164	196	COST	PRINT SUPPLIES FOR FUNDRAISING BROCHURE	BREAST CANCER RESEARCH
(4) HANDS ON REGIONAL MUSEUM315 E MAIN STREET JOHNSON CITY,TN 37601	62-1282542	501(C)(3)	7,500				SUPPORT LOCAL INTERACTIVE CHILDREN'S MUSEUM
(5) CITY OF JOHNSON CITY601 E MAIN STREET JOHNSON CITY,TN 37601	62-6000320	115	9,500	2,290	COST	PRINT SUPPLIES	SPONSOR ECONOMIC DEVELOPMENT AND OTHER PROGRAMS/EVENTS
(6) COALITION FOR KIDS PO BOX 3156 JOHNSON CITY,TN 37602	62-1765487	501(C)(3)	2,000	6,560	COST	PRINT SERVICES AND POSTAGE	GRANT TO COMBAT CHILDHOOD OBESITY
(7) BOYS AND GIRLS CLUB OF KINGSPORTPO BOX 784 213 LEE STREET KINGSPORT,TN 37662	62-0481370	501(C)(3)	20,000				GENERAL SUPPORT
(8) CROSSROADS MEDICAL MISSIONPO BOX 16852 BRISTOL,VA 24209	54-2038877	501(C)(3)	12,500				SUPPORT REMOTE AREA MEDICAL CARE
(9) LINCOLN THEATRE117 E MAIN STREET PO BOX 664 MARION,VA 24354	54-1477479	501(C)(3)	12,500				SUPPORT PERFORMING ARTS
(10) ETSU FOUNDATION PO BOX 70721 JOHNSON CITY,TN 37614	23-7092731	501(C)(3)	51,500	81	COST	PRINT MEDICAL SYMPOSIUM BROCHURE	SUPPORT INDIGENT CLINIC AND FIT KIDS PROGRAM
(11) RUSSELL COUNTY CAREER & TECHNOLOGY PO BOX 849 304 CAREER TECH DRIVE LEBANON,VA 24266	54-6001591	501(C)(3)		17,474	COST	MEDICAL SUPPLIES	SUPPORT HEALTH PROFESSIONS EDUCATION

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 11

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

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 MSHA ADHERED TO THE FOLLOWING CRITERIA FOR OUR CONTRIBUTIONS TO ORGANIZATIONS IN THE REGION HEALTHCARE THE ORGANIZATION ENHANCED OR IMPROVED ACCESS FOR THE UNINSURED OR UNDERINSURED POPULATION OR SUPPORTED A PROGRAM TO IMPROVE THE HEALTH OF OUR CHILDREN (I E , CHILDHOOD OBESITY PREVENTION) EDUCATION THE ORGANIZATION PROVIDED A PROGRAM TO IMPROVE EDUCATION OF THE CHILDREN IN OUR REGION ALL THE WAY TO COLLEGE AGE STUDENTS (RN NURSING PROGRAMS) QUALITY OF LIFE THE ORGANIZATION OFFERED PROGRAMS TO ENHANCE THE QUALITY OF LIFE WHICH IS IMPORTANT IN THE RECRUITMENT EFFORTS OF BUSINESSES IN THE REGION AS WE WORK TO ATTRACT AND RETAIN THE BEST TALENT FOR THE SUPPORTED PROGRAMS, METRICS WERE ESTABLISHED TO DETERMINE THE SUCCESS (OR FAILURE) OF EACH PROGRAM TO WHICH MSHA CONTRIBUTES AS THE DEPRESSED ECONOMIC SITUATION CONTINUED DURING FY11, THE CRITERIA USED IN THE DECISION MAKING PROCESS FOR MAJOR DONATIONS WAS REVISED TO SUPPORT THOSE PROGRAMS WHICH FOCUSED ON HEALTH AND WELLNESS INITIATIVES, PARTICULARLY THOSE FIGHTING CHILDHOOD OBESITY

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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
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

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				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	BOARD MEMBERS AND TEAM MEMBERS OF MSHA ARE NOT PERMITTED TO TRAVEL FIRST-CLASS WITH THE EXCEPTION OF MSHA'S CEO AS SANCTIONED BY MSHA'S BOARD OF DIRECTORS, MSHA'S CEO IS PERMITTED TO TRAVEL FIRST-CLASS WHEN THE FLIGHT'S DURATION IS GREATER THAN TWO HOURS DUE TO THE LENGTH OF SUCH FLIGHTS, THE BOARD BELIEVES IT IS IN THE BEST INTEREST OF MSHA FOR THE CEO TO TRAVEL FIRST-CLASS CHARTER TRAVEL IS LIMITED TO MSHA BUSINESS TRIPS THAT INCLUDE NUMEROUS TRAVELERS AND WHICH CAN BE JUSTIFIED BASED UPON FINANCIAL AND/OR ESSENTIAL TIME SAVINGS CHARTER FLIGHTS MUST BE APPROVED BY THE CEO PRIOR TO BOOKING THE FLIGHT
	PART I, LINE 4B	THE FOLLOWING EXECUTIVES LISTED IN SCHEDULE J, PART II PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MSHA ANN FLEMING, CANDACE JENNINGS, MONTY MCLAURIN, CINDY SALYER, BRAD NURKIN, MORRIS SELIGMAN,STEVE KILGORE, AND JAMIE PARSONS THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE " IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65 HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN) THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24 MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 62-0476282
Name: MOUNTAIN STATES HEALTH ALLIANCE

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
DENNIS VONDERFECHT	(I)	639,736	141,752	74,137	19,600	22,864	898,089	0
	(II)	0	0	0	0	0	0	0
WILLIAM WALKER MD	(I)	0	0	0	0	0	0	0
	(II)	512,691	98,124	1,189	0	1,615	613,619	0
MARVIN EICHORN	(I)	422,229	115,646	59,178	188,316	20,917	806,286	0
	(II)	0	0	0	0	0	0	0
DALE CLAYTORE	(I)	171,000	28,881	17,116	8,550	2,856	228,403	0
	(II)	0	0	0	0	0	0	0
ANN FLEMING	(I)	328,461	72,944	41,390	48,481	17,108	508,384	0
	(II)	0	0	0	0	0	0	0
CANDACE JENNINGS	(I)	354,039	91,919	13,018	51,539	20,416	530,931	0
	(II)	0	0	0	0	0	0	0
LYNN KRUTAK	(I)	200,939	39,904	2,016	13,403	16,909	273,171	0
	(II)	0	0	0	0	0	0	0
MONTY MCLAURIN	(I)	253,584	60,997	9,877	26,340	27,784	378,582	0
	(II)	0	0	0	0	0	0	0
CINDY SALYER	(I)	179,548	35,558	17,076	20,422	21,042	273,646	0
	(II)	0	0	0	0	0	0	0
SHANE HILTON	(I)	179,001	9,129	5,457	11,090	20,332	225,009	0
	(II)	0	0	0	0	0	0	0
PAT NIDAY	(I)	143,084	8,820	4,212	6,000	21,602	183,718	0
	(II)	0	0	0	0	0	0	0
BRAD NURKIN	(I)	193,067	0	51,639	9,808	10,429	264,943	0
	(II)	0	0	0	0	0	0	0
STEVE KILGORE	(I)	270,098	62,796	6,417	30,631	22,168	392,110	0
	(II)	0	0	0	0	0	0	0
JAMIE PARSONS	(I)	198,788	46,144	9,055	20,134	10,308	284,429	0
	(II)	0	0	0	0	0	0	0
CHAO LEE MD	(I)	308,922	0	438	9,692	15,963	335,015	0
	(II)	0	0	0	0	0	0	0
TONY BENTON JR	(I)	179,605	47,651	11,728	11,100	17,692	267,776	0
	(II)	0	0	0	0	0	0	0
MORRIS SELIGMAN	(I)	392,982	53,556	38,713	40,385	28,645	554,281	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE CITY OF JOHNSON CITY TN	62-1464028		05-27-2010	16,000,000	ACQUIRE HOSPITAL EQUIPMENT		X		X		X
B	HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE CITY OF JOHNSON CITY TN	62-1464028	478271JH3	04-29-2010	205,877,528	PARTIAL REFUNDING OF BONDS ISSUED 12/14/07 AND 2/20/2008		X		X		X
C	INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY VA	52-1324605	938740CF2	03-31-2009	124,301,533	CONSTRUCT & EQUIP HOSPITAL FACILITIES, INCLUD'G REFINANCING OF TAXABLE DEBT		X		X		X
D	HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE CITY OF JOHNSON CITY TN	62-1464028	478271HL6	02-20-2008	127,000,000	ACQUIRE,CONSTRUCT & EQUIP HOSP FACILITIES,INCLUD'G REFINANCING TAXABLE DEBT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,989,299			59,900,000
2	Amount of bonds legally defeased				
3	Total proceeds of issue	7,121,143	18,340,116	18,570,379	1,745,703
4	Gross proceeds in reserve funds	18,340,116	18,340,116	12,131,763	
5	Capitalized interest from proceeds	2,719,265			2,719,265
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	45,000	3,476,394	2,481,706	1,953,563
8	Credit enhancement from proceeds	324,975			324,975
9	Working capital expenditures from proceeds	4,473,649			4,473,649
10	Capital expenditures from proceeds	8,835,764		94,192,104	105,490,018
11	Other spent proceeds				
12	Other unspent proceeds	7,121,143	21,469,689	6,438,617	926,968
13	Year of substantial completion				

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLENTAL INFORMATION		1 COMMENT ON SCHEDULE K, PART I, LINES B, C, D, AND E MOUNTAIN STATES HEALTH ALLIANCE OWNS AND/OR OPERATES HOSPITALS IN A NUMBER OF DIFFERENT LOCATIONS BOTH IN TENNESSEE AND IN VIRGINIA AS A RESULT, MOUNTAIN STATES HEALTH ALLIANCE MUST UTILIZE CONDUIT GOVERNMENTAL BOND ISSUERS IN A NUMBER OF JURISDICTIONS IN ORDER TO FINANCE IMPROVEMENTS TO ITS HOSPITAL FACILITIES IN 2007, 2008, 2009 AND 2010, MOUNTAIN STATES HEALTH ALLIANCE WAS THE CONDUIT BORROWER OF TAX-EXEMPT BONDS ISSUED BY MULTIPLE ISSUERS IN TENNESSEE AND VIRGINIA FOR FEDERAL TAX PURPOSES, EVEN THOUGH DIFFERENT GOVERNMENT ISSUERS WERE INVOLVED, THESE MULTIPLE ISSUES IN EACH YEAR WERE REQUIRED TO BE TREATED, AND WERE TREATED, AS A SINGLE "ISSUE" BECAUSE THEY MET THE SINGLE "ISSUE" TEST UNDER THE APPLICABLE FEDERAL TAX REGULATIONS THEREFORE, MULTIPLE ISSUERS ARE LISTED UNDER LINES B, C, D AND E BECAUSE THE BONDS THAT WERE ISSUED WERE PART OF A SINGLE "ISSUE" FOR FEDERAL TAX PURPOSES 2 COMMENT ON SCHEDULE K, PART II, LINE 3 THE INSTRUCTIONS REQUEST THE TOTAL AMOUNT OF BOND PROCEEDS "AS OF THE END OF THE 12-MONTH PERIOD" BECAUSE A SUBSTANTIAL AMOUNT OF THE PROCEEDS OF EACH ISSUE WAS SPENT AS OF THE END OF THE REPORTING PERIOD, THE TOTAL PROCEEDS AS OF THE END OF SUCH PERIOD WILL NECESSARILY BE LESS THAN THE ISSUE PRICE 3 COMMENT ON SCHEDULE K, PART II, LINE 4 CERTAIN PROCEEDS OF THE BOND ISSUES LISTED IN LINES B, C, AND F ARE DEPOSITED IN REASONABLY REQUIRED RESERVE FUNDS, THE SIZE OF EACH OF WHICH COMPLIES WITH FEDERAL TAX REGULATIONS THE AMOUNTS SHOWN ON LINE 2 OF PART II OF SCHEDULE K INCLUDE PROCEEDS HELD IN THOSE FUNDS THESE LINES ALSO INCLUDE A SMALL AMOUNT OF INVESTMENT EARNINGS RELATIVE TO THESE FUNDS THAT HAD NOT YET BEEN MOVED AS OF THE END OF THE APPLICABLE REPORTING PERIOD TO ANOTHER FUND TO BE USED TO PAY DEBT SERVICE, AS IS PERMITTED UNDER THE APPLICABLE BOND DOCUMENTS LINE 2 OF PART II OF SCHEDULE K FOR THE BOND ISSUE DESCRIBED IN LINE F ALSO INCLUDES CERTAIN MONIES HELD IN A BONA FIDE DEBT SERVICE FUND 4 COMMENT ON SCHEDULE K, PART II, LINE 9 THE BOND ISSUE DESCRIBED IN LINE D OF PART I FINANCED A SMALL AMOUNT OF WORKING CAPITAL EXPENDITURES THESE WORKING CAPITAL EXPENDITURES DIRECTLY RELATED TO THE CAPITAL EXPENDITURES THAT WERE FINANCED WITH THE PROCEEDS OF THE BONDS THEREFORE THE PROCEEDS OF THESE BONDS COULD BE ALLOCATED TO SUCH WORKING CAPITAL EXPENDITURES PURSUANT TO SECTION 1 148-6(D)(3)(V) OF THE TREASURY REGULATIONS 5 COMMENTS ON SCHEDULE K, PART IV, LINE 1 AS OF THE REPORTING DATE OF THE 990, THE ONLY ARBITRAGE REBATE CALCULATION THAT WAS REQUIRED RELATED TO THE BONDS DESCRIBED IN LINE F OF PART I (THE SERIES 2006 BONDS) MOUNTAIN STATES HEALTH ALLIANCE RETAINED A REBATE CALCULATION AGENT TO CALCULATE WHETHER ANY ARBITRAGE REBATE WAS DUE WITH RESPECT TO THOSE BONDS, AND THERE WAS NEGATIVE ARBITRAGE REBATE LIABILITY IN A SIGNIFICANT AMOUNT THEREFORE, NO FORM 8038-T WAS REQUIRED TO BE FILED WITH RESPECT TO THAT BOND ISSUE 6 COMMENT ON SCHEDULE K, PART IV, LINE 4D PART IV, LINE 4D RELATIVE TO THE BOND ISSUE DESCRIBED ON LINE F SHOWS THAT THE REGULATORY SAFE HARBOR FOR ESTABLISHING FAIR MARKET VALUE OF THE GIC DESCRIBED IN LINE 4A WAS NOT SATISFIED DUE TO MARKET CONDITIONS AT THE TIME, MOUNTAIN STATES HEALTH ALLIANCE DID NOT RECEIVE THREE BIDS FOR THIS GIC HOWEVER, THE YIELD ON THE GIC WAS SO SUBSTANTIALLY BELOW THE YIELD ON THE RELEVANT BONDS THAT THERE WAS NO DOUBT THAT THE YIELD ON THE GIC DID NOT EXCEED THE APPROPRIATE YIELD ON THE RELEVANT BONDS 7 COMMENT ON SCHEDULE K, PART IV, LINE 5 THE BOND ISSUES DESCRIBED IN LINES C AND D OF PART I FINANCED SIGNIFICANT CAPITAL IMPROVEMENTS TO HOSPITAL FACILITIES THERE HAVE BEEN UNEXPECTED DELAYS IN THE CONSTRUCTION AND EQUIPPING OF CERTAIN OF THESE HOSPITAL FACILITIES, AND THEREFORE NOT ALL OF THE BOND PROCEEDS WERE SPENT WITHIN THE THREE-YEAR TEMPORARY PERIOD RELATIVE TO CONSTRUCTION PROJECTS HOWEVER, MOUNTAIN STATES HEALTH ALLIANCE HAS YIELD RESTRICTED THESE PROCEEDS AFTER THE END OF THE APPLICABLE TEMPORARY PERIOD AND/OR WILL BE MAKING A YIELD REDUCTION PAYMENT WITH RESPECT TO THOSE PROCEEDS, IF REQUIRED PORTIONS OF THE BOND ISSUES DESCRIBED IN LINE D AS WELL AS BOND ISSUES ISSUED IN 2007 WERE PARTIALLY REFUNDED BY THE BONDS DESCRIBED IN LINE B (THE SERIES 2010 BONDS), SO SOME OF THE PROCEEDS OF THE BONDS DESCRIBED IN LINE C HAVE BECOME TRANSFERRED PROCEEDS OF THE SERIES 2010 BONDS (AND ARE REPORTED UNDER THE APPROPRIATE LINES FOR THE SERIES 2010 BONDS) 8 COMMENT ON PART V MOUNTAIN STATES HEALTH ALLIANCE HAS EXECUTED DETAILED TAX CERTIFICATES REQUIRING TAX COMPLIANCE THAT ARE INTENDED TO ENSURE THAT VIOLATIONS OF FEDERAL TAX REQUIREMENTS ARE TIMELY IDENTIFIED MOUNTAIN STATES HEALTH ALLIANCE HAS ALSO RECENTLY ADOPTED SEPARATE PROCEDURES FOR SUCH PURPOSES

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE CITY OF JOHNSON CITY TN	62-1464028	478271GX1	02-14-2006	178,614,171	CONSTRUCT & EQUIP HOSPITAL FACILITIES, INCLUDING REFINANCING TAXABLE DEBT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	3,395,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	17,303,000			
4	Gross proceeds in reserve funds	17,463,000			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	2,383,533			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	127,559,187			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2011			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) DENNIS VONDERFECHT SPLIT DOLLAR LIFE INSUR LOAN		X	2,705,125	2,705,125		No	Yes		Yes	
(2) DENNIS VONDERFECHT SPLIT DOLLAR LIFE INSUR LOAN		X	900,000	938,520		No	Yes		Yes	
(3) DENNIS VONDERFECHT SPLIT DOLLAR LIFE INSUR LOAN		X	900,000	936,090		No	Yes		Yes	
(4) DENNIS VONDERFECHT SPLIT DOLLAR LIFE INSUR LOAN		X	900,000	937,530		No	Yes		Yes	
Total . . . . . ▶ $				5,517,265						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE L, PART II, LOANS TO AND FROM INTERESTED PERSONS		THE FIRST LINE ON PART II IS THE ORIGINAL LOAN AMOUNT FOR A SPLIT DOLLAR LIFE INSURANCE PLAN, WHILE THE ADDITIONAL LINES ARE ANNUAL PREMIUM FUNDINGS AND INTEREST

Additional Data

Software ID:
Software Version:
EIN: 62-0476282
Name: MOUNTAIN STATES HEALTH ALLIANCE

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction $	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
CLEM WILKES III	FAMILY MEMBER OF CLEM WILKES, JR , MSHA BOARD TREASURER	49,200	CLEM WILKES, JR , TREASURER OF THE MSHA BOARD OF DIRECTORS, IS A FAMILY MEMBER OF CLEM WILKES, III, AN EMPLOYEE OF MSHA		No
WATAUGA PATHOLOGY ASSOCIATES PC	PROVIDER OF MEDICAL SERVICES TO MSHA	320,674	DR SANDRA BROOKS, MEMBER OF THE MSHA BOARD OF DIRECTORS, SERVES AS VICE PRESIDENT OF WATAUGA PATHOLOGY ASSOCIATES, P C AND HAS AN OWNERSHIP IN THE PROFESSIONAL CORPORATION WATAUGA PATHOLOGY ASSOCIATES, P C PROVIDES MEDICAL SERVICES TO MSHA		No
PAULA CLAYTORE	FAMILY MEMBER OF DALE CLAYTORE, MSHA KEY EMPLOYEE	245,953	DALE CLAYTORE, A KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF PAULA CLAYTORE, AN EMPLOYEE OF MSHA		No
WORKSPACE INTERIORS INC	PROVIDER OF COMMERCIAL FURNISHINGS TO MSHA	267,026	ROBERT FEATHERS, CHAIRMAN OF THE MSHA BOARD OF DIRECTORS, IS OWNER OF WORKSPACE INTERIORS, INC , WHICH PROVIDES COMMERCIAL FURNISHING PRODUCTS TO MSHA TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH		No
REBEKAH HILTON	FAMILY MEMBER OF SHANE HILTON, MSHA KEY EMPLOYEE	33,447	SHANE HILTON, A KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF REBEKAH HILTON, AN EMPLOYEE OF MSHA		No
JAMES TEIXEIRA	FAMILY MEMBER OF PAT NIDAY, MSHA KEY EMPLOYEE	49,611	PAT NIDAY, A KEY EMPLOYEE OF MSHA, IS A FAMILY MEMBER OF JAMES TEIXEIRA, AN EMPLOYEE OF MSHA		No
MITCHELL HATHAWAY	FAMILY MEMBER OF JOANNE GILMER, MSHA BOARD MEMBER	94,743	JOANNE GILMER, MSHA BOARD SECRETARY, IS A FAMILY MEMBER OF MITCHELL HATHAWAY, AN EMPLOYEE OF MSHA		No
SYCAMORE SHOALS ANESTHESIA ASSOCIATES PC	PROVIDER OF MEDICAL SERVICES TO MSHA	845,445	DR DAVID MAY, MSHA BOARD MEMBER, SERVES AS BOARD CHAIR OF SYCAMORE SHOALS ANESTHESIA ASSOCIATES, P C AND HAS AN OWNERSHIP IN THE PROFESSIONAL CORPORATION SYCAMORE SHOALS ANESTHESIA ASSOCIATES, P C PROVIDES MEDICAL SERVICES TO MSHA		No

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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
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

Identifier	Return Reference	Explanation
DOING BUSINESS AS	FORM 990, PART I, ITEM C	SYCAMORE SHOALS HOSPITAL INDIAN PATH MEDICAL CENTER WOODRIDGE HOSPITAL FOR BEHAVIORAL HEALTH SERVICES FRANKLIN WOODS COMMUNITY HOSPITAL JOHNSON COUNTY COMMUNITY HOSPITAL NISWONGER CHILDREN'S HOSPITAL RUSSELL COUNTY MEDICAL CENTER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4		THE MEMBERSHIP OF THE MSHA CORPORATION VOTED TO AMEND THE CHARTER OF THE CORPORATION TO CREATE TWO CLASSES OF MEMBERS, A & B THE CLASS A MEMBERS ARE WHAT IS TRADITIONALLY CONSIDERED MEMBERS, HAVING THE ABILITY TO ELECT OFFICERS AND VOTE ON CERTAIN ACTIONS OF THE CORPORATION ALL EXISTING MEMBERS AUTOMATICALLY BECOME CLASS A MEMBERS, AND WILL REMAIN CLASS A MEMBERS SO LONG AS THEY PARTICIPATE IN TWO EDUCATIONAL SESSIONS ANNUALLY OFFERED BY THE CORPORATION PERSONS DESIRING TO BECOME NEW CLASS A MEMBERS MUST CONTRIBUTE $500 UPON APPLICATION, CONTRIBUTE $100 ANNUALLY THEREAFTER, AND PARTICIPATE IN THE TWO ANNUAL EDUCATION SESSIONS CLASS B MEMBERS ARE ANY FORMER CLASS A MEMBERS WHO FAILED TO MAINTAIN THE REQUIREMENTS OF CLASS A MEMBERSHIP, OR ANY ONE APPLYING TO BECOME A CLASS B MEMBER AND CONTRIBUTING $100 AT APPLICATION CLASS B MEMBERS HAVE NO VOTE, BUT CAN ATTEND AND PARTICIPATE IN THE MEETINGS AND EDUCATION SESSIONS OF THE CLASS A MEMBERSHIP, BUT ARE NOT REQUIRED TO

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE CORPORATION HAS MEMBERS AS FULLY DESCRIBED IN RESPONSE TO NUMBER 4 ABOVE

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE CLASS A MEMBERS ANNUALLY ELECT MEMBERS TO THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		CERTAIN DECISIONS OF THE BOARD ARE, PURSUANT TO TENNESSEE STATUTE, SUBJECT TO APPROVAL BY THE CLASS A MEMBERS THESE DECISIONS INCLUDE DISSOLUTION OF THE CORPORATION, MERGER OF THE CORPORATION, NON-ORDINARY COURSE OF BUSINESS SALE OF ASSETS, ETC NO ORDINARY DAY-TO-DAY DECISIONS ARE SUBJECT TO MEMBER APPROVAL

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		MSHA'S FORM 990 WAS REVIEWED BY MSHA'S BOARD OF DIRECTORS PRIOR TO SUBMITTING THE RETURN TO THE IRS MSHA'S CFO AND SENIOR VICE-PRESIDENT PRESIDED OVER THE BOARD REVIEW THE BOARD MEMBERS WERE PROVIDED ELECTRONIC ACCESS TO THE FORM 990 AND SCHEDULES PRIOR TO THE IN-PERSON REVIEW TO ALLOW MEMBERS ADEQUATE TIME TO LOOK OVER THE RETURN

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ANNUALLY, THE AUDIT AND COMPLIANCE DEPARTMENT OF THE CORPORATION FORWARDS THE POLICY AND THE CONFLICT OF INTEREST DISCLOSURE FORMS TO ALL COVERED PERSONS EACH PERSON IS REQUIRED TO PROVIDE A COMPLETED DISCLOSURE FORM, NOTING ANY CONFLICTS OR ATTESTING THEY HAVE "NONE", AND THEN FORWARD THOSE BACK TO THE AUDIT AND COMPLIANCE DEPARTMENT ANY DISCLOSURES ARE FORWARDED TO THE APPROPRIATE MANAGEMENT OR BOARD PERSONNEL TO EVALUATE AND UTILIZE WHEN A TRANSACTION INVOLVING A CONFLICTED PERSON ARISES ADDITIONALLY, PERSONNEL WHO HAVE A CONFLICT ARISE BETWEEN THE ANNUAL DISTRIBUTION OF THE POLICY AND FORMS ARE REQUIRED TO DISCLOSE THE CONFLICT, AND WOULD BE DISCIPLINED IN ANY INSTANCE WHERE THEY HAVE NOT DISCLOSED AND ENGAGED IN A CONFLICTED TRANSACTION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE, WHICH IS THE EXECUTIVE COMMITTEE OF THE MSHA BOARD, OBTAINS THE SERVICES OF AN OUTSIDE AND INDEPENDENT COMPENSATION CONSULTANT TO PROVIDE THE COMMITTEE WITH RELEVANT MARKET DATA FROM COMPENSATION SURVEYS AND WITH ADVICE WHEN THE COMMITTEE MAKES RECOMMENDATIONS ON PAY AND BENEFITS FOR THE CEO OF MSHA THE BOARD ALSO APPROVES PAY AND BENEFITS FOR THE CFO THE COMPENSATION COMMITTEE REVIEWS AND HAS FINAL APPROVAL OF CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR ALL OTHER EXECUTIVES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM, AND THEY ARE MADE AVAILABLE TO THOSE PARTIES WHO OWN INDEBTEDNESS OF THE COMPANY ON A QUARTERLY AND ANNUAL BASIS

Identifier	Return Reference	Explanation
OFFICER, KEY EMPLOYEE & HIGHEST PAID COMPENSATION	FORM 990, PART VII, SECTION A	LYNN KRUTAK, CFO AND MSHA KEY EMPLOYEE, IS PAID BY MSHA BLUE RIDGE MEDICAL MANAGEMENT CORPORATION (BRMMC) REIMBURSES MSHA FOR 50% OF KRUTAK'S SALARY AND BENEFITS MSHA IS THE SOLE MEMBER OF BRMMC KRUTAK DEVOTES AN EQUAL AMOUNT OF TIME BETWEEN MSHA AND BRMMC STEVE KILGORE, REPORTABLE AS A HIGHEST COMPENSATED EMPLOYEE, IS PAID BY MSHA AND HIS SALARY AND BENEFITS ARE FULLY REIMBURSED TO MSHA BY BRMMC DR WILLIAM WALKER, MSHA BOARD MEMBER, HAS REPORTABLE COMPENSATION AND BENEFITS PAID BY BRMMC DR WALKER IS A CARDIOVASCULAR THORACIC SURGEON IN A MEDICAL PRACTICE OWNED BY BRMMC HE DOES NOT RECEIVE COMPENSATION FOR HIS MSHA BOARD SERVICE CERTAIN EXECUTIVES OF THE ORGANIZATION, SUCH AS THE CEO AND SR VP/CFO, PROVIDE SERVICES TO SOME OR ALL OF THE ORGANIZATIONS RELATED TO MSHA

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	PSHP CHARITABLE CONTRIBUTIONS NOT ON BOOKS 19,300 PSHP PORTFOLIO EXPENSES NOT ON BOOKS 3 TEMPORARILY RESTRICTED GRANTS 59,978 CHANGE IN FAIR VALUE OF DERIVATIVES 36,801,826 PARTNERSHIP INCOME NOT ON BOOKS -229,487 PSHP INTEREST INCOME NOT ON BOOKS -9,125 PSHP CAPITAL LOSSES NOT ON BOOKS 17,102 TOTAL TO FORM 990, PART XI, LINE 5 36,659,597

Identifier	Return Reference	Explanation
MISSION & SIGNIFICANT ACTIVITIES	FORM 990, PART I, LINE 1	MSHA IS COMMITTED TO OUR MISSION OF BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN THE 29-COUNTY AREA WE SERVE, HELPING THEM ATTAIN THEIR HIGHEST LEVEL OF HEALTH MSHA DELIVERS THIS CARE THROUGH THE PHILOSOPHY OF PATIENT-CENTERED CARE, AND THE DEVELOPMENT OF COMPREHENSIVE STRATEGIC PLANNING AND IMPLEMENTATION MSHA OPENED A NEW REPLACEMENT HOSPITAL IN EARLY FY11, FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH), A CERTIFIED "GREEN" FACILITY AND THE FIRST "GREEN" HOSPITAL IN THE STATE OF TENNESSEE FWCH REPLACED NORTH SIDE AND SPECIALTY HOSPITALS IN JOHNSON CITY CONSTRUCTION ON A REPLACEMENT HOSPITAL FOR JOHNSTON MEMORIAL HOSPITAL (JMH) WAS COMPLETED DURING FY11 AND THE HOSPITAL OPENED DURING THE YEAR CONSTRUCTION WAS STARTED ON A REPLACEMENT FACILITY FOR SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) AS WELL, WHICH WILL OPEN DURING FY12 BOTH JMH AND SCCH ARE LOCATED IN VIRGINIA AND MAJORITY OWNED BY MSHA MSHA OFFERS UNIQUE SERVICES TO THE BROAD COMMUNITY WITH OUR NISWONGER CHILDREN'S HOSPITAL THROUGH NISWONGER CHILDREN'S HOSPITAL, THE ST JUDE CHILDREN'S HOSPITAL AFFILIATE CLINIC, WE PROVIDE THE REGION'S ONLY CHILDREN'S EMERGENCY DEPARTMENT NISWONGER CHILDREN'S ALSO PROVIDES AN N I C U , WHICH IS THE STATE DESIGNATED PERINATAL CENTER FOR THIS REGION MSHA OFFERS THE LARGEST AIR AMBULANCE SERVICE IN THE REGION WITH WINGS AIR RESCUE COVERING THE ENTIRE 29-COUNTY SERVICE AREA TO MEET ITS MISSION CLINICALLY, MSHA IS INVOLVED IN NUMEROUS QUALITY INITIATIVES AROUND THE UNITED STATES, BENCHMARKING AND IMPROVING PATIENT OUTCOMES AT OUR ACUTE CARE FACILITIES THESE EFFORTS HAVE GENERATED NATIONAL, STATE AND REGIONAL RECOGNITIONS AS MSHA CONTINUES TO IMPROVE ITS PROCESSES AND OUTCOMES MORE NARRATIVE INFORMATION IS PROVIDED ABOUT OUR HEALTH SYSTEM IN PART III AND SCHEDULE H OUR MISSION DIRECTS THE SYSTEM TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AS A RESULT, MSHA FINANCIALLY SUPPORTS MANY NON-PROFIT ORGANIZATIONS COMMITTED TO MEDICAL ASSISTANCE TO THE UNINSURED/UNDERINSURED AS WELL AS PROGRAMS TO IMPROVE THE OVERALL HEALTH AND WELLNESS OF OUR REGION

Identifier	Return Reference	Explanation
VOLUNTEERS	FORM 990, PART I, LINE 6	MOUNTAIN STATES HEALTH ALLIANCE AUXILIARY (AUXILIARY) SUPPORTS THE NUMEROUS HOSPITALS WITHIN THE MSHA SYSTEM THE AUXILIARY IS AN ACTIVE ORGANIZATION THAT CONSTANTLY LOOKS FOR AND SOLICITS RECOMMENDATIONS ON ACTIVITIES TO BENEFIT MSHA HOSPITALS, PATIENTS AND THEIR FAMILIES, AND THE COMMUNITY SINCE MSHA HAS NUMEROUS HOSPITALS OF VARYING SIZE AND SERVICES, THE OPPORTUNITY TO PROVIDE ASSISTANCE IS TREMENDOUS AND THE AUXILIARY OFTEN TAILORS ITS ACTIVITIES TO THE UNIQUE NEEDS WITHIN A SPECIFIC HOSPITAL ALTHOUGH WE REPORT ACTIVE VOLUNTEERS OF 1,759 ON PAGE 1, LINE 6, THE ACTUAL NUMBER OF VOLUNTEERS IS MUCH HIGHER WE KEEP PRECISE RECORDS ONLY FOR THOSE ACTIVE MEMBERS WHO WORK REGULARLY SCHEDULED HOURS FOR EXAMPLE, OUR VOLUNTEERS WHO SEW AND DO NEEDLEWORK, ETC INSIDE THEIR HOMES ARE NOT COUNTED OUR ACTIVE VOLUNTEERS SERVED 145,423 HOURS DURING FISCAL YEAR 2011 ALL OF OUR ACTIVE VOLUNTEERS RECEIVE ORIENTATION AND ONGOING TRAINING, AND, ALL RECEIVE AN ANNUAL EVALUATION TO PROMOTE STAKEHOLDER SAFETY, ADHERENCE TO INTERNAL COMPLIANCE STANDARDS, AND TO ENSURE A CONSISTENT PROVISION OF QUALITY SERVICE TO PATIENTS, VISITORS, AND TEAM MEMBERS SOME OF THE ACTIVITIES PROVIDED BY THE AUXILIARY VOLUNTEERS DURING FISCAL YEAR 2011 ARE REPORTED BELOW MUSICAL ENTERTAINMENT, TAPED CONCERTS AND PERFORMANCES BY LOCAL STUDENTS, CHURCHES AND COMMUNITY GROUPS ARE PLAYED ON A VOLUNTEER MUSIC CHANNEL AT JOHNSON CITY MEDICAL CENTER (JCMC) A MUSICAL EVENTS CALENDAR IS MAINTAINED ON THE INTRANET FOR ALL HOSPITALS AND IN THE DAILY "MSHA MOMENT" - AN INFORMATIONAL COMMUNICATION TO ALL TEAM MEMBERS SUNDAY AFTERNOON MUSICAL PERFORMANCES ARE GIVEN AT 5 MSHA HOSPITALS A HARMONICA PLAYER WALKS THE HALLS AND PROVIDES HARMONICA MUSIC HE WILL GO IN ANY PATIENT ROOM WHEN THE PATIENT/PATIENT FAMILY REQUESTS AND HE OFFERS FREE HARMONICAS WITH BEDSIDE LESSONS ESPECIALLY FOR CHILDREN AT OUR NISWONGER CHILDREN'S HOSPITAL THESE HARMONICA LESSONS ARE ALSO HELPFUL TO HEART PATIENTS WHO ARE HAVING TROUBLE USING THEIR BREATHING DEVICE VISUAL ARTS THE AUXILIARY PREPARES A ROTATING ART EXHIBIT AT JCMC AND INDIAN PATH MEDICAL CENTER (IPMC) WE HAVE CERTIFIED MASTER GARDNER VOLUNTEERS AT JCMC, WOODRIDGE HOSPITAL, AND QUILLEN REHAB HOSPITAL DIRECTION CARDS WERE DEVELOPED FOR JCMC AND FRANKLIN WOODS COMMUNITY HOSPITAL DURING THE YEAR LITERARY ARTS A READING PROGRAM IS PROVIDED FOR THE PATIENTS AT NISWONGER CHILDREN'S HOSPITAL CULINARY VOLUNTEERS BAKE AND DELIVER COOKIES DAILY TO JCMC, FWCH, AND IPMC VOLUNTEERS ARRIVE EARLY EACH MORNING TO BAKE THE COOKIES THE COOKIES ARE WRAPPED AND DELIVERED TO SURGERY, ICU, HEART CATH, AND ER WAITING ROOMS A VARIETY OF SNACKS AND MEALS ARE DELIVERED TO NORTON COMMUNITY HOSPITAL FAMILY KITCHENS GOODY BASKET DELIVERIES ARE MADE TO JCMC'S ICU WAITING ROOM CREATIVE ARTS VOLUNTEERS FROM AREA CHURCH GROUPS MAKE QUILTS AND PERSONAL CARE KITS FOR ER PATIENTS AT IPMC VOLUNTEERS CREATE COLORING BOOKS FOR WAITING AREAS ALL NEWBORNS RECEIVE HAND-KNITTED OR CROCHETED BABY HATS AND MANY RECEIVE BLANKETS AND/OR BOOTIES ALL BABIES BORN DURING DECEMBER RECEIVE A HANDMADE, OVER-SIZED CHRISTMAS STOCKING VOLUNTEERS BEGIN WORKING ON THE STOCKINGS IN THE SUMMER AND COMPLETE OVER 400 STOCKINGS THE BABIES ARE OFTEN SENT HOME NESTLED IN THE STOCKINGS VOLUNTEERS MAKE IV COVERS, SOFT CAPS FOR ONCOLOGY PATIENTS, AND HEATABLE BABY POSITIONING PADS SPECIAL ENTERTAINMENT FOR CHILDREN INCLUDES VOLUNTEER CLOWNS AND SANTA BOTH SANTA AND THE CLOWNS MAKE MONTHLY VISITS TO NISWONGER CHILDREN'S HOSPITAL VOLUNTEERS ALSO MAKE PILLOWS FOR BARIATRIC PATIENTS COMMUNITY INVOLVEMENT VOLUNTEERS ARE AVAILABLE 7 DAYS A WEEK, 24 HOURS A DAY FOR NISWONGER CHILDREN'S HOSPITAL NICU THIS PROGRAM'S PURPOSE IS TO HOLD AND COMFORT BABIES IN THE NICU AND IS APTLY CALLED THE NICU CUDDLER PROGRAM THE AUXILIARY MAINTAINS A PROGRAM FOR HEART PATIENTS CALLED MENDED HEARTS MENDED HEARTS HAS 19 TRAINED VOLUNTEERS TO VISIT WITH CARDIAC PATIENTS BEFORE AND AFTER OPEN HEART SURGERY EVERY DAY THEY ALSO HAVE MONTHLY SUPPORT MEETINGS WITH PROGRAMS ON HEART HEALTH AND OFFER ANOTHER CLASS EVERY SIX WEEKS TO THE CARDIAC REHAB PROGRAM THIS PROGRAM SERVED 761 PATIENTS AND FAMILY MEMBERS DURING THE YEAR COURTESY CARTS AND A VAN OPERATED BY VOLUNTEERS ARE PROVIDED TO TRANSPORT PATIENTS AND VISITORS TO ANY DOOR AT JCMC JCMC IS A LARGE HOSPITAL WITH MULTIPLE ENTRY POINTS AND PARKING CAN BE A GOOD DISTANCE AWAY FROM THE FACILITY THIS TRANSPORT PROGRAM HAS BEEN VERY WELL RECEIVED BY OUR PATIENTS AND THEIR VISITORS THE CARTS AND VAN OPERATE THREE SHIFTS DAILY AND ONE TO TWO SHIFTS ON WEEKENDS FRANKLIN WOODS COMMUNITY HOSPITAL (FWCH) FWCH IS A BRAND-NEW MSHA HOSPITAL WE ARE VERY PROUD OF THIS NEW FACILITY, WHICH IS A CERTIFIED "GREEN" HOSPITAL SINCE OPENING IN THE SUMMER OF 2010, THE AUXILIARY VOLUNTEER TEAM EXPANDED ITS VOLUNTEER SERVICE OPERATIONS TO INCLUDE THIS NEW HOSPITAL

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	- MSHA HAS A NO-RETALIATION AND NO-RETRIBUTION POLICY FOR THE PROTECTION OF INDIVIDUALS WH O, IN GOOD FAITH, REPORT LEGAL OR ETHICAL CONCERNS TEAM MEMBERS ARE REQUIRED TO REPORT CO NCERNS TO APPROPRIATE PERSONS FOR INVESTIGATION OR FOLLOW-UP "ALERTLINE' IS A CONFIDENTIA L, RISK-FREE HOTLINE FOR REPORTING SUSPECTED ILLEGAL BEHAVIOR, ETHICAL VIOLATIONS OR SAFET Y RISKS AND IS AVAILABLE TO ALL TEAM MEMBERS VIA A TOLL-FREE NUMBER MEDICAL EDUCATION AND RESEARCH MSHA PROVIDES CLINICAL EXPERIENCE TO MEDICAL STUDENTS AND RESIDENTS OF THE JAMES H QUILLEN COLLEGE OF MEDICINE AT ETSU MSHA CONTRIBUTED AN UNREIMBURSED COST AMOUNT OF $ 3,877,766 TO THE RESIDENCY PROGRAM IN FY11 MSHA FACILITIES SERVE AS CLINICAL TRAINING ARE AS FOR HEALTH PROFESSIONAL EDUCATION STUDENTS MSHA HAS DEDICATED STAFF TO WORK WITH REGIO NAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTH CARE PROFESSIONAL STUD ENTS AS PART OF THEIR EDUCATIONAL CURRICULUM MANY OF THE HEALTH CARE STUDENTS ENTERING OU R SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING ALSO RECEIVING CLINICAL E XPERIENCE AT MSHA WERE 1,298 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROG RAMS THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE MSHA NURSING STAFF INVOLVEMENT A T FIVE MSHA FACILITIES THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST MSHA $2,307,917 MSHA PROVIDED A CLINICAL SETTING FOR ANOTHER 1,162 STUDENTS TRAINING IN HEALTH-RELATED P ROGRAMS SUCH AS RADIOLOGY, PHARMACY, LABORATORY, PHYSICAL THERAPY AND OTHER ALLIED-HEALTH DISCIPLINES THESE ADDITIONAL CLINICAL STUDENTS COST MSHA $1,022,679 MSHA PROVIDED ASSIST ANCE TO 383 HIGH SCHOOL AND COLLEGE STUDENTS WHO WERE CONSIDERING A HEALTHCARE CAREER PATH BY ALLOWING THEM TO OBSERVE LICENSED MSHA CLINICAL PROFESSIONALS THE SHADOWING OF CLINIC AL STAFF BY THESE STUDENTS COST MSHA $8,686 MSHA'S LEARNING RESOURCE CENTER (LRC) IS A ME DICAL LIBRARY THAT PROVIDES ACCESS TO MEDICAL DATABASES, VARIOUS PAPER PUBLICATIONS AND FA CILITATES INTER-LIBRARY JOURNAL LOANS TO INCREASE LIBRARY RESOURCES THE LRC SUBSCRIBES TO SEVERAL ONLINE MEDICAL DATABASES AS WELL AS PRINTED MEDICAL EDUCATION MATERIALS THE LRC IS PRIMARILY UTILIZED BY MEDICAL RESIDENTS, PHARMACY AND NURSING STUDENTS THIS SERVICE IS ALSO USED BY OTHER HEALTH PROFESSION EDUCATION STUDENTS, PHYSICIANS AND STAFF, AND IS OPE N TO THE COMMUNITY THE FY11 COST OF PROVIDING THIS SERVICE WAS $306,197 MARKETING - MSHA PROVIDES ACCESS TO SEVERAL ONLINE HEALTH INFORMATION SERVICES "MY HEALTH NEWS" ALLOWS AC CESS TO HEALTH INFORMATION TOPICS AND SERVICES THAT MATTER TO THE USER THIS SERVICE SENDS UP-TO-DATE INFORMATION FROM NATIONAL HEALTH RESOURCES TAILORED TO THE INDIVIDUAL'S NEEDS MSHA PROVIDES ACCESS TO "KIDSHEALTH", A SERVICE THAT PROVIDES PRACTICAL PARENTING INFORMA TION AND NEWS THIS SERVICE ALSO PROVIDES HOMEWORK HELP FOR KIDS AND STRAIGHT TALK ANSWERS FOR TEENS NEW TO THE MSHA WEB SITE IS "ITRIAGE", A LINK THAT ALLOWS THE USER TO CHECK FO R A WIDE ARRAY OF SYMPTOMS AND CAUSES/TREATMENTS, DISEASES AND CONDITION INFORMATION, EXPL ANATIONS OF VARIOUS MEDICAL PROCEDURES, AND AN APP IS AVAILABLE FOR DOWNLOADING MSHA PROV IDES CME AND CEU OPPORTUNITIES WITH "MEDNEWSPLUS" FOR PHYSICIANS AND NURSES FREE OF CHARGE THE SERVICE IS OPEN TO ANY PHYSICIAN OR NURSE IN THE REGION AND OFFERS CME AND CEU CREDI TS MSHA ALSO PROVIDES LINKS TO HELPFUL HEALTH-RELATED SITES ON THE INTERNET PATIENT CARE SERVICES DATA SHOWS THAT THE HEALTH STATUS OF MSHA'S SERVICE AREA IS GENERALLY POOR MSHA 'S SERVICE AREA CONSISTS OF COUNTIES IN TENNESSEE AND SOUTHWEST VIRGINIA AMONG THE 50 STA TES, TENNESSEE RANKED 42ND AND VIRGINIA RANKED 22ND IN TERMS OF HEALTH STATUS SOME OF THE OVERWHELMING HEALTH ISSUES IN OUR SERVICE AREA INCLUDE 1 HIGH PREVALENCE OF OBESITY 2 POOR CARDIOVASCULAR HEALTH 3 HIGH RATE OF CIGARETTE SMOKING 4 POOR AIR QUALITY 5 LOW RA TE OF DIABETIC CARE 6 HIGH RATE OF UNINSURED 7 LOW LEVEL OF EDUCATION 8 HIGH RATE OF DE ATHS DUE TO CARDIOVASCULAR CONDITIONS, CANCER AND DIABETES GIVEN THIS HEALTH PROFILE, MSHA EXISTS TO IDENTIFY AND RESPOND TO THE HEALTHCARE NEEDS OF ALL INDIVIDUALS AND COMMUNITIES IN THE REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH MSH A LIVES ITS MISSION TO BRING LOVING CARE TO HEALTH CARE IN OUR REGION MSHA OPERATES ON A NON-DISCRIMINATORY BASIS, PROVIDING QUALITY HEALTH CARE TO ALL PATIENTS REGARDLESS OF RACE , RELIGION, GENDER, ETHNICITY, DISABILITY, AGE OR ABILITY TO PAY CHARITY AND UNREIMBURSED COSTS CHARITY CARE WHILE REIMBURSEMENT FOR HEALTHCARE SERVICES RENDERED IS CRITICAL TO T HE OPERATION AND SUSTAINABILITY OF THE ORGANIZATION, MSHA RECOGNIZES ITS OBLIGATION TO PRO VIDE CARE TO INDIVIDUALS WHO CANNOT AFFORD ESSENTIAL MEDICAL SERVICES, INCLUDING EMERGENCY CARE A PATIENT IS CLASSIFIED AS A CHARITY PATIENT BY REFERENCE TO ESTABLISHED POLICIES O F MSHA AND GUIDELINES OUTLINED BY THE FEDERAL GOVERNMENT HOWEVER, FINANCIAL ASSISTANCE DE CISIONS ARE NOT SOLELY BASED ON INCOME UNIQUE FIN

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	ANCIAL CIRCUMSTANCES ARE WEIGHED WITH VERIFIED PATIENT ASSETS WHICH CAN DETERMINE FINANCIA L ASSISTANCE ELIGIBILITY IT IS NOT UNTIL AFTER VERIFICATION OF INCOME AND ASSETS THAT A D ECISION AS TO THE AMOUNT OF WRITE-OFF WILL BE MADE IN FISCAL YEAR 2011, MSHA INCURRED A L OSS OF $13,141,846 ATTRIBUTABLE TO THE PROVISION OF FREE CARE TO INDIGENT PATIENTS GOVERN MENTAL PROGRAM ENROLLEES MSHA PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS, INCLUDING MEDICARE AND MEDICAID AND STATE-FUNDED TENNCARE IN FY11, THE UNREIMBURSED COST OF SERVICES PROVIDED TO THIS PATIENT POPULATION WAS $5,789,329 (MEDICARE, BASED ON MEDICAR E ALLOWABLE COSTS), $3,388,560 (MEDICAID) AND $23,287,060 (TENNCARE) BAD DEBT MSHA PROVI DES AN INCREASING LEVEL OF SERVICE TO SELF-PAY PATIENTS FOR WHICH IT RECEIVES LITTLE OR NO PAYMENT DURING FY11, BAD DEBTS RESULTED IN UNREIMBURSED COSTS OF $11,418,733 PROMOTE CO MMUNITY HEALTH MSHA OFFERS MANY REDUCED-PRICE OR FREE SERVICES AND PROGRAMS Y EAR-ROUND IN CARE SETTINGS THAT IT ESTABLISHED TO ACCOMMODATE THE WIDELY SCATTERED, AGING AND SOCIOECON OMICALLY DISADVANTAGED POPULATION SUCH PROGRAMS SERVE BONA FIDE COMMUNITY HEALTH NEEDS AN D RESULT IN FINANCIAL LOSSES TO THE ORGANIZATION WINGS AIR RESCUE (WINGS), THE REGION'S O NLY EMERGENCY MEDICAL HELICOPTER SERVICE, IS CONSIDERED BY MSHA TO BE A REGIONAL ASSET LI CENSED IN THE STATE OF TENNESSEE AND THE COMMONWEALTHS OF KENTUCKY AND VIRGINIA, WINGS PRO VIDED AIR TRANSPORT OF CRITICALLY ILL AND INJURED PATIENTS TO THE CLOSEST TERTIARY FACILIT IES, INCLUDING NON-MSHA FACILITIES 74% OF THEIR PATIENTS ARE FROM TRAUMA SCENES TO TERTIA RY CARE CENTERS, WITH OTHERS BEING CARDIAC, OB, PEDIATRIC AND MEDICAL DURING FY11, WINGS TRANSPORTED 1,591 PATIENTS AND MADE 11 SEARCH AND RESCUE FLIGHTS AT A NET OPERATING LOSS O F $740,905 TO MSHA NURSE LINK MEDICAL CALL CENTER IS A 24-HOUR TOLL-FREE MEDICAL INFORMAT ION LINE EXPERIENCED REGISTERED NURSES ANSWER CALLS AND PROVIDE INVALUABLE CONFIDENTIAL H EALTH INFORMATION THEY MANAGE PHYSICIAN-APPROVED PATIENT TRIAGE SERVICES, MAKE INDIV IDUAL CALLBACKS FOR PEDIATRIC AND ADULT PATIENTS WITH SERIOUS SYMPTOMS, AND COORDINATE PATIENT TRANSPORTS AND EMERGENCY DEPARTMENT ACCESS IN FY11, NURSE LINK HANDLED 52,359 CALLS INCLU DING 3,410 PHYSICIAN REFERRALS MSHA INCURRED AN EXPENSE OF $560,241 TO PROVIDE THIS SERVI CE AT NO COST TO THE COMMUNITY DURING FY11, MSHA OPERATED A SATELLITE DISPENSARY OF HOPE THE DISPENSARY OF HOPE PROVIDES PRESCRIPTION DRUGS TO THOSE WHO MAY NOT HAVE OTHERWISE BE EN ABLE TO AFFORD NEEDED MEDICATIONS DURING FY11, THE DISPENSARY FILLED 12,358 PRESCRIPTI ONS FOR 2,792 PEOPLE WHOM OTHERWISE COULD NOT HAVE AFFORDED THEM THE SITE HAS ITS OWN PHA RMACY, A FULL TIME PHARMACIST, A FULL-TIME PHARMACY TECH AND A SOCIAL WORKER/RECEPTIONIST THE LOCAL DISPENSARY OF HOPE IS STAFFED, IN PART, BY VOLUNTEER PHARMACISTS FROM THE COMMU NITY AND WILL SERVE AS A TRAINING SITE FOR THE BILL GATTON COLLEGE OF PHARMACY AT EAST TEN NESSEE STATE UNIVERSITY DURING FY11, MSHA INCURRED UNREIMBURSED EXPENSES OF $194,980 FOR THIS PROGRAM THE HEALTH RESOURCES CENTER (HRC) IS A COMMUNITY OUTREACH SERVICE PROVIDED B Y MSHA THE HRC IS CONVENIENTLY LOCATED IN THE REGION'S LARGEST SHOPPING MALL THE HRC OFF ERS FREE CLASSES, BLOOD PRESSURE CHECKS, INFORMATIONAL MATERIALS AND RESOURCES AS WELL AS A NUMBER OF OTHER SERVICES IN AN EFFORT TO MEET COMMUNITY MEMBERS' BASIC HEALTH AND HEALTH EDUCATION NEEDS THE HRC HAD 25,565 VISITS TO THEIR OFFICE AND PERFORMED 1,698 HEALTH SCR EENINGS THE HRC ALSO HOSTED MORE THAN 7,802 ATTENDEES WHO PARTICIPATED IN MONTHLY HEALTH EDUCATION PROGRAMS THE HRC ALSO PROVIDES OUTREACH SERVICES WHERE THEY SCREENED AN ADDITIO NAL 5,489 COMMUNITY MEMBERS THE UNCOMPENSATED COST OF HRC WAS $388,247

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PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	SOME OF THE FREE CLASSES AND SUPPORT GROUPS OFFERED TO THE PUBLIC BY MSHA INCLUDE SMOKING SESSATION PROGRAMS, NURTITION AND COOKING CLASSES, EDUCATIONAL SESSIONS ON THE DANGERS OF RECREATIONAL DRUGS SUCH AS BATH SALTS AND SYNTHETIC MARIJUANA, CPR CLASSES, RELAXATION TR AINING, SAFE BABYSITTING TRAINING, BALANCE AND FALLS PREVENTION, WEIGHT LOSS, EXERCISE PRO GRAMS, ETC MSHA'S COMMUNITY HEALTH AND WELLNESS SCREENING CENTER (CHAWS) WORKS WITH LOCAL SCHOOLS AND BUSINESSES AS WELL AS INDIVIDUAL COMMUNITY MEMBERS TO PROVIDE ONSITE HEALTH E DUCATION PROGRAMS, PERFORM HEALTH ASSESSMENTS AND OFFER HEALTHY LIFESTYLE COUNSELING IN F Y11, CHAWS PROVIDED 983 SCREENINGS WITH AN UNREIMBURSED EXPENSE OF $351,985 IN OCTOBER OF 2010, MSHA INTRODUCED THE HEART COACH THE HEART COACH IS A MOBILE CARDIOVASCULAR SCREENI NG CENTER WHICH IS OFFERED IN EAST TENNESSEE AND SOUTHWEST VIRGINIA DURING FY11, THE HEAR T COACH PROVIDED 2,721 CARDIOVASCULAR SCREENINGS 183 OF THESE SCREENINGS HAD ABNORMAL RES ULTS FOR CARDIOVASCULAR ISSUES AND 202 ABNORMAL RESULTS FOR OTHER ISSUES (GLUCOSE, BLOOD P RESSURE, ETC) THE STAFF OF THE HEART COACH WAS ABLE TO PROVIDE REFERRALS FOR FOLLOW UP A PPROPRIATE TO EACH MEDICAL CONDITION IN FY11, THE HEART COACH HAD UNREIMBURSED EXPENSES O F $170,752 BASED ON COMMUNITY NEEDS, MSHA INCURRED AN EXPENSE OF $150,215 TO RECRUIT PHYS ICIANS INTO CLINICAL/GEOGRAPHICAL AREAS THAT WERE FEDERALLY DESIGNATED AS MEDICALLY UNDERS ERVED MSHA INCURRED AN ADDITIONAL EXPENSE OF $1,989,030 TO RECRUIT PHYSICIANS INTO OTHER AREAS SERVICED BY MSHA JOHNSON COUNTY COMMUNITY HOSPITAL (JCCH) IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL THIS FACILITY IS LOCATED IN ONE OF TENNESSEE'S POOREST COUNTIES AND PROVIDES EMERGENCY, INPATIENT AND OUTPATIENT CARE TO THE COUNTY'S RESIDENTS, MANY OF WHOM ARE OVER 65 YEARS OLD JCCH CONTINUES TO BE DESIGNATED AS A PHYSICIAN SHORTAGE AREA F OR MANY SPECIALTIES JCCH OPERATES A PHYSICIAN SPECIALTY CLINIC, WHICH INCURRED AN OPERATI NG LOSS OF $59,254 IN FY11 THE SPECIALTY CLINIC INCLUDES GENERAL SURGERY, PODIATRY, CARDI OLOGY AND OTHER SPECIALTY SERVICES THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDE NTS OF THE AREA BY AIDING WITH TRANSPORTATION ISSUES (OTHER PHYSICIAN OFFICES ARE LOCATED MORE THAN AN HOUR AWAY), RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDIN G RELIEF TO THE SPECIAL HEALTH PROBLEMS OF A LARGELY ELDERLY POPULATION RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS SUCH AS FARMING, WHICH INCREASES THE RISK FOR CHRONIC RESPI RATORY DISEASES AND CANCER-RELATED ILLNESSES CAUSED BY FERTILIZATION AND OTHER CHEMICALS THIS RURAL POPULATION HAS A HIGHER INCIDENCE OF CARDIOVASCULAR DISEASE DUE TO DIET AND GE NETIC PREDISPOSITION GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERS E IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MSHA REMAINS FIRM IN THE BELIEF THAT FINANCIALLY SUPPORTING THE SERVICES OF JCCH AND THE SPECIALTY CLINIC TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINES S AND COMMUNITY SUPPORT MSHA OPERATES A RURAL HEALTH CLINIC LOCATED IN ST PAUL, VA ON THE BORDER OF WISE AND RUSSELL COUNTIES RIVERSIDE CLINIC FIRST OPENED IN 1991 TO PROVIDE PRI MARY CARE SERVICES TO THIS ELDERLY, UNDERSERVED POPULATION THE CLINIC'S LARGEST PAYOR IS MEDICARE, WHICH ACCOUNTS FOR 36% OF THEIR PATIENTS DURING FY11, THE CLINIC HAD 10,101 OUT PATIENT VISITS DURING FY11, RCMC PROVIDED A $399,460 SUBSIDY TO SUPPORT THE CLINIC'S OPER ATIONS MSHA HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY11, FIRSTSOURCE REPRESENTATIVES W ERE AVAILABLE AT ALL MSHA FACILITIES FOR DAILY INTERACTION AND FINANCIAL SCREENING OF PATI ENTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (TENNCARE OR MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP DURING FY11, 4,339 POTENTIALLY ELIGIBLE PATIENTS TOOK ADVANTAGE OF FIRST SOURCE'S HELP, A ND OF THOSE PATIENTS WHO APPLIED FOR TENNCARE OR VIRGINIA MEDICAID COVERAGE, 2,580 (60%) W ERE APPROVED FOR COVERAGE ONCE A PERSON IS APPROVED FOR TENNCARE OR MEDICAID THROUGH THE FIRSTSOURCE PROGRAM OFFERED THROUGH MSHA, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE FI RSTSOURCE IS COMPENSATED BY MSHA DURING FY11, MSHA'S COST FOR THIS PROGRAM WAS $755,834 MSHA ALSO GIFTS THE LAND LEASE TO THE RONALD MCDONALD HOUSE AT A FAIR MARKET VALUE OF $60, 000 THE RONALD MCDONALD HOUSE IS LOCATED ON THE CAMPUS OF NISWONGER CHILDREN'S HOSPITAL A ND JOHNSON CITY MEDICAL CENTER MSHA CONTRIBUTED $53,027 TO CARESPARK CARESPARK WAS ESTAB LISHED TO EXPLORE WAYS TO SHARE HEALTH INFORMATION SECURELY, EFFICIENTLY AND COST-EFFECTIV ELY CARESPARK WAS INITIATED BY VOLUNTEERS WITH THE COMMUNITY HEALTH IMPROVEMENT PARTNERSH IP, WHO HAD BEEN WORKING TOGETHER FOR MORE THAN A DECADE THROUGH THE LOCAL NON-PROFIT CITI ZEN ORGANIZATION, KINGSPORT TOMORROW, TO DEVELOP C

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	OLLABORATIVE PROCESSES TO IMPROVE HEALTH WITHIN THE COMMUNITY MSHA CONTRIBUTED $30,000 TO THE ETSU FOUNDATION TO SUPPORT THE JOHNSON CITY DOWNTOWN CLINIC THE JOHNSON CITY DOWNTOW N CLINIC WAS ORIGINALLY ESTABLISHED TO SERVE THE NEEDS OF THE LOCAL HOMELESS POPULATION IN JOHNSON CITY AND HAS EXPANDED OVER THE PAST NEARLY 15 YEARS TO INCLUDE THE UNINSURED, UND ERINSURED, TENNCARE ENROLLEES, A GROWING HISPANIC POPULATION, AND MEDICALLY INDIGENT INDIV IDUALS MSHA CONTRIBUTED $25,360 TO SUSAN G KOMEN BREAST CARE FOUNDATION SUSAN G KOMEN IS THE GLOBAL LEADER OF THE BREAST CANCER MOVEMENT AND THE WORLD'S LARGEST GRASSROOTS NETW ORK OF BREAST CANCER SURVIVORS AND ACTIVISTS COMMUNITY CONTRIBUTIONS AS THE SECOND LARGES T EMPLOYER IN THE REGION, MSHA IS ONE OF THE AREA'S PRINCIPLE BENEFACTORS AND HAS MADE COR PORATE CITIZENSHIP AN INTEGRAL PART OF ITS CULTURE FROM SYSTEM-WIDE INITIATIVES TO INDIVI DUAL EFFORTS OF CARING TEAM MEMBERS, ITS AIM IS TO ENRICH THE COMMUNITIES THAT THE ORGANIZ ATION SERVES MSHA'S COMMITMENT INCLUDES FINANCIAL CONTRIBUTIONS, IN-KIND (NON-CASH) CONTR IBUTIONS AND LEADERSHIP RESOURCES WITHIN THREE BROAD CATEGORIES OF GIVING 1) DIRECT CONTR IBUTIONS THAT SUPPORT COMMUNITY HEALTHCARE NEEDS AND THOSE NONPROFIT AGENCIES THAT ADVOCAT E THE HEALTH AND WELL-BEING OF COMMUNITY MEMBERS, 2) MSHA-RUN AND MSHA-SUPPORTED PROGRAMS THAT CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS, AND 3) EDUCATION/TRAINING, BOTH AS A COMMUNITY CITIZEN AND AS AN EMPLOYER 1) DIRECT CONTRIBUTIONS - IN-KIND AND CA SH MSHA LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS SENIOR LEADERS AND BOARD MEMB ERS SET A POSITIVE EXAMPLE FOR MSHA TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MA NAGING BOARDS OF LOCAL SERVICE AND NONPROFIT ORGANIZATIONS MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT I N HEALTH CARE AND EDUCATION TEAM MEMBERS SERVED THE BOYS & GIRLS CLUB, KIWANIS CLUBS, ROT ARY CLUBS, SUSAN G KOMEN BREAST CANCER FOUNDATION, ECONOMIC DEVELOPMENT STEERING COMMITTE E FOR WASHINGTON COUNTY, JUNIOR ACHIEVEMENT, SALVATION ARMY, AMERICAN HEART ASSOCIATION, H ANDS ON! MUSEUM, APPALACHIAN MOUNTAIN PROJECT ACCESS, WASHINGTON COUNTY EMERGENCY MEDICAL SERVICES, WASHINGTON COUNTY VETERAN'S MEMORIAL COMMITTEE OF THE JOHNSON CITY PARKS AND REC REATION FOUNDATION, EATING DISORDERS COALITION OF TENNESSEE, JOHNSON CITY SY MPHONY ORCHEST RA, DAWN OF HOPE, UNITED WAY, CHAMBER OF COMMERCE BOARDS, AND MANY OTHERS ALTHOUGH MSHA D ID NOT FULLY MONITOR THESE ACTIVITIES DURING FY11 TO TABULATE THE TOTAL FINANCIAL COST, TH E AMOUNT WOULD BE SIGNIFICANT SINCE SOME OF THESE TEAM MEMBERS DEVOTED TWO WEEKS OF NORMAL WORK TIME TO OUTSIDE CHARITABLE ACTIVITIES SUMMARY LIST OF CHARITABLE GIVING IN FY11, M SHA PROVIDED CASH AND IN-KIND SUPPORT TO NUMEROUS HEALTH AND HUMAN SERVICE AGENCIES, INCLU DING, BUT NOT LIMITED TO, THE FOLLOWING RECIPIENTS MAJOR PROGRAMS ARE DESCRIBED IN MORE D ETAIL IN THE SECTIONS THAT FOLLOW - CARESPARK - $50,027 - ETSU FOUNDATION - $51,581 - SUS AN G KOMEN BREAST CANCER FOUNDATION - $25,360 - EAST TENNESSEE STATE UNIVERSITY - $20,664 - BOYS AND GIRLS CLUB OF KINGSPORT - $20,000 - CROSSROADS MEDICAL MISSION - $12,500 - LIN COLN THEATRE - $12,500 - COALITION FOR KIDS - $8,560 - CITY OF JOHNSON CITY - $9,541 - RUS SELL COUNTY CAREER AND TECHNOLOGY CENTER - $17,474 - HANDS ON! REGIONAL MUSEUM - $7,500 - RUSSELL COUNTY AMBULANCE - $4,074 - RUSSELL COUNTY CAREER & TECHNOLOGY CENTER - $17,474 - SECOND HARVEST FOOD BANK - $4,583 - TENNESSEE CENTER FOR PERFORMANCE EXCELLENCE - $4,150 - THE SALVATION ARMY - $1,768 - UMOJA UNITY FESTIVAL - $2,237 - ECUMENICAL FAITH IN ACTION - $1,000 - FIRST TENNESSEE HUMAN RESOURCE AGENCY - $1,000 - GOD OF SECOND CHANCE MISSION - $1,000

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	- MOUNTAIN STATES FOUNDATION - $2,665 - GOOD SAMARITAN MISITRY - $1,759 MSHA, IN COLLABORA TION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVO CACY AND PUBLICITY, PROVIDE SPACE, OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROG RAM ACTIVITIES MSHA VALUES SOCIAL RESPONSIBILITY AND IS COMMITTED TO COMMUNITY HEALTH AND HEALTH EDUCATION ANNUALLY, MSHA MAKES GENEROUS MONETARY DONATIONS TO AREA HEALTH AND HUM AN SERVICE AGENCIES WHOSE PROGRAMS ARE SPECIFICALLY DESIGNED TO PROVIDE FOR THE HEALTHCARE NEEDS OF THE HOMELESS, INDIGENT AND UNDERSERVED POPULATIONS THROUGHOUT THE YEAR, MSHA MA KES CONTRIBUTIONS TO LOCAL SCHOOLS AND ORGANIZATIONS THAT PROVIDE EDUCATIONAL AND SOCIAL S UPPORT FOR YOUNG PEOPLE SOME OF THE CONTRIBUTIONS TO YOUTH PROGRAMS INCLUDE - REGIONAL C OUNTY AND CITY SCHOOLS - $19,340 - ETSU FIT KIDS PROGRAM - $30,750 - HANDS ON! REGIONAL MU SEUM - $7,500 - CARTER COUNTY IMAGINATION LIBRARY - $1,000 - COALITION FOR KIDS - $8,560 - BOYS AND GIRLS CLUB OF KINGSPORT - $20,000 - BOYS SCOUTS OF AMERICA - $1,000 - WARRIORS P ARK BOUNDLESS PLAYGROUND - $1,050 - JASON WHITTON SCORE FOUNDATION - $2,300 - KERMIT TIPTO N SCHOLARSHIP FOUNDATION - $2,500 - CASA FOR KIDS - $622 - CITY YOUTH BALLET - $408 - ETSU SCHOLARSHIP PROGRAM - $1,000 MSHA CONTRIBUTES ANNUALLY TO LOCAL CHAPTERS OF SEVERAL NATIO NAL NONPROFIT ORGANIZATIONS WHOSE RESEARCH FOCUSES ON THOSE DISEASES AND CONDITIONS MOST P REVALENT IN THE REGION FY11 - SUSAN G KOMEN BREAST CANCER FOUNDATION - $25,360 - AMERIC AN CANCER SOCIETY - $2,401 - MARCH OF DIMES - $1,225 - UNITED WAY - $1,357 - VARIOUS ORGAN IZATION FOCUSED ON CHILDHOOD OBESITY - $66,750 - JOHNSTON MEMORIAL HOSPTIAL - $1,000 - KEY STONE DENTAL CARE, INC - $651 - CROSSROADS MEDICAL MISSION - $12,000 2) COMMUNITY PROGRA MS DEMOGRAPHIC STUDIES AND A CUSTOMER MARKET NEEDS ANALYSIS, PERFORMED ANNUALLY DURING STR ATEGIC PLANNING, INDICATE THE NECESSITY OF HAV ING A WIDE ARRAY OF FREE AND PRICE-REDUCED S ERVICES THAT ARE WELL-SITUATED FOR EASY ACCESS FROM RURAL, MOUNTAINOUS AREAS MSHA HAS GIV EN HIGH PRIORITY TO INVESTMENTS IN COMMUNITY OUTREACH, AND AS A RESULT, HAS ESTABLISHED CO UNCILS AND DEPARTMENTS WHOSE FOCUS IS TO TRANSLATE FINDINGS INTO VIABLE HEALTHCARE PROGRAM S BOTH FOR THE COMMUNITY AT LARGE AND FOR POPULATIONS WITH SPECIAL NEEDS AMONG INITIATIVE S AND ONGOING SERVICES THAT PROMOTE COMMUNITY HEALTH AND SOCIAL WELL-BEING ARE DISEASE MAN AGEMENT, WELLNESS PROGRAMS, HEALTH-RELATED EDUCATION SESSIONS BY MSHA NURSES, STAFF PHYSIC IANS, NUTRITIONISTS, AND OTHER SPECIALISTS, HEALTH SCREENINGS AND SUPPORT MSHA ALSO OFFER S SPECIAL PROGRAMS FOR YOUTH, THE ELDERLY, THE DISABLED AND THE MEDICALLY UNDERSERVED DUR ING FY11, MSHA CONTINUED THE LARGEST COMMUNITY HEALTH NEEDS ASSESSMENT IN ITS HISTORY IN A N EFFORT TO PROFILE THE HEALTH OF THE RESIDENTS WITHIN THE LOCAL REGION THIS ASSESSMENT S PECIFICALLY FOCUSED ON MSHA'S 13-COUNTY CORE SERVICE AREA, WHICH INCLUDES, BUT IS NOT LIMI TED TO, ALL THE COUNTIES IN WHICH MSHA HAS A FACILITY THE SEVEN TENNESSEE COUNTIES INCLUD ED IN THIS NEEDS ASSESSMENT WERE CARTER COUNTY, GREENE COUNTY, HAWKINS COUNTY, JOHNSON CO UNTY, SULLIVAN COUNTY, UNICOI COUNTY AND WASHINGTON COUNTY THE OTHER SIX VIRGINIA COUNTIE S ARE LOCATED IN SOUTHWEST VIRGINIA AFTER ANALYZING THE MANY HEALTH DISPARITIES IN THE RE GION, MSHA CHOSE CHILDHOOD OBESITY AS ITS HEALTH PRIORITY MSHA COLLABORATED WITH EAST TEN NESSEE STATE UNIVERSITY'S COLLEGE OF PUBLIC HEALTH TO DEVELOP THE MSHA-ETSU OBESITY COLLAB ORATIVE THE FOCUS OF THIS COLLABORATIVE IS TO PULL TOGETHER MANY PARTNERS AND ORGANIZATIO NS TO REDUCE THE LEVEL OF CHILDHOOD OBESITY THROUGHOUT NORTHEAST TENNESSEE AND SOUTHWEST V IRGINIA MSHA PROVIDED THE FUNDING AND COORDINATION, WHILE ETSU WORKED ON RESEARCH EFFORTS THIS INITIATIVE PROVIDED FUNDING FOR UP TO 25 MICRO-GRANTS OF $2,000 EACH TO LOCAL COMMU NITY ORGANIZATIONS SUCH AS CHURCHES, COMMUNITY GROUPS, SCHOOLS AND EMPLOYERS THAT WANT TO EXPLORE CHILDHOOD OBESITY REDUCTION EFFORTS IN FY11, MSHA AND ETSU NAMED THE OBESITY COLL ABORATIVE "HEAL APPALACHIA" - HEAL, STANDING FOR "HEALTHY EATING ACTIVE LIVING" MSHA RECE IVED OVER 100 APPLICATIONS FOR THE MICRO-GRANTS THE APPLICANTS AWARDED THE GRANTS WERE AN NOUNCED AT A REGIONAL HEALTH SYMPOSIUM FOCUSING ON OBESITY DURING FY11 MSHA SPENT $34,004 ON COORDINATING THE HEAL PROGRAM AND HOSTING THE SYMPOSIUM AND PAID 18 OF THE 25 GRANTS, OR $36,000 MSHA'S TOTAL FY11 COST $70,004 THE HEAL APPALACHIA COMMITTEE WILL EVALUATE L OCAL PROGRAM GRANT RECIPIENTS AS TO THEIR ABILITY TO MAKE A MEASURABLE IMPACT ON THE LEVEL OF CHILDHOOD OBESITY THROUGHOUT THE REGION THIS COMMITTEE WILL THEN MAKE RECOMMENDATIONS TO EXECUTIVE LEADERSHIP AS TO HOW MSHA SHOULD CONTINUE TO DIRECT FINANCIAL SUPPORT FOR SU CCESSFUL PROGRAMS IN ADDITION TO THE HEAL APPALACHIA GRANTS AND SYMPOSIUM, MSHA DONATED $ 30,750 TO ETSU'S FIT KIDS PROGRAM, ANOTHER PROGRAM WITH A FOCUS ON REDUCING CHILDHOOD OBES ITY AND IMPROVING THE HEALTH OF CHILDREN PROGRAMS

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	FOR THE COMMUNITY AT LARGE IN ADDITION TO THE HEALTH SCREENINGS AND SUPPORT GROUPS OFFERE D THROUGH THE HEALTH RESOURCES CENTER, DESCRIBED ABOVE, A VARIETY OF SCREENINGS, SUPPORT G ROUPS, HEALTH EDUCATION, AND HEALTH FAIRS WERE PROVIDED AT A COST OF MORE THAN $23,000 TH ESE ACTIVITIES INCLUDE PROVIDING COMMUNITY HEALTH EDUCATION ON SUCH TOPICS AS ORTHOPEDICS, PRE- AND POST- NATAL, NUTRITION, SLEEP DISORDERS, BEHAVIORAL HEALTH ISSUES, CARDIOVASCULA R HEALTH, AND MANY OTHERS IN ADDITION TO HEALTH EDUCATION, MSHA PROVIDED FREE BLOOD PRESS URE SCREENINGS AND COLORECTAL SCREENINGS, FOR SPECIFIC POPULATIONS AS WELL AS PHY SICALS FO R PEE-WEE AND HIGH SCHOOL FOOTBALL PLAYERS IN JOHNSON COUNTY THE HOSPICE PROGRAM OFFERS E XTENDED 13-MONTH BEREAVEMENT SUPPORT RATHER THAN THE REQUIRED 12-MONTH PERIOD, THUS SUPPOR TING FAMILIES DURING THE ANNIVERSARY MONTH OF THE PATIENT'S DEATH, WHICH CAN BE A CHALLENG ING TIME ALSO PROVIDED IS A CELEBRATION OF LIFE PROGRAM FOR FAMILIES OF FORMER HOSPICE PA TIENTS AND THE COMMUNITY AT LARGE THE PARISH NURSE PROGRAM IS SPONSORED BY MSHA'S HOME HE ALTH ORGANIZATION, WITH GOALS OF RECRUITING AREA CHURCHES AND REGISTERED NURSES TO THE PRO GRAM AND PROVIDING PARTICIPANTS WITH EDUCATION ABOUT PARISH NURSING PARISH NURSING IS AN AMALGAM OF SOCIAL WORK, GOOD NEIGHBORING AND NURSING IT SUPPORTS, EDUCATES AND COUNSELS T HOSE WITH HEALTHCARE NEEDS FROM WITHIN THEIR PLACES OF WORSHIP A FEW OF THE SERVICES PROV IDED BY PARISH NURSES ARE BLOOD DRIVES, FLU SHOTS, HEALTH SCREENINGS, HEALTH FAIRS AND MON THLY BLOOD PRESSURE CLINICS SEVERAL OF THE NURSES ARE CERTIFIED TO TEACH CPR AND FIRST AI D AT NO COST TO PARTICIPANTS MSHA PROVIDES THE PARISH NURSE PROGRAM WITH COORDINATORS, SP ONSORED ORIENTATION, MONTHLY EDUCATIONAL PROGRAMS AND OTHER SUPPORT FUNCTIONS CURRENTLY, THERE ARE 26 CHURCHES PARTICIPATING IN TENNESSEE AND SIX IN SOUTHWEST VIRGINIA WITH PARISH NURSES ON STAFF MSHA'S FY11 COST FOR THE PARISH NURSE PROGRAM WAS $60,211 THE RESPOND D EPARTMENT AT WOODRIDGE HOSPITAL (WH) OFFER ASSESSMENTS AND REFERRALS FOR INDIVIDUALS DEALI NG WITH MENTAL HEALTH ISSUES AND SUBSTANCE ABUSE PROFESSIONAL STAFF INCLUDES BEHAVIORAL H EALTH COUNSELORS AND RN'S WHO ARE AVAILABLE 24 HOURS A DAY, SEVEN DAYS A WEEK TO ANSWER CA LLS FROM THE COMMUNITY CONCERNING TREATMENT THROUGHOUT THE ASSESSMENT PROCESS, RESPOND CO LLABORATES WITH A PSY CHIATRIST TO DETERMINE THE MOST APPROPRIATE LEVEL OF CARE THE RESPON D DEPARTMENT AT WH INCURRED UNREIMBURSED COSTS OF $708,633 DURING FY11 MSHA PROVIDED STAF F TO LOCAL AGENCIES, COUNCILS AND OTHER CHARITABLE ORGANIZATIONS TO ASSIST WITH LEADERSHIP PROGRAMS, PLANNING, SERVICE ON STEERING COMMITTEES AND PARTICIPATION WITH SPECIAL EVENTS EXAMPLES INCLUDE AMERICAN RED CROSS BLOOD DRIVES, HEALTHY BABIES DAY, THE AMERICAN CANCER SOCIETY LEADERSHIP COUNCIL AND OTHERS AT A COST TO MSHA OF $26,565 WE FEEL SURE THIS AMO UNT IS UNDERREPORTED DUE TO THE DIFFICULTY IN TRACKING TEAM MEMBERS' MANY ACTIVITIES PROG RAMS FOR SPECIAL POPULATIONS DUE TO THE USE OF EMERGENCY DEPARTMENTS AS WALK-IN CLINICS BY THE POOR AND UNDERSERVED, MSHA HAS HELPED ESTABLISH AND FINANCE ALTERNATIVE CARE SETTINGS SUCH AS THE ETSU COLLEGE OF NURSING'S DOWNTOWN CLINIC IN JOHNSON CITY, TN THE DOWNTOWN C LINIC IS DEDICATED TO SERVING THE PRIMARY NEEDS OF THE HOMELESS, INDIGENT AND UNINSURED PO PULATIONS, PROVIDING THEM WITH FREE LABORATORY TESTING AND ASSISTANCE WITH THEIR DIAGNOSIS AND TREATMENTS MSHA GIFTS THE CLINIC RENT, WHICH IS VALUED AT A DISCOUNTED $35,000 ANNUA LLY MSHA HAS AN AGREEMENT WITH THE DOWNTOWN CLINIC TO PROCESS THEIR LAB SPECIMENS AS WELL AS PROVIDE SOME DIAGNOSTIC IMAGING SERVICES TO CLINIC PATIENTS AT NO COST TO THE PATIENT OR THE CLINIC IN FY11, THE COST ASSOCIATED WITH THE CLINIC'S LAB TESTING WAS $63,860 AND THE COST OF DIAGNOSTIC IMAGING SERVICES WAS $10,428 THESE EXPENSES ARE INCLUDED IN MSHA'S CHARITY WRITE-OFFS

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)	FORM 990, PART III, LINE 4A	DURING FY11, MSHA ALSO CONTRIBUTED AN ADDITIONAL $30,000 CONTRIBUTION TO ASSIST WITH THE CLINIC'S OPERATIONS MSHA'S SERVICE AREA COMPRISES A STABLE, AGING POPULATION, SO THE ORGANIZATION HAS ESTABLISHED A NUMBER OF PROGRAMS TO SERVE THE NEEDS OF SENIOR CITIZENS AN EXAMPLE OF A SENIOR PROGRAM IS THE PINNACLE CLUB A COMMUNITY OUTREACH PROGRAM FOR SERVICE-AREA SENIORS THAT OFFERS MONTHLY HEALTH-RELATED EVENTS AND FELLOWSHIP OPPORTUNITIES AT JOHNSON CITY MEDICAL CENTER, INDIAN PATH MEDICAL CENTER, RUSSELL COUNTY MEDICAL CENTER AND SYCAMORE SHOALS HOSPITAL BENEFITS INCLUDE HEALTH SCREENINGS, FREE ANNUAL LAB SCREENINGS, AND DISCOUNTED FIRST-TIME ENROLLMENT FEES AT OUR WELLNESS CENTER AND FRANKLIN FITNESS CENTER THE CLUB SPONSORS HEALTH FAIRS, THE SENIOR EXPO, AND MONTHLY EDUCATIONAL LUNCHEONS IN KINGSPORT, JOHNSON CITY, AND ELIZABETHTON, TN, AND IN LEBANON, VA THE CLUB ALSO PROVIDES FREE NOTARY SERVICES, SOCIALS, TRAVEL OPPORTUNITIES AND DISCOUNTS THROUGH NUMEROUS VENDORS DURING FY11, MSHA INCURRED A NET OPERATING LOSS OF $51,651 ATTRIBUTABLE TO ITS SUPPORT OF THE PROGRAM 3) EDUCATION AND TRAINING COMMUNITY HEALTH EDUCATIONAL PROGRAMS MSHA PROVIDED A VARIETY OF WELLNESS AND HEALTH INFORMATION TO HELP EDUCATE AREA RESIDENTS ABOUT COMMUNITY-SPECIFIC HEALTH ISSUES INFORMATION WAS PROVIDED THROUGH PRINTED MATERIALS, SPEAKING ENGAGEMENTS, RADIO AND TELEVISION INTERVIEWS, AND HEALTH FAIRS AND EXPOS MSHA ACCEPTED INVITATIONS TO SPEAK ON HEALTH-RELATED TOPICS AT VARIOUS COMMUNITY ORGANIZATIONS AND SCHOOLS A VARIETY OF TOPICS WERE PRESENTED SUCH AS SKIN CARE, STRESS MANAGEMENT, NUTRITION, WEIGHT MANAGEMENT, PREVENTIVE CARE MEASURES, CARE OF AGING PARENTS AND OTHERS YOUTH EDUCATION PROGRAMS WERE PRESENTED TO STUDENTS RANGING FROM KINDERGARTEN TO COLLEGE AND WERE DESIGNED TO PROMOTE SAFETY AT PLAY, AGE-APPROPRIATE HEALTH ISSUES, ILLNESS AND INJURY PREVENTION TECHNIQUES, NUTRITION, AND THE DANGERS OF TOBACCO, ALCOHOL AND DRUG USE DIETITIANS GAVE TALKS, PROVIDED FOOD DEMONSTRATIONS TO VARIOUS GROUPS AND VISITED AREA SCHOOLS TO DISCUSS NUTRITION HOME HEALTH, HOSPICE AND PARISH NURSING ALSO PROVIDED NUMEROUS SPEAKING ENGAGEMENTS THE COST OF PROVIDING THESE SPEAKING ENGAGEMENTS WAS APPROXIMATELY $62,027 MSHA'S AMERICAN HEART ASSOCIATION (AHA) TRAINING CENTER OFFERED SEVERAL COURSES TO HEALTHCARE PROVIDERS AND TO THE PUBLIC IN AN EFFORT TO EXPAND THE OUTREACH OF THE AMERICAN HEART ASSOCIATION AND MSHA IN PROMOTING WELLNESS AND SAVING LIVES PROGRAMS INCLUDE ADVANCED CARDIAC LIFE SUPPORT, BASIC CARDIAC LIFE SUPPORT, PEDIATRIC ADVANCED LIFE SUPPORT, FIRST AID AND LIFE SUPPORT INSTRUCTOR TRAINING THE FY11 UNREIMBURSED COST TO PROVIDE THE EDUCATIONAL COURSES TO THE PUBLIC WAS $211,155 IMPORTANT TO THE EFFICIENT AND SAFE OPERATION OF THE AIR AMBULANCE IS A CLEAR UNDERSTANDING OF HOW TO CLEAR AND PREPARE LANDING ZONES AND APPROPRIATE METHODS FOR COMMUNICATING WITH AIR HELICOPTER PILOTS AT ACCIDENT SCENES AND TRANSPORT SITES WINGS AIR RESCUE MADE MORE THAN 100 TRAINING RUNS TO AREA EMERGENCY MEDICAL SERVICE FACILITIES TO PERFORM TRAINING OF EMS CREWS

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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
MOUNTAIN STATES HEALTH ALLIANCE

Employer identification number
62-0476282

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
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) Disproportionate 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) INTEGRATED SOLUTIONS HEALTH NETWORK LLC 400 N STATE OF FRANKLIN RD JOHNSON CITY, TN37604 62-1711997	INVESTMENT COMPANY	TN	N/A	(D)	-1,770,396	875,222		No			No	96 580 %
(2) EMMAUS COMMUNITY HEALTHCARE PLLC 6070 HWY 11E PINEY FLATS, TN37686 20-0577483	MEDICAL SERVICES	TN	N/A									
(3) MEDICAL SPECIALISTS OF JOHNSON CITY LLC 2528 WESLEY STREET STE 2 JOHNSON CITY, TN37601 27-2199037	MEDICAL SERVICES	TN	N/A	(D)	-95,716	40,295		No			No	51 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) BLUE RIDGE MEDICAL MANAGEMENT CORPORATION 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1490616	PHYSICIAN OFFICES	TN	N/A	C	64,405,292	187,714,709	100 000 %
(2) MEDISERVE MEDICAL EQUIPMENT OF KINGSPORT 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1212286	DURABLE MEDICAL EQUIPMENT CO	TN	BLUE RIDGE MEDICAL MGMT CORP	C	4,307,855	3,872,099	100 000 %
(3) MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1845895	PROPERTY MANAGEMENT	TN	BLUE RIDGE MEDICAL MGMT CORP	C	12,693,987	146,200,242	100 000 %
(4) MOUNTAIN STATES MEDICAL GROUP 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1700412	HEALTHCARE SERVICES	TN	BLUE RIDGE MEDICAL MGMT CORP	C	34,535,196	6,178,154	100 000 %
(5) COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA24273 54-1453810	MEDICAL EQUIP SALES & RENTAL	VA	NORTON COMMUNITY HOSPITAL	C	338,141	414,859	50 100 %
(6) COMMUNITY PHYSICIANS SERV CORP 100 15TH STREET NW NORTON, VA24273 54-1641446	MEDICAL SERVICES	VA	NORTON COMMUNITY HOSPITAL	C	2,311	93	50 100 %
(7) SOUTHWEST COMMUNITY HEALTH SERV 565 RADIO HILL RD PO BOX 880 MARION, VA24354 54-1460695	MEDICAL SERVICES	VA	SMYTH CO COMMUNITY HOSPITAL	C	381,781	1,035,717	80 000 %

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

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

		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		No
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		No
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	Yes	
h Exchange of assets	1h		No
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	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r		No

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: 62-0476282
Name: MOUNTAIN STATES HEALTH ALLIANCE

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
DICKENSON COMMUNITY HOSPITAL PO BOX 1440 HOSPITAL DRIVE CLINTWOOD, VA24228 77-0599553	HOSPITAL	VA	501(C)(3)	LINE 3	NORTON COMMUNITY HOSPITAL		No
MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD STE 101 JOHNSON CITY, TN37604 58-1418862	FUNDRAISING FOR MSHA HOSPITALS	TN	501(C)(3)	LINE 11A	N/A		No
MSHA AUXILIARY 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN37604 58-1418345	SUPPORTING ORGANIZATION TO MSHA HOSPITALS	TN	501(C)(3)	LINE 11A	N/A		No
SMYTH COUNTY COMMUNITY HOSPITAL 565 RADIO HILL ROAD MARION, VA24354 54-0794913	HOSPITAL	VA	501(C)(3)	LINE 3	N/A		No
NORTON COMMUNITY HOSPITAL 100 15TH STREET NW NORTON, VA24273 54-0566029	HOSPITAL	VA	501(C)(3)	LINE 3	N/A		No
JOHNSTON MEMORIAL HOSPITAL 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA24211 54-0544705	HOSPITAL	VA	501(C)(3)	LINE 3	N/A		No
ABINGDON PHYSICIAN PARTNERS 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA24211 20-5485346	MEDICAL SERVICES	VA	501(C)(3)	LINE 11A	JOHNSTON MEMORIAL HOSPITAL		No
JOHNSTON MEMORIAL HEALTHCARE FOUNDATION INC 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA24211 26-2870970	SUPPORTING ORGANIZATION TO JMH	VA	501(C)(3)	LINE 11A	N/A		No
COMMUNITY HEALTHCARE FOUNDATION 100 15TH STREET NW NORTON, VA24273 54-2002314	SUPPORTING ORGANIZATION TO NCH	VA	501(C)(3)	LINE 11A	N/A		No

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
BLUE RIDGE MEDICAL MANAGEMENT CORPORATION 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1490616	PHYSICIAN OFFICES	TN	N/A	C	64,405,292	187,714,709	100 000 %
MEDISERVE MEDICAL EQUIPMENT OF KINGSPORT 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1212286	DURABLE MEDICAL EQUIPMENT CO	TN	BLUE RIDGE MEDICAL MGMT CORP	C	4,307,855	3,872,099	100 000 %
MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1845895	PROPERTY MANAGEMENT	TN	BLUE RIDGE MEDICAL MGMT CORP	C	12,693,987	146,200,242	100 000 %
MOUNTAIN STATES MEDICAL GROUP 1021 W OAKLAND AVE STE 207 JOHNSON CITY, TN37604 62-1700412	HEALTHCARE SERVICES	TN	BLUE RIDGE MEDICAL MGMT CORP	C	34,535,196	6,178,154	100 000 %
COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA24273 54-1453810	MEDICAL EQUIP SALES & RENTAL	VA	NORTON COMMUNITY HOSPITAL	C	338,141	414,859	50 100 %
COMMUNITY PHYSICIANS SERV CORP 100 15TH STREET NW NORTON, VA24273 54-1641446	MEDICAL SERVICES	VA	NORTON COMMUNITY HOSPITAL	C	2,311	93	50 100 %
SOUTHWEST COMMUNITY HEALTH SERV 565 RADIO HILL RD PO BOX 880 MARION, VA24354 54-1460695	MEDICAL SERVICES	VA	SMYTH CO COMMUNITY HOSPITAL	C	381,781	1,035,717	80 000 %

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)	MOUNTAIN STATES PROPERTIES	G	451,575	
(2)	MOUNTAIN STATES PROPERTIES	J	1,573,432	
(3)	MOUNTAIN STATES PROPERTIES	K	334,926	
(4)	MOUNTAIN STATES PROPERTIES	Q	455,555	
(5)	MOUNTAIN STATES PROPERTIES	P	852,014	
(6)	MEDISERVE	J	84,541	
(7)	MEDISERVE	P	787,254	
(8)	SMYTH COUNTY COMMUNITY HOSPITAL	P	102,777	
(9)	SMYTH COUNTY COMMUNITY HOSPITAL	K	3,785,651	
(10)	SMYTH COUNTY COMMUNITY HOSPITAL	Q	1,248,529	
(11)	DICKENSON COMMUNITY HOSPITAL	K	747,170	
(12)	JOHNSTON MEMORIAL HOSPITAL	B	4,571,429	
(13)	JOHNSTON MEMORIAL HOSPITAL	K	10,087,256	
(14)	JOHNSTON MEMORIAL HOSPITAL	N	168,444	
(15)	JOHNSTON MEMORIAL HOSPITAL	Q	480,290	
(16)	MOUNTAIN STATES FOUNDATION	K	826,639	
(17)	MOUNTAIN STATES FOUNDATION	C	1,923,710	
(18)	BLUE RIDGE MEDICAL MGMT CORP	K	6,625,179	
(19)	BLUE RIDGE MEDICAL MGMT CORP	L	25,887,666	
(20)	BLUE RIDGE MEDICAL MGMT CORP	N	862,919	
(21)	BLUE RIDGE MEDICAL MGMT CORP	P	6,470,120	
(22)	MOUNTAIN STATES HEALTH ALLIANCE AUXILIARY	O	138,662	
(23)	MOUNTAIN STATES HEALTH ALLIANCE AUXILIARY	P	183,010	
(24)	NORTON COMMUNITY HOSPITAL	K	2,647,824	
(25)	INTEGRATED SOLUTIONS HEALTH NETWORK LLC	L	160,858	
(26)	INTEGRATED SOLUTIONS HEALTH NETWORK LLC	P	568,740	
(27)	MOUNTAIN STATES PROPERTIES	L	119,790	

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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2010

Attachment Sequence No **67**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
MOUNTAIN STATES HEALTH ALLIANCE		62-0476282

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1 Maximum amount See the instructions for a higher limit for certain businesses	**1**	500,000
2 Total cost of section 179 property placed in service (see instructions)	**2**	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	**3**	2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	**4**	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	**5**	

6	**(a)** Description of property	**(b)** Cost (business use only)	**(c)** Elected cost

7 Listed property Enter the amount from line 29	**7**		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	**8**		
9 Tentative deduction Enter the **smaller** of line 5 or line 8	**9**		
10 Carryover of disallowed deduction from line 13 of your 2009 Form 4562	**10**		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	**11**		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	**12**		
13 Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12 ▶	**13**		

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property **)** (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	**14**	
15 Property subject to section 168(f)(1) election	**15**	
16 Other depreciation (including ACRS)	**16**	

Part III **MACRS Depreciation (Do not** include listed property.**)** (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2010	**17**	227,638
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

	(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs		S/L	
c	40-year		40 yrs	MM	S/L	

Part IV **Summary** (see instructions)

21 Listed property Enter amount from line 28	**21**	
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	**22**	227,638
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	**23**	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1						**29**		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions)					
43 Amortization of costs that began before your 2010 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

MOUNTAIN STATES HEALTH ALLIANCE

Audited Consolidated Financial Statements
(and Supplemental Schedules)

Years Ended June 30, 2011 and 2010

PYA

MOUNTAIN STATES HEALTH ALLIANCE

Audited Consolidated Financial Statements and Supplemental Schedules

Years Ended June 30, 2011 and 2010

PERSHING YOAKLEY & ASSOCIATES, P.C.
Certified Public Accountants
One Cherokee Mills, 2220 Sutherland Avenue
Knoxville, TN 37919

p: (865) 673-0844 | f: (865) 673-0173
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mountain States Health Alliance:

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes 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 the Alliance's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules, as listed in the accompanying index, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

As discussed in Note B, the Alliance adopted Financial Accounting Standards Board Accounting Standards Codification 958-10, *Consolidation*, and applicable portions of 958-805, *Not-for-Profit Entities*, during 2011.

Pershing Yoakley & Associates PC

Knoxville, Tennessee
October 26, 2011

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2011	June 30, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ **112,768**	$ 234,526
Current portion of investments	**116,175**	25,092
Patient accounts receivable, less estimated allowances for uncollectible accounts of $53,366 in 2011 and $45,941 in 2010	**134,611**	125,580
Other receivables, net	**19,614**	17,926
Inventories and prepaid expenses	**28,965**	29,163
TOTAL CURRENT ASSETS	**412,133**	432,287
INVESTMENTS, less amounts required to meet current obligations	**581,376**	590,131
PROPERTY, PLANT AND EQUIPMENT, net	**797,418**	695,598
OTHER ASSETS		
Goodwill - Note B	**148,666**	151,352
Net deferred financing, acquisition costs and other charges, less current portion	**29,844**	30,819
Other assets	**28,448**	29,313
TOTAL OTHER ASSETS	**206,958**	211,484
	$ **1,997,885**	$ 1,929,500

	June 30, 2011	June 30, 2010
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued interest payable	$ 20,047	$ 16,039
Current portion of long-term debt and capital lease obligations	28,162	28,131
Current portion of estimated fair value of derivatives	102,609	10,740
Accounts payable and accrued expenses	98,819	99,227
Accrued salaries, compensated absences and amounts withheld	57,800	47,280
Estimated amounts due to third-party payors, net	14,813	10,155
TOTAL CURRENT LIABILITIES	322,250	211,572
OTHER LIABILITIES		
Long-term debt and capital lease obligations, less current portion	1,040,923	1,054,842
Estimated fair value of derivatives, less current portion	8,123	123,560
Deferred revenue	19,267	20,445
Estimated professional liability self-insurance	9,692	9,541
Other long-term liabilities	14,352	12,628
TOTAL LIABILITIES	1,414,607	1,432,588
COMMITMENTS AND CONTINGENCIES - Notes D, F, G, and N		
NET ASSETS		
Unrestricted net assets		
Mountain States Health Alliance	400,395	317,485
Noncontrolling interests in subsidiaries - Note B	171,984	168,359
TOTAL UNRESTRICTED NET ASSETS	572,379	485,844
Temporarily restricted net assets		
Mountain States Health Alliance	10,715	10,890
Noncontrolling interests in subsidiaries - Note B	57	51
TOTAL TEMPORARILY RESTRICTED NET ASSETS	10,772	10,941
Permanently restricted net assets	127	127
TOTAL NET ASSETS	583,278	496,912
	$ 1,997,885	$ 1,929,500

See notes to consolidated financial statements.

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Operations
(Dollars in Thousands)

	Year Ended June 30, 2011	2010
Revenue, gains and support:		
Net patient service revenue	$ 960,254	$ 928,270
Other operating revenue	15,871	16,009
TOTAL REVENUE, GAINS AND SUPPORT	976,125	944,279
Expenses:		
Salaries and wages	342,208	325,663
Physician salaries and wages	59,249	54,489
Contract labor	5,964	6,546
Employee benefits	67,139	68,362
Fees	85,919	82,542
Supplies	169,362	175,469
Utilities	17,300	16,193
Other	69,647	69,154
Depreciation	87,499	68,436
Amortization - Note B	2,559	13,123
Estimated provision for bad debts	6,174	7,961
Interest and taxes	44,153	42,264
TOTAL EXPENSES	957,173	930,202
OPERATING INCOME	18,952	14,077
Nonoperating gains (losses):		
Interest and dividend income	16,224	17,298
Net realized gains on the sale of securities	1,957	2,385
Net unrealized gains on securities	22,168	15,018
Derivative related income	5,072	4,394
Loss on early extinguishment of debt - Note F	-	(3,029)
Change in estimated fair value of derivatives	23,049	(8,607)
Other nonoperating gains (losses)	(2,653)	512
Net assets released from restrictions used for operations	1,893	2,627
NET NONOPERATING GAINS	67,710	30,598
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	$ 86,662	$ 44,675

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Changes in Net Assets
(Dollars in Thousands)

Year Ended June 30, 2011

	Mountain States Health Alliance	*Noncontrolling Interests*	*Total*
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	$ 83,269	$ 3,393	$ 86,662
Pension and other defined benefit plan adjustments	620	617	1,237
Cumulative effect of a change in accounting principle - Note B	(2,965)	-	(2,965)
Net assets released from restrictions used for the purchase of property, plant and equipment	1,946	-	1,946
Distributions to noncontrolling interests	-	(270)	(270)
Repurchases of noncontrolling interests and other	40	(115)	(75)
INCREASE IN UNRESTRICTED NET ASSETS	82,910	3,625	86,535
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	3,612	58	3,670
Net assets released from restrictions	(3,787)	(52)	(3,839)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(175)	6	(169)
INCREASE IN TOTAL NET ASSETS	82,735	3,631	86,366
NET ASSETS, BEGINNING OF YEAR	328,502	168,410	496,912
NET ASSETS, END OF YEAR	$ 411,237	$ 172,041	$ 583,278

See notes to consolidated financial statements.

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Changes in Net Assets - Continued
(Dollars in Thousands)

Year Ended June 30, 2010

	Mountain States Health Alliance	*Noncontrolling Interests*	*Total*
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	$ 42,372	$ 2,303	$ 44,675
Pension and other defined benefit plan adjustments	796	793	1,589
Net assets released from restrictions used for the purchase of property, plant and equipment	2,283	-	2,283
Distributions to noncontrolling interests	-	(151)	(151)
Repurchases of noncontrolling interests and other	(63)	(38)	(101)
INCREASE IN UNRESTRICTED NET ASSETS	45,388	2,907	48,295
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	3,585	88	3,673
Net assets released from restrictions	(4,825)	(85)	(4,910)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(1,240)	3	(1,237)
PERMANENTLY RESTRICTED NET ASSETS:			
Net assets released from restrictions by donor	(50)	-	(50)
INCREASE IN TOTAL NET ASSETS	44,098	2,910	47,008
NET ASSETS, BEGINNING OF YEAR	284,404	165,500	449,904
NET ASSETS, END OF YEAR	$ 328,502	$ 168,410	$ 496,912

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended June 30,	
	2011	*2010*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 86,366	$ 47,008
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	90,472	81,982
Loss on early extinguishment of debt	-	3,029
Cumulative effect of a change in accounting principle	2,965	-
Change in estimated fair value of derivatives	(23,049)	8,607
Equity in net income of joint ventures, net	(898)	(1,117)
Gain on sale of assets held for resale and disposal of assets	(367)	(548)
Amounts received on interest rate swap settlements	(5,072)	(4,394)
Income recognized through forward sale agreements	(864)	(864)
Capital Appreciation Bond accretion and other	2,738	2,071
Restricted contributions	(3,670)	(2,159)
Pension and other defined benefit plan adjustments	(1,237)	598
Increase (decrease) in cash due to change in:		
Net patient accounts receivable	(9,031)	3,232
Other receivables	(2,802)	(1,246)
Inventories and prepaid expenses	(643)	(4,640)
Trading securities	(123,966)	(13,368)
Other assets	(3,632)	(1,159)
Accrued interest payable	4,008	3,989
Accounts payable and accrued expenses	2,741	(855)
Accrued salaries, compensated absences and amounts withheld	11,361	(2,289)
Estimated amounts due from/to third-party payors, net	4,658	3,757
Other long-term liabilities	2,961	(201)
Estimated professional liability self-insurance	151	(471)
Total adjustments	(53,176)	73,954
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,190	120,962
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment, property held for resale and property held for expansion, net	(172,786)	(172,240)
Additions to goodwill	(279)	-
Net decrease in assets limited as to use	81,383	50,362
Purchases of held-to-maturity securities	(41,060)	(28,175)
Net distribution from joint ventures and unconsolidated affiliates	1,057	1,162
Proceeds from sale of property, plant and equipment and property held for resale	812	9,565
NET CASH USED IN INVESTING ACTIVITIES	(130,873)	(139,326)

	Year Ended June 30, 2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital lease obligations, including deposits to escrow	(37,735)	(226,315)
Payment of acquisition and financing costs	(1,716)	(3,565)
Proceeds from issuance of long-term debt and other financing arrangements	5,954	235,158
Net amounts received on interest rate swap settlements	5,072	4,394
Restricted contributions received	4,350	3,382
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(24,075)	13,054
NET DECREASE IN CASH AND CASH EQUIVALENTS	(121,758)	(5,310)
CASH AND CASH EQUIVALENTS, beginning of year	234,526	239,836
CASH AND CASH EQUIVALENTS, end of year	$ 112,768	$ 234,526

SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS:		
Cash paid for interest	$ 39,507	$ 38,666
Cash paid for federal and state income taxes	$ 739	$ 446
Construction related payables in accounts payable and accrued expenses	$ 11,384	$ 14,847
Property purchased through capital lease arrangement	$ 15,951	$ -
Increase in receivable from sale of property	$ -	$ 1,483
Decrease in land held for expansion related to property exchange transaction	$ -	$ 3,432
Land held for expansion placed in use	$ 4,904	$ -

During the year ended June 30, 2010, the Alliance refinanced previously issued debt of $184,050.

NOTE A--ORGANIZATION AND OPERATIONS

Mountain States Health Alliance (the Alliance) is a tax-exempt entity with operations primarily located in Washington, Sullivan, and Carter counties of Tennessee and Smyth, Wise, Dickenson, Russell and Washington counties of Virginia. The initial funds for the establishment of the Alliance in 1945 were provided by individuals and various institutions. Membership of the Alliance consists of individuals and institutions who have contributed at least $100 to the capital fund of the Alliance and are entitled to vote at the annual election of the Board of Directors.

The primary operations of the Alliance consist of ten acute and specialty care hospitals, as follows:

- Johnson City Medical Center (JCMC) - licensed for 658 beds
- Smyth County Community Hospital (SCCH) - licensed for 279 beds
- Indian Path Medical Center (IPMC) - licensed for 261 beds
- Norton Community Hospital (NCH) - licensed for 129 beds
- Sycamore Shoals Hospital (SSH) - licensed for 121 beds
- Johnston Memorial Hospital (JMH) - licensed for 116 beds
- Franklin Woods Community Hospital (FWCH) - licensed for 80 beds
- Russell County Medical Center (RCMC) - licensed for 78 beds
- Dickenson Community Hospital (DCH) - licensed for 25 beds
- Johnson County Community Hospital (JCCH) - licensed for 2 beds

FWCH opened in July 2010, replacing operations at North Side Hospital (NSH) and Johnson City Specialty Hospital (JCSH). NSH and JCSH were licensed for 91 beds and 23 beds, respectively, prior to the opening of FWCH and a total of 64 beds were transferred within the Alliance.

The Alliance has a 50.1% interest in JMH. JMH is also the sole member of Abingdon Physician Partners (APP), a non-taxable corporation that owns and manages physician practices.

The Alliance has a 50.1% interest in NCH. NCH is also the sole member or shareholder of DCH and Norton Community Physician Services, LLC (NCPS), a taxable corporation that consists of physician practices and a pharmacy and; Community Home Care (CHC), a taxable corporation that provides home medical equipment.

The Alliance has an 80% interest in SCCH. SCCH is the sole shareholder of Southwest Community Health Services, Inc. (SWCH), a taxable entity that operates a pharmacy and provides other health services.

The activities and accounts of JMH, NCH and SCCH are included in the accompanying consolidated financial statements.

NOTE A--ORGANIZATION AND OPERATIONS - Continued

The Alliance is the sole shareholder of Blue Ridge Medical Management Corporation (BRMM), a for-profit entity that owns and manages physician practices and provides other healthcare services to patients in Tennessee and Virginia. BRMM also operates as a medical office real estate developer by owning, selling and leasing real estate to physician practices and other entities. BRMM is either the sole shareholder, a significant shareholder, or member of the following organizations:

Mountain States Physician Group, Inc. (MSPG): A company that contracts with physicians to provide services to BRMM physician practices.

Mountain States Properties, Inc. (MSPI): An entity that owns and manages certain real estate (primarily medical office buildings) and provides rehabilitation and fitness services. In addition, MSPI is a counter-party to various financing transactions, including interest rate swaps.

Mediserve Medical Equipment of Kingsport, Inc. (Mediserve): A company that provides durable medical equipment services.

Synergy Health Group LLC: An affiliation of member hospitals that work together to maximize cost savings opportunities through aggregated buying power.

Kingsport Ambulatory Surgery Center (KASC) (d b.a. Kingsport Day Surgery): A joint venture operating as an outpatient surgery center which performs procedures primarily in otolaryngology, orthopedics, ophthalmology, and general surgery. BRMM has a 43% ownership of KASC at June 30, 2011 and 2010; however, BRMM maintains control over KASC through a management agreement. As such, the accounts and activities of KASC are included in the accompanying consolidated financial statements.

Piney Flats Urgent Care (PFUC): A for-profit entity that provides urgent care patient services. BRMM has a 75% ownership of PFUC. The accounts and activities of PFUC are included in the accompanying consolidated financial statements.

The Alliance is the primary beneficiary of the activities of Mountain States Foundation, Inc. (MSF), a not-for-profit foundation formed to coordinate fundraising and development activities of the Alliance. The Alliance is also the beneficiary of the Mountain States Health Alliance Auxiliary (Auxiliary), a not-for-profit organization formed to coordinate volunteer activities of the Alliance. The activities and accounts of MSF and the Auxiliary are included in the accompanying consolidated financial statements.

The Alliance is a majority shareholder of Integrated Solutions Health Network, LLC (ISHN). The primary function of ISHN is to establish, operate and administer a provider-sponsored health care

NOTE A--ORGANIZATION AND OPERATIONS - Continued

delivery network. The accounts and activities of ISHN are included in the accompanying consolidated financial statements.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Alliance and its subsidiaries after elimination of all significant intercompany accounts and transactions. The Alliance classifies those activities directly associated with its mission of providing healthcare services, as well as other activities deemed significant to its operations, as operating activities.

Noncontrolling Interests in Subsidiaries: Noncontrolling interests represent the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent organization. Effective July 1, 2010, the Alliance adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810, *Consolidation.* ASC 958-810 amends the accounting for, and the financial statement presentation of, noncontrolling interests in a subsidiary within consolidated financial statements. ASC 958-810 requires that a noncontrolling interest in the net assets of a subsidiary be accounted for and reported as net assets and provides revised guidance on the treatment of income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary.

The Alliance adopted ASC 958-810 during 2011 and reclassified $168,410 of noncontrolling interests from minority interest to net assets as of June 30, 2010. These amounts are reflected net of distributions and pension and other defined benefit plan adjustments within net assets in the Consolidated Balance Sheets. The Alliance attributed an Excess of Revenue, Gains and Support over Expenses and Losses of $3,393 and $2,303 for the years ending June 30, 2011 and 2010, respectively, to the noncontrolling interests in JMH, NCH, SCCH, KASC, PFUC and ISHN based on the noncontrolling interests' respective ownership percentage. None of the noncontrolling interests include redemption features.

Use of Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents: Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

limited as to use or uninvested amounts included in investment portfolios are not included as cash and cash equivalents on the Consolidated Balance Sheets.

Investments: Investments as reported in the Consolidated Balance Sheets include trading securities, held-to-maturity securities and assets limited as to use (Note C). FASB ASC 958-320, *Investments - Debt and Equity Securities*, allows not-for-profit organizations to report in a manner similar to business entities by identifying securities as available-for-sale or held-to-maturity and to exclude the unrealized gains and losses on those securities from the Performance Indicator (as defined below). Investments which the Alliance has the positive intent and ability to hold to maturity are considered as held-to-maturity. Substantially all other investments (including assets limited as to use) are considered as trading securities. Management annually evaluates the held-to-maturity investment portfolio and recognizes any "other-than-temporary" losses as deductions from the Performance Indicator Management's evaluation considers the amount of decline in fair value, as well as the time period of any such decline. Management does not believe any investment classified as held-to-maturity is other-than-temporarily impaired at June 30, 2011.

Within the trading securities portfolio, all debt securities and marketable equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments without readily determinable fair values are reported at estimated fair market value pursuant to FASB ASC 825, *Financial Instruments*. Guaranteed investment contracts are reported at contract value.

Realized gains and losses on trading securities and assets limited as to use are computed using the specific identification method for cost determination. Interest and dividend income is reported net of related investment fees.

Investments in joint ventures are reported under the equity method of accounting, which approximates the Alliance's equity in the underlying net book value, unless the ownership structure requires consolidation. Other assets include investments in joint ventures of $2,367 and $2,418 at June 30, 2011 and 2010, respectively.

Inventories: Inventories, consisting primarily of medical supplies, are stated at the lower of cost or market.

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Generally, depreciation is computed by the straight-line method over the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Amortization of building and equipment held under capital lease is shown as a part of depreciation expense and accumulated depreciation in the accompanying consolidated financial statements.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

The Alliance reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, the Alliance estimates future cash flows from operations and the eventual disposition of such assets. If the sum of these undiscounted future cash flows is less than the carrying amount of the asset, a write-down to estimated fair value is recorded. The Alliance did not recognize any impairment losses during 2011 and 2010.

Other assets include property held for resale and property held for expansion of $4,230 and $9,135, respectively, at June 30, 2011 and 2010. During 2011, property held for expansion totaling approximately $4,905 was transferred to property, plant and equipment in conjunction with the construction of FWCH. Property held for resale and property held for expansion primarily represent land contributed to, or purchased by, the Alliance plus costs incurred to develop the infrastructure of such land. Management annually evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified in 2011 and 2010.

Goodwill: Goodwill represents the difference between the acquisition cost of assets and the estimated fair value of net tangible and any separately identified intangible assets. Prior to July 1, 2010, the Alliance amortized goodwill associated with its not-for-profit subsidiaries under the straight-line method over various estimated useful lives ranging from 10 to 25 years. However, effective July 1, 2010, ASC 958-805, *Not-for-Profit Entities*, requires the not-for-profit entities within the Alliance to cease amortization of goodwill, perform a transitional impairment test and perform annual impairment testing in the future.

As a result of its transitional impairment testing as of July 1, 2010, management determined that approximately $2,965 of goodwill associated with one of its reporting units was impaired, and such impairment has been reflected as the Cumulative Effect of a Change in Accounting Principle in the 2011 Consolidated Statement of Changes in Net Assets. Based upon this transitional testing, management does not believe any remaining goodwill acquired by its not-for-profit entities to be

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

impaired. The reporting unit for evaluation of substantially all such goodwill is the Alliance's aggregate acute-care operations.

For goodwill acquired by its for-profit subsidiaries, the Alliance does not amortize goodwill and annually performs impairment testing. Based upon this annual impairment testing, management has determined that there is no impairment related to goodwill associated with its for-profit subsidiaries.

Deferred Financing, Acquisition Costs and Other Charges: Other assets, including deferred financing, acquisition costs and other charges, total $29,844 and $30,819 at June 30, 2011 and 2010, respectively. Deferred financing costs are amortized over the life of the respective bond issue principally using the average bonds outstanding method. Other intangible assets include licenses and similar assets and are being amortized over the intangible's estimated useful life under the straight-line method.

Prior to 2009, the Alliance routinely financed interest rate swap and other derivative transaction issuance costs through modification of future settlement terms. As such, the unamortized issuance costs of these derivatives are included as deferred financing costs in the accompanying Consolidated Balance Sheets and are being amortized over the term of the respective derivative instrument. The unpaid issuance costs are included as a part of the estimated fair value of derivatives in the accompanying Consolidated Balance Sheets. Beginning in 2009, interest rate swap and derivative transaction issuance costs are expensed as incurred.

Derivative Financial Instruments: As further described in Note D, the Alliance is a party to interest rate swap and other derivative agreements These financial instruments are not designated as hedges and have been presented at estimated fair market value in the accompanying Consolidated Balance Sheets as either current or long-term liabilities, based upon the remaining term of the instrument. Changes in the estimated fair value of these derivatives are included in the Consolidated Statements of Operations as part of nonoperating gains (losses). Net settlements and other related income of derivatives are also reflected as a part of the Performance Indicator (described below).

These fair values are based on the estimated amount the Alliance would receive, or be required to pay, to enter into equivalent agreements at the valuation date. The fair value of various derivatives are netted on the Consolidated Balance Sheets based on management's evaluation of the settlement provisions in the master contract. Gross positions of these derivatives are disclosed in Note D. Due to the nature of these financial instruments, such estimates of fair value are subject to significant change in the near term.

Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities: Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims (Note G) and are recorded at the estimated net present value of such claims. Other long-term liabilities include contributions payable and obligations under deferred compensation arrangements, a defined

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

benefit pension plan, a post-retirement employee benefit plan as well as other liabilities which management estimates are not payable within one year.

Net Patient Service Revenue/Receivables: Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Alliance's revenue recognition policies related to self-pay and other types of payors emphasize revenue recognition only when collections are reasonably assured.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid, TennCare and other third-party payment programs. Current operations include a provision for bad debts in the Consolidated Statements of Operations estimated based upon the age of the patient accounts receivable, prior experience and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take.

The Alliance's policy does not require collateral or other security for patient accounts receivable. The Alliance routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Charity Care: The Alliance accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Alliance and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue.

In addition to the charity care services described above, the Alliance provides a number of other services to benefit the poor for which little or no payment is received. Medicare, Medicaid, TennCare and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The Alliance also provides services to the community at large for which it receives little or no payment.

Excess of Revenue, Gains and Support Over Expenses and Losses: The Consolidated Statements of Operations and the Consolidated Statements of Changes in Net Assets includes the caption *Excess of*

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue, Gains and Support Over Expenses and Losses (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator, consistent with industry practice, include contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, pension and related adjustments, and distributions to, or contributions from, owners and transactions with noncontrolling interests.

Income Taxes: The Alliance is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Alliance and its tax-exempt subsidiaries. Taxable entities account for income taxes in accordance with FASB ASC 740, *Income Taxes* (Note L). The Alliance has no significant uncertain tax positions at June 30, 2011 and 2010.

Temporarily and Permanently Restricted Net Assets: Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Consolidated Statements of Changes in Net Assets as net assets released from restrictions. Permanently restricted net assets have been restricted by donors to be maintained by the Alliance in perpetuity.

Fair Value Measurement: The Alliance had previously adopted FASB ASC 820, *Fair Value Measurements and Disclosures,* which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements.

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820) - Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires new disclosures regarding significant transfers in and out of Levels 1 and 2, as well as information about activity in Level 3 fair value measurements, including presenting information about purchases, sales, issuances and settlements on a gross versus a net basis in the Level 3 activity roll forward. In addition, ASU 2010-06 clarifies existing disclosures regarding input and valuation techniques, as well as the level of disaggregation for each class of assets and liabilities. The Alliance adopted ASU 2010-06 in 2011, except for the disclosures related to purchases, sales, issuance and settlements, which will be effective for the Alliance beginning July 1, 2012. The adoption of ASU 2010-06 did not, and is not expected to, have an impact on the Alliance's consolidated financial statements.

Subsequent Events. The Alliance evaluated all events or transactions that occurred after June 30, 2011, through October 26, 2011, the date the consolidated financial statements were available to be

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2011 consolidated financial statements, other than as discussed in Notes D, F and S.

New Accounting Pronouncements: In August 2010, the FASB issued Accounting Standards Update (ASU) 2010-23, *Health Care Entities – Measuring Charity Care for Disclosure.* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU 2010-23 requires that cost, identified as the direct and indirect costs of providing the charity care, be used as the measurement basis for disclosure purposes. ASU 2010-23 also requires disclosure of the method used to identify or determine such costs. The Hospital will adopt ASU 2010-23 in fiscal year 2012. Management does not expect the adoption of ASU 2010-23 to have a material impact on the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities – Presentation of Insurance Claims and Related Insurance Recoveries.* The amendments in the ASU clarify that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. ASU 2010-24 is effective for the Alliance beginning July 1, 2011 and management is currently evaluating the impact of this ASU on the consolidated financial statements.

In July 2011, the FASB issued ASU 2011-07, *Healthcare Entities (Topic 954). Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Healthcare Entities*, which will require certain healthcare entities to reclassify the provision for bad debts associated with providing patient care from an operating expense to a deduction from net patient service revenue in the Consolidated Statements of Operations. Additionally, ASU 2011-07 requires enhanced disclosures about an entity's policies for recognizing revenue and assessing bad debts and qualitative and quantitative information about changes in the allowance for doubtful accounts. The Alliance intends to adopt ASU 2011-07 in fiscal year 2013. Management does not expect the adoption of ASU 2011-07 to have a material impact on the consolidated financial statements.

Reclassifications: Certain 2010 amounts have been reclassified to conform with the 2011 presentation in the accompanying consolidated financial statements.

NOTE C--INVESTMENTS

Assets limited as to use are summarized by designation or restriction as follows at June 30:

(Dollars in Thousands)

NOTE C--INVESTMENTS - Continued

	2011	2010
Designated or restricted:		
Under safekeeping agreements	$ 28,349	$ 52,050
Under guarantee agreements	92,720	89,486
By Board for capital improvements	4	2,776
Under bond indenture agreements:		
For debt service and interest payments	67,874	78,612
For capital acquisitions	28,835	76,241
	217,782	299,165
Less: amount required to meet current obligations	(116,175)	(25,092)
	$ 101,607	$ 274,073

Assets limited as to use consist of the following at June 30:

	2011	2010
Cash, cash equivalents and money market funds	$ 115,579	$ 170,897
U.S. Government securities	1,795	1,795
U.S. Agency securities	7,688	12,319
Guaranteed investment contracts	92,720	114,154
	$ 217,782	$ 299,165

Trading securities consist of the following at June 30:

	2011	2010
Cash, cash equivalents and money market funds	$ 29,159	$ 4,799
U.S. Government securities	9,409	3,137
U.S. Agency securities	31,551	13,760
Corporate and foreign bonds	126,543	11,688
Municipal obligations	451	1,461
Preferred and asset backed securities	8,945	7,023
U.S. equity securities	94,834	139,168
Other	32,718	28,608
	$ 333,610	$ 209,644

(Dollars in Thousands)

NOTE C--INVESTMENTS - Continued

Held-to-Maturity securities are carried at amortized cost and consist of the following at June 30:

	2011	2010
Cash, cash equivalents and money market funds	$ 753	$ 1,131
Corporate and foreign bonds	135,745	103,968
Municipal obligations	9,661	1,315
	$ 146,159	$ 106,414

Held-to-maturity securities had gross unrealized gains and losses of $6,838 and $276, respectively, at June 30, 2011 and $5,525 and $607, respectively at June 30, 2010. At June 30, 2011, the Alliance held nine securities within the held-to-maturity portfolio with a fair value and unrealized loss of $549 and $44, respectively, which had been at an unrealized loss position for over one year. At June 30, 2010, the Alliance held one security within the held-to-maturity portfolio with a fair value and unrealized loss of $591 and $166, respectively, which had been at an unrealized loss position for over one year. At June 30, 2011, the contractual maturities of held-to-maturity securities were $13,816 due in one year or less, $55,563 due from one to five years and $76,780 due after five years. At June 30, 2010, the contractual maturities of held-to-maturity securities were $13,389 due in one year or less, $48,447 due from one to five years and $44,578 due after five years.

At June 30, 2011 and 2010, the Alliance held investments in certain limited partnerships and hedge funds of $32,718 and $28,608, respectively, that have a wide range of investment strategies with various levels of risk. These funds are included within trading securities and do not have readily determinable fair values. The funds are reported at estimated fair market value pursuant to FASB ASC 825, *Financial Instruments*.

The Alliance has investments in several joint ventures and corporations which are accounted for under the equity method of accounting.

As a part of the acquisition of membership interests in JMH, SCCH and NCH, the Alliance has committed to invest $132,000, $48,100, and $45,000, respectively. Cumulative amounts expended at June 30, 2011 under these commitments are approximately $150,184.

NOTE D--DERIVATIVE TRANSACTIONS

The Alliance is a party to a number of derivative transactions. These derivatives have not been designated as hedges and are valued at estimated fair value in the accompanying Consolidated Balance Sheets. Management's primary objective in holding such derivatives is to introduce a variable rate component into its fixed rate debt structure. Under the terms of these agreements, changes in the interest rate environment could have a significant effect on the Alliance.

(Dollars in Thousands)

NOTE D--DERIVATIVE TRANSACTIONS - Continued

These derivative agreements require that the Alliance post additional collateral for the derivatives' fair market value deficits above specified levels. Such investments are included as assets limited as to use. As of June 30, 2011, management believes the Alliance was fully collateralized with respect to the derivative agreements and management does not believe such collateral is exposed to third-party credit risk. Further, certain of the agreements contain requirements regarding maintenance of financial and liquidity ratios. Management has represented the Alliance is in compliance with all such covenants at June 30, 2011.

Interest Rate Swaps: The Alliance is a party to six interest rate swap agreements with Merrill Lynch as the counterparty. The terms of five of these agreements were modified without settlement during 2011 and no gain or loss was realized. However, such modifications did impact the estimated fair value of these interest rate swaps. A liability, representing the estimated net fair value of these swaps, of $8,123 and $33,910 was recognized by the Alliance as of June 30, 2011 and 2010, respectively.

The following is a summary of five of these interest rate swap agreements at June 30, 2011:

			Payments by:		
Swap	*Notional Amount*	*Term*	*Counterparty*	*Alliance*	*Estimated Fair Value*
A	$ 170,000	4/2008-4/2026	1.265% through April 2013; 1.07% through April 2014; then 71.10% of USD-ISDA Swap Rate	0.00% through April 2014, then USD-SIFMA Municipal Swap Index	$ 3,028
B	95,000	4/2008-4/2026	1.265% through April 2013, 1.08% through April 2014; then 71.18% of USD-ISDA Swap Rate	0.00% through April 2014, then USD-SIFMA Municipal Swap Index	1,729
C	173,030	4/2008-4/2034	1.315% through April 2013, 1.12% through April 2014; then 72.35% of USD-ISDA Swap Rate	0.00% through April 2014, then USD-SIFMA Municipal Swap Index	741
D	82,055	12/2007-7/2033	[1] 3.493% through July 2012; then 0% [2] USD-LIBOR-BBA through July 2012, then 67% USD-LIBOR-BBA	[1] 4.41% through July 2012, then 312% [2] USD-SIFMA	(9,363)
E	50,000	2/2008-7/2038	67.00% of USD-LIBOR-BBA plus .145%	USD-SIFMA	(3,918)

Deferred financing and acquisition costs, net of amortization, include $6,480 and $6,823 at June 30, 2011 and 2010, respectively, related to these swaps.

NOTE D--DERIVATIVE TRANSACTIONS - Continued

In addition to the swaps described above, the Alliance and Merrill Lynch are also parties to a total return swap in the notional amount of $23,100 which has an estimated fair value of $(340) and $(252) at June 30, 2011 and 2010, respectively . The agreement consists of the following:

- An agreement that requires the Alliance to pay a variable rate of USD-SIFMA Municipal Swap Index through July 1, 2012 (or termination of the swap) on a notional amount equal to the outstanding 2001A Hospital Revenue and Improvement Bonds (the 2001A Reference Bonds). The Alliance receives a fixed rate of 6.25% of the outstanding 2001A Reference Bonds

- A "total return provision" under which the Alliance will pay (or receive) an amount equal to the product of the outstanding 2001A Reference Bonds multiplied by the difference between the outstanding 2001A Reference Bonds and the 2001A Reference Bonds' market price at termination, as defined in the agreement. In the event the swap does not terminate prior to July 1, 2012, there would be no settlement of this component as there would be no outstanding 2001A Reference Bonds.

The Alliance is also party to a total return swap with Lehman Brothers as the counterparty. Lehman Brothers filed for bankruptcy in September 2008. The Alliance subsequently received notification from Lehman Brothers Special Financing, Inc. indicating the intent of the counterparty to terminate this agreement effective January 1, 2009 The Alliance and Lehman Brothers Special Financing, Inc. have been unable to reach a settlement agreement. In September 2010, the Alliance was issued a subpoena to furnish certain documentation related to the transaction. A protocol has been put into place by the bankruptcy court whereby the parties are to undergo alternate dispute resolution, including non-binding arbitration, which management anticipates will occur in 2012.

The fair value of these swaps is undeterminable at January 1, 2009, as prior to the termination date Lehman Brothers liquidated the underlying referenced securities, making a valuation not commercially viable. An estimated liability of $10,565 and $10,740 was recognized by the Alliance as of June 30, 2011 and 2010, respectively. Management believes that the liability as recorded at June 30, 2011 is sufficient to cover any exposure arising from litigation in this matter. However, it is reasonably possible management's estimate may change in the near term, although the amount of any change cannot be estimated. Due to the termination of this agreement, the estimated liability is included as a current liability in the accompanying Consolidated Balance Sheets.

A third party holds collateral with a fair market value of approximately $13,381 and $13,570, respectively, at June 30, 2011 and 2010, with respect to these Lehman derivative agreements. Such collateral is included as current assets limited as to use.

NOTE D--DERIVATIVE TRANSACTIONS - Continued

The arrangement consists of nine agreements each with three separate components (described below) with notional values of $23,600, $8,000, and $8,750 each. The swaps generally consist of the following:

- An arrangement that calls for the Alliance to pay a variable rate (SIFMA Municipal Swap Index) plus certain fixed payment amounts and receive a payment equal to the interest paid by the Alliance on a portion of its early extinguished, but still outstanding, 2000A and 2000B Hospital Mortgage Revenue Refunding Bonds (the Reference Bonds) (whose fixed rates range from 7.50% to 7.75%).

- An arrangement that requires the Alliance to pay a fixed rate of 4.211% through either July 1, 2025, 2029 or 2033 (or termination of the swap) on the outstanding Reference Bonds and receive a variable rate of 67% of USD-LIBOR-BBA on the outstanding Reference Bonds; and

- A "total return provision" under which the Alliance will pay (or receive) the difference between the outstanding Reference Bonds, multiplied by 132%, less the fair value of the Reference Bonds on the date of termination and any fixed interest payments made under the arrangements described above. In the event the swaps do not terminate prior to their stated termination dates (2025, 2029 or 2033), there would be no settlement of this component as there would be no outstanding Reference Bonds.

The swap also contains an agreement that consists of two separate components:

- An arrangement that requires the Alliance to pay a fixed rate of 2.98% through July 1, 2016 (or termination of the swap) on the outstanding, but previously defeased, 1991 Hospital Revenue and Improvement Bonds (the 1991 Reference Bonds) and receive a variable rate of 67% of USD-LIBOR-BBA on the outstanding 1991 Reference Bonds; and

- A "fixed payor provision" under which the Alliance will pay (or receive) the difference between the outstanding 1991 Reference Bonds multiplied by 100% and any fixed interest payments made as required under the agreement minus the outstanding 1991 Reference Bonds multiplied by the average market price at termination. In the event the swaps do not terminate prior to their stated termination date (2016), there would be no settlement of this component as there would be no outstanding 1991 Reference Bonds.

Interest Rate Swap Option: In June 2004, the Alliance entered into an agreement with Bear Stearns (acquired by JP Morgan) whereby Bear Stearns has purchased from the Alliance an option to enter

(Dollars in Thousands)

NOTE D--DERIVATIVE TRANSACTIONS - Continued

into an interest rate swap agreement (swaption) with the Alliance on July 1, 2011, which is an optional redemption date related to the Alliance's early extinguished 2000A and 2000B Bonds (Note F). The purpose of this agreement was to effectively sell the call features related to the early extinguished Series 2000A and 2000B Bonds. As consideration under this agreement, the Alliance received a total of $42,500 in upfront payments as the swaption premium. Such amounts were initially recorded as estimated fair value of derivatives in the Consolidated Balance Sheets. Beginning 30 calendar days prior to July 1, 2011 and terminating 30 calendar days prior to July 1, 2015, the counterparty has the periodic right to exercise the swaption.

The underlying interest rate swap transactions to which the swaption transaction relates have the following terms:

	Notional		*Payments by:*	
Swap	*Amount*	*Term*	*Counterparty*	*Alliance*
2000A	Ranging from $148,170 through July 1, 2018 to $23,000 through July 2033	30 days following the exercise date through July 2033	64% of USD-LIBOR-BBA	Fixed amounts ranging from 7.13% upon execution to 7.50% through July 2033, based on notional amount
2000B	Ranging from $76,240 through July 1, 2021 to $8,800 through July 2033	30 days following the exercise date through July 2033	64% of USD-LIBOR-BBA	Fixed amounts ranging from 7.54% upon execution to 8.00% through July 2033, based on notional amount

The Alliance retained the right to terminate the swaption at any time prior to May 17, 2011 at its fair market value. A liability of $92,044 and $89,650, representing the estimated fair value of the swaption at June 30, 2011 and 2010, respectively, is included in estimated fair value of derivatives in the accompanying Consolidated Balance Sheets. As a derivative financial instrument, this swaption is extremely sensitive to changes in long-term interest rates and other elements in the financial marketplace. As such, estimates of fair value are subject to significant changes in the near term.

Deferred financing and acquisition costs include $0 and $434 at June 30, 2011 and 2010, respectively, related to the costs of this transaction. The change in estimated fair value of derivatives in the accompanying Statements of Operations for 2011 and 2010 includes an unrealized loss of $2,394 and $11,628, respectively, related to this derivative.

The interest rate swap option, described above, was terminated on October 13, 2011. To effectuate this termination, the Alliance transferred a portion of a Guaranteed Investment Contract (GIC), described below, to the third party as a termination payment. A gain of approximately $3,000 was recognized on this termination.

NOTE D--DERIVATIVE TRANSACTIONS - Continued

Forward Sale Agreements: In June 2004, the Alliance entered into two related forward sale agreements with the counterparty to the swaption agreements and the Master Trustee of the Series 2000 Bonds. The forward sale agreements originally related to the Debt Service Reserve Fund and to the Debt Service Fund, respectively, (collectively, the "Funds"), as established under provisions of the Master Trust Indenture related to the issuance of the Series 2000 Bonds. In consideration of the future earnings on the Funds, the counterparty paid the Master Trustee a total of $30,000 during 2005, to be held on behalf of the Alliance. In June 2006, one of these agreements was amended to also relate to the Series 2000C, 2000D, 2006A and 2006B Bonds, and to remove the Series 2000A Bonds from consideration under the agreement. As the original intent of these Funds was to secure debt service payments under the above referenced Bonds, the agreement requires these funds to be held under a guaranty agreement as further described below.

In connection with the issuance of the Series 2007 Bonds and the derecognition of a portion of the Series 2000A Bonds, all of the outstanding Series 2000B Bonds, and all of the outstanding 2006B Bonds (Note F), one of these agreements as it relates to the Series 2000A and 2000B Bonds was partially terminated. As such, during 2008 the Alliance reduced its liability with respect to the portion related to the Series 2000A and 2000B Bonds, and paid the counterparty $6,186 under the terms of the agreement. The agreement was amended in fiscal year 2011 to include the Series 2010A Bonds and to remove the Series 2000B and 2006B Bonds.

A liability of $19,001 and $19,864 representing the unamortized payments from the counterparty is included as part of deferred revenue in the accompanying Consolidated Balance Sheets as of June 30, 2011 and 2010, respectively. Amounts are being recognized as investment income over the life of the agreements.

Pursuant to these agreements, the counterparty required that the Alliance's obligations under the swaption and forward sale agreements be collateralized under a guarantee agreement in favor of the counterparty. Due to various requirements of the Master Trust Indenture, the Alliance transferred to MSF a total of $42,500 that was in turn deposited with the counterparty as collateral in a GIC. Amounts received under the forward sale agreements were also deposited into the GIC. All GIC deposits earn interest compounded at 4.14% for the first year, and at 3.5% thereafter through July 1, 2011. The GIC deposits as of June 30, 2011 and 2010 totaled $92,720 and $89,486, respectively. The GIC was substantially utilized on October 13, 2011 to terminate the interest rate swap option agreement discussed above and, as such, is included in the current portion of assets whose use is limited in the Consolidated Balance Sheet at June 30, 2011.

NOTE E--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30:

(Dollars in Thousands)

NOTE E--PROPERTY, PLANT AND EQUIPMENT - Continued

	2011	2010
Land	$ 63,749	$ 58,037
Buildings and leasehold improvements	454,852	407,104
Property and improvements held for leasing	80,568	84,421
Equipment	532,767	479,523
Buildings and equipment held under capital lease	42,720	22,679
	1,174,656	1,051,764
Less: Allowances for depreciation and amortization	(586,471)	(569,913)
	588,185	481,851
Construction in progress (Note N)	209,233	213,747
	$ 797,418	$ 695,598

Accumulated depreciation and amortization on property and improvements held for leasing purposes is $23,348 and $21,543 at June 30, 2011 and 2010, respectively. Net interest capitalized was $10,640 and $11,117 for the years ended June 30, 2011 and 2010, respectively.

The Alliance is constructing replacement facilities for SCCH and JMH and is also performing various renovations on existing hospital facilities. During 2011 and 2010, management of the Alliance assessed the planned current and future use of the existing NSH, SCCH and JMH facilities as well as certain other facilities, and adjusted their estimated useful lives accordingly.

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Long-term debt and capital lease obligations consist of the following at June 30:

Description	Maturities	Rates	Outstanding Balance 2011	Outstanding Balance 2010
2010A Hospital Revenue Bonds, net of unamortized premium of $1,056 and $1,096 at June 30, 2011 and 2010, respectively	$38,660 uninsured serially, through 2020	3.00% to 5.00%	$ 169,137	$ 169,176
	$14,985 uninsured term bonds, due July 1, 2025	5.38%		
	$19,285 uninsured term bonds, due July 1, 2030	5.63%		
	$39,570 uninsured term bonds, due July 1, 2038	6.50%		
	$55,480 uninsured term bonds, due July 1, 2038	6.00%		
2010B Hospital Revenue Bonds, net of unamortized premium of $711 and $753 at June 30, 2011 and 2010, respectively	$27,330 uninsured serially, through 2020	2.50% to 5.00%	36,646	36,688
	$4,355 uninsured term bonds, due July 1, 2023	5.00%		
	$4,250 uninsured term bonds, due July 1, 2028	5.10%		
2009A Hospital Revenue Bonds, net of unamortized discount of $121 and $126 at June 30, 2011 and 2010, respectively	$725 uninsured term bonds, due July 1, 2019	7.25%	5,439	5,434
	$1,730 uninsured term bonds, due July 1, 2029	7.50%		
	$3,105 uninsured term bonds, due July 1, 2038	7.75%		

(Dollars in Thousands)

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

Description	*Maturities*	*Rates*	*Outstanding Balance*	
			2011	*2010*
2009B Hospital Revenue Bonds	$5,535 unsecured term bonds, due July 1, 2038	6.00%	5,535	5,535
2009C Hospital Revenue Bonds, net of unamortized discount of $2,421 and $2,508 at June 30, 2011 and 2010, respectively	$21,100 unsecured term bonds, due July 1, 2019 $20,000 unsecured term bonds, due July 1, 2029 $74,955 unsecured term bonds, due July 1, 2036	7.75% 7.50% 7.95%	113,534	113,447
2008A Hospital Revenue Bonds	$13,245 unsecured term bonds, due July 1, 2038, subject to early redemption or tender	Variable 0.07% at June 30, 2011	13,245	13,245
2008B Hospital Revenue Bonds	$53,855 unsecured term bonds, due July 1, 2038, subject to early redemption or tender	Variable 0.07% at June 30, 2011	53,855	54,050
2007A Hospital Revenue Bonds	Unsecured term bonds, due July 1, 2038, redeemed in 2011	NA	-	4,205
2007B Taxable Hospital Revenue Bonds bifurcated into sub-series B-1, B-2 in FY 3 June 2011	$907,900 unsecured term bonds, due July 1, 2033, subject to early redemption or tender	Variable, 0.11% to 0.16% at June 30, 2011	907,900	914,990
2007C Hospital Revenue Bonds	Unsecured term bonds, due July 1, 2032, redeemed in 2011	NA	-	1,900
2006A Hospital First Mortgage Revenue Bonds net of unamortized premium of $147 and $153 at June 30, 2011 and 2010, respectively	$6,586 unsecured serially through 2019 $7,375 unsecured term bonds, due July 1, 2026 $20,505 unsecured term bonds, due July 1, 2031 $135,177 unsecured term bonds, due July 1, 2036	5.00% 5.25% 5.50% 5.60%	169,782	170,473
2001A Hospital First Mortgage Revenue Bonds	$23,100 term bonds due July 1, 2026, subject to early redemption or tender	6.85%	23,100	23,100
2001 Hospital Refunding and Improvement Revenue Bonds (NCH), net of unamortized discount of $14 and $36 at June 30, 2011 and 2010, respectively	$1,465 insured term bonds, due December 1, 2012 $1,630 insured term bonds, due December 1, 2014 $8,815 insured term bonds, due December 1, 2021	5.75% 6.00% 6.00%	11,826	12,047
2000A Hospital First Mortgage Revenue Refunding Bonds	$30,358 insured Capital Appreciation Bonds, interest and principal due July 1, 2026 through 2030	6.63%	30,358	28,417
2000B Hospital First Mortgage Revenue Bonds	$34,225 insured term bonds due July 1, 2026	8.50%	34,225	35,335
2000D First Mortgage Taxable Bonds	$14,790 insured term bonds, due July 1, 2020	8.50%	14,790	15,220
1998 Hospital Remodeling and Improvement Revenue Bonds (MH)	$6,495 uninsured term bonds due July 1, 2018 $7,620 uninsured term bonds, due July 1, 2028	5.25% 5.38%	14,115	14,340
Capitalized lease obligations secured by buildings and equipment	Maturing through 2027	3.18% to 13.0%	16,174	16,715
$7,500 promissory note secured by assets of Medserve Medical Equipment of Kingsport, Inc.	Monthly principal and interest payments of $56 beginning February 2007 maturing December 2011, remaining principal due January 2012	LIBOR + 1.15%	5,471	6,964
Capitalized lease obligations secured by equipment	Various monthly payments of monthly principal and interest	Various	587	1,125
Master installment payment agreement	Paid-off in 2011	Unspecified	-	2,194
$1,409 unsecured promissory note	Monthly principal and interest payments of $23 beginning July 2006 through September 2013; remaining principal and accrued interest due October 2014, note was paid-off in 2011	LIBOR + 1.75%	-	990
$10,221 note payable secured by property	Various annual principal and interest payments through April 2013, note was paid-off in 2011	6.25%		7,836
$1,065 note payable secured by land	Monthly interest-only payments through October 2011 remaining principal and accrued interest due November 2011	5.50%	532	1,065
$6,332 promissory note secured by substantially all assets of the Alliance	Monthly principal payments of $35 plus accrued interest beginning July 2010 maturing June 2015, remaining principal due July 2015	LIBOR + 4.00%	5,945	6,332
$3,855 note payable secured by property	Monthly principal and interest payments of $27 beginning July 2010 maturing May 2015, remaining principal due June 2015	3.00%	3,743	3,855

(Dollars in Thousands)

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

Description	*Maturities*	*Rates*	*Outstanding Balance* *2011*	*2010*
Note payable under Master Financing Agreement secured by Equipment	Monthly principal and interest payments of $166 beginning July 2010 maturing June 2017	4.62%	10,431	11,900
Note payable under Master Financing Agreement, secured by Equipment	Monthly principal and interest payments of $56 beginning July 2010 maturing June 2017	3.75%	3,580	4,100
$4,926 convertible construction loan secured by property and assigned rents	Monthly interest only payments through January 2011 followed by monthly principal and interest payments of $25 maturing December 2014, remaining principal and accrued interest due January 2015, note was paid-off in 2011	Prime (stated minimum and maximum interest rates of 3.75% and 6.75%, respectively)	-	1,195
$1,885 line of credit secured by property	Monthly interest-only payments through March 2011 followed by monthly principal and interest payments of $9 maturing February 2015, remaining principal and accrued interest due March 2015	Prime - 0.50% (stated minimum and maximum interest rates of 3.50% and 6.25%, respectively)	1,872	265
$1,593 note payable, secured by equipment	Various annual principal payments through July 2014	Unspecified	1,593	-
Capitalized lease obligation secured by medical office building (JMH)	Maturing through 2026	9.72%	13,498	
			1,069,085	1,082,973
	Less current portion		(28,162)	(26,131)
			$ 1,040,923	$ 1,056,842

In September 2010, in order to reduce credit risk and expenses, the Alliance replaced the existing letters of credit related to the Series 2007B, Series 2008A and Series 2008B Bonds with letters of credit held by several different financial institutions. The substitute letters of credit entitle the Master Trustee to draw amounts equal to the principal amounts of the respective series of Bonds outstanding and up to 37 days interest at a rate of 12%. The substitute letters of credit expire on September 29, 2013 unless renewed or replaced.

Series 2010 Bonds· In April 2010, the Alliance issued $168,080 (Series 2010A) and $35,935 Series 2010B fixed rate Hospital Refunding Revenue Bonds (collectively, the Series 2010 Bonds). Proceeds of the Series 2010A and the Series 2010B Bonds were used to refinance outstanding indebtedness, specifically related to the Alliance's facilities in Tennessee and in Virginia, respectively, fund debt service reserve funds and pay costs of issuance. The Alliance recognized a $3,029 loss on early extinguishment of debt representing the write off of previously deferred and unamortized financing costs related to the refinanced Series 2008A and the Series 2007A and 2007C debt issues discussed below.

Series 2009 Bonds

In March 2009, the Alliance issued $5,560 (Series 2009A), $5,535 (Series 2009B) and $115,955 (Series 2009C) fixed rate Hospital Revenue Bonds (collectively, the Series 2009 Bonds). The proceeds of Series 2009 Bonds were used to refinance a portion of the outstanding Series 2006C Taxable Notes, which were originally issued to finance a capital commitment to SCCH and purchase certain leased assets, finance the acquisition of a majority ownership in JMH, fund a debt service

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

reserve fund and pay costs of issuance. The portion of the 2006C taxable notes which were not refinanced with the Series 2009 Bonds were repaid with cash on hand.

In connection with its acquisition of a majority ownership in JMH, the Alliance assumed the then outstanding long-term debt of JMH, totaling $33,906, including the JMH Series 1998 Hospital Refunding and Improvement Revenue Bonds as further described in the table above.

Series 2008 Bonds

In February 2008, the Alliance issued $72,770 (Series 2008A) and $54,230 (Series 2008B) variable rate Hospital Revenue Bonds (collectively, the Series 2008 Bonds). The proceeds of Series 2008 Bonds were primarily used to finance certain future capital projects for the Alliance's hospital facilities and for the repayment of previously issued 2008 Taxable Notes used for the acquisition of RCMC. As discussed above, the payment of principal and interest on the Series 2008 Bonds and the purchase price of any tendered bonds on each series are secured by a separate, irrevocable, transferable, direct-pay letter of credit. A portion ($59,525) of the Series 2008A Bonds were repaid from proceeds of the Series 2010 Bonds.

The variable rate of interest on the Series 2008 Bonds is determined weekly by the Remarketing Agent (Merrill Lynch), as the rate equal to the lowest rate which, in regard to general financial conditions and other special conditions bearing on the rate, would produce as nearly as possible a par bid for the Series 2008 Bonds in the secondary market. In no event shall the variable rate on the Series 2008 Bonds during any period where interest is calculated weekly exceed the lesser of 12% annually or the maximum contract rate of interest permitted by the State of Tennessee for the Series 2008A Bonds or the Commonwealth of Virginia for the Series 2008B Bonds. The Alliance has the option, upon written approval of the holder of the letters of credit, the Remarketing Agent and others, to convert to a medium-term rate period or to a fixed rate.

The Series 2008 Bonds are subject to optional and mandatory tender for purchase prior to maturity at the option of the holder, upon conversion to a fixed rate, upon conversion to a medium-term rate period, prior to the effective date of any substitute letter of credit, or upon the termination of the letters of credit. The optional and mandatory tender provisions generally call for the Master Trustee to purchase the outstanding Series 2008 Bonds at a purchase price equal to the principal amount thereof plus accrued interest upon a stated date as described in the tender notice delivered to the bond holders.

Series 2007 Bonds

In December 2007, the Alliance issued $104,355 (Series 2007A), $327,170 (Series 2007B taxable) and $36,575 (Series 2007C) variable rate Hospital Revenue Bonds (collectively, the Series 2007 Bonds). The proceeds of Series 2007 Bonds were primarily used to early extinguish a portion of the

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

outstanding Series 2000A Bonds, all of the outstanding 2000B Bonds, all of the outstanding Series 1994 Bonds, and all of the outstanding Series 2006B Bonds; to finance the acquisition of a majority ownership in NCH, and to finance certain capital improvements and equipment acquisitions for the Alliance's hospital facilities. A portion of the outstanding Series 2007A ($91,685) and Series 2007C ($32,840) Bonds were repaid from proceeds of the Series 2010 Bonds. The remaining outstanding Series 2007A and Series 2007C Bonds were redeemed in 2011.

In 2011 during the letter of credit restructuring, the existing 2007B Bonds were repaid through a remarketing of Sub-Series 2007B-1, 2007B-2 and 2007B-3 (collectively, the Sub-Series 2007B Bonds), created per the mandatory tender and letter of credit substitution provisions. As discussed above, the payment of principal and interest on the Sub-Series 2007B Bonds and the purchase price of any tendered bonds on each series are secured by a separate, irrevocable, transferable, direct-pay letter of credit.

The variable rate of interest on the Series 2007 Bonds is determined weekly in the same manner as described above for the Series 2008 Bonds. In no event shall the variable rate on the bonds during any period where interest is calculated weekly exceed the lesser of 12% annually or the maximum contract rate of interest permitted by the State of Tennessee. The Alliance has the option, upon written approval of the holder of the letters of credit, the Remarketing Agent and others, to convert to a medium-term rate period or to a fixed rate. Upon such conversion, the bonds become subject to mandatory tender for purchase.

The Sub-Series 2007 Bonds are subject to optional and mandatory tender in the same manner as described above for the Series 2008 Bonds. In addition, the Sub-Series 2007B Bonds are subject to a special mandatory tender with respect to its conversion from taxable debt to tax-exempt debt. As discussed in Note S, certain of the Sub-Series 2007B Bonds were redeemed subsequent to year end.

Series 2006 Bonds

During 2006, the Alliance issued $173,030 Hospital First Mortgage Revenue Bonds (Series 2006A) and $66,500 Hospital First Mortgage Variable Rate Revenue Bonds (Series 2006B). The proceeds from the sale of the Series 2006A Bonds were used to finance certain future and prior capital projects for the Alliance's hospital facilities and to refund certain existing indebtedness, specifically the Series 2001B Bonds (discussed below) and certain existing short and intermediate term loans and leases, as well as fund a debt service reserve fund. The Series 2006B Bond proceeds were substantially used to refund the remaining outstanding principal of the Series 2001B Bonds and establish a debt service reserve fund.

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

Series 2001 Bonds

During 2001, the Alliance issued $26,000 Hospital First Mortgage Revenue Bonds (Series 2001A) and $60,175 Hospital First Mortgage Revenue Bonds (Series 2001B). The Series 2001A Bonds were subject to optional tender by Bond holders. Effective July 1, 2007, the Alliance entered into an agreement whereby the beneficial owners of the Series 2001A Bonds have irrevocably waived their rights to tender the Bonds under the provisions of the respective Bond Indenture. The waiver will continue in effect through the maturity of the 2001A Bonds. The Series 2001B Bonds were refunded and redeemed in 2006.

Series 2000 Bonds

The Hospital First Mortgage Revenue Refunding (Series 2000A Bonds) and First Mortgage Revenue Refunding Bonds (Series 2000B Bonds), were used to advance refund previously existing indebtedness as well as fund a required debt service reserve fund. The Hospital First Mortgage Revenue Bonds (Series 2000C Taxable Bonds) were intended to refinance certain mortgage indebtedness of BRMM, and to refund other previously existing indebtedness. The proceeds from the sale of the First Mortgage Bonds (Series 2000D Taxable Bonds) were used primarily to fund working capital for the Alliance.

The Series 2000A Bonds included at issue date $14,680 of insured Capital Appreciation Bonds. Such bonds bear a 0% coupon rate and have a yield of 6.625% annually. The Alliance recognizes interest expense and increases the amount of outstanding debt each year based upon this yield. Total principal and interest due at maturity (2026 through 2030) is $93,675.

The advance refunding of previously issued debt requires funds to be placed in irrevocable trusts in order to satisfy remaining scheduled principal and interest payments. Management, upon advice of legal counsel, believes the amounts deposited in such irrevocable trust accounts have contractually relieved the Alliance of any future obligations with respect to this debt, and the debt and escrowed securities are not considered liabilities or assets of the Alliance. Therefore, such debt has been derecognized.

Debt outstanding and not recognized in the Consolidated Balance Sheet at June 30, 2011 due to previous advance refundings of the Series 2000A Bonds, Series 2000B Bonds, Series 1998C Bonds, and Series 1991 Bonds, totaled approximately $525,025.

The assets placed in the irrevocable trust accounts are also not recognized as assets of the Alliance. These assets consist primarily of various investments, as permitted by bond indentures and other

(Dollars in Thousands)

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

documents, including United States Treasury obligations, an investment contract with MBIA Insurance Corporation (MBIA) in the original amount of $54,300, as well as the Series 2000C and 2000D Bonds which were purchased with the proceeds of the 2000A and 2000B Bonds specifically for the purpose of utilizing the Series 2000C and 2000D Bonds in the irrevocable trust. Therefore, certain of the assets held in the irrevocable trust accounts have future income streams contingent upon payments by the Alliance.

Essentially all of the Alliance's bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary redemption, at various dates and prices as described in the respective Bond indentures and other documents

Other Bonds, Notes Payable and Financing Arrangements

The Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The NCH Series 2001 Hospital Refunding and Improvement Revenue Bonds are secured by revenues and a lien on certain real and personal property of NCH. The JMH Series 1998 Hospital Refunding and Improvement Revenue Bonds are secured by pledged gross receipts of JMH, as defined in the Master Trust indenture.

The scheduled maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discount and premium, at June 30, 2011 are as follows:

Year Ending June 30,		
2012	$	28,162
2013		32,230
2014		28,706
2015		34,504
2016		33,585
Thereafter		912,560
		1,069,747
Net discount		(662)
	$	1,069,085

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS - Continued

The Alliance, NCH and JMH are each members of separate Obligated Groups. The bond indentures, master trust indentures, letter of credit agreements and loan agreements related to the various bond issues and notes payable contain covenants with which the respective Obligated Groups must comply. These requirements include maintenance of certain financial and liquidity ratios, deposits to trustee funds, permitted indebtedness, use of facilities and disposals of property. These covenants also require that failure to meet certain debt service coverage tests will require the deposit of all daily cash receipts of the Alliance into a trust fund. Management has represented the Alliance, NCH and JMH are in compliance with all such covenants at June 30, 2011.

In connection with the tax-exempt bonds, the Alliance is required every five years, and at maturity, to remit to the Internal Revenue Service amounts which are due related to positive arbitrage on the borrowed funds. The Alliance performs such computations when required and recognizes any liability at that time. Management does not believe there are any significant arbitrage liabilities at June 30, 2011 or 2010.

NOTE G--SELF-INSURANCE PROGRAMS

The Alliance is substantially self-insured for professional and general liability claims and related expenses. The Alliance maintains a $25,000 umbrella liability policy that attaches over the self-insurance limits of $10,000 per claim and a $15.000 annual aggregate retention. The Alliance's insurance program also provides professional liability coverage for certain affiliates and joint ventures.

The Alliance is also substantially self-insured for workers' compensation claims in the State of Tennessee and has established estimated liabilities for both reported and unreported claims. The Alliance maintains a stop-loss policy that attaches over the self-insurance limits of $1,000 per occurrence and $1,000 annual aggregate retention. In the State of Virginia, the Alliance is not self-insured and maintains workers' compensation insurance through commercial carriers.

At June 30, 2011, the Alliance is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2011 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Alliance management has estimated and accrued for the cost of these unreported claims based on historical data and actuarial projections. The estimated net present value of malpractice and workers' compensation claims, both reported and unreported, as of June 30, 2011 and 2010 was $13,531 and $12,601, respectively. The discount rate utilized was 5% at June 30, 2011 and 2010.

(Dollars in Thousands)

NOTE G--SELF-INSURANCE PROGRAMS - Continued

Additionally, the Alliance is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid, including a catastrophic claims reserve based on historical claims in excess of $75.

NOTE H--NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the accompanying Consolidated Statements of Operations is as follows for the years ended June 30:

	2011	*2010*
Inpatient service charges	$ 1,983,340	$ 1,848,590
Outpatient service charges	1,807,247	1,669,705
Gross patient service charges	3,790,587	3,518,295
Less:		
Estimated contractual adjustments and other discounts	2,647,514	2,417,082
Estimated uncollectible self-pay	110,387	111,565
Charity care	72,432	61,378
	2,830,333	2,590,025
Net patient service revenue	$ 960,254	$ 928,270

NOTE I--THIRD-PARTY REIMBURSEMENT

The Alliance renders services to patients under contractual arrangements with Medicare, Medicaid, TennCare, Blue Cross and various other commercial payors. The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Alliance also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, subject to various prescribed limitations and reductions.

Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations (MCOs) and is based on diagnosis related group assignments, a negotiated per diem or fee schedule basis. The Alliance

NOTE I--THIRD-PARTY REIMBURSEMENT - Continued

also receives additional supplemental payments from the State of Tennessee. The amount recognized totaled $11,480 and $7,811 for the years ended June 30, 2011 and 2010, respectively. Such payments are not guaranteed in future periods.

The Virginia Medicaid program reimbursement for inpatient hospital services is based on a prospective payment system using both a per case and per diem methodology. Additional payments are made for the allowable costs of capital. Payments for outpatient services are based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Activity with respect to audits and reviews of the governmental programs in the healthcare industry has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2012, although the amount of any change cannot be estimated. The impact of final settlements of cost reports or changes in estimates decreased net patient service revenue by $4,570 in 2011. The impact of final settlements of cost reports or changes in estimates were not significant in 2010.

Participation in the Medicare program subjects the Alliance to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may result from final settlements or violations of other rules or regulations. Management has represented that the Alliance is in substantial compliance with these rules and regulations as of June 30, 2011.

The Alliance has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

NOTE J--EMPLOYEE BENEFIT PLANS

The Alliance sponsors a retirement plan (the Plan) which covers substantially all employees. The Plan is a defined contribution plan which consists mainly of employer-funded contributions. During

NOTE J--EMPLOYEE BENEFIT PLANS - Continued

2011 and 2010, the Alliance made contributions to the Plan under a stratified system, whereby the Alliance's contribution percentage is based on each employee's years of service. In addition, the Alliance sponsors a 403(b) plan which is funded solely by employees' contributions. The Alliance does not make any discretionary or matching contributions into the 403(b) plan. Employees of certain other subsidiaries are covered by other plans, although such plans are not significant. The total expense related to defined contribution plans for the years ended June 30, 2011 and 2010 was $12,682 and $13,311, respectively.

NCH maintains a defined benefit pension plan and a post-retirement employee benefit plan. The accrued unfunded pension liability was $1,313 and $1,942, and the accrued unfunded post-retirement liability was $3,761 and $3,843 at June 30, 2011 and 2010, respectively.

The Alliance sponsors a secured executive benefit program (SEBP) for certain key executives. Contributions to the plan by the Alliance are based on an annual amount of funding necessary to produce a target benefit for the participants at their retirement date, although the Alliance does not guarantee any level of benefit will be achieved. The Alliance contributed $929 and $1,303 to the plan during 2011 and 2010, respectively. Other assets at June 30, 2011 and 2010 include $7,888 and $7,077, respectively, related to the Alliance's portion of the benefits which are recoverable upon the death of the participant. In addition, the Alliance sponsors a Section 457(f) plan for certain key executives. The benefits for substantially all employees previously participating in the SEBP plan have been transferred into the 457(f) plan.

NOTE K--CONCENTRATIONS OF RISK

The Alliance has locations primarily in upper East Tennessee and Southwest Virginia which is considered a geographic concentration. The Alliance grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Net patient service revenue from Washington County, Tennessee operations were approximately 54% of total net patient service revenue for each of the years 2011 and 2010.

The mix of receivables from patients and third-party payors based on charges at established rates is as follows as of June 30:

(Dollars in Thousands)

NOTE K--CONCENTRATIONS OF RISK - Continued

	2011	*2010*
Medicare	40%	42%
Tenncare/Medicaid	12%	15%
Commercial	27%	25%
Other third-party payors	9%	10%
Patients	12%	8%
	100%	100%

Approximately 98% of the consolidated total revenue, gains and support were related to the provision of healthcare services during 2011 and 2010. Admitting physicians are primarily practitioners in the regional area.

Two of the Alliance's Virginia hospitals' employees are covered under collective bargaining agreements which extend through February 2, 2014.

The Alliance routinely invests in investment vehicles as listed in Note C. The Alliance's investment portfolio is managed by outside investment management companies. Investments in corporate and foreign bonds and notes, municipal obligations, money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government. At June 30, 2011, the Alliance also had deposits in financial institutions significantly in excess of the Federal Deposit Insurance Corporation's limits.

NOTE L--INCOME TAXES

BRMM and its subsidiaries file a consolidated federal tax return and separate state tax returns. As of June 30, 2011 and 2010, BRMM and its subsidiaries had net operating loss carryforwards for consolidated federal purposes of $34,822 and $32,447, respectively, related to operating losses which expire through 2030. At June 30, 2011 and 2010, BRMM had state net operating loss carryforwards of $65,979 and $59,860, respectively, which expire through 2025. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated.

At June 30, 2011 and 2010, SWCH had federal and state net operating loss carryforwards of $4,875 and $4,376, respectively, which expire through 2030. CHC files separate federal and state tax returns. At June 30, 2011 and 2010, CHC had a net deferred tax liability of $69 and $58, respectively, due primarily to temporary timing differences related to depreciation. The net operating loss carryforwards may be off-set against future taxable income to the extent permitted by the Internal Revenue Code and tax codes of the Commonwealth of Virginia.

NOTE L--INCOME TAXES - Continued

Net deferred tax assets related to these carryforwards and other deferred tax assets have been substantially offset through valuation allowances equal to these amounts. Income taxes paid relate primarily to state taxes for certain subsidiaries and federal alternative minimum tax.

NOTE M--RELATED PARTY TRANSACTIONS

The Alliance enters into transactions with entities affiliated with certain members of the Board of Directors including transactions to construct Alliance facilities and provide professional services to the Alliance. Board members refrain from discussion and abstain from voting on transactions with entities with which they are related.

NOTE N--OTHER COMMITMENTS AND CONTINGENCIES

Construction in Progress: Construction in progress at June 30, 2011 represents costs incurred related to various hospital and medical office building facility renovations and additions. The Alliance has outstanding contracts and other commitments related to the completion of these projects, and the cost to complete these projects is estimated to be approximately $98,721 at June 30, 2011. The Alliance does not expect any significant costs to be incurred for infrastructure improvements to assets held for resale.

Physician Contracts: BRMM employs physicians to provide services to BRMM's physician practices through employment agreements which provide annual compensation, plus incentives based upon specified productivity levels. These contracts have various terms.

In addition, the Alliance has entered into contractual relationships with non-employed physicians to provide services in Upper East Tennessee and Southwest Virginia. These contracts guarantee certain base payments and allowable expenses and have terms of varying lengths. Upon completion of the respective guarantee period, amounts drawn and outstanding under each agreement are treated as a loan bearing interest at various rates and are subject to repayment over a specified period. The physician note may also be amortized by virtue of the physician's continued practice in the specified community during the repayment period. A net receivable of $1,407 and $1,818 related to these agreements is included in the accompanying Consolidated Balance Sheets at June 30, 2011 and 2010, respectively.

Employee Scholarships: The Alliance offers scholarships to certain individuals which require that the recipients return to the Alliance to work for a specified period of time after they complete their degree. Amounts due are then forgiven over a specific period of time as provided in the individual contracts. If the recipient does not return and work the required period of time, the funds disbursed on their behalf become due immediately and interest is charged until the funds are repaid. Other receivables June 30, 2011 and 2010 includes $7,250 and $5,571, respectively, related to students in

(Dollars in Thousands)

NOTE N--OTHER COMMITMENTS AND CONTINGENCIES - Continued

school, graduates working at the Alliance and amounts due from others who are no longer in the scholarship program.

Promises to Give: The Alliance has recorded certain unconditional promises to give to unrelated organizations. At June 30, 2011, $1,568 is due within one year, and an additional $180 is due within five years and is included in other long-term liabilities.

Operating Leases and Maintenance Contracts: Total lease expense for the years ended June 30, 2011 and 2010 was $9,362 and $10,216, respectively. Future minimum lease payments for each of the next five years and in the aggregate for the Alliance's noncancellable operating leases with remaining lease terms in excess of one year are as follows:

Year Ending June 30,		
2012	$	2,846
2013		2,631
2014		2,286
2015		2,121
2016		1,285
Thereafter		9,914
	$	21,083

Estimated future minimum payments under various noncancellable maintenance contracts with remaining terms in excess of one year at June 30, 2011 total in the aggregate $1,422 through 2016.

Asset Retirement Obligation: The Alliance has identified asbestos in certain facilities and is required by law to dispose of it in a special manner if the facility undergoes major renovations or is demolished; otherwise, the Alliance is not required to remove the asbestos from the facility. The Alliance has complied with regulations by treating the asbestos so that it presents no known immediate or future safety concerns. An asset retirement obligation has been established to the extent that sufficient information exists upon which to estimate the liability.

Other: The Alliance is a party to various transactions and agreements in the normal course of business, which include purchase and re-purchase agreements, put arrangements and other commitments, which may bind the Alliance to undertake additional transactions or activities in the future. In addition, the Alliance has agreed to guarantee a portion of the outstanding indebtedness of a joint venture. Management estimates that the fair value of the guarantee of this debt is immaterial as of June 30, 2011.

(Dollars in Thousands)

NOTE N--OTHER COMMITMENTS AND CONTINGENCIES - Continued

Healthcare Industry: Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed

In March 2010, Congress adopted comprehensive health care insurance legislation, *Patient Care Protection and Affordable Care Act* and *Health Care and Education Reconciliation Act*. The legislation, among other matters, is designated to expand access to coverage to substantively all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare and Medicaid coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable.

NOTE O--RENTAL INCOME UNDER OPERATING LEASES

The Alliance leases rental properties to third parties, most of whom are physician practices, for various terms, generally five years. The following is a schedule by year and in the aggregate of minimum future rental income due under noncancellable operating leases at June 30, 2011:

Year Ending June 30,		
2012	$	1,742
2013		1,219
2014		958
2015		796
2016		397
Total minimum future rentals	$	5,112

NOTE P--FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been estimated by the Alliance using available market information as of June 30, 2011 and 2010, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Alliance could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

NOTE P--FAIR VALUE OF FINANCIAI INSTRUMENTS - Continued

Investment in Joint Ventures: It is not practical to estimate the fair market value of the investments in joint ventures.

Other Long-Term Liabilities: Estimates of reported and unreported professional liability claims, pension and post-retirement liabilities are discounted to approximate their estimated fair value. It is not practical to estimate the fair market value of other long-term liabilities due to uncertainty of when these amounts may be paid. Other long-term liabilities are not discounted.

Long-Term Debt and Capital Leases: The fair value of long-term debt is estimated based upon quotes obtained from brokers for bonds and discounted future cash flows using current market rates for other debt. For long-term debt with variable interest rates, the carrying value approximates fair value.

The Alliance's significant capital leases and vendor contracts were negotiated with various entities and are considered unique. It is not practicable to estimate the fair value of these obligations under current conditions. Other capital lease obligations are not significant.

The estimated fair value of the Alliance's financial instruments that have carrying values different from fair value is as follows at June 30:

	2011		*2010*	
	Carrying Value	*Estimated Fair Value*	*Carrying Value*	*Estimated Fair Value*
FINANCIAL LIABILITIES:				
Long-term debt	$ 1,069,085	$ 1,046,675	$ 1,082,973	$ 1,105,778

NOTE Q--FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.

- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar

(Dollars in Thousands)

NOTE Q--FAIR VALUE MEASUREMENT - Continued

assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The Alliance's Level 2 investments are valued primarily using the market valuation approach.

- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Alliance's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Alliance'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.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of June 30, 2011 and 2010:

	June 30, 2011	*Level 1*	*Level 2*	*Level 3*
Trading securities	$ 333,610	$ 164,953	$ 135,939	$ 32,718
Assets whose use is limited	117,170	117,170	-	-
Total assets	$ 450,780	$ 282,123	$ 135,939	$ 32,718
Fair value of derivative agreements - Note D	$ (110,732)	$ -	$ -	$ (110,732)

	June 30, 2010	*Level 1*	*Level 2*	*Level 3*
Trading securities	$ 209,644	$ 164,510	$ 16,526	$ 28,608
Assets whose use is limited	177,180	177,180	-	-
Total assets	$ 386,824	$ 341,690	$ 16,526	$ 28,608
Fair value of derivative agreements - Note D	$ (134,300)	$ -	$ -	$ (134,300)

The valuation of the Alliance's derivative agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses observable market-based inputs, including forward interest rate curves. The fair values of interest rate swap agreements are determined by netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates based on observable

(Dollars in Thousands)

NOTE Q--FAIR VALUE MEASUREMENT - Continued

market forward interest rate curves and the underlying notional amount. The Alliance also incorporates credit valuation adjustments (CVAs) to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. The CVA on the Alliance's interest rate swap agreements at June 30, 2011 and 2010 resulted in a decrease in the fair value of the related liability of $7,940 and $10,085, respectively.

A certain portion of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Alliance's credit risk used in the CVAs, are unobservable inputs available to a market participant. As a result, the Alliance has determined that the interest rate swap valuations are classified in Level 3 of the fair value hierarchy.

The following tables provide a summary of changes in the fair value of the Alliance's Level 3 financial assets and liabilities during the fiscal years ended June 30, 2011 and 2010:

	Trading Securities	*Derivatives, Net*
July 1, 2009	$ 30,031	$ (126,217)
Total unrealized/realized losses in the Performance Indicator, net	(1,546)	(8,607)
Purchases, issuance and settlements and other, net	1,446	524
Transfers in (out), net	(1,323)	-
June 30, 2010	28,608	(134,300)
Total unrealized/realized gains in the Performance Indicator, net	2,847	22,049
Purchases, issuance and settlements and other, net	1,263	519
June 30, 2011	$ 32,718	$ (110,732)

There were no changes in valuation techniques in 2011 or 2010. During 2011, as part of the transitional test of goodwill impairment, the Alliance recognized goodwill impairment of $2,965 based primarily on the fair value of the reporting unit, utilizing the income approach. Remaining goodwill determined not to be impaired, for this specific reporting unit, is included in the Consolidated Balance Sheet at $2,900. There were no significant assets or liabilities that were re-measured at fair value on a non-recurring basis during the fiscal year ended June 30, 2010.

NOTE R--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

Direct expenses by functional classification are as follows for the years ended June 30:

(Dollars in Thousands)

NOTE R--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION - Continued

	2011	2010
Healthcare services	$ 817,397	$ 795,725
Administrative and general	130,543	125,852
Other	9,233	8,625
	$ 957,173	$ 930,202

NOTE S--SUBSEQUENT EVENTS

Acquisition: Subsequent to June 30, 2011, the Alliance purchased the stock of a pharmacy provider for approximately $6,700. The Alliance has not completed an allocation of the purchase price although it is anticipated significant intangible assets will be recognized upon such allocation.

Debt: In October 2011, the Alliance (along with BRMMC, NCH and SCCH) issued $85,260 of Series 2011 Tax-exempt Hospital Revenue Bonds through The Health and Educational Facilities Board of the City of Johnson City, Tennessee (the Tennessee Bonds) and $110,580 through the Industrial Development Authority of Smyth, Virginia (the Virginia Bonds). Such bonds were issued on parity with the outstanding bond indebtedness of the Alliance as of June 30, 2011. The Bonds bear interest at a variable rate determined by a remarketing agent based upon a weekly rate period. Additionally, the Alliance issued $15,960 of Series 2011 Taxable Bonds. NCH and SCCH were also admitted as members of the Alliance Obligated Group.

The proceeds from the Tennessee Bonds will be issued to finance certain capital acquisitions in the State of Tennessee and pay issuance costs related to these Bonds. The proceeds from the Virginia Bonds will be used to refinance $11,200 of 2001 NCH Hospital Refunding and Improvement Revenue Bonds, finance capital acquisitions for NCH, JMH and SCCH and to pay issuance costs associated with these Bonds. The Series 2011 Taxable Bonds proceeds will be used to finance capital acquisitions of SCCH and BRMMC and pay issuance costs. The timely payment of the Tennessee and the Virginia Bonds is secured by a letter of credit which expires October 19, 2014. The Alliance also redeemed $115,135 of the Series 2007B-1 Revenue Bonds and $29,405 of the Series 2007B-3 Revenue Bonds.

Management further anticipates issuance of an additional $25,000 of tax-exempt bonds for the benefit of JMH. JMH is not a member of the Mountain States Health Alliance Obligated Group.

Subsequent to June 30, 2011, JMH exercised their right to purchase a facility previously held under a capital lease for total consideration of $16,051. $2,093 was paid directly to the third party and the remaining $13,958 was by assumption of a promissory note with payments through 2013. The promissory note bears interest at a variable rate of LIBOR plus 1.5%. Additionally, JMH assumed an interest rate swap in the notional amount of $13,940. JMH pays a fixed rate of 7.46%

NOTE S--SUBSEQUENT EVENTS - Continued

and receives a variable rate of LIBOR plus 1.5%. The interest rate swap has a termination date of August 15, 2012.

Supplemental Schedules

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Balance Sheet
(Dollars in Thousands)

June 30, 2011

	*Blue Ridge Medical Management **	*Other Obligated Group Members*	*Eliminations*	*Total Obligated Group*	*Other Entities*	*Mountain States Properties*	*Eliminations*	*Total*
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	$ 150	$ 85,976	$ -	$ 86,426	$ 17,023	$ 9,319	$ -	$ 112,768
Current portion of investments	-	7,629	-	7,629	94,775	13,771	-	116,175
Patient accounts receivable, less estimated allowances for uncollectible accounts	4,476	96,083	-	100,559	34,052	-	-	134,611
Other receivables, net	848	13,434	-	14,282	4,552	780		19,614
Inventories and prepaid expenses	553	18,783	-	19,336	9,417	152	-	28,905
TOTAL CURRENT ASSETS	6,027	221,905	-	229,232	159,879	24,022		412,133
INVESTMENTS, less amounts required to meet current obligations	19,193	337,367	-	356,560	190,937	33,879	-	581,376
EQUITY IN AFFILIATES	139,582	387,825	(155,611)	371,796	-	-	(371,795)	-
PROPERTY, PLANT AND EQUIPMENT, net	10,696	469,613	-	480,309	258,342	58,766	-	797,418
OTHER ASSETS								
Goodwill	3,281	143,276	-	146,557	2,109	-	-	148,666
Net deferred financing, acquisition costs and other charges, less current portion	108	27,991	-	28,159	568	1,117	-	29,844
Other assets	8,407	10,154	-	18,621	7,205	2,562	-	28,388
TOTAL OTHER ASSETS	11,916	181,421	-	193,337	9,942	3,679	-	206,958
	$ 187,714	$ 1,598,131	$ (155,611)	$ 1,630,234	$ 619,100	$ 120,346	$ (371,795)	$ 1,997,885

* Management Services Organization only

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Balance Sheet - Continued
(Dollars in Thousands)

June 30, 2011

	*Blue Ridge Medical Management **	*Other Obligated Group Members*	*Eliminations*	*Total Obligated Group*	*Other Entities*	*Mountain States Properties*	*Eliminations*	*Total*
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accrued interest payable	$ -	$ 19,607	$ -	$ 19,607	$ 440	$ -	$ -	$ 20,047
Current portion of long-term debt and capital lease obligations	550	23,724	-	24,274	3,888	-	-	28,162
Current portion of estimated fair value of derivatives	-	92,044		92,044	-	10,565	-	102,609
Accounts payable and accrued expenses	3,463	66,494	-	69,957	27,645	1,217	-	98,819
Accrued salaries, compensated absences and amounts withheld	3,093	40,177	-	43,270	14,530	-	-	57,800
Payables to (receivables from) affiliates, net	11,094	(81,319)	-	(70,225)	94,632	(24,407)	-	-
Estimated amounts due to third-party payors, net	-	12,547	-	12,547	2,266		-	14,813
TOTAL CURRENT LIABILITIES	18,200	173,274	-	191,474	143,401	(12,625)	-	322,250
OTHER LIABILITIES								
Long-term debt and capital lease obligations, less current portion	4,923	979,774	-	984,697	56,226	-	-	1,040,923
Estimated fair value of derivatives, less current portion	-	7,783	-	7,783	-	340	-	8,123
Deferred revenue	-	19,167	-	19,167	100	-	-	19,267
Estimated professional liability self-insurance	2,285	4,494	-	6,779	2,913	-	-	9,692
Other long-term liabilities	6,695	2,402	-	9,097	5,255	-	-	14,352
TOTAL LIABILITIES	32,103	1,186,894	-	1,218,997	207,895	(12,285)	-	1,414,607
NET ASSETS								
UNRESTRICTED NET ASSETS								
Unrestricted net assets								
Mountain States Health Alliance	155,478	400,395	(155,478)	400,395	228,554	132,631	(361,185)	400,395
Noncontrolling interests in subsidiaries	-	-	-	-	171,984	-	-	171,984
TOTAL UNRESTRICTED NET ASSETS	155,478	400,395	(155,478)	400,395	400,538	132,631	(361,185)	572,379
Temporarily restricted net assets								
Mountain States Health Alliance	133	10,715	(133)	10,715	10,483	-	(10,483)	10,715
Noncontrolling interests in subsidiaries	-	-	-	-	57	-	-	57
TOTAL TEMPORARILY RESTRICTED NET ASSETS	133	10,715	(133)	10,715	10,540	-	(10,483)	10,772
Permanently restricted net assets	-	127	-	127	127		(127)	127
TOTAL NET ASSETS	155,611	411,237	(155,611)	411,237	411,205	132,631	(371,795)	583,278
	$ 187,714	$ 1,598,131	$ (155,611)	$ 1,630,234	$ 619,100	$ 120,346	$ (371,795)	$ 1,997,885

See note to supplemental schedules.

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Statement of Operations
(Dollars in Thousands)

Year Ended June 30, 2011

	*Blue Ridge Medical Management **	*Other Obligated Group Members*	*Eliminations*	*Total Obligated Group*	*Other Entities*	*Mountain States Properties*	*Eliminations*	*Total*
Revenue, gains and support								
Net patient service revenue	$ 35,353	$ 683,224	$ (1,702)	$ 716,875	$ 243,487	$ -	$ (108)	$ 960,254
Other operating revenue	26,855	3,657	(20,748)	9,764	39,423	7,807	(41,123)	15,871
Equity in net gain (loss) of affiliates	974	(3,283)	2,051	(258)	-		258	-
TOTAL REVENUE, GAINS AND SUPPORT	63,182	683,598	(20,399)	726,381	282,910	7,807	(40,973)	976,125
Expenses								
Salaries and wages	17,287	235,564	-	252,851	92,108	150	(2,901)	342,208
Physician salaries and wages	32,631	1,010	-	33,641	55,417	-	(29,809)	59,249
Contract labor	866	3,234	-	4,100	7,123	-	(259)	5,964
Employee benefits	4,874	45,591	(1,743)	48,722	20,414	35	(2,032)	67,139
Fees	3,544	81,194	(26,612)	64,126	22,251	713	(1,171)	85,919
Supplies	1,745	129,126	-	130,871	38,594	2	(105)	169,362
Utilities	455	11,386	-	11,841	4,452	1,007	-	17,300
Other	4,778	38,479	(95)	43,162	28,206	3,220	(4,951)	69,647
Depreciation	1,476	59,635	-	61,111	23,666	2,722	-	87,499
Amortization	23	2,188	-	2,211	348	-	-	2,559
Estimated provision for bad debts	355	4,097	-	4,450	1,724	-	-	6,174
Interest and taxes	(1,228)	42,204	-	40,976	5,248	1,374	(1,445)	44,153
TOTAL EXPENSES	66,804	653,708	(22,450)	698,062	292,551	9,233	(42,673)	957,173
OPERATING INCOME (LOSS)	(3,622)	29,890	2,051	28,319	(9,641)	(1,426)	1,700	18,952
Nonoperating gains (losses)								
Interest and dividend income	662	9,810	-	10,472	6,552	645	(1,845)	16,224
Net realized gains on the sale of securities	73	1,449	-	1,522	435	-		1,957
Net unrealized gains on securities	1,311	13,664	-	14,975	7,949	(756)	-	22,168
Derivative related income	-	3,512	-	3,512	-	1,560	-	5,072
Change in estimated fair value of derivatives	-	23,137	-	23,137	-	(88)	-	23,049
Other nonoperating gains (losses)	(475)	1,245	-	770	(3,430)	4	3	(2,653)
Net assets released from restrictions used for operations	-	562	-	562	1,331	-	-	1,893
NET NONOPERATING GAINS	571	53,379	-	54,950	12,837	1,365	(1,842)	67,710
EXCESS (DEFICIT) OF REVENUE GAINS AND SUPPORT OVER EXPENSES AND LOSSES	$ (2,051)	$ 83,269	$ 2,051	$ 83,269	$ 3,196	$ (61)	$ 258	$ 86,662

*Management Services Organization only

See note to supplemental schedules.

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Statement of Changes in Net Assets
(Dollars in Thousands)

Year Ended June 30, 2011

	Blue Ridge Medical Management, *	Other Obligated Group Members	Eliminations	Total Obligated Group	Other Entities: Mountain States Health Alliance	Other Entities: Noncontrolling Interests	Total Other Entities	Mountain States Properties	Eliminations	Total
UNRESTRICTED NET ASSETS										
Excess of Revenue, Gains and Support over Expenses and Losses	$ (2,051)	$ 83,269	$ 2,051	$ 83,269	$ (197)	$ 3,693	$ 3,496	$ (61)	$ 758	$ 86,662
Pension and other defined benefit plan adjustments	-	620	-	620	617		1,237		(620)	1,237
Cumulative effect of a change in accounting principle	(2,965)	(2,965)	2,965	(2,965)	-	-	-			(2,965)
Net assets released from restrictions used for the purchase of property, plant and equipment	-	1,946	-	1,946	1,946		1,946	-	(1,946)	1,946
Distributions to noncontrolling interests	-	-	-	-	-	(270)	(270)	-	-	(270)
Repurchases of noncontrolling interests and other	[illegible]	40	[illegible]	[illegible]	[illegible]	(115)	[illegible]	-	[illegible]	[illegible]
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(5,059)	82,910	5,059	82,910	2,187	3,625	5,812	(61)	(2,126)	86,535
TEMPORARILY RESTRICTED NET ASSETS										
Restricted grants and contributions		3,612		3,612	2,996	58	3,048	-	(2,999)	3,670
Net assets released from restrictions	-	(3,787)	-	(3,787)	(3,225)	(52)	(3,277)	-	3,225	(3,839)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		(175)	-	(175)	(235)	6	(229)	-	235	(169)
INCREASE (DECREASE) IN TOTAL NET ASSETS	(5,059)	82,735	5,059	82,735	1,952	3,631	5,583	(61)	(1,891)	86,366
NET ASSETS, BEGINNING OF YEAR	160,670	328,502	(160,670)	328,502	237,212	168,410	405,622	132,692	(269,904)	496,912
NET ASSETS, END OF YEAR	$ 155,611	$ 411,237	$ (155,611)	$ 411,237	$ 239,164	$ 172,041	$ 411,205	$ 132,631	$ (271,795)	$ 583,278

*Management Services Organization only

NOTE A--OBLIGATED GROUP MEMBERS

As described in Note F to the consolidated financial statements, the Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. In accordance with Article Six, Section 6.6 of the Amended and Restated Master Trust Indenture between Mountain States Health Alliance and the Bank of New York Trust Company, NA as Master Trustee, those members pledged include Johnson City Medical Center Hospital, Indian Path Medical Center, Franklin Woods Community Hospital, Sycamore Shoals Hospital, Johnson County Community Hospital, Russell County Medical Center and Blue Ridge Medical Management Corporation (parent company only), collectively defined as the Obligated Group (Obligated Group).

The supplemental consolidating schedules include the accounts of the members of the Obligated Group after elimination of all significant intergroup accounts and transactions. Certain other subsidiaries of the Alliance, Mountain States Properties, Inc. (MSP) and all other affiliates (Other Entities), are not pledged to secure the payment of the outstanding bonds as they are not part of the Obligated Group. These affiliates have been accounted for within the Obligated Group based upon the Alliance's original and subsequent investments, as adjusted for the Alliance's pro rata share of income or losses and any distributions, and are included as a part of equity in affiliates in the supplemental consolidating balance sheet.