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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
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A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011		
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization Baystate Medical Center Inc	D Employer identification number 04-2790311
	Doing Business As	E Telephone number (413) 794-0000
	Number and street (or P O box if mail is not delivered to street address) 759 Chestnut Street	Room/suite
	G Gross receipts \$ 891,284,566	
	City or town, state or country, and ZIP + 4 Springfield, MA 01199	
	F Name and address of principal officer Dennis W Chalke 759 Chestnut Street Springfield, MA 01199	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.baystatehealth.org		
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation 1983
M State of legal domicile MA		

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities The mission of the organization is to improve the health of the people in our communities every day, with quality and compassion																								
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets																								
	<table><tr><td>3 Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>21</td></tr><tr><td>4 Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>12</td></tr><tr><td>5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)</td><td>5</td><td>7,587</td></tr><tr><td>6 Total number of volunteers (estimate if necessary)</td><td>6</td><td>540</td></tr><tr><td>7a Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>7,422,304</td></tr><tr><td>b Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>-2,370,649</td></tr></table>	3 Number of voting members of the governing body (Part VI, line 1a)	3	21	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	12	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	7,587	6 Total number of volunteers (estimate if necessary)	6	540	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	7,422,304	b Net unrelated business taxable income from Form 990-T, line 34	7b	-2,370,649						
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Net Assets or Fund Balances	<table><tr><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20 Total assets (Part X, line 16)</td><td>1,004,860,958</td><td>1,033,902,625</td></tr><tr><td>21 Total liabilities (Part X, line 26)</td><td>546,392,613</td><td>578,393,405</td></tr><tr><td>22 Net assets or fund balances Subtract line 21 from line 20</td><td>458,468,345</td><td>455,509,220</td></tr></table>		Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	1,004,860,958	1,033,902,625	21 Total liabilities (Part X, line 26)	546,392,613	578,393,405	22 Net assets or fund balances Subtract line 21 from line 20	458,468,345	455,509,220												
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Part II	Signature Block
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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	▶ _____ Signature of officer		2012-08-10 Date		
	▶ Dennis W Chalke SVP Finance & Treasurer Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Jeanne M Schuster	Preparer's signature Jeanne M Schuster	Date	Check if self-employed ☐	PTIN
	Firm's name ▶ Ernst & Young LLP				Firm's EIN ▶
	Firm's address ▶ 200 Clarendon Street Boston, MA 02116				Phone no ▶ (617) 266-2000

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 ☐ Yes ☒ No

1

Briefly describe the organization's mission

The mission of Baystate is to improve the health of the people in our communities every day, with quality and compassion

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 \$ 367,363,723 including grants of \$ 1,871,078) (Revenue \$ 411,499,327)

Inpatient healthcare services - Providing inpatient community-based medicine and tertiary care to the surrounding region. Services are available to individuals regardless of their ability to pay. During FY11, Baystate Medical Center, Inc. provided 177,548 patient days of inpatient services, with 36,668 discharges.

4b

(Code) (Expenses \$ 272,637,121 including grants of \$) (Revenue \$ 295,341,833)

Outpatient healthcare services - Providing outpatient clinical services to the surrounding region. Services are available to individuals regardless of their ability to pay. During FY11, Baystate Medical Center, Inc. had 418,828 outpatient visits.

4c

(Code) (Expenses \$ 30,957,088 including grants of \$) (Revenue \$ 39,006,498)

Emergency department services - Providing emergency department services to the surrounding region. Services are available to individuals regardless of their ability to pay. During FY11, Baystate Medical Center, Inc. had 105,962 emergency department visits.

4d

Other program services (Describe in Schedule O) **See also Additional Data for Description**

(Expenses \$ 122,569,976 including grants of \$) (Revenue \$ 109,340,633)

4e

Total program service expenses \$ 793,527,908

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, line 10? 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 Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d 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	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V ☐			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	473
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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	7,587
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed MA
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. Peter Lyons Baystate Health Inc 759 Chestnut Street Springfield, MA 01199 (413) 794-0000

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

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

Form **990** (2010)

Part VII

(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			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,790,968	4,489,110	1,091,942

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: 216

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

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
Baystate Administrative Services Inc 759 Chestnut Street Springfield, MA 01199	Management Svcs	71,782,541
Baystate Medical Practices Inc 759 Chestnut Street Springfield, MA 01199	Medical, Educ, Clin	48,810,159
Springfield Anesthesia Service Inc 908 Allen Street Springfield, MA 01118	Anesthesia Services	3,950,003
Angelica Textile Service 125 Bath Street Ballston SPA, NY 12020	Linen Services	3,551,415
New England Orthopedic Surgeons Inc 300 Birnie Avenue Ste 201 Springfield, MA 011071121	Management Services	1,863,001
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 ▶64		

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d			
	e	Government grants (contributions)	1e	6,142,307		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		6,142,307		
	Program Service Revenue	2a		Business Code		
		Inpatient Revenue	900099	448,912,354	448,912,354	
b		Outpatient Revenue	621400	381,124,176	373,723,131	7,401,045
c		Sponsored Programs	900099	10,719,510	10,719,510	
d		CMS Elec Med Rec Fdg	900099	6,928,571	6,928,571	
e		Intercompany Rent	900099	2,863,380	2,863,380	
f		All other program service revenue				
g		Total. Add lines 2a-2f		850,547,991		
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		10,787,852		10,787,852
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross Rents	(i) Real	(ii) Personal		
	b	Less rental expenses	843,922			
	c	Rental income or (loss)	496,032			
	d	Net rental income or (loss)	347,890			347,890
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
	b	Less cost or other basis and sales expenses	5,856,458	58,600		
	c	Gain or (loss)		24,037		
	d	Net gain or (loss)	5,856,458	34,563		
	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 Income	900099	4,880,196		4,880,196	
b	Intercompany Charges	900099	3,265,952	3,265,952		
c	Miscellaneous-Deposits	900099	2,818,081	2,818,081		
d	All other revenue		6,083,207	5,957,312	21,259	
e	Total. Add lines 11a-11d		17,047,436			
12	Total revenue. See Instructions		890,764,497	855,188,291	7,422,304	22,011,595

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,871,078	1,871,078		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	16,040	16,040		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,183,537	1,183,537		
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	336,423,310	310,315,397	26,107,913	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	18,957,003	17,476,427	1,480,576	
9	Other employee benefits	36,332,226	33,514,661	2,817,565	
10	Payroll taxes	23,489,639	21,671,786	1,817,853	
a	Fees for services (non-employees)				
	Management	32,530,955	31,035,296	1,495,659	
b	Legal	1,207,395		1,207,395	
c	Accounting	278,275		278,275	
d	Lobbying	86,800		86,800	
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	80,481,511	75,250,337	5,231,174	
12	Advertising and promotion	186,149	159,115	27,034	
13	Office expenses	178,397,101	174,904,910	3,492,191	
14	Information technology	42,944,089	42,516,891	427,198	
15	Royalties				
16	Occupancy	25,489,930	22,103,812	3,386,118	
17	Travel	929,076	759,502	169,574	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	868,924	689,981	178,943	
20	Interest	5,831,349	5,831,349		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	40,260,311	35,373,493	4,886,818	
23	Insurance	5,320,696	5,320,696		
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	Patient Bad Debt Expens	13,487,623	13,487,623		
b	Other Bad Debt Expense	45,977	45,977		
c					
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	846,618,994	793,527,908	53,091,086	0
26	Joint costs. Check here ☒ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

						(A)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing					1	
	2	Savings and temporary cash investments				51,923,423	2	51,592,640
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				86,801,237	4	88,501,693
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L					5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L					6	
	7	Notes and loans receivable, net				64,755,434	7	65,504,065
	8	Inventories for sale or use				14,282,955	8	15,977,983
	9	Prepaid expenses and deferred charges				5,721,977	9	6,810,841
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	812,713,096				
	b	Less accumulated depreciation	10b	551,098,641	260,390,652	10c	261,614,455	
	11	Investments—publicly traded securities				275,691,361	11	267,113,273
	12	Investments—other securities See Part IV, line 11				56,927,948	12	64,413,638
	13	Investments—program-related See Part IV, line 11					13	
	14	Intangible assets					14	
	15	Other assets See Part IV, line 11				188,365,971	15	212,374,037
	16	Total assets. Add lines 1 through 15 (must equal line 34)				1,004,860,958	16	1,033,902,625
Liabilities	17	Accounts payable and accrued expenses				95,561,830	17	96,190,768
	18	Grants payable					18	
	19	Deferred revenue					19	
	20	Tax-exempt bond liabilities				316,641,297	20	311,679,229
	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				3,111,542	23	2,840,986
	24	Unsecured notes and loans payable to unrelated third parties					24	
	25	Other liabilities Complete Part X of Schedule D				131,077,944	25	167,682,422
	26	Total liabilities. Add lines 17 through 25				546,392,613	26	578,393,405
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				437,192,629	27	430,622,681
	28	Temporarily restricted net assets				17,312,072	28	20,909,439
	29	Permanently restricted net assets				3,963,644	29	3,977,100
	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				458,468,345	33	455,509,220
34	Total liabilities and net assets/fund balances				1,004,860,958	34	1,033,902,625	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	890,764,497
2	Total expenses (must equal Part IX, column (A), line 25)	2	846,618,994
3	Revenue less expenses Subtract line 2 from line 1	3	44,145,503
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	458,468,345
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-47,104,628
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	455,509,220

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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ 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?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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 Baystate Medical Center Inc	Employer identification number 04-2790311
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))			14			
15 Public Support Percentage for 2009 Schedule A, Part II, line 14			15			
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶						

Part IIIPart III

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and 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).

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 Baystate Medical Center Inc	Employer identification number 04-2790311
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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															
<table><thead><tr><th>If the amount on line 1e, column (a) or (b) is:</th><th>The lobbying nontaxable amount is:</th></tr></thead><tbody><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></tbody></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		86,800
	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			86,800
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).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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
Part IV, Supplemental Information		Baystate Medical Center, Inc. pays membership dues to the Massachusetts Hospital Association (MHA) and the American Hospital Association (AHA). These organizations have advised us that portions of these dues are used for lobbying purposes for various healthcare matters at the state level. The portion of dues listed as lobbying expenses for the year ending September 30, 2011 is \$86,800.

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
Baystate Medical Center Inc

Employer identification number
04-2790311

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
2a	
2b	
2c	
2d	

3

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

4

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

5

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

☐ Yes

☐ No

6

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

7

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

8

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

☐ Yes

☐ No

9

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

Part III

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

1a

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

1b

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

(i)

Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii)

Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2010

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

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

- 1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIV and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |
- 2a

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

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIV

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

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

- 2

Provide the estimated percentage of the year end balance held as
- a

Board designated or quasi-endowment ▶
- b

Permanent endowment ▶
- c

Term endowment ▶
- 3a

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

unrelated organizations

(ii)

related organizations
- b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- | | | |
|--------|-----|----|
| | Yes | No |
| 3a(i) | | |
| 3a(ii) | | |
| 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		11,919,647		11,919,647
b Buildings		310,287,078	176,245,778	134,041,300
c Leasehold improvements		2,358,233	414,773	1,943,460
d Equipment		428,198,448	356,403,868	71,794,580
e Other		59,949,690	18,034,222	41,915,468
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				261,614,455

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
		Part X, Line 2 - Baystate Medical Center, Inc. did not have a FIN 48 footnote included in the audited financial statements

Additional Data

Software ID:

Software Version:

EIN: 04-2790311

Name: Baystate Medical Center Inc

Form 990, Schedule D, Part X, - Other Liabilities

1	(a) Description of Liability	(b) Amount
	Contractual Adjustments Payable	62,037,617
	Refundable Advances	326,609
	Due to Affiliated Companies	2,014,309
	Line of Credit - Affiliate	3,068,600
	Insurance Liability Loss Reserves	5,718,000
	Deferred Revenue	1,088,779
	Minimum Pension Liability	83,003,894
	Market Value Swap	10,424,614

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
Baystate Medical Center Inc

Employer identification number
04-2790311

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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care 500.000000000000 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other _____ %	3a	Yes	
		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 eligible 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)			20,928,853	10,788,805	10,140,048	1 220 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			162,862,415	159,819,607	3,042,808	0 370 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			15,417,521	13,914,897	1,502,624	0 180 %
d Total Financial Assistance and Means-Tested Government Programs			199,208,789	184,523,309	14,685,480	1 770 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,510,998	0	2,510,998	0 300 %
f Health professions education (from Worksheet 5)			53,055,233	14,283,457	38,771,776	4 650 %
g Subsidized health services (from Worksheet 6)			17,204,305	11,738,734	5,465,571	0 660 %
h Research (from Worksheet 7)			20,623,711	0	20,623,711	2 480 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			2,605,303	0	2,605,303	0 310 %
j Total Other Benefits			95,999,550	26,022,191	69,977,359	8 400 %
k Total. Add lines 7d and 7j)			295,208,339	210,545,500	84,662,839	10 170 %

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
1Physical improvements and housing			100,000		100,000	0.010 %
2Economic development			78,109		78,109	0.010 %
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other			124,401		124,401	0.010 %
10Total			302,510		302,510	0.030 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	4,969,501
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	1,642,401
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	205,951,088
6	Enter Medicare allowable costs of care relating to payments on line 5	6	183,415,104
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	22,535,984
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☐ Cost to charge ratio ☒ Other		

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

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

Schedule H (Form 990) 2010

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? 19

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
1	
2	
3	
4	
5	
6	
7	
8	
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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 Line 7a (Charity Care) - community benefit expense was calculated by applying the ratio of patient care cost to charges, calculated on Worksheet 2, against total charity care gross patient charges from the audited financial statements Line 7b (Unreimbursed Medicaid) - community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under Medicaid and Medicaid managed care plans Line 7c (Other Means-Tested Programs) - community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under other means-tested government programs Line 7f (Health Professional Education) - community benefit expense was derived using the organization's cost accounting system Line 7g (Subsidized Programs) - community benefit expense was derived using the organization's cost accounting system The expense relates to specific outpatient programs Line 7h (Research) - community benefit expense was derived using the organization's cost accounting system In addition to the research costs reported on line 7h, there was \$1,881,972 of expenses related to Industry-sponsored grants that we believe should be treated as community benefit expense because they were incurred to promote the health and well-being of the local population and are a key component of our commitment to the community

Identifier	ReturnReference	Explanation
		Part I, Line 7g There are no costs attributable to physician clinics reported as subsidized health services in Part I, line 7g

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Bad debt expense of \$13,533,600 was subtracted from total expenses reported in Part IX Line 25 column (A) for the purpose of calculating the percentages in Part I, Line 7, column (f)

Identifier	ReturnReference	Explanation
		Part II Specific to Part II Baystate Medical Center provided \$100,000 to the North End Housing Initiative (NEHI) with the goal of increasing the quantity, quality and healthfulness of affordable single and duplex family housing for low income families with young children in the North End neighborhoods of Springfield, Massachusetts. A portion of the funding is also used to leverage additional funding to write grants for projects what will assist the NEHI to achieve its mission. In addition to providing additional housing in the North End, NEHI also provides homebuyer and financial literacy courses to North End households and maximizes economic opportunities for minority-owned businesses within NEHI construction projects. The NEHI improves the public health of the community by providing greater access to healthy homes, reducing the prevalence of asthma in young children, increasing housing stability and creating safer and more beautiful neighborhoods through affordable homeownership. Baystate Medical Center provided \$103,388 as a Payment in Lieu of Taxes (PILOT) to the City of Springfield for our outpatient facility at 3300 Main Street, Springfield. Baystate Medical Center provided \$21,013 as a Payment in Lieu of Taxes (PILOT) to the City of Chicopee for our employee parking lot located at Center Street, Chicopee. Baystate Medical Center is a dues paying member of the Economic Development Council of Western Massachusetts and the Affiliated Chambers of Commerce of Greater Springfield. BMC participates in the EDC and Chamber as we are the largest local employer in our region. The Chamber and its membership coordinate activities toward a common purpose of sustainability and economic growth for the region. The amount paid for FY2011 was \$78,109. The following description is not quantified specifically in Part II of Schedule H. Baystate Medical Center is committed to creating healthier communities and understands that many state and federally mandated community benefit programs and services are not sufficient to address ethnic, racial and economic health disparities. BMC extends the traditional definition of "health" to include economic opportunity, affordable housing, education, safe neighborhoods, the arts, and supporting and valuing diversity - all elements that enable families and communities to thrive. In keeping with our commitment to improve health, Baystate Medical Center provides many valuable services, resources, programs and financial support - beyond the walls of the hospital and into the communities and homes of the people we serve, including sponsorships for more than 200 non-profit community organizations and events and involvement of Baystate leadership with over 70 community boards that align with our mission.

Identifier	ReturnReference	Explanation
		Part III, Line 4 The cost of bad debts reported in Part III, line 2 was calculated by applying a ratio of cost to charges (based on the organization's cost accounting system including all hospital inpatients and outpatients) against total patient bad debt net of recoveries as reported in the audited financial statements. The portion of bad debt expense that reasonably could be attributable to patients who may qualify for financial assistance under the hospital's charity care program (reported in Part III line 3) was calculated by applying the percentage of bad debts by zip code (for which the average household income for each zip code is less than 200% of the federal poverty level) to bad debt expense reported in Part III line 2. Since this portion of bad debt is attributable to patients residing in an area where the average income is less than 200% of the Federal poverty level, it is highly likely these patients would have qualified for Baystate Medical Center's charity care program had they applied. For this reason, we believe the amount should be treated as community benefit expense in Part I. The financial statements do not contain a footnote describing bad debt expense. If a patient is determined eligible for financial assistance, the appropriate adjustment is made to the patient account based on their income level. Once the necessary approvals are obtained, it then flows to the general ledger. Patients applying for a prompt payment discount will have this allowance entered after agreed upon payment is received.

Identifier	ReturnReference	Explanation
		Part III, Line 8 Line 6 - included all Medicare allowable costs as calculated in Worksheets D-1 Part II (inpatient and inpatient psych), D Part V (outpatient) and E Part A (organ acquisition) of the hospital's CY Medicare cost report, based on Medicare costing principles There is no shortfall reported on line 7

Identifier	ReturnReference	Explanation
		Part III, Line 9b For patients who are known to qualify for Charity Care or Financial Assistance The patient may have requested assistance up front at time of service with a Financial Counselor or the Patient could have asked for assistance after receiving their bill by contacting our Patient Billing Services Representatives The Financial Counselor will assist the patient in applying for the appropriate type of assistance based on their income and circumstances Once approved for a State Medicaid or other program, all billing and collection activity will stop (except for required co-payments or deductibles) For all other patients, our statements contain information regarding how to apply for financial assistance Notices concerning availability for assistance are also posted at patient care sites

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Baystate Health completed a community health needs assessment in July 2010. During this assessment process information was gathered and reviewed from various community sources across several counties and Baystate Health's three hospitals and their respective service areas including the following: 1. Baystate Medical Center (BMC) and Hampden County, 2. Baystate Franklin Center (BFMC) and Franklin County, 3. Baystate Mary Lane Hospital (BMLH) and Hampshire County and 13 Quaboag Hills communities. Baystate Health used the Association for Community Health Improvement's (ACHI) Community Health Assessment Toolkit to complete a thorough community health planning and needs assessment process. The toolkit included six core process steps and had a particular emphasis on community engagement. The six-step process included: 1. establishing the assessment infrastructure, 2. defining the purpose and scope, 3. collecting and analyzing data, 4. selecting priorities (included community engagement), 5. documenting and communicating results and 6. planning for action and monitoring progress. The FY2010 community needs assessment process gathered information and reviewed data from a number of sources, including the following: 1. Healthy People 2020 (formerly Healthy People 2010) indicators collected by the Massachusetts Department of Public Health and the Centers for Disease Control and Prevention were major sources of data for community health needs assessment and planning information, 2. Massachusetts Department of Public Health, several of its websites, MassCHIP, and key MDPH staff provided county-level and locality-based data for municipal and neighborhood geographic areas, 3. morbidity and mortality data was drawn from Baystate Health's internal hospital discharge data and statewide data sources. This data, which generally includes reasons for hospitalization and length of stay, can contribute to measuring the burden and cost of illness and disability in the community, 4. both by internal and external respondents in the health care, human service and public health field and unaffiliated stakeholders (community residents) participated in focus groups, 5. hospital Community Benefits Advisory Council, hospital advisory board members, and local community coalitions and task forces played a key role in helping the hospital identify community health needs, 6. existing community needs assessment data (United Way, Pioneer Valley Planning Commission, and Community Action Programs) was included in this assessment, 7. surveys of community stakeholders - expert testimony and resident (lay) opinions - were used to identify and prioritize community health needs. Baystate Medical Center's needs assessment community partners included the AIDS Foundation of Western Massachusetts, Alzheimer's Association, American Cancer Society, American Diabetes Association, American Heart Association, Association for Community Living, Behavioral Health Network, Caring Health Center, Center for Human Development, CHNA #4 - Community Health Connections, Dunbar Community Center, Gandara Mental Health Center, Greater Springfield Senior Services, Healthy Start Planning Group, Holyoke Health Center, Holyoke/Chicopee Head Start, Jewish Education Resource Center, Jewish Family Services, Jewish Geriatric Services, Lutheran Social Services, Martin Luther King Jr Family Services, Mason Square Health Task Force, Mass in Motion, Men's Resource Center, Men's Resource International, New North Citizens' Council, North End Campus Coalition, North End Housing Initiative, Partners for a Healthier Community - BEST Oral Health, Pioneer Valley Asthma Coalition, Planned Parenthood, Puerto Rican Cultural Center, Regional/State Public Health Departments, Russian Community Association of Massachusetts, Public School Departments, Springfield Adolescent Health Project, Springfield Dept of Health & Human Services, Springfield Partners for Community Action, Springfield Police Department, Springfield Vietnamese American Civic Association, Square One, Tapestry Health, Valley Opportunity Council, Western MA Hispanic Foundation, YEAH! Network, YMCA of Greater Springfield, YWCA. The ranking and prioritization process and development of target populations was based on input from several sources including surveys of community stakeholders, focus groups of key constituents and key internal and external community member interviews. The needs assessment was a balanced and comprehensive community perspective reflecting the values and experiences of both health care providers and experts and resident opinions in ranking and prioritizing community needs. Four broad health priorities were subjected to ranking and prioritization. Polling of key participant organizations and a variety of other discussions resulted in the following health priorities and target populations: Baystate Medical Center's health priorities include: 1. promoting wellness of vulnerable populations, 2. reducing

Identifier	ReturnReference	Explanation
		racial and ethnic health disparities, 3 chronic disease management in disadvantaged populations, and 4 supporting health care reform Baystate Medical Center's target populations include families with children/adolescents at risk due to poverty, isolation, language or cultural barriers residing in "limited opportunity" neighborhoods in center city Springfield and the broader Hampden County, families with children/adolescents at risk and/or victims of violence and/or sexual abuse, vulnerable populations, specifically children and their families, which reside and attend schools in the Brightwood and Memorial neighborhoods of Springfield's North End, children and adolescents at risk for preventative injury and death, high risk and vulnerable population that reside in zip code 01109, also referred to as the Greater Mason Square neighborhoods, transgender individuals, their allies and all persons from the broader community that identify as LGBT, Springfield Public School students (elementary, middle, high school and college) who benefit from supplemental instruction and workforce-related experiences to enhance their academic achievements and increase high school graduation and college readiness, vulnerable, low-income populations across the lifespan with particular attention to ethnic minorities experiencing health disparities, Children and adolescents (age two years to twenty-one years) with a diagnosis of obesity (BMI > 95% for age), the broader community with a target of non-English speaking immigrants who are at high risk for exposure and diagnosis of Tuberculosis, and access to care issues with a targeted focus on uninsured or underinsured residents of our communities

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Baystate Medical Center (BMC) is committed to ensuring that patients in its community have access to quality health care services with fairness and respect without regard to the patients' ability to pay BMC recognizes that the cost of necessary health care services can impose a significant financial burden on patients who are uninsured or underinsured and acts affirmatively to lessen that burden by offering patients in need the opportunity to apply for free or reduced cost services BMC not only offers free and reduced cost care to the financially needy as required by law, but has also voluntarily established discount and financial assistance programs that provide additional free and reduced cost care to more patients residing within the communities served by BMC Baystate Medical Center recognizes that the billing and collection process can be bewildering and burdensome for patients and has implemented procedures to make the process understandable for patients, to inform patients about discount and financial assistance options, and to ensure that patients are not subject to aggressive collection activities Consistent with its patient commitment BMC is required to maintain a credit and collection policy that reflects its patient billing and collection procedures and complies with applicable state and federal laws and regulations Baystate Medical Center has Financial Counselors available to help patients apply for financial assistance programs that may cover unpaid hospital bills, including a variety of federal and state programs as well as financial assistance through Baystate Medical Center BMC is committed to ensuring that patients or prospective patients in the community are aware of financial assistance programs For uninsured or underinsured patients, BMC will assist in applying for available financial assistance programs BMC notifies patients of the availability of assistance in both the initial bill sent to patients as well as in general notices posted throughout the hospital When applicable, BMC also assists patients in applying for coverage of services as a Medical Hardship based on the patient's documented income and allowable medical expenses BMC provides, upon request, specific information about the eligibility process to be a Low Income Patient under either the Massachusetts Health Safety Net Program or additional assistance for patients who are low income through BMC's own internal financial assistance program BMC also notifies patients about available payment plans based on their family size and income Signs about the availability of financial assistance programs at Baystate Medical Center are translated into Spanish, because Spanish is primarily spoken by 10% or more of the residents in the hospital's service area Signs are large enough to be clearly visible Baystate Medical Center's sign is 8-1/2 x 11 inches and the header print font is 24 pts Notice of availability of Financial Assistance Programs are posted in the following locations, inpatient, clinic, emergency department admissions and/or registration areas, central admission/registration area, patient financial counselor areas and business office areas that are open to patients Our Credit and Collection Policy is posted on the baystatehealth.org website The goal of posting the Credit and Collection Policy is to ensure that patients or prospective patients in our community are aware of our financial assistance programs Baystate Medical Center's Credit and Collection Policy was developed in partnership with Health Care For All, a Massachusetts non-profit organization dedicated to making adequate and affordable health care accessible to everyone, regardless of income, social or economic status

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Baystate Medical Center (BMC) is a major teaching, clinical and research facility of the Tufts University School of Medicine (TUSM) and a general medical and surgical hospital based in Springfield, Massachusetts BMC is the only tertiary care referral medical center and Level 1 Trauma Center in western New England It is also home to the region's only Children's Hospital with Neonatal and Pediatric Intensive Care Units Springfield is the central city and county seat for Hampden County (pop 463,490) BMC serves as the community hospital for Hampden County, which is ethnically and racially diverse with 41,644 (9.0%) African American residents and 96,776 (20.9%) Latino residents The Latino community of Hampden County is concentrated in the cities of Holyoke and Springfield, while the African-American community is concentrated in Springfield In all, 81% of all Latino residents of Hampden County live in either Springfield (which has 59,451 Latino residents) or Holyoke (which has 19,313 Latino residents) The following 23 cities/town (population) comprise Hampden County include, Agawam (28,438), Blandford (1,233), Brimfield (3,609), Chester (1,337), Chicopee (55,298), East Longmeadow (15,720), Granville (1,566), Hampden (5,139), Holland (2,481), Holyoke (39,880), Longmeadow (15,784), Ludlow (21,103), Monson (8,560), Montgomery (838), Palmer (12,140), Russell (1,775), Southwick (9,502), Springfield (153,060), Tolland (485), Wales (1,838), West Springfield (28,391), Westfield (41,094) and Wilbraham (14,219) Hampden County has a total population of 463,490 Located in Hampden County along the Connecticut River, Springfield is 27 miles north of Hartford CT, while Boston and New York City are 80 and 134 miles away, respectively The Springfield Metropolitan Statistical Area (MSA) is the fourth-largest metropolitan area in New England and the county's contiguous urban nuclei is comprised of the central city of Springfield, with a population of 156,060, and the cities of Chicopee (55,298), and Holyoke (39,880) Much of BMC's service area has Medically Underserved Area or Population (MUA/P) designation from the Health Resources and Services Administration (HRSA) while the major towns have Health Professional Shortage Area (HPSA) designation Within Hampden County, Springfield and the surrounding community, especially Holyoke, have many community risk factors that contribute to poor health, including substance abuse, child abuse and neglect, poverty and unemployment, crime and domestic violence, decreased informal social support networks, and overburdened public schools In 2009, among Massachusetts counties Hampden County had the most teen births in the state with 747 Although the county accounts for only 7.1% of the state's overall population, the county has nearly 16.7% of all teen births in the state in 2009 As a percentage of total births in the county, teen births account for 12.2% of total births in Hampden County This sharply contrasts with the state, in which teen births accounted for only 5.9% of total births Hampden County is clearly the most at risk county in the state with regard to teen pregnancy HIV/AIDS is a major problem, especially within our minority communities Latinos and African-Americans in the Springfield area have also been disproportionately affected by the HIV/AIDS epidemic Local epidemiological data provided by the Massachusetts Department of Public Health on HIV/AIDS for Springfield indicate that Latinos are most impacted by HIV/AIDS More specifically in Springfield, Latinos account for 27% of the population yet accounted for 57% of the 1,093 people living with HIV/AIDS It should also be noted that while only 2.3% of the population in Massachusetts live in Springfield, 15% of the Latinos living with HIV/AIDS in the state reside in Springfield For the last two years, Hampden County has ranked last among Massachusetts counties on health outcomes and health factors (Wisconsin Population Health Institute, County Health Rankings 2010 and 2011) The geographic "driver" of these poor health outcomes is the county's major city of Springfield which is the poorest city in Massachusetts with a median family income of \$41,476 The child poverty rate for Springfield is the 6th highest in the country with 44.6% of children under 18 living below the poverty line as compared to 12.4% for Massachusetts (2010 American Community Survey, Census Bureau) The city of Springfield has an overall poverty rate of 27.4% (U.S. Census, 2005-2009 American Community Survey) and has eight census tracts designated by the USDA as food deserts In the 2010 Census, the Springfield MSA ranked first in the nation for Hispanic-White segregation and 22nd in the nation for Black-White segregation (Center for Population Studies, University of Michigan) The premature mortality rate (PMR), defined as deaths occurring before age 75 (# deaths/100,000 persons), is considered an excellent single measure of population health

Identifier	ReturnReference	Explanation
		th status Springfield's PMR for heart disease is 419 5/100,000, compared to the state rat e of 284 5/100,000, and the PMR for respiratory diseases is 196 6/100,000 compared to 137 8/100,000 for the state (MA Department of Public Health, 2006-2008 Mortality (Vital Record s) As a result, poor people in Springfield have life expectancies 25% lower than people with higher incomes who live in more prosperous communities BMC is committed to reducing he alth disparities in Springfield Our commitment is demonstrated by our investment of signi ficant resources in our three community health centers and pediatric clinic located in Spr ingfield's low-income neighborhoods that have both HPSA and MUA/MUP designation BMC healt h centers are primary care first-contact sites for thousands of underserved, low-income pe ople These community training sites for our Residency Program provide continuity of care for over 130,000 patients annually, most of who reside in an MUA/MUP BMC provides primary care to a medically-underserved population in Springfield comprised of primarily Latinos and African-Americans Springfield's black and Latino families fare poorly in comparison t o their peers across the state on a myriad of sensitive indicators (e g , infant deaths pe r 1,000 live births, low birth weight of less than 2,500 grams, births to adolescent mothe rs, adequacy of prenatal care) Springfield has one of the highest concentrations of MassH ealth eligible populations This low income population has a special health risk and a spe cific location in the Mason Square and North End neighborhoods with child poverty rates we ll above 30% and as high as 70% in some small areas It is well-known that health disparit ies related to type 2 diabetes mellitus, obesity and cardiovascular disease are concentrat ed in black and Latino populations and among the 50,000 residents (30% of the city's popul ation) in Mason Square and North End neighborhoods

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Baystate Medical Center has a responsibility to respond to health care ne eds unsupported by government programs In exchange for this responsibility, BMC qualifies for tax-exempt status under 501(c)(3) However, providing hospital care alone is not enou gh to qualify for tax-exempt status Hospitals also must operate in the public interest an d provide programs that benefit the community Baystate Medical Center is fully committed to its role in the community and serves with pride and compassion for people in need The c haritable mission of Baystate Medical Center, a member hospital of Baystate Health (BH), i s to improve the health of the people in our communities every day, with quality and compa ssion Baystate Medical Center's Community Benefits Mission is to reduce health disparitie s, promote community wellness and improve access to care for vulnerable populations BMC i s committed to meeting the identified health and wellness needs of constituencies and comm unities served through the combined efforts of Baystate Health's member organizations, aff iliated providers, and community partners Baystate Medical Center meets all of the factors required of medical facilities in order to maintain tax exemption, as first described in Revenue Ruling 69-545 In support of patient care and the medical needs of the communities served by Baystate Medical Center, medical staff membership and privileges are extended t o all qualified physicians and practitioners in western Massachusetts who meet the require ments for credentialing and clinical privileges, whether employed by a related Baystate en tity or community-based Baystate Medical Center's emergency department is open to all in need of care and services, no one requiring emergency care is denied treatment Additional ly, surplus funds from operations are generally applied, as permitted, to the following, i mprovements in patient care, expansion and renovation of existing facilities, purchase and replacement of equipment, debt service, expenses associated with training of physicians a nd other health care professionals, professional development of medical and other clinical staff, and the support of scientific, translational, and clinical research Baystate Healt h's volunteer Board of Trustees, the governing body of the organization and its affiliates , is comprised of the President and Chief Executive Officer of Baystate Health and up to t wenty-two (22) other elected Trustees who are representative of the broad range of interes ts which exist in the communities served by Baystate Health and its affiliates The Govern ance Committee oversees the nomination of Trustees and submits recommendations to the Boar d of Trustees for membership on the various Board committees In considering nominations o r recommendations for trustees, directors, committee members or officers the Governance Co mmittee select nominees who are representative of the various and diverse constituencies s erved by Baystate Health and its affiliates In particular the Committee nominates persons who are representative of the community consumer interests of the various neighborhoods a nd localities which are served by Baystate Health and its affiliates in the carrying out o f and pursuant to the charitable mission of the Baystate Health and its affiliates Baysta te Medical Center's Patient and Family Advisory Council facilitate patients and families t o share information and advise the hospital regarding policies and programs Information f rom the Council provides hospital leadership with an enhanced understanding of how to impr ove quality, program development, service excellence, communications, patient safety, faci lity design, patient and family education, patient and family satisfaction, and loyalty Pl ease refer to the section above in line 2 for additional examples of Baystate Medical Cent er's responsiveness to the community and opportunities for community involvement, includin g the Board of Trustees' Governance Committee, Community Benefits Advisory Council, and Co mmunity Health Needs Assessment Baystate Medical Center is recognized as a leading academ ic medical center As the Western Campus of Tufts University School of Medicine since 1974 , BMC offers clinical training and undergraduate and graduate medical student education ac ross all specialties Baystate Medical Center serves as a safety-net hospital due to the h igh level of Medicaid and charity care provided In addition, BMC offers unique, specializ ed services including Level 1 Trauma, Children's Hospital, Invasive heart and vascular ser vices, Cardiac surgery, Kidney transplantation, Level III Neonatal ICU, Specialized ICU's for children, adults and heart and vascular patients and the D'Amour Center for Cancer Car e Baystate Health encourages all of its affiliates, hospital and non-hospital to align the ir charity care and collections standards with Baystate Health's Credit and Collection Pol icy While some of the rules and regulations are h

Identifier	ReturnReference	Explanation
		ospital specific, the guidelines stated in the Baystate Health Credit and Collection Polic y concern all affiliates Baystate Medical Center built a visionary new facility which ope ned in March 2012 that will meet our community's needs today, while laying the foundation for future growth Hundreds of people, from patients to care providers to the community at large, have shared ideas and experiences to design the 641,000 sq foot facility that inc ludes a dedicated heart and vascular center, new patient care units with spacious private rooms, new emergency department and shell space for future growth A major part of the pub lic health commitment of Baystate Medical Center's Hospital of the Future project is the d elivery of \$9 6 million in new aid to community benefit initiatives in Springfield Baysta te Medical Center made an additional investment of \$2 million in new community benefit fun ding tied to the new Emergency Department The \$11 6 million, to be distributed over a per iod of seven years, addresses public health priorities such as nutrition, teen pregnancy, violence prevention, oral health and asthma, as well broader issues such as education, hom elessness and employment Baystate Medical Center participates in advocacy activities on b ehalf of health care coverage for all persons and for improved public health Baystate Hea lth leaders serve on the community boards for Health Care For All, a Massachusetts non-pro fit organization dedicated to making adequate and affordable health care accessible to eve ryone, regardless of income, social or economic status and the Massachusetts Public Health Association, a non-profit organization that promotes laws, policies, and programs that pr otect the health of our families, communities, and workplaces In addition, Baystate Medic al Center provides annual funding to Partners for a Healthier Community, a local leader in public health policy advocacy, building collaborations and leadership capacity to address various public health issues For additional information, please see Line 6 below

Identifier	ReturnReference	Explanation
		Part VI, Line 7 Baystate Health, Inc is the parent entity of a multi-institutional integ rated delivery system composed of three hospitals and other 501(c)(3) organizations The t hree hospitals are Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hospital and other 501(c)(3) organizations include Baystate Medical Practices, Baystate Visiting Nurse Association and Hospice, and Baystate Health Foundation In additi on to its 10,000 employees, Baystate Health has 1,500 medical staff, 2,000 nurses, 2,000 s tudents including residents, fellow, and medical, nursing and allied health students, and over 900 volunteers Baystate Medical Center (BMC), the flagship 783-bed hospital (includi ng Baystate Children's Hospital) based in Springfield, Massachusetts is Western New Englan d's only tertiary care referral medical center, Level 1 trauma center and neonatal and ped iatric intensive care units BMC serves as a regional resource for specialty medical care and research, while providing comprehensive primary medical services to the community In FY2011 Baystate Medical Center provided \$14.7 million in charity care, \$38.8 million in he alth professions education, \$5.5 in subsidized health services, \$20.6 million in research and \$2.5 million in community health improvement services BMC's community benefit efforts included providing assessment, treatment and crisis support to child abuse victims and th eir non-offending caretakers affected by child abuse and domestic violence in western Mass achusetts, offering enrichment and career development programs for disadvantaged Springfield students, ensuring cohesive health care for school-aged children and the broader commun ity, prevention of accidental childhood injuries and death through public awareness, safet y education and distribution of safety devices, coordination of health education focus gro ups, community health forums and fairs, supporting transgender individuals, their allies a nd anyone from the broader community who identifies as LGBT through a peer lead and psycho social support group, providing TB diagnosis and treatment to patients throughout western Massachusetts, assisting low-income patients access free prescription medications and prov iding financial counseling services to inpatient and outpatient individuals who have conce rns about how to pay for care Baystate Franklin Medical Center (BFMC), a 93-bed facility located in Greenfield, Massachusetts (40 miles north of Springfield near the Vermont borde r) provides high quality inpatient and outpatient services to residents of rural Franklin and Hampshire counties and Southern Vermont The Birthplace, Cardiopulmonary Services, a D ialysis Unit, outpatient surgical services, rehabilitation and sports medicine services, a nd orthopedics are some of the specialized programs available at this acute care facility In FY2011 Baystate Franklin Medical Center provided \$5.1 million in charity care, \$1.9 in subsidized health services and \$204,378 in community health improvement services BFMC's community benefit efforts included the ongoing support group through the Franklin County P ostpartum Partnership - a partnership initiated by BFMC nurses, expanded senior outreach p rogram to focus on persons most at-risk for hospital readmission due to issues with medica tion management, and continued the regionally recognized Blood & Guts program for youth, i ncluding an annual hospital-based event for high school students and three school-based ev ents for elementary school students and their families In addition, BFMC HealthBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Baystate Frankli n employees, engages the hospital's physicians, employees, patients and community leaders in discussions of interest to residents of Franklin County Topics range from new surgical services to heart health, emergency response and senior outreach The program runs more t han 60 times a month on stations throughout the county Baystate Mary Lane Hospital (BMLH), a 25-bed facility located in rural Ware, Massachusetts (20 miles east of Springfield) pro vides quality patient care services to more than twelve Central Massachusetts communities In addition to offering a wide spectrum of services from women's health, OB/GYN and pedia trics to surgical, intensive care and emergency care In FY2011 Baystate Mary Lane Hospita l provided \$1.3 million in charity care and \$156,499 in community health improvement servi ces BMLH's community benefit efforts included a continued partnership with Quality EMT Ed ucators of Worcester to offer Basic EMT Training to community members To date over 90 com munity members (22 community members in FY 2011) have taken the EMT Basic Course In Decem ber 2010 Baystate Mary Lane Hospital sponsored the first Paramedic Training program A tot al of 15 EMT Basic candidates enrolled in this new class held at the hospital two nights a week through 2011 BMLH physicians shared their e

Identifier	ReturnReference	Explanation
		xpertise beyond the walls of the hospital by offering high quality training and continuing education programs at no cost to EMS providers in our communities. The close working relationship between Emergency Physicians and EMS providers is essential to ensuring that patients receive the highest quality care in the field. BMLH provided critical support and resources to the community at large through our Support Groups including, Alcoholic Anonymous, Caregivers Support Group, Quilting Support Group for those touched by Cancer, Diabetes Support Group, Grieving Support Group, Hepatitis C Support Group & WIC Sponsored Breast Feeding Support Group. In addition, BMLH and its staff offered over 100 outreach programs providing a variety of education and wellness seminars to the community at large at no cost. These programs were presented by physicians, nurses and staff that work at the hospital and addressed ways to live healthier by offering a variety of educational opportunities and health screening. Lectures and screenings were offered at the hospital and in community settings including area schools and senior centers, and promoted disease prevention, behavior change, and healthier lifestyles for community members of all ages as they addressed health topics including H1N1, Lyme Disease, Nutrition, Osteoporosis, Diabetes, Stroke Prevention, Exercise, Women's health issues including HPV and Cervical Cancer, Men's Health and much more. In addition, BMLH HealthBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Baystate Mary Lane Hospital employees, engages the hospital's physicians, employees, patients and community leaders in discussions of interest to residents of the 15-town Quaboag Hills region. Topics range from concussion and children, fitness, stroke, Lyme disease, nutrition, and much more. The program runs more than 60 times a month. Baystate Medical Practices (BMP) is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC, BFMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, research, and other missions related to health care. Baystate Medical Practices, Inc. provides physician services, medical education and research programs to people in the community within its geographic location. BMP's policy is to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care. Dependent upon the patient's financial capability to pay, BMP may provide such care free of charge or at amounts below its normal charges. Because BMP does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. In FY2011 BMP provided \$4,580,612 in charity care. In addition to the charity care provided to patients, BMP's physicians participate in many and varied ongoing community outreach initiatives in the areas of education, employment, safety and health. BMP has also taken a leadership role in strengthening the health of disadvantaged citizens in surrounding communities including specific focus on AIDS and HIV and by providing physician staffing for three community-based health centers through Baystate Medical Center Visiting Nurse Association and Hospice of Western New England, Inc. (VNAH) based in Springfield, Massachusetts is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, research, and other missions related to health care. VNAH is a comprehensive home health care agency committed to providing the highest quality care to patients and families, primarily in the home setting.

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	VNAH has the expertise to meet individual needs by bringing experienced nurses, rehabilitation therapists, social workers and home care aides to patients' homes. The Home Care Program of Baystate's Visiting Nurse Association and Hospice serves over 6,000 patients annually. The services, aimed at allowing patients to recuperate while remaining in the comfort of their homes, includes skilled nursing, rehabilitation therapy, medical social work and homecare aides. The Hospice and Palliative Care Program of Baystate's Visiting Nurse Association and Hospice provides end of life care for patients in the community, assisted living facilities and skilled nursing facilities. The program coordinates care for an average daily census of about 140 to 180 patients of all ages. Hospice has an interdisciplinary approach using nursing, social work, chaplains, hospice aides and volunteers to allow patients to meet goals related to comfort and symptom management. Baystate Health Foundation raised \$13.9 million in 2011, \$8.9 million for the Hospital of the Future and an additional \$5 million through system-wide annual fundraising efforts. Along with the Campaign for Baystate Medical Center's Hospital of the Future capital expansion project, the Foundation actively engaged in annual fund, major gift, and event fundraising to ensure ongoing annual support for education, research, programs and capital needs throughout the health system that impact patient care throughout western Massachusetts. In addition to the brief descriptions of the affiliated entities above, this further information speaks to activities of Baystate Medical Center, Inc. and its affiliates other activities regarding promotion of community health. Baystate Health interpreters provided over 113,422 sessions in 49 languages in 2011 to help deliver a positive patient care experience. Languages interpreted include Spanish, Russian, Vietnamese, Ukrainian, Mandarin (Chinese), American Sign Language, Arabic and Portuguese. Interpreters also translated the newest language to come into the area, Tigrinya, a language spoken in Ethiopia and Eritrea. Baystate Medical Center is recognized as a leading academic medical center. As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinical training and undergraduate and graduate medical student education across all specialties. In addition to BMC, Medical Residents and Fellows rotate through the Baystate Franklin Medical Center and Baystate Mary Lane Hospital. Baystate Health is a nationally accredited provider of continuing education for health care professionals on staff and in the community. Our mission is to provide high-quality, evidence-based continuing education to maintain and enhance the knowledge, expertise, and performance of health care professionals, to improve the health of the people in our communities every day, with quality and compassion. In 2011, we ran 60 courses for a total of 493.34 hours. A total of 3,742 people attended, for a total of 271.5157 credits assigned. We also ran 34 series, 441 sessions, for a total of 454.2 hours. A total of 11,814 people attended these sessions, for a total of 120.762 credits assigned. All courses and sessions were attended by both employees and non-employees. Our educational activities are a service to the community. Baystate Medical Center's Midwifery Education Program is offered in collaboration with the Midwifery Institute of Philadelphia University. Through our affiliation with the Massachusetts College of Pharmacy and Health Science, we offer a 1-year Pharmacy residency. Baystate's educational partnerships allow us to offer allied health programs such as emergency medical technician (EMT), pharmacy technician and surgical technologist. For Nursing we offer clinical practicum's for baccalaureate, masters, or doctoral-level nursing students in affiliation with the University of Massachusetts, University of Connecticut, Yale University, and other schools of nursing. Baystate Medical Center's high quality nursing care earned the re-designation Magnet Hospital for Nursing Excellence by the American Nurses Credentialing Center (ANCC) - one of 170 in the nation and only five in Massachusetts. In addition to Tufts University School of Medicine Baystate Health's other education affiliations & accreditations include Accreditation Council for Graduate Medical Education (ACGME), American College of Nurse-Midwives, Accreditation Commission for Midwifery Education, Midwifery Institute of Philadelphia University, American International College, Elms College, Fitchburg State College, Greenfield Community College, Holyoke Community College, Springfield Technical Community College, University of Massachusetts Amherst, American Society of Health System Pharmacists, Massachusetts College of Pharmacy and Health Sciences-Worcester, Accreditation Council for Continuing Medical Education, Massachusetts Association of Registered Nurses, Inc. (an accredited approver by

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	the American Nurses Credentialing Center's (ANCC) Commission on Accreditation), American Psychological Association, American Heart Association, Global Health Education Consortium, Medical Library Association As an academic teaching hospital and the Western Campus of Tufts University School of Medicine, Baystate Medical Center is a center for research. Strong partnerships with other research organizations allow us BMC to further its institutional commitment to the Advancement of Knowledge. Collaborations enable Baystate Health to better support the innovative research of our investigators and to improve the lives of the people in the communities we serve. Baystate Medical Center is an active participant in the research communities of Massachusetts and a member institution of the state and regional organizations that also promote the goals of biomedical research. Its faculty and research staff are engaged in basic, clinical and biomedical research across a broad spectrum of medical and surgical specialties, with nationally-recognized research programs in quality of care and diabetes and metabolism. Baystate Medical Center serves as a regional resource for specialty medical care while providing comprehensive primary medical services to its community. Many of Baystate Health's physicians, researchers, and leaders also serve in leadership roles with our affiliates, which include the following organizations, Tufts Clinical and Translational Science Institute, University of Massachusetts Amherst, Eastern Cooperative Oncology Group (ECOG), Children's Oncology Group (COG), Gynecologic Oncology Group (GOG), Radiation Therapy Oncology Group (RTOG), Massachusetts Society for Medical Research, American Association for Laboratory Animal Science, Massachusetts Technology Collaborative (MTC), Regional Technology Corporation (RTC), Western Massachusetts Economic Development Council, The Association of University Technology Managers, Massachusetts Association of Technology Transfer Offices (MATTO). Baystate Medical Center is also a research partner with University of Massachusetts through the Pioneer Valley Life Sciences Institute. Formed in 2003, PVLSI is a research institution which applies its translational research efforts in the areas of cancer, diabetes, obesity, and wound healing. Its scientists and technicians are committed to improving human health and reducing suffering from disease through creative strategies for early detection and preventive interventions. Other Baystate Health affiliations include Council of Teaching Hospitals and Health Systems (COTH) of the Association of American Medical Colleges (AAMC), Alliance of Independent Academic Medical Centers (AIAMC), and Group on Regional Medical Campuses (GRMC) of the Association of American Medical Colleges (AAMC), Joint Commission and Medical Library Association (MLA). Baystate Health and its affiliates are committed to creating healthier communities and continue to partner with members of the community to ensure we are meeting the diverse needs of the community. Baystate Health extends the traditional definition of "health" to include economic opportunity, affordable housing, education, safe neighborhoods, the arts, and supporting and valuing diversity - all elements that enable families and communities to thrive. In keeping with this commitment to improve health, Baystate Health and its various entities provide many valuable services, resources, programs and financial support - beyond the walls of the hospitals and into the communities and homes of the people we serve.

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	Baystate Health and its affiliates are committed to providing the communities they serve throughout western Massachusetts with the resources necessary to stay informed and healthy by providing both basic and extensive educational opportunities, including smoking cessation programs, parent education classes and babysitting academy. Some classes are free while others are offered at a reasonable fee. No one is turned away due to inability to pay. In addition, Baystate Health has libraries and resource centers at Baystate Medical Center and Baystate Franklin Medical Center staffed by professionals who help patients, families and the general public access reliable health information. The Mini-Medical School program is an eight-part health education series offered at Baystate Medical Center featuring a different aspect of medicine each week. Designed for an adult audience, each course is taught by an energetic faculty member who will explain the science of medicine without resorting to complex terms. Mini-Medical School gives Baystate Health the opportunity to open our doors to the public and share our knowledge of medicine in a comfortable and friendly environment. Many of the students participate due to a general interest and later find that many of the things they learned over the semester are relevant to their own lives. The goal of this program is to help members of the public make more informed decisions about all aspects of their health care while receiving insight on what it's like to be a medical student. Tuition is \$95 per person, \$80 for Senior Class and Spirit of Women members. Baystate Health offers 50+ free programs to seniors and women. Baystate Health Senior Class is a loyalty program dedicated to health and wellness for men and women ages 55 and over. The 23,000 Senior Class members receive a quarterly newsletter with valuable health information, benefits and invitations to special events designed with their interests in mind. Baystate Spirit of Women Loyalty Program offers its 15,000 members 50+ monthly seminars with direct access to physicians, nurses and other medical professionals and the latest women's health information. The program is designed to increase knowledge of women's health issues so they are well prepared to make the best decisions regarding their health. The Baystate Neighbors Program, which began in 1999, was established to help employee first-time homebuyers purchase a home and to promote homeownership in neighborhoods around Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hospital. Employees were granted forgivable loans, which increased from \$5,000 to \$7,500 in 2006, that may be used towards a down payment or closing costs. In the past 13 years, the Baystate Neighbors Program has helped 101 employees become homeowners in communities served by Baystate Health hospitals, helping to stabilize housing in those communities. Since 1994, Rays of Hope - A Walk & Run Toward the Cure of Breast Cancer has been committed to improving the breast health of people in our communities with quality and compassion. Through the Baystate Health Foundation, the Walk has grown from 500 participants to over 21,000 and has raised over \$10.25 million - all of which has been awarded locally throughout western Massachusetts. 2009 marked the first year the event expanded into Franklin County. Funding benefits the Baystate Regional Cancer Program's Comprehensive Breast Center, breast health programs at Baystate Medical Center in Springfield, Baystate Franklin Medical Center in Greenfield, Baystate Mary Lane Hospital in Ware, local breast cancer research, outreach and education, and various community support projects and organizations. In 2011 \$1.5 million was awarded over five years to form the Rays of Hope Center for Breast Cancer Research at the Pioneer Valley Life Sciences Institute, a collaboration between clinicians at Baystate Health and scientists at UMass-Amherst, to continue locally based breast cancer research on a broader scale. The United Way develops and supports programs that directly improve the lives of people in our communities, a mission proudly shared by Baystate Health. Baystate Health is a strong supporter of the United Way, and a major contributor to the organization with three workforce campaigns and thousands of employee donors and volunteers. Baystate Health's contributions help the United Way serve our families, friends, colleagues and others who seek help in different ways and at different times in their lives. Three community campaigns are held annually: Springfield workplace to support the United Way of Pioneer Valley, Greenfield workplace to support the United Way of Franklin County and Ware workplace to support the United Way of Hampshire County. Employees can direct their donations to one or all of the United Way's action areas: Education, Income and Health or designate to a qualified agency with a minimum contribution. Baystate employees all

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	so support the United Way by volunteering on work time to participate in a variety of comm unity-based projects for the United Way Day of Caring

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 7	List of States Receiving Community Benefit Report MA

Additional Data

Software ID:

Software Version:

EIN: 04-2790311

Name: Baystate Medical Center Inc

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest)	
How many non-hospital facilities did the organization operate during the tax year? <u>19</u>	
Name and address	Type of Facility (Describe)
Baystate Mason Sq Neighborhood Hlth Cntr 11 Wilbraham Road Springfield, MA 01199	Outpatient Clinic
Baystate Brightwood Health Center 380 Plainfield Street Springfield, MA 01107	Outpatient Clinic
BMC Transplant Services 100 Watson Avenue Suite 210 Springfield, MA 01107	Outpatient Facility
BMC Pain Management Center 3400 Main Street 2nd Flr Springfield, MA 01107	Outpatient Facility
BMC Comprehensive Breast Center 3400 Main Street 1st Flr Springfield, MA 01107	Outpatient Facility
Baystate High Street Hlth Cntr 140 High Street Springfield, MA 01105	Outpatient Facility
Central High School Hlth Cntr 1840 Roosevelt Ave 1st Flr Springfield, MA 01109	School based medical services
Roger L Putnam Vocational Tech HS 1300 State St 3rd Flr Springfield, MA 01109	School based medical services
High School of Commerce Hlth Cntr 415 State St 1st Flr Rm 135 Springfield, MA 01105	School based medical services
Baystate Ambulatory Care Center 3300 Main Street Springfield, MA 01107	Outpatient Physician Offices
D'Amour Center for Cancer Care 3350 Main Street Springfield, MA 01107	Outpatient Cancer Center
Baystate Orthopedic Surgery Cntr 298 Carew Street Springfield, MA 01104	Outpatient Surgery Center
Baystate Rehabilitation Care 294 North Main Street East Longmeadow, MA 01028	Rehabilitation Clinic
Baystate Rehabilitation Care 360 Birnie Avenue Springfield, MA 01107	Rehabilitation Clinic
Baystate Rehabilitation Care Rymd Cntr 470 Granby Rd Ste 4 South Hadley, MA 01075	Rehabilitation Clinic
Baystate Rehabilitation Care 200 Silver St Ste 101 Agawam, MA 01001	Rehabilitation Clinic
BMC Urgent Care Unit 2 Medical Center Drive Springfield, MA 01199	Outpatient Clinic
Baystate Reference Laboratories 361 Whitney Avenue Holyoke, MA 01040	Outpaitent Laboratory services
Baystate Home Infusion & Resp Svs 211 Carando Drive Springfield, MA 01004	Home infusion and respiratory services and durable medical goods

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Baystate Medical Center Inc

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

Employer identification number
04-2790311

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) Baystate Health Foundation Inc759 Chestnut Street Springfield, MA 01199	04-3549011	501(C)(3)	171,078				To provide support for radiology education & research, pediatric programs, and breast cancer education, research & patient care programs
(2) Baystate Health Inc759 Chestnut Street Springfield, MA 01199	04-2105941	501(C)(3)	1,700,000				Strategic initiatives

2

Enter total number of section 501(c)(3) and government organizations

2

3

Enter total number of other organizations

Part IIIGrants 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
(1) Nurse Midwifery Program-Federal Traineeship Awards 99I3 \M*4,9,S,1	2	16,040			

Part IVSupplemental 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 The vast majority of the funds awarded are applied directly to tuition Specific guidance is given as to appropriate use of the funds Funds may be used for tuition, living expenses and up to \$500 in required textbooks They may not be utilized for travel or to defray costs of attending professional meetings

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization Baystate Medical Center Inc	Employer identification number 04-2790311
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
☐ First-class or charter travel		
☐ Travel for companions		
☐ Tax idemnification and gross-up payments		
☐ Discretionary spending account		
☐ Housing allowance or residence for personal use		
☐ Payments for business use of personal residence		
☐ Health or social club dues or initiation fees		
☐ Personal services (e g , maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
☒ Compensation committee		
☒ Independent compensation consultant		
☐ Form 990 of other organizations		
☒ Written employment contract		
☒ Compensation survey or study		
☒ 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?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement?	Yes	
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?		No
b Any related organization?		No
If "Yes," to line 5a or 5b, describe in Part III		
6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?		No
b Any related organization?		No
If "Yes," to line 6a or 6b, describe in Part III		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Mark R Tolosky	(i)	0	0	0	0	0	0	0
	(ii)	680,614	380,604	577,184	73,034	39,174	1,750,610	0
(2) Loring S Flint MD	(i)	0	0	0	0	0	0	0
	(ii)	917,432	360,152	234,099	48,361	29,220	1,589,264	0
(3) Grace P Makari-Judson MD	(i)	254,073	34,903	22,735	40,633	25,442	377,786	0
	(ii)	0	0	0	0	0	0	0
(4) Heather Z Sankey MD	(i)	246,550	10,537	3,284	24,767	16,997	302,135	0
	(ii)	0	0	0	0	0	0	0
(5) Barbara W Stechenberg MD	(i)	194,771	24,923	3,041	103,668	16,417	342,820	0
	(ii)	0	0	0	0	0	0	0
(6) Dennis W Chalke	(i)	0	0	0	0	0	0	0
	(ii)	315,800	113,223	135,760	23,333	28,199	616,315	0
(7) Deborah Morsi	(i)	193,057	43,301	12,991	64,847	23,777	337,973	0
	(ii)	0	0	0	0	0	0	0
(8) Deborah A Provost	(i)	176,707	41,349	8,474	79,107	8,834	314,471	0
	(ii)	0	0	0	0	0	0	0
(9) Jonathan Pine	(i)	155,281	45,509	16,048	8,293	23,546	248,677	0
	(ii)	0	0	0	0	0	0	0
(10) Michael F Moran	(i)	173,463	40,186	369	22,219	19,177	255,414	0
	(ii)	0	0	0	0	0	0	0
(11) Peter Lindenauer MD	(i)	229,932	38,520	5,389	27,569	24,563	325,973	0
	(ii)	0	0	0	0	0	0	0
(12) David Y Chin PhD	(i)	202,116	17,406	11,097	19,200	24,913	274,732	0
	(ii)	0	0	0	0	0	0	0
(13) Michael R Favreau	(i)	165,965	19,287	15,981	41,013	17,540	259,786	0
	(ii)	0	0	0	0	0	0	0
(14) Randolph Peto MD	(i)	185,562	10,241	2,614	16,228	11,994	226,639	0
	(ii)	0	0	0	0	0	0	0
(15) Betty K Larue	(i)	153,703	18,199	13,404	23,012	22,556	230,874	0
	(ii)	0	0	0	0	0	0	0
(16) Keith C McLean-Shinaman	(i)	0	0	0	0	0	0	0
	(ii)	373,623	146,922	76,786	51,333	40,564	689,228	0

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	Part I, Lines 4b-c	Dennis W. Chalke - Supplemental Retirement of \$109,384 is included in column E. This amount was earned in 2010. Loring S. Flint, MD - Supplemental Retirement of \$142,221 is included in column E. This amount was earned in 2010. Peter Lindenauer, MD - Supplemental Retirement of \$4,615 is included in column E. This amount was earned in 2010. Grace Makari-Judson, MD - Supplemental Retirement of \$10,461 is included in column E. This amount was earned in 2010. Keith C. McLean Shinaman - Supplemental Retirement of \$60,038 is included in column E. This amount was earned in 2010. Deborah Morsi - Supplemental Retirement of \$2,442 is included in column E. This amount was earned in 2010. Heather Sankey, MD - Supplemental Retirement of \$2,237 is included in column E. This amount was earned in 2010. Mark R. Tolosky - Supplemental Retirement of \$418,714 is included in column E. This amount was earned in 2010. Line 4c: The supplemental retirement plan offered to Mr. Tolosky from 1997-2002 provided the right to purchase mutual fund shares at a specified price, with the rights expiring at the end of the 10 years. The 2010 compensation of \$102,413 was based on the difference between the fair market value at the date of exercise and the exercise price.
Supplemental Information	Part III	Part 1, Line 3: The board of the filing organization has appointed the compensation committee of Baystate Health, Inc., a related organization and the parent organization of the health care system to which the filing organization belongs, as the compensation committee of the filing organization. The compensation committee consists entirely of individuals serving on the board of the filing organization. The compensation committee uses an independent compensation consultant and appropriate comparability data to establish the compensation of its key officers, directors, and employees, which includes the filing organization's top management officials, and approves the compensation of those individuals. Part II: Dr. Flint terminated employment effective 12/30/2010. The compensation numbers include various one-time termination payments.

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

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				
Mark R Tolosky	(i)	0	0	0	0	0	0	0
	(ii)	680,614	380,604	577,184	73,034	39,174	1,750,610	0
Loring S Flint MD	(i)	0	0	0	0	0	0	0
	(ii)	917,432	360,152	234,099	48,361	29,220	1,589,264	0
Grace P Makari-Judson MD	(i)	254,073	34,903	22,735	40,633	25,442	377,786	0
	(ii)	0	0	0	0	0	0	0
Heather Z Sankey MD	(i)	246,550	10,537	3,284	24,767	16,997	302,135	0
	(ii)	0	0	0	0	0	0	0
Barbara W Stechenberg MD	(i)	194,771	24,923	3,041	103,668	16,417	342,820	0
	(ii)	0	0	0	0	0	0	0
Dennis W Chalke	(i)	0	0	0	0	0	0	0
	(ii)	315,800	113,223	135,760	23,333	28,199	616,315	0
Deborah Morsi	(i)	193,057	43,301	12,991	64,847	23,777	337,973	0
	(ii)	0	0	0	0	0	0	0
Deborah A Provost	(i)	176,707	41,349	8,474	79,107	8,834	314,471	0
	(ii)	0	0	0	0	0	0	0
Jonathan Pine	(i)	155,281	45,509	16,048	8,293	23,546	248,677	0
	(ii)	0	0	0	0	0	0	0
Michael F Moran	(i)	173,463	40,186	369	22,219	19,177	255,414	0
	(ii)	0	0	0	0	0	0	0
Peter Lindenauer MD	(i)	229,932	38,520	5,389	27,569	24,563	325,973	0
	(ii)	0	0	0	0	0	0	0
David Y Chin PhD	(i)	202,116	17,406	11,097	19,200	24,913	274,732	0
	(ii)	0	0	0	0	0	0	0
Michael R Favreau	(i)	165,965	19,287	15,981	41,013	17,540	259,786	0
	(ii)	0	0	0	0	0	0	0
Randolph Peto MD	(i)	185,562	10,241	2,614	16,228	11,994	226,639	0
	(ii)	0	0	0	0	0	0	0
Betty K Larue	(i)	153,703	18,199	13,404	23,012	22,556	230,874	0
	(ii)	0	0	0	0	0	0	0
Keith C McLean-Shinaman	(i)	0	0	0	0	0	0	0
	(ii)	373,623	146,922	76,786	51,333	40,564	689,228	0

Schedule K (Form 990)	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	
	Department of the Treasury Internal Revenue Service											Open to Public Inspection
Name of the organization Baystate Medical Center Inc										Employer identification number 04-2790311		

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 MA Health & Education Facil Authority	04-2456011	57586CNHA	10-27-2005	71,740,000	MA HEFA Series G - See Part V		X		X		X
B MA Health & Education Facil Authority	04-2456011		01-18-2007	10,000,000	MA HEFA Series H - See Part V		X		X		X
C MA Health & Education Facil Authority	04-2456011		06-30-2008	10,157,671	MA HEFA Series M2 - See Part V		X		X		X
D MA Health & Education Facil Authority	04-2456011	57586EKC4	06-25-2009	198,611,250	MA HEFA Series IJK - See Part V		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	15,830,000		3,111,111		1,375,436			
2	Amount of bonds legally defeased								
3	Total proceeds of issue	71,740,000		10,000,000		10,157,671		199,113,377	
4	Gross proceeds in reserve funds	87,687				87,687			
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	735,004		72,250				2,530,232	
8	Credit enhancement from proceeds	93,479						93,479	
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	6,990,000		9,927,750				98,647,754	
11	Other spent proceeds	64,014,996				10,069,984		65,000,000	
12	Other unspent proceeds	32,339,785						32,339,785	
13	Year of substantial completion	2005		2006		2008			
		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 IIIPrivate Business Use (Continued)

3a	Are there any management or service contracts that may result in private business use?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
		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	0 770 %		0 040 %		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 %		0 030 %		0 %		0 %	
6	Total of lines 4 and 5	0 770 %		0 070 %		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 IVArbitrage

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?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
			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	Citibank							
c	Term of hedge	20 700000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
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 VSupplemental Information

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

Identifier	Return Reference	Explanation
Schedule K Supplemental Information on Tax-Exempt Bonds		Part I, Column (f) Description of Purpose A - MHEFA Series Series G Part I - Per the Official Statement, the purpose of the bond proceeds is (i) to advance refund \$61,930,000 principal amount of the Authority's Revenue Bonds, Baystate Medical Center (the Institution) Issue, Series E (the "Series E Bonds"), which were issued July 11, 1996 to finance or refinance the following property owned by the Institution (a)construction of a new 104,500 gross square foot Ambulatory Care Center at 3300 Main Street, Springfield, Massachusetts, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library and education/conference space on the Institution's North campus located at 759 Chestnut Street, Springfield, Massachusetts, (c) renovation of various existing spaces within the Institution's North campus, (d) acquisition of equipment for the new facilities, (ii) to finance routine capital construction, renovations, and equipping of various facilities of the Institution, and (iii) to pay certain costs of issuance of the Series G Bonds B- MHEFA Series H Part I - Per the Official Statement, the purpose of the bond proceeds is (i) the construction, improvement, equipping, and other related capital expenditures of a parking garage walkway, and other related work at an existing building at 280 Chestnut Street owned and used by the Institution (the "Garage"), and (ii) the acquisition and installation of capital equipment and renovations to existing facilities of the Institution and other routine capital expenditures in connection with the Institution's hospital operations MA Hefa Series H were private placement bonds and therefore, there is no CUSIP number associated with these bonds C- MHEFA Series M-2, Pool 2 Part I - Per the Official Statement, the purpose of the bond is to refinance Baystate Medical Center's Mass HEFA Pool J-2 Loan, which were issued February 2, 1999 to finance the acquisition and equipping of the property located at 280 Chestnut Street, Springfield, Massachusetts (the "Property"), and the renovation of the Property and existing facilities of the Institution and the acquisition of capital equipment for the Institution's existing facilities The MA HEFA indebtedness listed is a pool loan therefore the questions are being answered with respect to the Baystate Medical Center loan alone rather than with respect to proceeds loaned to other conduit borrowers There is no CUSIP associated with this loan D- MHEFA Series I, J-1, J-2, K-1, K-2 Part I - Per the Official Statement, the purpose of the bond proceeds are (i) to pay a portion of the costs associated with the acquisition of land, site development, construction or alteration of buildings or the acquisition or installation of furnishings and equipment, refinancing of, or any combination of the foregoing, in connection with the construction, improvement, equipping, and other related capital expenditures of a seven-story, approximately 599,100 gross square foot primarily inpatient building located at 759 Chestnut Street, Springfield, Massachusetts, including demolition and site work, which building will be constructed by Baystate Total Home Care (BTHC) and leased to Baystate Medical Center by BTHC, (ii)for the acquisition and installation of capital equipment and renovations to existing facilities of the Medical Center and other routine capital expenditures included or to be included in the Medical Center's capital budget over the next three years for use in connection with the Medical Center's hospital operations, (iii) for the refinancing of a portion of an outstanding commercial loan in the amount of \$65,000,000 made by Bank of America, N A on October 20, 2008 to the Medical Center in connection with the defeasance of the Authority's Revenue Bonds, Baystate Medical Center Issue, Series D, issued September 16, 1993, and (iv) for the financing of costs associated with the issuance of bonds (iii) financing of routine capital construction, renovations, and equipping of various facilities of Baystate Medical Center Part II Proceeds, Line 7, Issuance Costs Bond D - Issuance costs per Form 8038 were \$2,530,232, however the total amount of actual issuance costs expended was \$1,845,403 due to \$684,829 of expected issuance costs being unused and transferred to the project fund The organization follows management practice and procedures to ensure the post-issuance compliance of its tax exempt bond liabilities and is currently in the process of reviewing and modifying these practices and procedures Part III, Lines 4 and 5, Column B For all projects financed with proceeds of tax-exempt bonds, Baystate Medical Center also contributed equity Baystate timely elected to first allocate private business use to its equity contributions, therefore, has reported 0% private business use of proceeds for its Series H bond issue on Schedule K Part III, Lines 4 and 5, Column C For all projects financed with proceeds of tax-exempt bonds, Baystate Medical Center also contributed equity Baystate timely elected to first allocate private business use to its equity contributions, therefore, has reported 0% private business use of proceeds for its Series J-2 bond issue on Schedule K Part III, Lines 4 and 5, Column D The private business use percentage is listed as 0% because the refunded bond financed assets were place in service prior to 12/31/2002 The new project portion of the bond financing has not been completed and placed in service as of 9/30/2011 Part IV, Line 1, Column A & D A rebate calculation was performed and no amounts were owed, therefore, no Form 8038-T was required to be filed Part IV, Line 1, Column B & C An exception to the rebate applied to these bond issues, therefore, no Form 8038-T was required to be filed

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

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

Software ID:

Software Version:

EIN: 04-2790311

Name: Baystate Medical Center Inc

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
American Excess Insurance Exchange	Board Overlap	1,346,126	See Part V - Mark Tolosky, President of the filing organization is also Chairman of the Board of Directors of AEIX The filing organization purchases general & professional liability insurance from AEIX		No
Balise Motor Sales Co Balise	Board Overlap	42,060	See Part V - Steven Mitus, Board Member of the filing organization is also the Executive Vice President & CFO of Balise The filing organization made payments to Balise relating to the purchase and rental of vehicles		No
Baycare Health Partners Inc (BHP)	Common Board Members or Officers	763,369	See Part V - The filing organization received payments from BHP for patient care services for which BHP is the intermediary between the filing organization and third party payers BHP is an affiliate corporation of the filing organization		No
Baycare Health Partners Inc (BHP)	Common Board Members or Officers	1,417,284	See Part V - The filing organization made payments to BHP for annual support fees BHP is an affiliate corporation of the filing organization		No
Baystate Health System Ambulance Inc (BHSA)	Common Board Members or Officers	5,604	See Part V - The filing organization received payments from BHSA for an employee benefit program BHSA is an affiliate corporation of the filing organization		No
Baystate Health System Ambulance Inc (BHSA)	Common Board Members or Officers	360,395	See Part V - The filing organization made payments to BHSA of \$198,339 for patient transport services and \$162056 for patient care services BHSA is an affiliate corporation of the filing organization		No
Baystate Radiology & Imaging (BRI)	Common Board Members or Officers	787,061	See Part V - The filing organization received payments from BRI of \$625,000 for partnership distributions, \$161,335 for Outside Technologists and \$726 for Rent BRI is an affiliate corporation of the filing organization		No
Health New England Inc (HNE)	Common Board Members or Officers	86,821,184	See Part V - The filing organization received payments from HNE of \$111,293 for certain employee benefit programs, \$30,709 for reimbursement of expenses and \$86,679,182 related to medical claims HNE is an affiliate corporation of the filing organization		No
Ingraham Corporation (IC)	Common Board Members or Officers	91,817	See Part V - The filing organization received payments from IC for rent IC is an affiliate corporation of the filing organization		No
Ingraham Corporation (IC)	Common Board Members or Officers	54,057	See Part V - The filing organization made payments to IC of \$1,420 for phone services and \$52,637 as lease payment IC is an affiliate corporation of the filing organization		No
New England Dermatology Laser Cen	NEDLC owned more than 5% by family member of Dr Wenner, Board Mbr of BMC	19,723	See Part V - The filing organization made payments to NEDLC for medical services		No
New England Orthopedic Surgeons In	Corporation owned more than 5% by Dr Steven Wenner, Board Member of BMC	27,500	See Part V - The filing organization received payments from NEOS for rental of parking spaces		No

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
New England Orthopedic Surgeons In	Corporation owned more than 5% by Dr Steven Wenner, Board Member of BMC	1,863,001	See Part V - The filing organization made payments to NEOS of \$400,905 for patient care services, \$1,032,096 for management services and \$430,000 for contracted services		No

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 Baystate Medical Center Inc	Employer identification number 04-2790311
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Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		Allan W Blair, Dennis W Chalke, Charles L D'Amour, Kristin R Delaney, John A Egelhofer, MD, Loring S Flint, MD, Frederic W Fuller, III, Frances C Grabowski, M Dale Janes, Grace P Makari-Judson, MD, John E Maybury, Steven M Mitus, John M O'Brien, III, Ann M Paradis, Katherine E Putnam, Timothy S Rice, James P Sadowsky, David C Southworth, Barbara W Stechenberg, MD, Richard B Steele, Jr , Frances K Stotz, CFP, Katherine M Sullivan, Mark R Tolosky, David W Townsend, Howard G Trietsch, MD, Steven M Wenner, MD and Victor Woolridge are also officers or trustees of Baystate Health, Inc & its affiliated entities The following trustees, officers, or key employees serve on a common board of a non-affiliated entity (1)Katherine E Putnam and David Southworth, (2) Mark R Tolosky and David Southworth, (3) Steven M Mitus, Timothy S Rice and Richard B Steele, Jr , (4) Allan W Blair, Charles L D'Amour, Steven M Mitus and Mark R Tolosky, (5) M Dale Janes and James P Sadowsky, (6) M Dale Janes, Allan W Blair and Victor Woolridge, (7) Mark R Tolosky and Victor Woolridge, (8) Steven M Mitus and Victor Woolridge, (9) David W Townsend and Mark R Tolosky

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 3		Baystate Medical Center, Inc is affiliated with Baystate Administrative Services, Inc (BAS) which is a 501 (c)(3) organization Various management and support functions are delegated to BAS

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		The filing organization has one member, Baystate Health, Inc ("BH")

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		The Board of Trustees of the filing organization are the same individuals serving as members of the Board of Trustees of BH with the addition of the president of the medical staff of the filing organization. The Board of Trustees of BH are elected annually by the Board of Trustees of BH at their annual meeting.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		Prior to the filing of this return appropriate parts of this Form 990 were reviewed by representatives from the Tax, Finance, and Human Resources Departments of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), some of whom are officers or trustees of the filing organization and by outside legal counsel. The entire return was reviewed by a tax expert from an outside accounting firm. The entire return was also reviewed prior to filing by the Audit and Compliance Committee of Baystate Health, Inc , which also includes some of the officers and trustees of the filing organization.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Baystate Health, Inc (BH) has a comprehensive conflict of interest policy which has been adopted by the filing organization. All directors, trustees, officers, key employees, and highest compensated employees of BH and its affiliates are asked to complete an annual conflict of interest form. We utilize an electronic database to receive and manage all conflict of interest submissions. This information is reviewed by the BH Chief Compliance Officer, the BH Chief Executive Officer, the Chair of the BH Board of Trustees, and the Chair of the Audit & Compliance Committee of BH. A summary of the conflict of interest disclosures is provided to the Baystate Health Board of Trustees and the Tax Department and reviewed by outside counsel. Potential conflict of interest transactions are reviewed as appropriate under the policy, which provides for recusal from discussion and deliberation by any party with a potential conflict of interest.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The compensation of the President, and all key officers and employees is reviewed and determined annually by the compensation committee of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), which has been appointed as the compensation committee of the filing organization and consists entirely of individuals serving on the board of the filing organization Form 990, Part VI, Section B, Line 16b Baystate Health, Inc has a joint venture policy that covers affiliated tax exempt entities including Baystate Medical Center, Inc

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization makes its conflict of interest policy and financial statements available to the public at www.baystatehealth.org . Articles of organization and bylaws are generally available at the Commonwealth of Massachusetts website.

Identifier	Return Reference	Explanation
Average hours per week	Form 990, Part VII, Section A, Line 1a, Column (B)	Individuals with reported compensation who have 10 or less average hours per week listed in Part VII, worked between 40 - 60 hours among all related entities

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A, Line 5	Certain officers or trustees of the filing organization are paid by an entity, Baystate Medical Practices, Inc (BMP) EIN 04-2888373, who is part of the health care system to which the filing organization belongs but one that does not meet the technical requirements as a "Related Organization" per Schedule R Compensation from BMP to the officers and trustees of the filing organization therefore, is reported as paid from an unrelated organization in Line 5 and according to the instructions reported as though paid by the filing organization

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -16,068,920 Transfer of funds for strategic initiative to affiliated companies -12,246,185 Transfer of funds for land, bldg & equip to affiliated companies 4,868,049 Minimum pension liability adjustment -27,755,216 Equity gain to unconsolidated affiliates 486,821 Change in value of interest in BHF-Temporarily Restricted 3,610,823 Total to Form 990, Part XI, Line 5 -47,104,628

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
Baystate Medical Center Inc

Employer identification number
04-2790311

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?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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) Health New England Inc Monarch Place Suite 1500 Springfield, MA011441500 04-2864973	HMO/Insurance	MA	Baystate Health Inc	C			
(2) HNE Advisory Services Monarch Place Suite 1500 Springfield, MA011441500 04-3012347	Administrative Svcs	MA	Health New England Inc	C			
(3) Health New England Insurance Monarch Place Suite 1500 Springfield, MA011441500 04-3183019	Ancillary Insurance	MA	Health New England Inc	C			
(4) Health New England of Connecticut Monarch Place Suite 1500 Springfield, MA011441500 06-1398662	Dormant	MA	Health New England Inc	C			
(5) Ingraham Corporation 759 Chestnut Street Springfield, MA01199 04-3016257	Health care and other business activities	MA	Baystate Health Inc	C			
(6) Baystate Health System Ambulance Inc 759 Chestnut Street Springfield, MA01199 04-3018550	Ambulance Svcs	MA	Ingraham Corporation	C			

Part V

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

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

1

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

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to other organization(s)

c

Gift, grant, or capital contribution from other organization(s)

d

Loans or loan guarantees to or for other organization(s)

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

Lease of facilities, equipment, or other assets to other organization(s)

j

Lease of facilities, equipment, or other assets from other organization(s)

k

Performance of services or membership or fundraising solicitations for other organization(s)

l

Performance of services or membership or fundraising solicitations by other organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

Other transfer of cash or property to other organization(s)

r

Other transfer of cash or property from other organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

Yes

Yes

Yes

Yes

No

No

No

Yes

Yes

Yes

2

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

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

Schedule R (Form 990) 2010

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
	Form 990, Schedule R, Part II	Baystate Health (EIN 04-2105941) is filing Form 5471 Information Return of US Person with respect to Certain Foreign Corporation on behalf of the filing organization

Software ID:

Software Version:

EIN: 04-2790311

Name: Baystate Medical Center Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Baystate Administrative Services Inc 759 Chestnut Street Springfield, MA01199 22-2747685	Administrative services	MA	501 (c) (3)	11c, IIIc	Baystate Health Inc		No
Baystate Franklin Medical Center 164 High Street Greenfield, MA01301 04-2103575	Hospital	MA	501 (c) (3)	3	Baystate Health Inc		No
Baystate Health Foundation Inc 759 Chestnut Street Springfield, MA01199 04-3549011	Fundraising	MA	501 (c) (3)	7	Baystate Health Inc		No
Baystate Health Systems Inc Health & Welfare Benefits Plan 759 Chestnut Street Springfield, MA01199 22-2531644	Voluntary Employees' Benefit Association	MA	501 (c) (9)		Baystate Health Inc		No
Baystate Health Inc 759 Chestnut Street Springfield, MA01199 04-2105941	Healthcare System Parent	MA	501 (c) (3)	7	Baystate Health Inc		No
Baystate Mary Lane Hospital Corporation 85 South Street Ware, MA01082 04-2103584	Hospital	MA	501 (c) (3)	3	Baystate Health Inc		No
Baystate Medical Center Auxiliary Inc 759 Chestnut Street Springfield, MA01199 04-6065279	Supporting organization for Hospital	MA	501 (c) (3)	7	Baystate Health Inc		No
Baystate Total Home Care Inc 50 Maple Street Springfield, MA01199 20-3260764	Real Estate and Other	MA	501 (c) (3)	11b, II	Baystate Health Inc		No
BH Insurance Company Ltd North Church Street Georgetown CJ 98-0421413	Offshore captive Insurance	CJ			Baystate Health Inc		No
Visiting Nurse Assn and Hospice of Western New England Inc 50 Maple Street Springfield, MA01199 04-2105803	Homehealth and Hospice care	MA	501 (c) (3)	9	Baystate Health Inc		No

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)	Baystate Health Foundation Inc	B	171,078	
(2)	Baystate Health Inc	B	1,700,000	
(3)	Baystate Health Inc	E	532,648	
(4)	Visiting Nurse Association and Hospice of Western New England Inc	J	118,020	
(5)	Baystate Administrative Services Inc	I	1,096,990	
(6)	Baystate Health Inc	J	268,340	
(7)	Baystate Total Home Care Inc	J	5,312,795	
(8)	Baystate Total Home Care Inc	I	100,010	
(9)	Baystate Administrative Services Inc	L	71,782,541	
(10)	Baystate Franklin Medical Center	K	1,077,454	
(11)	Baystate Mary Lane Hospital	K	502,663	
(12)	Baystate Administrative Services Inc	K	68,945	
(13)	Baystate Health Inc	Q	13,941,983	
(14)	Ingraham Corporation	I	91,817	
(15)	Ingraham Corporation	J	52,637	
(16)	Baystate Health System Ambulance Inc	L	360,395	
(17)	Health New England Inc	P	86,790,475	
(18)	Baystate Medical Center Auxiliary	P	259,128	
(19)	Baystate Medical Center Auxiliary	G	172,499	
(20)	Baystate Medical Center Auxiliary	G	114,619	
(21)	Baystate Health Inc	R	1,744,898	
(22)	Baystate Health Inc	R	135,326	
(23)	Baystate Health Foundation Inc	R	1,772,095	
(24)	baystate Health Foundation Inc	R	4,732,722	

CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Baystate Health, Inc. and Subsidiaries
Years Ended September 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP



Baystate Health, Inc. and Subsidiaries

Consolidated Financial Statements and Other Financial Information

Years Ended September 30, 2011 and 2010

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Report of Independent Auditors

The Board of Trustees
Baystate Health, Inc

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baystate Health, Inc and Subsidiaries at September 30, 2011 and 2010, and the consolidated results of their operations, changes in net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

December 22, 2011

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Financial Position (In Thousands)

	September 30			September 30	
	2011	2010		2011	2010
Assets			Liabilities and net assets		
Current assets			Current liabilities		
Cash and cash equivalents	\$ 123,615	\$ 125,187	Accounts payable	\$ 113,093	\$ 102,754
Investments	299,523	269,043	Medical claims payable	41,173	37,059
Accounts receivable, patients, less allowance for uncollectible accounts of \$30,171 in 2011 and \$28,700 in 2010	108,968	105,932	Accrued salaries and wages	74,843	67,943
Accounts receivable, other	38,997	33,417	Accrued interest payable	2,271	2,439
Estimated final settlements receivable	25,483	13,352	Estimated final settlements payable	68,571	49,640
Inventories	18,064	16,344	Refundable advances	327	2,344
Prepaid expenses and other current assets	15,186	11,584	Short-term obligations	7,290	8,194
Total current assets	629,836	574,859	Deferred revenue	12,873	7,766
			Current portion of long-term debt	5,837	5,631
Long-term investments			Total current liabilities	326,278	283,770
Investments	50,440	51,617	Long-term debt	423,295	428,961
Equity investment in unconsolidated affiliates	1,886	1,790	Pension liability	153,177	120,913
Note receivable	65,504	64,755	Insurance liability loss reserves	98,416	90,197
Deferred expense and other long-term assets	9,384	9,029	Other liabilities	17,348	16,313
Land, buildings, and equipment, net	533,761	440,846	Total liabilities	1,018,514	940,154
	660,975	568,037			
Assets whose use is limited			Net assets		
Board-designated funds.			Unrestricted.		
Cash and investments	198,836	206,477	Operating	769,185	745,028
Investments of captive insurance company	87,721	87,311	Pension adjustment	(247,379)	(200,012)
Investments held by trustee under debt agreements	36,724	119,192	Total Unrestricted	521,806	545,016
Beneficial interest in perpetual trusts	30,077	31,600	Temporarily restricted	57,574	55,230
	353,358	444,580	Permanently restricted	46,275	47,076
Total assets	\$ 1,644,169	\$ 1,587,476	Total net assets	625,655	647,322
			Total liabilities and net assets	\$1,644,169	\$ 1,587,476

See accompanying notes

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Operations (In Thousands)

	Year Ended September 30	
	2011	2010
Operating revenues		
Net patient service revenue (exclusive of standard charges for charity care of \$46,512 in 2011 and \$42,483 in 2010)	\$ 1,015,951	\$ 1,051,348
Premiums	452,817	357,883
Other revenue	70,242	53,107
Net assets released from restrictions for operations	5,126	4,985
Total operating revenues	1,544,136	1,467,323
Operating expenses.		
Salaries and wages	623,287	600,737
Supplies and expense	490,802	477,245
Medical claims and capitation	307,762	263,200
Depreciation and amortization	49,160	50,651
Bad debts	22,147	19,832
Interest expense	6,025	6,175
Total operating expenses	1,499,183	1,417,840
Income from operations before other expense	44,953	49,483
Other expense	3,861	-
Income from operations after other expense	41,092	49,483
Non-operating income (expense)		
Investment income	8,415	8,229
Net realized gain on investments	8,427	3,665
Net unrealized (loss) gain on investments	(19,605)	21,212
Equity gain in unconsolidated affiliates	1,047	1,051
Net interest cost on swap agreements	(2,816)	(2,999)
Change in fair value of swap agreements	(459)	(3,566)
Income taxes and other	(15,481)	(9,543)
Total non-operating (expense) income	(20,472)	18,049
Excess of revenues over expenses	20,620	67,532
Other changes in unrestricted net assets		
Net assets released from restrictions for capital	3,893	4,400
Transfers to restricted net assets	(173)	(280)
Pension adjustment	(47,367)	43,009
Other	(183)	(11)
(Decrease) increase in unrestricted net assets	\$ (23,210)	\$ 114,650

See accompanying notes.

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets (In Thousands)

	Year Ended September 30	
	2011	2010
Unrestricted net assets:		
Excess of revenues over expenses	\$ 20,620	\$ 67,532
Net assets released from restrictions for capital	3,893	4,400
Transfers to restricted net assets	(173)	(280)
Pension adjustment	(47,367)	43,009
Other	(183)	(11)
(Decrease) increase in unrestricted net assets	(23,210)	114,650
Temporarily restricted net assets:		
Restricted investment income	238	257
Net realized and unrealized gain on investments	202	3,278
Contributions	10,814	14,674
Transfers from unrestricted net assets	173	280
Net assets released from restrictions		
For operations	(5,126)	(4,985)
For capital	(3,893)	(4,400)
Other	(64)	(36)
Increase in temporarily restricted net assets	2,344	9,068
Permanently restricted net assets:		
Contributions	722	39
Change in value of perpetual trusts	(1,523)	1,175
(Decrease) increase in permanently restricted net assets	(801)	1,214
(Decrease) increase in net assets	(21,667)	124,932
Net assets at beginning of year	647,322	522,390
Net assets at end of year	\$ 625,655	\$ 647,322

See accompanying notes.

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended September 30	
	2011	2010
Operating activities		
Change in net assets	\$ (21,667)	\$ 124,932
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	49,160	50,651
Pension adjustment	47,367	(43,009)
Net realized and unrealized (gain) loss on investments	11,435	(24,589)
Provision for bad debts	22,147	19,832
Change in beneficial interest of perpetual trusts	1,523	(1,175)
Restricted contributions	(11,536)	(14,713)
Changes in equity investment of affiliate	(1,047)	(1,051)
Increase in accounts receivable, patients	(25,183)	(20,615)
Net change in estimated final settlements	6,800	25,136
Change in accounts payable and accrued expenses	17,071	22,644
Change in accrued pension liability, net	(15,103)	(16,711)
Increase in medical claims payable	4,114	11,171
Increase in insurance liability loss reserves	8,219	4,096
Other	(6,960)	(19,556)
Net cash provided by operating activities	<u>86,340</u>	<u>117,043</u>
Investing activities		
Proceeds from sale and maturities of investments	498,636	626,742
Purchase of investments	(449,216)	(624,017)
Purchase of land, buildings, and equipment	(141,580)	(127,691)
Net cash used in investing activities	<u>(92,160)</u>	<u>(124,966)</u>
Financing activities		
Proceeds from restricted contributions	11,536	14,713
Increase in note receivable	(749)	(32,137)
Proceeds from debt issuance		37,917
Repayments of short-term obligations	(904)	(689)
Repayment of long-term debt	(5,635)	(5,900)
Net cash provided by financing activities	<u>4,248</u>	<u>13,904</u>
Net increase in cash and cash equivalents	(1,572)	5,981
Cash and cash equivalents at beginning of year	125,187	119,206
Cash and cash equivalents at end of year	<u>\$ 123,615</u>	<u>\$ 125,187</u>

See accompanying notes.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2011

1. Organization

Baystate Health, Inc (Baystate Health or BH), based in Springfield, Massachusetts, is the parent corporation of an integrated healthcare delivery system with the mission “to improve the health of the people in our community every day, with quality and compassion.”

Baystate Health currently includes the following.

- Baystate Medical Center, Inc (BMC), located in Springfield, Massachusetts, is the largest of the three hospitals in the Baystate Health system. BMC, the leading health facility in western Massachusetts, is the only tertiary care referral medical center and Level I trauma center in the region. It is also home to western New England’s only neonatal and pediatric intensive care units. BMC is a 653-bed, tax-exempt, not-for-profit, academic teaching hospital that serves as the western campus of Tufts University School of Medicine.
- Baystate Total Home Care, Inc (BTHC) is a tax-exempt, not-for-profit corporation which is organized to benefit, support, and further the charitable activities of BMC by holding, leasing, improving, and managing real estate held by, or acquired on behalf of, BMC. BTHC serves as the operating entity in connection with the new markets tax credit financing for the BMC Hospital of the Future project.
- Baystate Franklin Medical Center, Inc (BFMC) located in Greenfield, Massachusetts, is a 90-bed, tax-exempt, not-for-profit, acute care community hospital. BFMC serves the northern tier of northwestern Massachusetts and southern Vermont.
- Baystate Mary Lane Hospital Corporation (BMLH) located in Ware, Massachusetts, is a 31-bed, tax-exempt, not-for-profit, acute care community hospital. BMLH provides services to more than 16 central Massachusetts communities.
- Baystate Medical Practices, Inc. (BMP) is a tax-exempt, not-for-profit organization formed in 2010 through a merger of Baystate Medical Education and Research Foundation, Inc (BMERF), Baystate Affiliated Practice Organization, Inc (BAPO), and Baystate Vascular Services, Inc (BVS). The merger was effective September 30, 2010 for the purposes of consolidation, and was legally effective on January 1, 2011.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

BMP includes a multi-specialty academic group practice established to support the educational and research programs of Baystate Health, as well as numerous primary care and outreach services. BMP also includes community-based primary care (internists and pediatricians), medical and surgical practices, obstetrical and gynecological, and hospitalist physicians dedicated to the care and management of patients hospitalized at BH-affiliated hospitals. BMP also provides preventative, diagnostic, and therapeutic health services enhancing the cardiovascular clinical, educational, community, and research activities for BH and its service area.

- Baystate Visiting Nurse Association & Hospice (BVNAH) is a tax-exempt, not-for-profit organization that provides comprehensive home healthcare committed to providing the highest quality care to patients and families, primarily in the home setting. BVNAH meets individual needs by bringing experienced nurses, rehabilitation therapists, social workers, and home care aides to patients' homes.
- Health New England, Inc. (HNE) is a for-profit, taxable health maintenance organization located in Springfield, Massachusetts, approximately 97% of which is owned by BH, the remaining 3% is owned by BH-affiliated physicians. HNE's service area in Massachusetts includes Franklin, Berkshire, Hampden, and Hampshire counties, and part of Worcester County. HNE also serves Hartford, Litchfield, and Tolland counties in Connecticut.
- Ingraham Corporation (IC) is a for-profit, taxable corporation that currently serves as a holding company for Baystate Health Ambulance, Inc.
- Baystate Health Ambulance, Inc. (BHA) is a for-profit, taxable corporation that delivers the latest in mobile critical care providing 24-hour service throughout western New England.
- Baystate Administrative Services, Inc. (BAS) is a tax-exempt, not-for-profit corporation that provides management support for the BH subsidiaries, including human resources, marketing, strategic planning, information services, and financial services.
- Baystate Health Foundation, Inc. (BHF) is a tax-exempt, charitable organization established for the purpose of fund-raising for healthcare-related activities, in support, and for the benefit, of BH and those subsidiaries of BH that are tax-exempt, not-for-profit corporations, and to hold endowment, charitable donations, and other funds for their benefit.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

- Baystate Health Insurance Company, Ltd (BHIC) is a captive insurance company organized and licensed in the Cayman Islands, British West Indies. BHIC provides professional liability and other insurance coverage to the corporate members of BH and their employees. In 2004, BHIC began offering malpractice insurance to members of BH's medical staff who meet criteria for participation.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BH and its subsidiaries noted above. All intercompany and subsidiary accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of the allowance for uncollectible patient accounts receivable, reserve for contractual allowances, investment valuation, accruals for settlements with third-party payors, medical claims payable, accrued insurance liability loss reserves, pension costs, and accrued compensation and benefits.

Net Assets

Baystate Health and its subsidiaries report net assets and revenues, expenses, gains, and losses based upon the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Unrestricted	Net assets that are not subject to donor-imposed stipulations. Net assets may be designated for specific purposes by action of the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties.
Temporarily restricted	Net assets whose use by Baystate Health and its subsidiaries are subject to donor-imposed stipulations that can be fulfilled by actions of Baystate Health and its subsidiaries, or that expire by the passage of time. At September 30, 2011 and 2010, temporarily restricted net assets consist of amounts restricted as to spending for various purposes, such as education, research, clinical, and healthcare programs, as well as cumulative net appreciation of permanent endowment funds.
Permanently restricted	Net assets subject to donor-imposed stipulations that they be maintained permanently by Baystate Health and its subsidiaries. At September 30, 2011 and 2010, permanently restricted net assets consist of the original cost of permanent endowment gifts and beneficial interests in perpetual trusts.

Revenues from sources other than donor-restricted contributions are reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

Contributions, including unconditional promises to give and grant awards, are recognized as revenues in the period received. Contributions received with donor-imposed restrictions are reported as permanently or temporarily restricted revenues, depending upon the specific restriction. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values at the date of the gift. Contributions to be received after one year are discounted at a risk-free rate commensurate with the expected payment term. Amortization of the discount is recorded as contribution revenue in the appropriate net asset category. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant information.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Investments

Investments, including funds held by trustees under bond indenture agreements, are recorded at fair value in the consolidated statements of financial position. The fair value of investments is estimated using quoted market values. Interest and dividends on investments are included in other revenue or non-operating income in the statements of operations unless the income or loss is restricted by donor or law. Realized gains and losses and unrealized gains and losses on investments are included in non-operating income or temporarily restricted net assets, as applicable. Investment-related expense, such as custodial fees and investment fees, are netted against investment revenues and are immaterial for the year ended September 30, 2011.

Investments include mutual funds, fixed income and equity securities, as well as interests in limited partnerships, common collective trusts, and limited liability corporations. Baystate Health has also entered into partnership agreements with limited partnerships, the majority of which are in private markets, whereby they have agreed to certain capital commitments. Baystate Health's policy is to record its ownership interest in these investments of less than 5% at the lower of cost or market. As of September 30, 2011, approximately \$40,230,000 of total capital commitments, including those held within the pension plan assets discussed at Note 14, remain outstanding. Certain of the partnerships may hold some securities without readily determinable fair values and, consequently, the general partner may estimate fair value for such securities. These estimates may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material. For those funds where the ownership interest is more than 5%, the ownership interests are reported using the equity method of accounting. Under the equity method, Baystate Health recognizes its share of the increase or the decrease of the investment's fair value in non-operating income.

Investments are included in pooled investment funds. Current market value is used to determine the percent of each fund in the pool. Income from investments of a pool, including gains or losses, is allocated to participating funds based on the respective fund's percentage of the pool.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost (principally first-in, first-out method) or market

Note Receivable

In December and May 2009, BMC loaned \$31,186,783 and \$32,617,500 respectively, to a third party relating to project costs of approximately \$252,000,000 for the construction of a new hospital facility at 759 Chestnut Street, Springfield, Massachusetts (the Hospital of the Future, or HOF). The loans are part of a financing arrangement that utilizes new markets tax credits (NMTC) to reduce cash required by BMC to construct this new facility. Each loan bears interest at 2.139% annually, with annual cash payments during the first seven years of the thirty-three year term based on an interest rate of 1.00%. The notes are recorded as notes receivable in the statement of financial position as of September 30, 2011 and 2010.

Equity Investment in Unconsolidated Affiliates

Baystate Health participates in joint ventures, with 50% or less ownership, and accounts for the investment in these unconsolidated affiliates as equity investments.

Deferred Expenses and other long-term assets

Deferred expense includes unamortized bond issuance expenses, which are amortized over the weighted-average terms of the bonds, and deferred tax assets of HNE.

Goodwill held at BH related to the acquisition of HNE is included within long-term assets and is assessed annually for indicators of impairment on July 1 of each year. There were no such indicators in the year-ended September 30, 2011.

Assets Whose Use is Limited

Assets whose use is limited include assets held by the trustee under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements and other strategic initiatives which are in furtherance of Baystate Health and its subsidiaries' exempt and charitable purposes. Also included are investments of the captive insurance company and beneficial interests in perpetual trusts.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less depreciation and amortization determined on the straight-line basis.

Maintenance and repairs are charged to expense as incurred. Betterments and major renewals are capitalized. Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in other revenue. Buildings and equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life. Useful life is assigned in accordance with the American Hospital Association's guide for Estimated Useful Lives of Depreciable Hospital Assets. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Statements of Operations

All activities of Baystate Health deemed by management to be ongoing and central to the provision of healthcare services are reported as operating revenues and expenses. Other activities are considered non-operating, and include board-designated investment income and realized gains and losses, unrealized gains and losses on investments, changes in BHIC loss reserves, equity gains in unconsolidated affiliates, losses on extinguishment of debt, interest savings on swap agreements, changes in fair value of swap agreements, and income taxes.

The consolidated statements of operations include excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from excess of revenues over expenses include net assets released from restrictions for capital, transfers to restricted net assets, and the pension adjustment.

Other Expenses

Other expenses are presented separately from the natural classification of expenses reported in the consolidated statements of operation. Other expenses are considered non-recurring and are comprised of severance and benefit costs resulting from a reduction in workforce.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Contracts, laws, and regulations governing Medicare, Medicaid, Blue Cross, and the Health Safety Net programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Blue Cross and other managed care plans have negotiated with Baystate Health and its subsidiaries various forms of contractual payment rates. The most common payment rates include discounted charges, per case, per diems, and fee schedules.

Medicaid payment rates are negotiated between the Division of Medical Assistance and individual hospitals. Medicare Prospective Payment System (PPS) regulations determine payment due acute care hospitals for inpatient services provided to Medicare beneficiaries. Medicare payments for outpatient services are a blend of PPS and fee schedules.

During 2011 and 2010, Baystate Health recorded adjustments to amounts accrued for settlements related to prior fiscal years. The net effect of such adjustments was to increase net patient service revenue by approximately \$7,385,000 and \$8,695,000 in 2011 and 2010, respectively.

Medicare and Medicaid Electronic Health Record (EHR) Program

Certain health care providers can earn up to four incentive payments between federal fiscal years 2011 and 2016 if certain specific program criteria are met. The providers are required to establish an EHR system and maintain its meaningful use status for a continuous 90-day period. In subsequent years, such meaningful use must be maintained for the entire 365 day federal fiscal year.

Baystate Health records the revenue related to this program when management is reasonably assured that Baystate Health has complied with the terms of the program.

Baystate Health has included \$10,676,000 in other revenue related to the program in fiscal year 2011. The estimate is based on cost report data which is subject to audit and the amounts recognized are subject to change. Baystate Health's attestation of compliance with the meaningful use criteria is subject to audit by the Federal or State government or its designee.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Premium Revenue

Premium revenue represents insurance membership contract revenue at HNE. The contracts generally cover a 12-month period, and are subject to cancellation by the employer group or HNE upon 30 days' written notice. Premiums are due monthly, and are recognized as revenue during the period in which HNE is obligated to provide services to members.

Health Safety Net

In April 2006, the Commonwealth passed Chapter 58 of the Acts of 2006, An Act Providing Access to Affordable, Quality, Accountable Health Care, the goal of which is to provide near-universal health insurance coverage to Massachusetts residents through a combination of Medicaid expansions, subsidized private insurance programs, insurance market reforms, and the Health Safety Net.

The Health Safety Net reimburses hospitals for uncompensated care based on actual services provided at rates approximating the Medicare Prospective Payment System, subject to available funds. Like its predecessor, the Uncompensated Care Pool, the Health Safety Net is partially funded by acute hospitals through an assessment on gross charges billed to non-governmental payors.

Charity Care and Community Support

It is the policy of Baystate Health to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care. Based upon the patient's financial capability to pay, such care is provided free of charge or at amounts below normal charges. Because amounts determined to qualify as charity care are not pursued, they are not reported as revenue. The amounts of such care at standard charges were approximately \$46,512,000 and \$42,483,000 for the years ended September 30, 2011 and 2010, respectively.

In addition to the charity care provided to patients, Baystate Health and its subsidiaries have ongoing community outreach initiatives in the areas of health services access, education, safety, and community reinvestment. The initiatives include free-standing health centers, improving school-based health services, implementing an immunization tracking system to link preschool aged children to primary care providers, youth development programs, increasing minority employment, improving the community's health status, wellness, health and safety programs for senior citizens, and health screenings and forums.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Income Taxes

All of Baystate Health's consolidated entities are recognized by the Internal Revenue Service as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code, except for BHIC, IC and its subsidiary, and HNE and its subsidiaries

Recent Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement No 164, *Not-for-Profit Organizations: Mergers and Acquisitions* (codified in Subtopic 958-805 from ASU 2010-07 – *Not-for-Profit Entities: Mergers and Acquisitions*) This guidance is applied prospectively to (a) mergers for which the merger date is on or after 15 December 2009 and (b) acquisitions for which the acquisition date is October 1, 2010 for Baystate Health The amendments in this Accounting Standards Update provide guidance on accounting for combinations of not-for-profit entities Those transactions or other events include mergers of two or more not-for-profit entities and acquisitions by a not-for-profit entity that result in its initially recognizing another not-for-profit entity, a business, or a nonprofit activity in its financial statements. There was no material impact to Baystate Health's financials upon the adoption of this standard

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, which provides amendments to Topic 820 for the measurement of investments in certain entities that calculate net asset value per share, or equivalent This Update also requires additional fair value disclosures related to these investments The amendments in this update were effective for Baystate Health beginning October 1, 2010 and did not have a material impact to Baystate Health's financials upon the adoption of this standard

In January 2010, the FASB issued ASU 2010-06 to amend ASC 820, *Fair Value Measurements and Disclosure* The guidance in ASU 2010-06 was effective for Baystate Health beginning October 1, 2010 and required additional discussion and disclosures related to fair value measurements The adoption of this standard did not have a material impact to Baystate Health's financials.

Recently Issued Accounting Standards Not Yet Adopted

In August 2010, the FASB issued ASU 2010-24, Topic 954, *Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in this update clarify that a healthcare entity should not net insurance recoveries against a related claim liability. Additionally, the amount of

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

the claim liability should be determined without consideration of insurance recoveries. The amendments in this update permit retrospective application, and are effective for fiscal years beginning after December 15, 2010. Baystate Health has not yet determined the effect that the adoption of ASU 2010-24 will have on its financial statements.

On October 1, 2011 (effective for fiscal years beginning on or after December 15, 2010), Baystate Health will adopt amendments to ASC 954, *Health Care Entities*, that change the disclosure requirements around the measurement of charity care provided. The amendments require charity care to be measured at cost, defined as the direct and indirect cost of providing services. Companies may derive the cost of providing services directly from a cost accounting system or, in the absence of such a system, through reasonable estimation techniques. The method used to identify or estimate such costs must also be disclosed. The cost of charity care provided should not be reduced by any reimbursements received to offset or subsidize charity services provided, such as through government programs or private grants; rather, these amounts should be separately disclosed. Baystate Health will include the new charity care disclosures in its 2012 audited financial statements. Baystate Health will be required to apply the disclosures retrospectively to all periods presented.

In May 2011 the FASB issued ASU 2011-04 to amend ASC 820, *Fair Value Measurement*. The amendments in this update require an entity to disclose information that helps users of its financial statements assess (a) the valuation techniques and inputs used to develop measurements of fair value of assets and liabilities measured on a recurring or nonrecurring basis, and (b) the effect of the measurements on changes in net assets for recurring fair value measurements using significant unobservable inputs (Level 3). The disclosure requirements of this update are effective for the annual period beginning October 1, 2012.

In July 2011, the FASB issued ASU 2011-07, Topic 954, *Presentation and Disclosure of Patient Service Revenue, Provision of Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The amendments in this update require an entity that recognizes significant amounts of patient service revenue at the time the services are rendered but does not assess whether patients are able to pay to reclassify its provision for bad debts from an operating expense to a deduction from patient service revenue, net of contractual allowances and discounts. The amendments further require enhanced disclosures surrounding revenue recognition policies, assessing bad debts, qualitative and quantitative information about changes in the allowance for doubtful accounts, and disclosure of patient service revenue, net of contractual allowances and discounts. The amendments in this update are effective for interim and annual periods beginning after December 15, 2012 for nonpublic entities.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Reclassifications

Certain reclassifications of prior period data have been made to conform to the current year's presentation.

3. Cash and Investments

The composition of cash and investments at September 30, 2011 and 2010 are as follows (in thousands)

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 165,910	\$ 261,384
Common and preferred stock	166,223	169,390
U S government and domestic fixed income securities	342,444	333,886
Real estate	14,136	13,857
Commodities and other investments	108,146	80,310
	<u>\$ 796,859</u>	<u>\$ 858,827</u>

Cash and investments at September 30, 2011 and 2010 are included in the consolidated statements of financial position as follows (in thousands)

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 123,615	\$ 125,187
Investments	299,523	269,043
Long-term investments	50,440	51,617
Board-designated cash and investments	198,836	206,477
Investments of captive insurance company	87,721	87,311
Investments held by trustee	36,724	119,192
	<u>\$ 796,859</u>	<u>\$ 858,827</u>

	<u>2011</u>	<u>2010</u>
Investment income included in other revenue	<u>\$ 7,890</u>	<u>\$ 8,709</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements

Baystate Health calculates fair value as described in ASC 820-10 to value its financial assets and liabilities, when applicable. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820-10 establishes a three-level valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value. 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: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, Baystate Health utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in its assessment of fair value.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

Financial assets and liabilities carried at fair value as of September 30, 2011 and 2010 are classified in the table below in one of the three categories described above (in thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Year ended September 30, 2011				
Assets				
Cash equivalents	\$ 165,910			\$ 165,910
Common and preferred stock	41,209	\$ 125,014		166,223
U S government and domestic fixed income securities	332,829	9,615		342,444
Commodities and other investments	1,908	27,572		29,480
Alternative investments held at market value			\$ 61,567	61,567
Beneficial interest in perpetual trusts	30,077			30,077
	<u>\$ 571,933</u>	<u>\$ 162,201</u>	<u>\$ 61,567</u>	<u>\$ 795,701</u>
Alternative investments (held at lower of cost or market)				31,235
Financial assets, including alternative				<u>826,936</u>
Liabilities				
Interest rate swap agreements	\$ -	\$ 10,424	\$ -	\$ 10,424
	<u>-</u>	<u>10,424</u>	<u>-</u>	<u>10,424</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Year ended September 30, 2010				
Assets				
Cash equivalents	\$ 261,384			\$ 261,384
Common and preferred stock	36,847	\$ 132,543		169,390
U.S. government and domestic fixed income securities	306,250	27,636		333,886
Commodities and other investments	-	19,349		19,349
Beneficial interest in perpetual trusts	31,600	-		31,600
	<u>\$ 636,081</u>	<u>\$ 179,528</u>	<u>\$ -</u>	<u>\$ 815,609</u>
Alternative investments (held at lower of cost or market)				74,818
Financial assets, including alternative				<u>\$ 890,427</u>
Liabilities				
Interest rate swap agreements	\$ -	\$ 9,965	\$ -	\$ 9,965
	<u>-</u>	<u>9,965</u>	<u>-</u>	<u>9,965</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

The following is a description of Baystate Health's valuation methodologies for assets measured at fair value. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. Level 3 assets consist of direct investments in hedge funds and hedge fund of funds.

The valuation methodologies for liabilities measured at fair value are determined using models that consider interest rates and credit spreads. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Baystate Health believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The amounts classified in the table above exclude assets invested in Baystate Health's defined benefit plan and limited partnership interests that Baystate Health has recorded at cost.

Level 3 investments, including direct investments in hedge funds and hedge fund of funds, utilize the investment strategies detailed by the fund managers and reported to Baystate Health on at least a quarterly basis. These investment strategies include investments designed to enhance returns with less correlation to traditional asset classes with less risk.

The following table is a rollforward of the statement of financial position amounts for financial instruments classified by Baystate Health in Level 3 of the valuation hierarchy defined above (in thousands).

	Level 3 Assets
	2011
Fair value at beginning of year	\$ -
Transfers in	49,109
Unrealized losses	(1,392)
Realized gains	3,050
Purchases	10,800
Fair value at end of year	<u>\$ 61,567</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

Transfers into Level 3 assets consist of alternative investments for which the initial lock up period has expired

5. Pledges Receivable

Pledges receivable at September 30, 2011 and 2010 are as follows.

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 4,410	\$ 2,807
Receivable in one to five years	8,755	7,153
Receivable in more than five years	100	250
Total pledges receivable	<u>13,265</u>	<u>10,210</u>
Less allowance for uncollectible pledges	<u>(1,331)</u>	<u>(1,167)</u>
Net pledges receivable	<u>\$ 11,934</u>	<u>\$ 9,043</u>

Net pledges receivable are included in prepaid expenses and other current assets on the statements of financial position

6. Land, Buildings, and Equipment

Details of land, buildings, and equipment at September 30, 2011 and 2010 are as follows (in thousands).

	<u>2011</u>	<u>2010</u>
Land, land improvements, and leasehold improvements	\$ 35,894	\$ 33,166
Buildings	401,677	394,102
Fixed equipment	94,971	94,694
Moveable equipment	427,844	402,802
Assets under capital leases	10,009	8,637
Construction in progress	252,253	150,693
	<u>1,222,648</u>	<u>1,084,094</u>
Less accumulated depreciation and amortization	<u>(688,887)</u>	<u>(643,248)</u>
Total land, buildings, and equipment, net	<u>\$ 533,761</u>	<u>\$ 440,846</u>

Depreciation expense for the year ended September 30, 2011 and 2010 was \$48,578,000 and \$50,053,000, respectively

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Short-Term Obligations and Commitments

Baystate Health's commercial paper borrowings at September 30, 2011 were \$7,290,000 (\$8,194,000 at September 30, 2010), at an average interest rate of 0.61%. The carrying value of these short-term obligations approximates fair value. The bank letter of credit committed to support commercial paper borrowings of Baystate Health amounted to \$10,000,000 at September 30, 2011 and 2010. BMC has guaranteed the commercial paper borrowings.

Baystate Health has a 50% ownership in Baycare Health Partners, Inc., a physician hospital organization. Baystate Health has provided an unconditional guarantee for a \$1,000,000 line of credit from a financial institution. There were no amounts outstanding under the line of credit at September 30, 2011 and 2010.

8. Leases

Baystate Health and its subsidiaries lease certain real property and equipment under non-cancelable leases expiring at various dates through 2016 with varying renewal options. Rentals generally include insurance and maintenance costs.

Future minimum lease payments at September 30, 2011 are as follows (in thousands).

Year Ending September 30	Capital Leases	Operating Leases
2012	\$ 550	\$ 8,330
2013	550	3,765
2014	550	2,480
2015	550	1,448
2016	373	576
Thereafter	1,589	144
Total minimum lease payments	4,162	\$ 16,743
Less amount representing interest	(1,321)	
Present value of net minimum lease payments	2,841	
Less current portion	(297)	
Long-term portion	\$ 2,544	

Rental expense of operating leases amounted to approximately \$10,480,000 and \$9,744,000 for the years ended September 30, 2011 and 2010, respectively.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt

BMC and BFMC have loan agreements with the Massachusetts Health and Educational Facilities Authority (MHEFA) for construction projects and equipment

Long-term obligations issued consist of the following.

	Amount Outstanding	
	September 30	
	2011	2010
MHEFA issues:		
BMC Series I	\$ 63,380	\$ 63,380
BMC Series J-1	45,000	45,000
BMC Series J-2	45,000	45,000
BMC Series K-1	20,045	20,045
BMC Series K-2	26,365	26,365
BMC Series M-2	8,782	9,268
BMC Series H	6,889	7,555
BFMC Series M-4A	7,141	7,498
BMC Series G	55,910	58,825
BMC Series F	41,290	42,230
BTHC NMTC Debt	107,471	107,341
	427,273	432,507
Less original issue discount	(982)	(1,027)
Capital leases	2,841	3,112
Total long-term debt	429,132	434,592
Less current portion	(5,837)	(5,631)
Long-term debt excluding current portion	\$ 423,295	\$ 428,961

Summary information for each issue follows

Hospital of the Future MHEFA Bond Issuances

On June 25, 2009, BMC issued Series I, J-1, J-2, K-1, and K-2 MHEFA Revenue Bonds in a combined aggregate principal amount of \$199,790,000. Proceeds from the bonds were used to pay off the Bank of America, NA loan of \$65,000,000 (borrowed in October 2008), and fund the

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

construction, improvement, equipping, and other related capital expenditures of a seven-story building located at 759 Chestnut Street in Springfield, Massachusetts. Details of the HOF-related MHEFA bond issuances follows:

Series I Bonds

BMC issued Series I MHEFA Revenue Bonds in the aggregate amount of \$63,380,000. Interest rates range from 5.5% to 5.75%. Final maturity on the bonds is July 1, 2036.

Series J-1 Bonds

BMC issued Series J-1 MHEFA Revenue Bonds in the aggregate amount of \$45,000,000. Interest on the bonds is variable and was 0.14% at September 30, 2011. Final maturity on the bonds is July 1, 2044. The bonds are secured by an irrevocable letter of credit issued by JPMorgan Chase Bank that terminates in June 2012.

Series J-2 Bonds

BMC issued Series J-2 MHEFA Revenue Bonds in the aggregate amount of \$45,000,000. Interest on the bonds is variable and was 0.14% at September 30, 2011. Final maturity on the bonds is July 1, 2044. The bonds are secured by an irrevocable letter of credit issued by JPMorgan Chase Bank that terminates in January, 2014.

Series K-1 Bonds

BMC issued Series K-1 MHEFA Revenue Bonds in the aggregate amount of \$20,045,000. The bonds are subject to mandatory tender on July 1, 2013. The initial interest on the bonds is fixed at 5.0% through June 30, 2013, with final maturity on July 1, 2039.

Series K-2 Bonds

BMC issued Series K-2 MHEFA Revenue Bonds in the aggregate amount of \$26,365,000. The bonds are subject to mandatory tender on July 1, 2015. The initial interest on the bonds is fixed at 5.0% through June 30, 2015, with final maturity on July 1, 2039.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

Series M-2

On June 30, 2008, BMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-2. Proceeds of \$10,158,000 were used to refund the then-outstanding Revenue Bonds, BMC Issue, Series J-2, which were issued in 1995 (Series J-2-1995). The Series J-2-1995 bonds were issued to reimburse and fund certain capital renovation and equipment expenditures, and fund the purchase of an office building. Interest on the Series M-2 bonds is variable, and resets weekly to reflect current market rates, and was 0.22% at September 30, 2011. Final maturity of the bonds is June 15, 2023.

Series H Bonds

On January 18, 2007, BMC issued Series H MHEFA Revenue Bonds in the aggregate principal amount of \$10,000,000. Proceeds from the bonds were used to reimburse and fund certain capital additions, and fund the construction of a new parking garage. Interest on the bonds is variable based on monthly resets, and was 0.94% at September 30, 2011. Final maturity of the bonds is January 1, 2022.

Series M-4A Bonds

On February 1, 2005, BFMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-4A. Proceeds of \$9,100,000 were used to fund certain capital additions, renovations, and equipment expenditures related to the emergency department, radiology department, and in-patient facilities. Interest on the bonds is variable, and resets weekly to reflect current market rates, and was 0.22% at September 30, 2011. Final maturity of the bonds is June 15, 2024.

Series G Bonds

On October 27, 2005, BMC issued Series G MHEFA Revenue Bonds in the aggregate principal amount of \$71,740,000. Proceeds from the bonds were used to advance refund a portion of the outstanding Revenue Bonds, BMC Issue, Series E. The Series E bonds were issued to finance or refinance the following: (a) construction of a new 104,500 gross square foot Ambulatory Care Center, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library, and education space, (c) renovation of various existing spaces within BMC, and (d) acquisition of equipment for the new facilities. Bond proceeds were also

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

used to finance routine capital construction, renovations, and equipping of various facilities of BMC. Interest on the bonds is variable, and resets every 35 days and was 0.17% at September 30, 2011. Final maturity of the bonds is July 1, 2026.

Series F Bonds

On June 1, 2002, BMC issued Series F MHEFA Revenue Bonds in the aggregate principal amount of \$47,640,000. Proceeds from the bonds were used to reimburse and fund certain capital renovation and equipment expenditures and fund the construction of a new interdisciplinary cancer center known as the D'Amour Center for Cancer Care. Interest on the bonds ranges between 5.0% and 5.75%. Final maturity of the bonds is July 1, 2033.

New Markets Tax Credit Debt

In December and May 2009, BMC entered into financing arrangements with U.S. Bancorp Community Development Corporation (U.S. Bancorp), Banc of America Community Development Corporation (Banc of America), and MHIC New Markets Fund II, LLC (MHIC) to fund a portion of the costs of the construction of a new hospital facility (the Hospital of the Future) in Springfield, Massachusetts, using the New Markets Tax Credit Program (NMTC Program). The NMTC Program is a Program of the Community Development Financial Institutions Fund, a bureau of the United States Treasury. The NMTC Program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs).

In connection with the December and May 2009 financing arrangements, BMC loaned \$23,580,283 and \$32,617,500, respectively, to USBCDE Investment Fund XXXIII, LLC (the investment fund), a wholly owned subsidiary of U.S. Bancorp. The notes bear interest at 2.139% annually, with annual cash payments during the first seven years of each thirty-three year term based on an interest rate of 1.00%. Also in connection with the December 2009 financing arrangement, BMC loaned \$7,606,500 to MHIC. The note bears interest at 1% annually, with no cash payments during the first seven years of the thirty-three year term. The notes are recorded as notes receivable in the statement of financial position as of September 30, 2011 and 2010.

Under the December 2009 financing arrangement, BTHC has borrowed \$37,692,500 from four CDEs established for the purpose of providing funds under the NMTC Program. U.S. Bancorp through the Investment Fund controls two of the CDEs and MHIC controls the other two. As of September 30, 2011, BTHC has outstanding loans of \$27,490,000 and \$10,202,500 due to U.S. Bancorp CDEs and MHIC CDEs, respectively, related to the December 2009 financing. The

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

loans were issued in four tranches from each of the controlling entities U S Bancorp loans were issued in tranches A, B, C, and D The U S Bancorp CDEs A loan totaled \$19,886,783, the B loan \$2,653,217, the C loan \$3,693,500, and the D loan \$1,256,500 Each of the loans have a thirty-three year term, and bear interest at rates ranging from 8911% to 1 8315% annually MHIC loans were issued in tranches A, B, Series 2, and Series 4 The MHIC CDEs A loan totaled \$7,606,500, the B loan \$1,366,000, the Series 2 loan \$1,000,000, and the Series 4 loan \$230,000 Each of the loans have a thirty-three year term, and bear interest at rates ranging from 1 00% to 1 935%

Under the May 2009 financing arrangement, BTHC has borrowed approximately \$69,424,000 from CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp through the Investment Fund controls four of the CDEs and Banc of America controls the other CDE. As of September 30, 2011, BTHC has outstanding loans of approximately \$43,340,000 and \$26,084,000 due to U S Bancorp CDEs and Banc of America CDE, respectively The loans were issued in two tranches, an A tranche and a B tranche The A loans from the U S Bancorp CDEs totaled \$32,617,500, have a thirty-three year term, and bear interest at rates ranging from 0 816% to 1 00% annually The B loans from the U S Bancorp CDEs totaled \$10,722,500, have a thirty-three year term, and bear interest at rates ranging from 0 5% to 1 2832% annually The A loan from the Banc of America CDE of \$20,000,000 has a seven-year term, and bears interest at 5 992% annually The B loan from the Banc of America controlled CDE of \$6,084,000 has a seven-year term, and provides that if there has been no default, the principal balance will be forgiven at the end of the seven-year term The B loan bears interest at 2 00% annually Interest payments are due quarterly

BMC recorded interest income of approximately \$1,318,000 in 2011 and \$1,329,000 in 2010, and BTHC recorded net interest capitalized of approximately \$2,164,000 in 2011 and \$1,962,000 in 2010, related to the financing arrangement agreements

In 2016, U S Bancorp may put its interest in the Investment Fund to BMC for a put price of \$1,000 If U S Bancorp does not exercise its put rights, BMC may call its interest in the Investment Fund for a call price equal to the fair value of U S Bancorp's interest in the Investment Fund

Significant Debt Covenants

The bond agreements include various financial covenants, the most restrictive of which are a pledge of revenues and the maintenance of a ratio of Net Revenue Available to Meet Debt Service to Total Principal and Interest Requirements of at least 1 1 (as defined by the agreement) Baystate Health was in compliance with those covenants during the fiscal years ended September 30, 2011 and 2010, except as noted below

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

In the quarter ended June 30, 2011, Baystate Franklin Medical Center was in covenant default of the Series M-4A debt service coverage ratio requirement. Baystate obtained directly from the financial institution a waiver of this covenant default for the quarter ended June 30, 2011 and was no longer in default as of September 30, 2011.

Certain buildings and equipment have been pledged as collateral for the borrowings.

The following funds and their balances at September 30, 2011 and 2010 have been established in accordance with these agreements (in thousands):

	<u>2011</u>	<u>2010</u>
Debt service fund	\$ 3,163	\$ 4,303
Construction fund	<u>33,561</u>	<u>114,889</u>
	<u>\$ 36,724</u>	<u>\$ 119,192</u>

The combined aggregate future principal payments of all long-term borrowings are as follows (in thousands):

2012	\$ 5,837
2013	6,069
2014	6,307
2015	6,566
2016	6,646
Thereafter	<u>398,689</u>
	<u>\$ 430,114</u>

BMC has entered into a guaranty agreement on behalf of BFMC in connection with outstanding MHEFA bonds.

The fair value of the bonds payable at September 30, 2011 approximates \$450,814,000.

Interest paid was \$10,791,000 and \$11,366,000 for 2011 and 2010, respectively.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

Interest Rate Swap Agreements

BMC periodically enters into interest rate swap agreements to moderate its exposure to interest rate changes and to lower the overall cost of borrowings. Gains and losses realized on termination of contracts are deferred and amortized over the remaining life of the associated contract.

BMC entered into an interest rate swap agreement with a financial institution with an original notional amount of \$67,470,000. The notional amount outstanding at September 30, 2011 and 2010 was \$39,363,000 and \$43,997,000, respectively. Under the terms of the agreement, BMC pays a fixed rate of 3.26%, and receives variable payments based upon the SIFMA Rate. The agreement, in effect, converts \$39,363,000 of notional variable rate debt to fixed rate debt.

In September 2005, BMC, in anticipation of the issuance of the Series G bonds, entered into an interest rate swap agreement with a financial institution with an original notional amount of \$71,740,000. The notional amount outstanding at September 30, 2011 and 2010 was \$55,910,000 and \$58,825,000, respectively. The agreement provides for the financial institution to pay variable rate payments to BMC equal to 56.9% of one-month LIBOR plus 0.32%, and for BMC to pay the financial institution a fixed rate of 3.021%. The LIBOR rate was 0.23% and 0.26% at September 30, 2011 and 2010, respectively. The agreement, in effect, converts \$55,910,000 of variable rate debt to a fixed rate of interest. There are termination provisions to this contract for each party.

The fair value of these agreements resulted in swap liabilities of approximately \$10,425,000 and \$9,965,000 at September 30, 2011 and 2010, respectively, is included in other long-term liabilities in the consolidated statements of financial position.

The net interest savings (cost) and the change in the fair value of the associated interest rate swaps are included in non-operating income in the consolidated statements of operations.

10. Interest Expense

Baystate Health and its subsidiaries capitalize interest cost as part of the historical cost of acquiring certain significant qualifying assets. During the years ended September 30, 2011 and 2010, interest cost was as follows (in thousands).

	<u>2011</u>	<u>2010</u>
Total interest cost	\$ 10,662	\$ 10,691
Net interest cost capitalized	(4,637)	(4,516)
Net interest cost expensed	<u>\$ 6,025</u>	<u>\$ 6,175</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Insurance Liability Loss Reserves

BHIC, wholly owned by Baystate Health, insures the professional and general liability of substantially all of Baystate Health's subsidiaries, with the exception of HNE, on an indemnity basis. Baystate Health and certain of its subsidiaries have also purchased excess professional and general coverage from other insurers. In addition, BHIC insures the workers' compensation, employer's liability, excess workers' compensation, and long-term disability of certain of Baystate Health's subsidiaries.

Reserves have been provided with the assistance of a consulting actuary for asserted claims and for unasserted claims probable of assertion arising from both reported and unreported incidents which are based on historical experience and existing reported incidents.

12. Medical Claims and Capitation Expense

Medical claims and capitation expense include the following components for the years ended September 30, 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Physician and other outpatient specialty services	\$ 166,329	\$ 152,352
Inpatient care and same day surgery	59,272	51,072
Pharmacy	62,296	51,127
Primary care capitation	3,418	2,453
Other medical services	11,543	6,469
Coordination of benefits	(456)	(421)
Net reinsurance recoveries	(921)	1,021
	<u>301,481</u>	<u>264,073</u>
Provider risk sharing, net	6,281	(873)
Total medical claims and capitation expense	<u>\$ 307,762</u>	<u>\$ 263,200</u>

13. Income Taxes

Income tax expense for the year ended September 30, 2011, for HNE and its subsidiaries, was approximately \$10,904,000. Net federal and state deferred tax assets totaled approximately \$3,473,000 and \$3,248,000 as of September 30, 2011 and 2010, respectively.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Income Taxes (continued)

Income tax expense for the year ended September 30, 2011 and 2010, for IC and its subsidiary, was approximately \$7,000 and \$3,000, respectively. As of September 30, 2011, operating loss carryforwards for federal income tax purposes totaled approximately \$1,244,000 and \$12,900,000 for IC and BMC, respectively, which expire in various years ranging from 2012 to 2028. This results in a deferred tax asset, however, because utilization of these net operating losses is not reasonably assured, IC and BMC have recorded a full valuation allowance offsetting this deferred tax asset.

14. Funds Held in Trust by Others

Baystate Health and its subsidiaries are beneficiaries of certain perpetual trusts (the Trusts), from which they receive unrestricted income. Appreciation or depreciation in the value of the Trusts is recorded as an increase or decrease to permanently restricted net assets. During fiscal years 2011 and 2010, Trust distributions of approximately \$1,037,000 and \$1,045,000, respectively, are included in operating revenue.

15. Pension Plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interests participate in a non-contributory, defined benefit cash balance retirement plan (the plan) covering substantially all of their eligible employees.

Baystate Health's policy is to fund amounts as are necessary on an actuarial basis to provide for benefits in accordance with the Employee Retirement Income Security Act of 1974, using the accrued benefit (net credit) actuarial cost method.

ASC 715, requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of the assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. ASC 715 requires Baystate Health to measure defined benefit plan assets and obligations as of September 30, the date of its fiscal year-end statement of financial position.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

The following table presents the change in the plan-projected benefit obligation, change in plan assets, and funded status of the plan as of September 30 (in thousands), net of unconsolidated other ownership interest

	<u>2011</u>	<u>2010</u>
Change in pension obligation		
Pension obligation at beginning of year	\$ 700,166	\$ 686,136
Service cost	28,839	27,556
Interest cost	39,946	39,420
Actuarial loss	51,035	11,295
Benefits paid	(27,147)	(21,346)
Plan amendments	-	(42,895)
Pension obligation at end of year	<u>792,839</u>	<u>700,166</u>
Change in plan assets		
Fair value of plan assets at beginning of year	578,634	504,601
Actual return on plan assets	47,401	55,379
Employer contributions	40,000	40,000
Benefits paid	(27,147)	(21,346)
Fair value of plan assets at end of year	<u>638,888</u>	<u>578,634</u>
Funded status		
Funded status of the plan	<u>(153,951)</u>	<u>(121,532)</u>
Pension liability	<u>\$ (153,951)</u>	<u>\$ (121,532)</u>
Amounts recognized in unrestricted net assets consist of		
Net actuarial loss	279,672	\$236,046
Prior service credit	(31,224)	(35,192)
Pension adjustment	<u>\$ 248,448</u>	<u>\$ 200,854</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Exclusive of other ownership interest, the underfunded status of the plan at September 30, 2011 is \$153,177,000, the change in the pension adjustment is \$47,367,000 and the total pension adjustment is \$247,379,000.

The net actuarial loss and prior service credit expected to be recognized in benefit cost in 2012 is approximately \$14,275,000 and \$3,969,000, respectively

The assumptions used to develop the projected benefit obligation as of September 30 are as follows:

	2011	2010
Measurement date	September 30, 2011	September 30, 2010
Discount rate	5.20%	5 60%
Rate of compensation increase	3.25%	3 25%

The accumulated benefit obligation was approximately \$696,502,000 and \$602,473,000 at September 30, 2011 and 2010, respectively

Net Periodic Pension Cost

Net pension cost for the defined benefit plan for the years ended September 30, 2011 and 2010 includes the following components (in thousands)

	2011	2010
Service cost	\$ 28,839	\$ 27,556
Interest cost	39,946	39,420
Expected return on plan assets	(50,385)	(48,291)
Amortization of prior service (credit) cost	(3,969)	(3,256)
Recognized net actuarial loss	10,394	7,780
Net pension cost	\$ 24,825	\$ 23,209

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

The assumptions used to determine net pension cost for the years ended September 30, 2011 and 2010 are as follows

	<u>2011</u>	<u>2010</u>
Discount rate	5.60%	6.20%
Expected return on plan assets	7.75	8.25
Rate of compensation increase	3.25	3.75

Plan Assets

The plan's investment objectives are to achieve long-term growth in excess of inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets. In order to minimize risk, the plan attempts to minimize the variability in yearly returns. The plan diversifies its holdings among sectors, industries, and companies. The target allocations of assets at September 30, 2011, were equities 30%, fixed income 40%, and other 30%.

To develop the expected long-term rate of return on plan assets assumption, Baystate Health considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension investment portfolio.

Baystate Health's pension plan asset allocation by asset category, as of September 30, is as follows:

	<u>2011</u>	<u>2010</u>
Common and preferred equity securities	26%	30%
U.S. government and domestic fixed income securities	46	42
Other investments	28	28
	<u>100%</u>	<u>100%</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Pension Disclosure

Financial assets invested in Baystate Health's defined benefit pension plan (the Plan) are classified in the table below in one of the three categories described previously as of September 30, 2011 and 2010 (in thousands)

	Assets at Fair Value as of September 30, 2011			
	Level 1	Level 2	Level 3	Total
Money market	\$ 1,571	\$ 2,952		\$ 4,523
Mutual funds				
Corporate bond fund	4,898	-		4,898
Other	24,960	-		24,960
Total mutual funds	29,858	-		29,858
Closed end real estate funds	-	-	\$ 12,000	\$ 12,000
Common collective trusts				
US government securities	-	-	-	-
International stock	31,324	-	-	31,324
Domestic equity index funds	73,705	-	-	73,705
Commodity fund	20,175	-	-	20,175
Total common collective trusts	125,204	-	-	125,204
Limited partnership investments				
Private equity funds	-	-	35,288	35,288
Real estate funds	-	-	8,402	8,402
Hedge funds	-	-	98,840	98,840
Emerging markets equity	12,162	-	9,424	21,586
International stock	16,371	-	-	16,371
Total limited partnership investments	28,533	-	151,954	180,487
Fixed income securities				
Corporate bond fund	-	143,658	-	143,658
US government securities	-	130,028	-	130,028
Total fixed income securities	-	273,686	-	273,686
Total assets at fair value	\$ 185,166	\$ 276,638	\$ 163,954	625,758
Pension assets at contract value				13,130
Total pension plan assets				<u>\$ 638,888</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Pension Disclosure

	Assets at Fair Value as of September 30, 2010			
	Level 1	Level 2	Level 3	Total
Money market	\$ 3,929	\$ 24		\$ 3,953
Mutual funds				
Corporate bond fund	4,754	-		4,754
Other	21,822	-		21,822
Total mutual funds	<u>\$ 26,576</u>	<u>-</u>	<u></u>	<u>26,576</u>
Closed end real estate funds	-	-	\$ 8,141	\$ 8,141
Common collective trusts				
US government securities	33,173	-	-	33,173
International stock	34,489	-	-	34,489
Domestic equity index funds	73,180	-	-	73,180
Commodity fund	44,717	-	-	44,717
Total common collective trusts	<u>185,559</u>	<u>-</u>	<u>-</u>	<u>185,559</u>
Limited partnership investments				
Private equity funds	-	-	28,143	28,143
Hedge funds	-	-	79,810	79,810
Emerging markets equity		-	18,804	18,804
International stock	23,985	-	-	23,985
Total limited partnership investments	<u>23,985</u>	<u>-</u>	<u>126,757</u>	<u>150,742</u>
Fixed income securities				
Corporate bond fund	-	92,038	-	92,038
US government securities	-	99,013	-	99,013
Total fixed income securities	<u>-</u>	<u>191,051</u>	<u>-</u>	<u>191,051</u>
Total assets at fair value	<u>\$ 240,049</u>	<u>\$ 191,075</u>	<u>\$ 134,898</u>	<u>\$ 566,022</u>
Pension assets at contract value				12,612
Total pension plan assets				<u>\$ 578,634</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended September 30, 2011 and 2010

	Level 3 Assets Year Ended September 30, 2011	Level 3 Assets Year Ended September 30, 2010
Balance at beginning of year	\$ 134,898	\$ 98,095
Unrealized gains relating to investments still held at the reporting date	6,417	8,276
Purchases, sales, issuances, and settlements (net)	22,639	28,527
Balance at end of year	<u>\$ 163,954</u>	<u>\$ 134,898</u>

Contributions

Baystate Health expects to contribute approximately \$40,000,000 to its pension plan in 2012

Estimated Future Benefit Payments

The following approximate benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten calendar years (in thousands):

Calendar Year	Pension Benefits
2012	\$ 45,500
2013	36,900
2014	43,500
2015	43,800
2016	47,600
Years 2017 – 2021	297,400

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Defined-Contribution Plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interest participate in a defined contribution retirement plan which covers all employees hired after December 31, 2004. Under this plan, Baystate Health contributes up to 7.5% of the employee's compensation based on age and years of service. Total expense under this plan was approximately \$8,980,000 in 2011 and \$6,620,000 in 2010.

HNE provides a 401(k) Retirement Plan (the Plan). Each year, employees may contribute up to 20% of pretax annual compensation, as defined in the Plan document. HNE matches 100% of the first 6% of employee contributions to the Plan. Additional contributions may be made by HNE at its discretion. Contributions and compensation levels are subject to certain limitations under the Internal Revenue Code. The Plan expense amounted to approximately \$1,365,000 and \$1,168,000 in 2011 and 2010, respectively.

16. Concentrations of Credit Risk

Baystate Health and its subsidiaries grant credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2011 and 2010 are as follows.

	<u>2011</u>	<u>2010</u>
Medicare	16%	16%
Medicaid	13	14
Blue Cross	2	3
Health maintenance organizations	40	38
Commercial	14	15
Self-pay patients	15	14
	<u>100%</u>	<u>100%</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Functional Expenses

Baystate Health and its subsidiaries provide general healthcare services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2011 and 2010 are as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Healthcare services	\$ 1,442,068	\$ 1,338,621
General and administrative	57,115	79,219
	<u>\$ 1,499,183</u>	<u>\$ 1,417,840</u>

18. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2011 and 2010 (in thousands of dollars):

	<u>2011</u>	<u>2010</u>
Research and education	\$ 12,058	\$ 11,571
Patient care services	45,516	43,659
Total	<u>\$ 57,574</u>	<u>\$ 55,230</u>

Permanently restricted net assets are invested in perpetuity, the income from which is generally expendable to support the delivery of healthcare services.

ASC 958-205, *Endowment of Not-for-Profit Organizations*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Massachusetts enacted UPMIFA on July 2, 2009. Baystate Health is subject to ASC 958-205 disclosure requirements regarding its endowment funds.

Baystate Health's endowments consist of numerous individual funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Baystate Health requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Baystate Health classifies as permanently restricted net assets (a) the

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Temporarily and Permanently Restricted Net Assets (continued)

original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. Baystate Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund, (b) the purpose of Baystate Health and the donor-restricted endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, and (f) the investment policies of Baystate Health.

Endowment net asset composition by type of fund, as of September 30, 2011, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 30,919	\$ 16,198	\$ 47,117
Board-designated endowment funds	19,543	-	-	19,543
Endowment net assets at September 30, 2011	<u>\$ 19,543</u>	<u>\$ 30,919</u>	<u>\$ 16,198</u>	<u>\$ 66,660</u>

For the year ended September 30, 2011, Baystate Health had the following endowment-related activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at October 1, 2010	\$ 20,200	\$ 32,670	\$ 15,476	\$ 68,346
Investment return:				
Investment income	260	620	-	880
Net appreciation	101	190	-	291
Total investment return	361	810	-	1,171
Contributions	71	-	722	793
Net asset reclassifications	-	107	-	107
Amounts appropriated for expenditures	(1,089)	(2,668)	-	(3,757)
Total change in endowment funds	<u>(657)</u>	<u>(1,751)</u>		<u>(1,686)</u>
Endowment net assets at September 30, 2011	<u>\$ 19,543</u>	<u>\$ 30,919</u>	<u>\$ 16,198</u>	<u>\$66,660</u>

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Temporarily and Permanently Restricted Net Assets

For the year ended September 30, 2010, Baystate Health had the following endowment-related activities

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2009	\$ 19,678	\$ 31,576	\$ 15,437	\$ 66,691
Investment return				
Investment income	320	745	-	1,065
Net appreciation	1,316	3,136	-	4,452
Total investment return	1,636	3,881	-	5,517
Contributions	61	-	39	100
Net asset reclassifications	-	(32)	-	(32)
Amounts appropriated for expenditure	(1,175)	(2,755)	-	(3,930)
Total change in endowment funds	522	1,094	39	1,655
Endowment net assets at September 30, 2010	\$ 20,200	\$ 32,670	\$ 15,476	\$ 68,346

Baystate Health's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Baystate Health must hold in perpetuity or for a donor-specified term. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that will generate an 8% total return annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Baystate Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Baystate Health targets a diversified asset allocation that consists of equities, fixed income, and alternative investments.

Baystate Health has a policy of appropriating for distribution each year, no more than 5.0% of its endowment funds' current fair value. In establishing this policy, Baystate Health considered the long-term expected return on its endowments.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Temporarily and Permanently Restricted Net Assets (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Baystate Health to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets are \$254,000 and \$148,000 as of September 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations. The individual donor-restricted endowment funds with deficiencies will retain future income and appreciation to restore the required fair value of the assets.

19. State Surplus Revenue Retention

Through September 30, 2011, BMC had no surplus in excess of the Commonwealth of Massachusetts regulations governing the excess of state revenues over expenses for not-for-profit organizations. The total deficit attributable to state contracting for BMC was approximately \$70,000 (2010 - \$437,000). As of September 30, 2011, the cumulative deficit attributable to state contracting of approximately \$6,126,000 is included in the unrestricted net assets of BMC.

20. Subsequent to September 30, 2011 Events

On November 2, 2011, BMC issued Series L Massachusetts Development Finance Agency (MDFA) Revenue Bond in the aggregate principal amount of \$25,000,000. Proceeds from the bonds will be used to fund the construction of a new emergency department in conjunction with the Hospital of the Future project. Interest on the bonds is initially fixed at 2.95% through November 1, 2021, with final maturity on July 1, 2041.

On November 2, 2011, BMC entered into a tax-exempt lease financing agreement with MDFA and a financial institution in the amount of \$20,000,000. Proceeds from the financing will be used to fund certain equipment, some of which is related to the Hospital of the Future project. Interest on the borrowing is fixed at 2.19% with principal and interest payments due monthly until maturity on November 2, 2018.

Subsequent events have been evaluated for potential recognition in the financial statements through December 22, 2011, which is the date the financial statements were issued.

Auditors' Report on Other Financial Information

The Board of Trustees
Baystate Health, Inc

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating balance sheets, statements of operations, changes in net assets, and cash flows 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 our audits 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.

Ernst & Young LLP

December 22, 2011

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets

September 30, 2011

(In Thousands)

Assets	Consol BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol IC	Other Entities	Elim & Reclass	Consolidated Totals
Current assets										
Cash and cash equivalents	\$ 51.615	\$ 2.475	\$ 406	\$ 2.819	\$ 127	\$ 32.885	\$ 2.090	\$ 31.198	\$ -	\$ 123.615
Investments	170.687	-	2,057	-	-	102,208	-	24,571	-	299,523
Accounts receivable, patients, net	80,276	7,313	2,872	15,028	3,139	-	340	-	-	108,968
Accounts receivable, other	8,226	25	47	4,598	16	9,073	83	16,929	-	38,997
Estimated final settlements receivable	20,945	2,584	1,954	-	-	-	-	-	-	25,483
Inventories	15,978	1,124	510	-	-	-	-	452	-	18,064
Prepaid expenses and other current assets	3,998	62	54	1,145	44	1,632	69	8,182	-	15,186
Due from affiliated companies	21,806	230	34	693	14	-	77	11,918	(34,772)	-
Line of credit, affiliate	-	-	-	-	-	-	-	6,891	(6,891)	-
Total current assets	373,531	13,813	7,934	24,283	3,340	145,798	2,659	100,141	(41,663)	629,836
Long-term investments										
Investments	-	-	-	-	-	492	-	50,068	(120)	50,440
Equity investment in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	62,406	(62,406)	-
Equity investment in unconsolidated affiliates	1,187	327	-	-	-	-	-	372	-	1,886
Note Receivable	65,504	-	-	-	-	-	-	-	-	65,504
Beneficial interest in net assets of BHF	23,674	9,422	625	-	552	-	-	-	(34,273)	-
Deferred expense	4,283	39	-	-	-	4,140	-	922	-	9,384
Land, buildings, and equipment, net	479,079	34,113	9,143	3,581	2,329	2,081	2,954	481	-	533,761
	573,727	43,901	9,768	3,581	2,881	6,713	2,954	114,249	(96,799)	660,975
Assets whose use is limited										
Board-designated funds										-
Cash and investments	159,653	-	-	-	-	-	-	39,183	-	198,836
Beneficial interest in net assets of BHF	-	-	145	-	311	-	-	1,618	(2,074)	-
Due from unrestricted funds	921	-	-	-	-	-	-	-	(921)	-
Investments of captive insurance company	-	-	-	-	-	-	-	87,721	-	87,721
Investments held by trustee under debt agreements	36,620	104	-	-	-	-	-	-	-	36,724
Beneficial interest in perpetual trusts	-	-	-	-	-	-	-	30,077	-	30,077
Beneficial interest in net assets of BHF	1,212	4,247	5,586	-	817	-	-	18,215	(30,077)	-
	198,406	4,351	5,731	-	1,128	-	-	176,814	(33,072)	353,358
Total assets	\$ 1,145,664	\$ 62,065	\$ 23,433	\$ 27,864	\$ 7,349	\$ 152,511	\$ 5,613	\$ 391,204	\$ (171,534)	\$ 1,644,169

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets

September 30, 2011

(In Thousands)

Liabilities and net assets (deficit)	Consol BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol IC	Other Entities	Elim & Reclass	Consolidated Totals
Current liabilities										
Accounts payable	\$ 54,055	\$ 2,435	\$ 879	\$ 5,994	\$ 1,141	\$ 32,324	\$ 436	\$ 16,044	\$ (215)	\$ 113,093
Medical claims payable	-	-	-	-	-	41,173	-	-	-	41,173
Accrued salaries and wages	34,994	3,457	1,334	19,458	1,223	4,270	389	9,718	-	74,843
Accrued interest payable	2,271	-	-	-	-	-	-	-	-	2,271
Estimated final settlements payable	62,038	3,028	1,802	-	1,703	-	-	-	-	68,571
Refundable advances	327	-	-	-	-	-	-	-	-	327
Short-term obligations	-	-	-	-	-	-	-	7,290	-	7,290
Deferred revenue	1,064	-	29	388	463	10,897	32	-	-	12,873
Current portion of long-term debt	5,463	374	-	-	-	-	-	-	-	5,837
Due to affiliated companies	2,014	856	1,018	11,133	97	-	1,299	17,537	(33,954)	-
Line of credit, affiliate	3,069	-	-	1,002	1,556	-	1,264	-	(6,891)	-
Due to board-designated funds	-	-	-	-	-	-	-	921	(921)	-
Total current liabilities	165,295	10,150	5,062	37,975	6,183	88,664	3,420	51,510	(41,981)	326,278
Long-term debt	416,528	6,767	-	-	-	-	-	-	-	423,295
Pension liability	83,004	12,416	3,117	33,728	3,281	-	1,627	16,004	-	153,177
Insurance liability loss reserves	5,718	130	77	6,397	-	-	-	19,037	67,057	98,416
Deposit liability	-	-	-	-	-	-	-	70,244	(70,244)	-
Other liabilities	15,295	-	-	-	-	-	-	46	2,007	17,348
Total liabilities	685,840	29,463	8,256	78,100	9,464	88,664	5,047	156,841	(43,161)	1,018,514
Net assets (deficit)										
Unrestricted										
Operating	579,881	37,701	13,413	588	1,118	63,847	2,811	130,775	(60,949)	769,185
Pension adjustment	(144,943)	(18,768)	(4,446)	(50,824)	(4,602)	-	(2,245)	(21,551)	-	(247,379)
Unrestricted	434,938	18,933	8,967	(50,236)	(3,484)	63,847	566	109,224	(60,949)	521,806
Temporarily restricted	20,909	5,914	454	-	127	-	-	60,649	(30,479)	57,574
Permanently restricted	3,977	7,755	5,756	-	1,242	-	-	64,490	(36,945)	46,275
Total net assets (deficit)	459,824	32,602	15,177	(50,236)	(2,115)	63,847	566	234,363	(128,373)	625,655
Total liabilities and net assets (deficit)	\$ 1,145,664	\$ 62,065	\$ 23,433	\$ 27,864	\$ 7,349	\$ 152,511	\$ 5,613	\$ 391,204	\$ (171,534)	\$ 1,644,169

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations

For the Year Ended September 30, 2011

(In Thousands)

	Consol BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol IC	Other Entities	Elim. & Reclass	Consolidated Totals
Operating revenues										
Net patient service revenue	\$ 830,037	\$ 71,879	\$ 26,638	\$ 138,454	\$ 20,990	\$ -	\$ 7,331	\$ -	\$ (79,378)	\$ 1,015,951
Premiums	-	-	-	-	-	452,817	-	-	-	452,817
Other revenue	44,990	3,723	2,768	68,571	564	9,757	1,638	100,433	(162,202)	70,242
Net assets released from restrictions	1,005	550	134	288	79	-	-	3,070	-	5,126
Total operating revenues	876,032	76,152	29,540	207,313	21,633	462,574	8,969	103,503	(241,580)	1,544,136
Operating expenses										
Salaries and wages	336,434	33,669	13,310	156,463	12,366	21,302	4,329	45,414	-	623,287
Supplies and expense	443,046	39,455	14,955	59,077	9,498	26,489	3,416	58,993	(164,127)	490,802
Medical claims and capitation	-	-	-	-	-	387,140	-	-	(79,378)	307,762
Depreciation and amortization	40,355	4,275	1,257	1,001	370	1,064	421	417	-	49,160
Bad debts	13,534	2,193	1,144	4,501	60	187	528	-	-	22,147
Interest expense	5,831	96	-	7	49	32	10	-	-	6,025
Total operating expenses	839,200	79,688	30,666	221,049	22,343	436,214	8,704	104,824	(243,505)	1,499,183
Income (loss) from operations before other expenses	36,832	(3,536)	(1,126)	(13,736)	(710)	26,360	265	(1,321)	1,925	44,953
Other expense	2,749	169	296	102	-	-	-	545	-	3,861
Income (loss) from operations	34,083	(3,705)	(1,422)	(13,838)	(710)	26,360	265	(1,866)	1,925	41,092
Non-operating (expense) income										
Investment income	6,117	-	81	-	-	-	-	1,030	1,187	8,415
Net realized gain on investments	5,856	-	120	-	10	299	-	1,948	194	8,427
Net unrealized loss on investments	(12,793)	-	(150)	-	(8)	(866)	-	(3,036)	(2,752)	(19,605)
Equity gain in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	14,372	(14,372)	-
Equity gain in unconsolidated affiliates	487	188	-	-	-	-	-	372	-	1,047
Net interest cost on swap agreements	(2,816)	-	-	-	-	-	-	-	-	(2,816)
Change in fair value of swap agreements	(459)	-	-	-	-	-	-	-	-	(459)
Income taxes and other	-	-	-	-	(13)	(10,899)	(7)	(1,080)	(3,482)	(15,481)
Total non-operating (expense) income	(3,608)	188	51	-	(11)	(11,466)	(7)	13,606	(19,225)	(20,472)
Excess (deficiency) of revenues over expenses	30,475	(3,517)	(1,371)	(13,838)	(721)	14,894	258	11,740	(17,300)	20,620
Other changes in net assets										
Net assets released from restrictions for capital	-	-	-	-	-	-	-	-	3,893	3,893
Transfers for the cost of land, buildings, and equipment	4,868	381	19	9	-	-	-	(134)	(5,143)	-
Transfers (to) from affiliated companies, net	(12,246)	-	-	11,215	2,329	-	-	(1,400)	(71)	(173)
Pension adjustment	(27,755)	(3,072)	(1,303)	(10,111)	(806)	-	(324)	(3,996)	-	(47,367)
Other	-	-	-	-	-	(60)	-	(123)	-	(183)
(Decrease) increase in unrestricted net assets	\$ (4,658)	\$ (6,208)	\$ (2,655)	\$ (12,725)	\$ 802	\$ 14,834	\$ (66)	\$ 6,087	\$ (18,621)	\$ (23,210)

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets

For the Year Ended September 30, 2011

(In Thousands)

	Consol BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol IC	Other Entities	Elim. & Reclass	Consolidated Totals
Unrestricted net assets										
Excess (deficiency) of revenues over expenses	\$ 30,475	\$ (3,517)	\$ (1,371)	\$ (13,838)	\$ (721)	\$ 14,894	\$ 258	\$ 11,740	\$ (17,300)	\$ 20,620
Net assets released from restrictions for capital	-	-	-	-	-	-	-	-	3,893	3,893
Transfers for the cost of land, buildings, and equipment	4,868	381	19	9	-	-	-	(134)	(5,143)	-
Transfers (to) from affiliated companies, net	(12,246)	-	-	11,215	2,329	-	-	(1,400)	(71)	(173)
Pension adjustment	(27,755)	(3,072)	(1,303)	(10,111)	(806)	-	(324)	(3,996)	-	(47,367)
Other	-	-	-	-	-	(60)	-	(123)	-	(183)
(Decrease) increase in unrestricted net assets	(4,658)	(6,208)	(2,655)	(12,725)	802	14,834	(66)	6,087	(18,621)	(23,210)
Temporarily restricted net assets										
Restricted investment income	-	-	-	-	-	-	-	238	-	238
Net realized and unrealized gain on investments	-	-	-	-	-	-	-	202	-	202
Contributions	-	-	-	-	-	-	-	13,135	(2,321)	10,814
Transfers for the cost of land, buildings, and equipment	-	-	-	-	-	-	-	(5,143)	5,143	-
Transfers from affiliated companies, net	-	-	-	-	-	-	-	102	71	173
Net assets released from restrictions										
For operations	-	-	-	-	-	-	-	(5,126)	-	(5,126)
For capital	-	-	-	-	-	-	-	-	(3,893)	(3,893)
Change in value of beneficial interest in net assets of BHF	3,597	(520)	(11)	-	34	-	-	-	(3,100)	-
Other	-	-	-	-	-	-	-	(136)	72	(64)
Increase (decrease) in temporarily restricted net assets	3,597	(520)	(11)	-	34	-	-	3,272	(4,028)	2,344
Permanently restricted net assets										
Contributions	-	-	-	-	-	-	-	722	-	722
Change in value of perpetual trusts	-	-	-	-	-	-	-	(1,523)	-	(1,523)
Change in value of beneficial interest in net assets of BHF	13	(270)	(226)	-	(49)	-	-	(940)	1,472	-
Increase (Decrease) in permanently restricted net assets	13	(270)	(226)	-	(49)	-	-	(1,741)	1,472	(801)
(Decrease) increase in net assets	(1,048)	(6,998)	(2,892)	(12,725)	787	14,834	(66)	7,618	(21,177)	(21,667)
Net assets (deficit) at beginning of year	460,872	39,600	18,069	(37,511)	(2,902)	49,013	632	226,745	(107,196)	647,322
Net assets (deficit) at end of year	\$ 459,824	\$ 32,602	\$ 15,177	\$ (50,236)	\$ (2,115)	\$ 63,847	\$ 566	\$ 234,363	\$ (128,373)	\$ 625,655

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows

For the Year Ended September 30, 2011

(In Thousands)

	Consol BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol IC	Other Entities	Elim. & Reclass	Consol Totals
Operating activities										
Change in net assets	\$ (1,048)	\$ (6,998)	\$ (2,892)	\$ (12,725)	\$ 787	\$ 14,834	\$ (66)	\$ 7,618	\$ (21,177)	\$ (21,667)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities										
Depreciation and amortization	40,355	4,275	1,257	1,001	370	1,064	421	417	-	49,160
Pension adjustment	27,755	3,072	1,303	10,111	806	-	324	3,996	-	47,367
Net realized and unrealized loss (gain) on investments	7,396	-	30	-	(2)	567	-	886	2,558	11,435
Provision for bad debts	13,534	2,193	1,144	4,501	60	187	528	-	-	22,147
Change in beneficial interest in perpetual trusts	-	-	-	-	-	-	-	1,523	-	1,523
Restricted contributions	-	-	-	-	-	-	-	(13,857)	2,321	(11,536)
Changes in equity investment of affiliate	(487)	(188)	-	-	-	-	-	(14,744)	14,372	(1,047)
Change in accounts receivable - patients	(14,901)	(2,380)	(1,290)	(5,430)	(524)	(187)	(471)	-	-	(25,183)
Net change in estimated final settlements	9,061	(1,512)	(1,188)	-	439	-	-	-	-	6,800
Change in accounts payable and accrued expenses	445	(1,315)	(260)	4,801	(149)	11,589	36	1,708	216	17,071
Change in accrued pension liability - net	(8,849)	(980)	(415)	(3,224)	(257)	-	(104)	(1,274)	-	(15,103)
Change in medical claims payable	-	-	-	-	-	4,114	-	-	-	4,114
Transfers to (from) affiliated companies - net	12,246	-	-	(11,215)	(2,329)	-	-	1,298	-	-
Transfers for the cost of land, buildings, and equipment	(4,868)	(381)	(19)	(9)	-	-	-	5,277	-	-
Change in insurance liability loss reserves	459	12	(121)	246	-	-	-	2,191	5,432	8,219
Other	(6,061)	782	368	(543)	(1,177)	5,179	(46)	(5,063)	(399)	(6,960)
Net cash provided by (used in) operating activities	75,037	(3,420)	(2,083)	(12,486)	(1,976)	37,347	622	(10,024)	3,323	86,340
Investing activities										
Proceeds from sale and maturities of investments	420,067	8	14,000	-	2	26,917	-	37,642	-	498,636
Purchase of investments	(343,778)	-	(12,581)	-	-	(58,826)	-	(31,473)	(2,558)	(449,216)
Purchase of land, buildings, and equipment, net	(134,140)	(3,678)	(743)	(950)	(27)	(1,681)	(248)	(113)	-	(141,580)
Transfers for the cost of land, buildings, and equipment	4,868	381	19	9	-	-	-	(5,277)	-	-
Change in beneficial interest in net assets of BHF	(3,610)	790	236	-	27	-	-	1,001	1,556	-
Net cash (used in) provided by investing activities	(56,593)	(2,499)	931	(941)	2	(33,590)	(248)	1,780	(1,002)	(92,160)
Financing activities										
Proceeds from restricted contributions	-	-	-	-	-	-	-	13,857	(2,321)	11,536
Transfers (to) from affiliated companies - net	(12,246)	-	-	11,215	2,329	-	-	(1,298)	-	-
Change in line of credit - affiliate	(506)	-	-	(109)	(398)	-	(158)	1,171	-	-
Increase in note receivable	(749)	-	-	-	-	-	-	-	-	(749)
Net repayments of short-term obligations	-	-	-	-	-	-	-	(904)	-	(904)
Repayment of long-term debt	(5,278)	(357)	-	-	-	(4,098)	-	4,098	-	(5,635)
Net cash (used in) provided by financing activities	(18,779)	(357)	-	11,106	1,931	(4,098)	(158)	16,924	(2,321)	4,248
Net (decrease) increase in cash and cash equivalents	(335)	(6,276)	(1,152)	(2,321)	(43)	(341)	216	8,680	-	(1,572)
Cash and cash equivalents at beginning of year	51,950	8,751	1,558	5,140	170	33,226	1,874	22,518	-	125,187
Cash and cash equivalents at end of year	\$ 51,615	\$ 2,475	\$ 406	\$ 2,819	\$ 127	\$ 32,885	\$ 2,090	\$ 31,198	\$ -	\$ 123,615

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets – Baystate Medical Center and Subsidiary

September 30, 2011
(In Thousands)

Assets	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Current assets				
Cash and cash equivalents	\$ 51.593	\$ 22	\$ -	\$ 51.615
Investments	170.687	-	-	170.687
Accounts receivable, patients, net	80.276	-	-	80.276
Accounts receivable, other	8.226	-	-	8.226
Estimated final settlements receivable	20.945	-	-	20.945
Inventories	15.978	-	-	15.978
Prepaid expenses and other current assets	3.998	25	(25)	3.998
Due from affiliated companies	129.556	-	(107.750)	21.806
Total current assets	481.259	47	(107.775)	373.531
Long-term investments				
Equity investment in unconsolidated affiliates	1.187	-	-	1.187
Note receivable	65.504	-	-	65.504
Beneficial interest in net assets of BHF	23.674	-	-	23.674
Deferred Expense	2.813	1.470	-	4.283
Land, buildings, and equipment, net	261.614	220.620	(3.155)	479.079
	\$ 354.792	\$ 222.090	\$ (3.155)	\$ 573.727
Assets whose use is limited				
Board-designated funds				
Cash and investments	159.653	-	-	159.653
Due from unrestricted funds	921	-	-	921
Investments held by trustee under bond indenture agreements	36.066	554	-	36.620
Beneficial interest in net assets of BHF	1.212	-	-	1.212
	197.852	554	-	198.406
Total assets	\$ 1,033.903	\$ 222.691	\$ (110.930)	\$ 1,145.664

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets – Baystate Medical Center and Subsidiary

September 30, 2011
(In Thousands)

Liabilities and net assets	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Current liabilities				
Accounts payable	\$ 54,055	\$ -	\$ -	\$ 54,055
Accrued salaries and wages	34,994	-	-	34,994
Accrued interest payable	2,271	-	-	2,271
Estimated final settlements payable	62,038	-	-	62,038
Refundable advances	327	-	-	327
Deferred revenue	1,089	-	(25)	1,064
Current portion of long-term debt	5,463	-	-	5,463
Due to affiliated companies	2,014	107,750	(107,750)	2,014
Line of credit, affiliate	3,069	-	-	3,069
Total current liabilities	165,320	107,750	(107,775)	165,295
Long-term debt	309,057	107,471	-	416,528
Pension liability	83,004	-	-	83,004
Insurance liability loss reserves	5,718	-	-	5,718
Other liabilities	15,295	-	-	15,295
Total liabilities	578,394	215,221	(107,775)	685,840
Net assets				
Unrestricted				
Operating	575,566	7,470	(3,155)	579,881
Pension adjustment	(144,943)	-	-	(144,943)
Total unrestricted	430,623	7,470	(3,155)	434,938
Temporarily restricted	20,909	-	-	20,909
Permanently restricted	3,977	-	-	3,977
Total net assets	455,509	7,470	(3,155)	459,824
Total liabilities and net assets	\$ 1,033,903	\$ 222,691	\$ (110,930)	\$ 1,145,664

Baystate Health, Inc and Subsidiaries

Consolidating Schedule of Operations – Bay state Medical Center and Subsidiary

For the Year Ended September 30, 2011

(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Operating revenues				
Net patient service revenue	\$ 830.037	\$ -	\$ -	\$ 830.037
Other revenue	48.245	5.313	(8.568)	44.990
Net assets released from restrictions	1.005	-	-	1.005
Total operating revenues	879.287	5.313	(8.568)	876.032
Operating expenses				
Salaries and wages	336.434	-	-	336.434
Supplies and expense	448.306	153	(5.413)	443.046
Depreciation and amortization	40.261	94	-	40.355
Bad debts	13.534	-	-	13.534
Interest expense	5.831	-	-	5.831
Total operating expenses	844.366	247	(5.413)	839.200
Income from operations before other expenses	34.921	5.066	(3.155)	36.832
Other expense	2.749	-	-	2.749
Income from operations	32.172	5.066	(3.155)	34.083
Non-operating income (expense)				
Investment income	6.117	-	-	6.117
Net realized gain on investments	5.856	-	-	5.856
Net unrealized loss on investments	(12.793)	-	-	(12.793)
Equity gain in unconsolidated affiliates	487	-	-	487
Net interest cost on swap agreements	(2.816)	-	-	(2.816)
Change in fair value of swap agreements	(459)	-	-	(459)
Other	-	-	-	-
Total non-operating expense	(3.608)	-	-	(3.608)
Excess of revenues over expenses	28.564	5.066	(3.155)	30.475
Other changes in net assets				
Transfers for the cost of land, buildings, and equipment	4.868	-	-	4.868
Transfers to affiliated companies, net	(12.246)	-	-	(12.246)
Pension adjustment	(27.755)	-	-	(27.755)
(Decrease) increase in unrestricted net assets	\$ (6.569)	\$ 5.066	\$ (3.155)	\$ (4.658)

Baystate Health, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets – Baystate Medical Center and Subsidiary

For the Year Ended September 30, 2011

(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Unrestricted net assets				
Excess of revenues over expenses	\$ 28,564	\$ 5,066	\$ (3,155)	\$ 30,475
Transfers for the cost of land, buildings, and equipment	4,868	-	-	4,868
Transfers to affiliated companies, net	(12,246)	-	-	(12,246)
Pension adjustment	(27,755)	-	-	(27,755)
(Decrease) increase in unrestricted net assets	(6,569)	5,066	(3,155)	(4,658)
Temporarily restricted net assets				
Change in value of beneficial interest in net assets of BHF	3,597	-	-	3,597
Increase in temporarily restricted net assets	3,597	-	-	3,597
Permanently restricted net assets				
Change in value of beneficial interest in net assets of BHF	13	-	-	13
Increase in permanently restricted net assets	13	-	-	13
(Decrease) increase in net assets	(2,959)	5,066	(3,155)	(1,048)
Net assets at beginning of year	458,468	2,404	-	460,872
Net assets at end of year	\$ 455,509	\$ 7,470	\$ (3,155)	\$ 459,824

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flow – Baystate Medical Center and Subsidiary

For the Year Ended September 30, 2011

(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Operating activities				
Change in net assets	\$ (2,959)	\$ 5,066	\$ (3,155)	\$ (1,048)
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities				
Depreciation and amortization	40,261	94	-	40,355
Pension adjustment	27,755	-	-	27,755
Net realized and unrealized loss on investments	7,396	-	-	7,396
Provision for bad debts	13,534	-	-	13,534
Changes in equity investment of affiliate	(487)	-	-	(487)
Increase in accounts receivable, patients	(14,901)	-	-	(14,901)
Net change in estimated final settlements	9,061	-	-	9,061
Increase in accounts payable and accrued expenses	445	-	-	445
Change in accrued pension liability, net	(8,849)	-	-	(8,849)
Transfers to affiliated companies, net	12,246	-	-	12,246
Transfers for the cost of land, buildings, and equipment	(4,868)	-	-	(4,868)
Increase in insurance liability loss reserves	459	-	-	459
Other	(96,689)	90,628	-	(6,061)
Net cash (used in) provided by operating activities	(17,596)	95,788	(3,155)	75,037
Investing activities				
Proceeds from sale and maturities of investments	419,967	100	-	420,067
Purchase of investments	(343,778)	-	-	(343,778)
Purchase of land, buildings, and equipment, net	(41,402)	(95,893)	3,155	(134,140)
Transfers for the cost of land, buildings, and equipment	4,868	-	-	4,868
Change in beneficial interest in net assets of BHF	(3,610)	-	-	(3,610)
Net cash provided by (used in) investing activities	36,045	(95,793)	3,155	(56,593)
Financing activities				
Transfers to affiliated companies, net	(12,246)	-	-	(12,246)
Increase in note receivable	(749)	-	-	(749)
Change in line of credit, affiliate	(506)	-	-	(506)
Repayment of long-term debt	(5,278)	-	-	(5,278)
Net cash used in financing activities	(18,779)	-	-	(18,779)
Net decrease in cash and cash equivalents	(330)	(5)	-	(335)
Cash and cash equivalents at beginning of year	51,923	27	-	51,950
Cash and cash equivalents at end of year	\$ 51,593	\$ 22	\$ -	\$ 51,615

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets – Other Entities

September 30, 2011
(In Thousands)

Assets	BH	BAS	BHF	BHIC	Other Entities Totals
Current assets					
Cash and cash equivalents	\$ 10.688	\$ 8.771	\$ 10.739	\$ 1.000	\$ 31.198
Investments	4.443	10.371	9.757	-	24.571
Accounts receivable, other	80	287	11.941	4.621	16.929
Inventories	-	452	-	-	452
Prepaid expenses and other current assets	9	8.076	42	55	8.182
Due from affiliated companies	2.275	9.610	33	-	11.918
Line of credit, affiliate	6.891	-	-	-	6.891
Total current assets	24.386	37.567	32.512	5.676	100.141
Long-term investments					
Investments	1.012	-	49.056	-	50.068
Equity investment in consolidated for-profit subsidiaries	62.406	-	-	-	62.406
Equity investment in unconsolidated affiliates	372	-	-	-	372
Deferred Expense	922	-	-	-	922
Land, buildings, and equipment, net	85	386	10	-	481
	64.797	386	49.066	-	114.249
Assets whose use is limited					
Board-designated funds					
Cash and investments	39.183	-	-	-	39.183
Beneficial interest in net assets of BHF	1.618	-	-	-	1.618
Investments of captive insurance company	-	-	-	87.721	87.721
Beneficial interest in perpetual trusts	-	-	30.077	-	30.077
Beneficial interest in net assets of BHF	18.215	-	-	-	18.215
	59.016	-	30.077	87.721	176.814
Total assets	\$ 148.199	\$ 37.953	\$ 111.655	\$ 93.397	\$ 391.204

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets – Other Entities

September 30, 2011

(In Thousands)

	BH		BAS		BHF		BHIC		Other Entities Totals
Liabilities and net assets (deficit)									
Current liabilities									
Accounts payable	\$	1,991	\$	13,134	\$	108	\$	811	\$ 16,044
Accrued salaries and wages		-		9,576		142		-	9,718
Short-term obligations		7,290		-		-		-	7,290
Deferred revenue		-		-		-		-	-
Due to affiliated companies		415		16,793		329		-	17,537
Due to board-designated funds		921		-		-		-	921
Total current liabilities		10,617		39,503		579		811	51,510
Pension liability		-		15,600		404		-	16,004
Insurance liability loss reserves		-		-		-		19,037	19,037
Deposit liability		-		-		-		70,244	70,244
Other liabilities		-		-		46		-	46
Total liabilities		10,617		55,103		1,029		90,092	156,841
Net assets (deficit)									
Unrestricted									
Operating		119,367		3,946		4,157		3,305	130,775
Pension adjustment		-		(21,096)		(455)		-	(21,551)
Unrestricted		119,367		(17,150)		3,702		3,305	109,224
Temporarily restricted		-		-		60,649		-	60,649
Permanently restricted		18,215		-		46,275		-	64,490
Total net assets (deficit)		137,582		(17,150)		110,626		3,305	234,363
Total liabilities and net assets (deficit)	\$	148,199	\$	37,953	\$	111,655	\$	93,397	\$ 391,204

Baystate Health, Inc and Subsidiaries

Consolidating Schedule of Operations – Other Entities

For the Year Ended September 30, 2011

(In Thousands)

	BH		BAS		BHF		BHIC		Other Entities Totals
Operating revenues									
Other revenue	\$	5,216	\$	90,461	\$	1,944	\$	2,812	\$ 100,433
Net assets released from restrictions		965		-		2,105		-	3,070
Total operating revenues		6,181		90,461		4,049		2,812	103,503
Operating expenses									
Salaries and wages		680		43,378		1,356		-	45,414
Supplies and expense		8,095		46,137		2,551		2,210	58,993
Depreciation and amortization		283		95		39		-	417
Total operating expenses		9,058		89,610		3,946		2,210	104,824
(Loss) income from operations before other expenses		(2,877)		851		103		602	(1,321)
Other expense		-		545		-		-	545
(Loss) income from operations		(2,877)		306		103		602	(1,866)
Non-operating income (expense)									
Investment income		514		261		255		-	1,030
Net realized gain on investments		1,235		341		324		48	1,948
Net unrealized loss on investments		(1,414)		(484)		(458)		(680)	(3,036)
Equity gain in consolidated for-profit subsidiaries		14,372		-		-		-	14,372
Equity gain in unconsolidated affiliates		372		-		-		-	372
Other		(1,080)		-		-		-	(1,080)
Total non-operating income (expense)		13,999		118		121		(632)	13,606
Excess (deficiency) of revenues over expenses		11,122		424		224		(30)	11,740
Other changes in net assets									
Transfers for the cost of land, buildings, and equipment		(134)		-		-		-	(134)
Transfers to affiliated companies, net		(1,400)		-		-		-	(1,400)
Pension adjustment		-		(3,943)		(53)		-	(3,996)
Other		(15)		-		(108)		-	(123)
Increase (decrease) in unrestricted net assets	\$	9,573	\$	(3,519)	\$	63	\$	(30)	\$ 6,087

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets – Other Entities

For the Year Ended September 30, 2011

(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Totals
Unrestricted net assets					
Excess (deficiency) of revenues over expenses	\$ 11,122	\$ 424	\$ 224	\$ (30)	\$ 11,740
Transfers for the cost of land, buildings, and equipment	(134)	-	-	-	(134)
Transfers to affiliated companies, net	(1,400)	-	-	-	(1,400)
Pension adjustment	-	(3,943)	(53)	-	(3,996)
Other	(15)	-	(108)	-	(123)
Increase (decrease) in unrestricted net assets	9,573	(3,519)	63	(30)	6,087
Temporarily restricted net assets					
Restricted investment income	-	-	238	-	238
Net realized and unrealized gain on investments	-	-	202	-	202
Contributions	-	-	13,135	-	13,135
Transfers for the cost of land, buildings, and equipment	-	-	(5,143)	-	(5,143)
Transfers from affiliated companies, net	-	-	102	-	102
Net assets released from restrictions					
For operations	-	-	(5,126)	-	(5,126)
Other	-	-	(136)	-	(136)
Increase in temporarily restricted net assets	-	-	3,272	-	3,272
Permanently restricted net assets					
Contributions	-	-	722	-	722
Change in value of perpetual trusts	-	-	(1,523)	-	(1,523)
Change in value of beneficial interest in net assets of BHF	(940)	-	-	-	(940)
Decrease in permanently restricted net assets	(940)	-	(801)	-	(1,741)
Increase (decrease) in net assets	8,633	(3,519)	2,534	(30)	7,618
Net assets (deficit) at beginning of year	128,949	(13,631)	108,092	3,335	226,745
Net assets (deficit) at end of year	\$ 137,582	\$ (17,150)	\$ 110,626	\$ 3,305	\$ 234,363

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows

For the Year Ended September 30, 2011

(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Totals
Operating activities					
Change in net assets	\$ 8 633	\$ (3 519)	\$ 2 534	\$ (30)	\$ 7 618
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities					
Depreciation and amortization	283	95	39	-	417
Pension adjustment	-	3 943	53	-	3 996
Net realized and unrealized loss (gain) on investments	179	143	(68)	632	886
Change in beneficial interest in perpetual trusts	-	-	1 523	-	1 523
Restricted contributions	-	-	(13 857)	-	(13 857)
Changes in equity investment of affiliate	(14 744)	-	-	-	(14 744)
(Decrease) increase in accounts payable and accrued expenses	(140)	1 714	(56)	190	1 708
Change in accrued pension liability net	-	(1 257)	(17)	-	(1 274)
Transfers to (from) affiliated companies net	1 400	-	(102)	-	1 298
Transfers for the cost of land buildings and equipment	134	-	5 143	-	5 277
Increase in insurance liability loss reserves	-	-	-	2 191	2 191
Other	(1 650)	378	(2 610)	(1 181)	(5 063)
Net cash (used in) provided by operating activities	(5 905)	1 497	(7 418)	1 802	(10 024)
Investing activities					
Proceeds from sale and maturities of investments	25 317	-	12 325	-	37 642
Purchase of investments	(19 012)	(252)	(11 167)	(1 042)	(31 473)
Purchase of land buildings and equipment net	-	(111)	(2)	-	(113)
Transfers for the cost of land buildings and equipment	(134)	-	(5 143)	-	(5 277)
Change in beneficial interest in net assets of BHF	1 001	-	-	-	1 001
Net cash provided by (used in) investing activities	7 172	(363)	(3 987)	(1 042)	1 780
Financing activities					
Proceeds from restricted contributions	-	-	13 857	-	13 857
Transfers (to) from affiliated companies net	(1 400)	-	102	-	(1 298)
Change in line of credit affiliate	1 171	-	-	-	1 171
Net repayments of short-term obligations	(904)	-	-	-	(904)
Repayment of long-term debt	4 098	-	-	-	4 098
Net cash provided by (used in) financing activities	2 965	-	13 959	-	16 924
Net increase (decrease) in cash and cash equivalents	4 232	1 134	2 554	760	8 680
Cash and cash equivalents at beginning of year	6 456	7 637	8 185	240	22 518
Cash and cash equivalents at end of year	\$ 10 688	\$ 8 771	\$ 10 739	\$ 1 000	\$ 31 198
	-	-	-	-	-

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets – Ingraham Corporation and Subsidiary

September 30, 2011

(In Thousands)

Assets	IC	BHA	Elim. & Reclass	Consolidated Totals
Current assets				
Cash and cash equivalents	\$ 87	\$ 2,003	\$ -	\$ 2,090
Accounts receivable, patients, net	-	340	-	340
Accounts receivable, other	74	9	-	83
Prepaid expenses and other current assets	40	29	-	69
Due from affiliated companies	35	53	(11)	77
Total current assets	236	2,434	(11)	2,659
Long-term investments				
Equity investment in consolidated for-profit subsidiaries	724	-	(724)	-
Land, buildings, and equipment, net	2,302	652	-	2,954
Total assets	\$ 3,262	\$ 3,086	\$ (735)	\$ 5,613

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets – Ingraham Corporation and Subsidiary

September 30, 2011
(In Thousands)

	IC	BHA	Elim. & Reclass	Consolidated Totals
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 130	\$ 306	\$ -	\$ 436
Accrued salaries and wages	-	389	-	389
Deferred revenue	32	-	-	32
Due to affiliated companies	1,270	40	(11)	1,299
Line of credit, affiliate	1,264	-	-	1,264
Total current liabilities	2,696	735	(11)	3,420
Pension liability	-	1,627	-	1,627
Total liabilities	2,696	2,362	(11)	5,047
Net assets				
Unrestricted				
Operating	566	2,969	(724)	2,811
Pension adjustment	-	(2,245)	-	(2,245)
Total net assets	566	724	(724)	566
Total liabilities and net assets	\$ 3,262	\$ 3,086	\$ (735)	\$ 5,613

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations – Ingraham Corporation and Subsidiary

For the Year Ended September 30, 2011

(In Thousands)

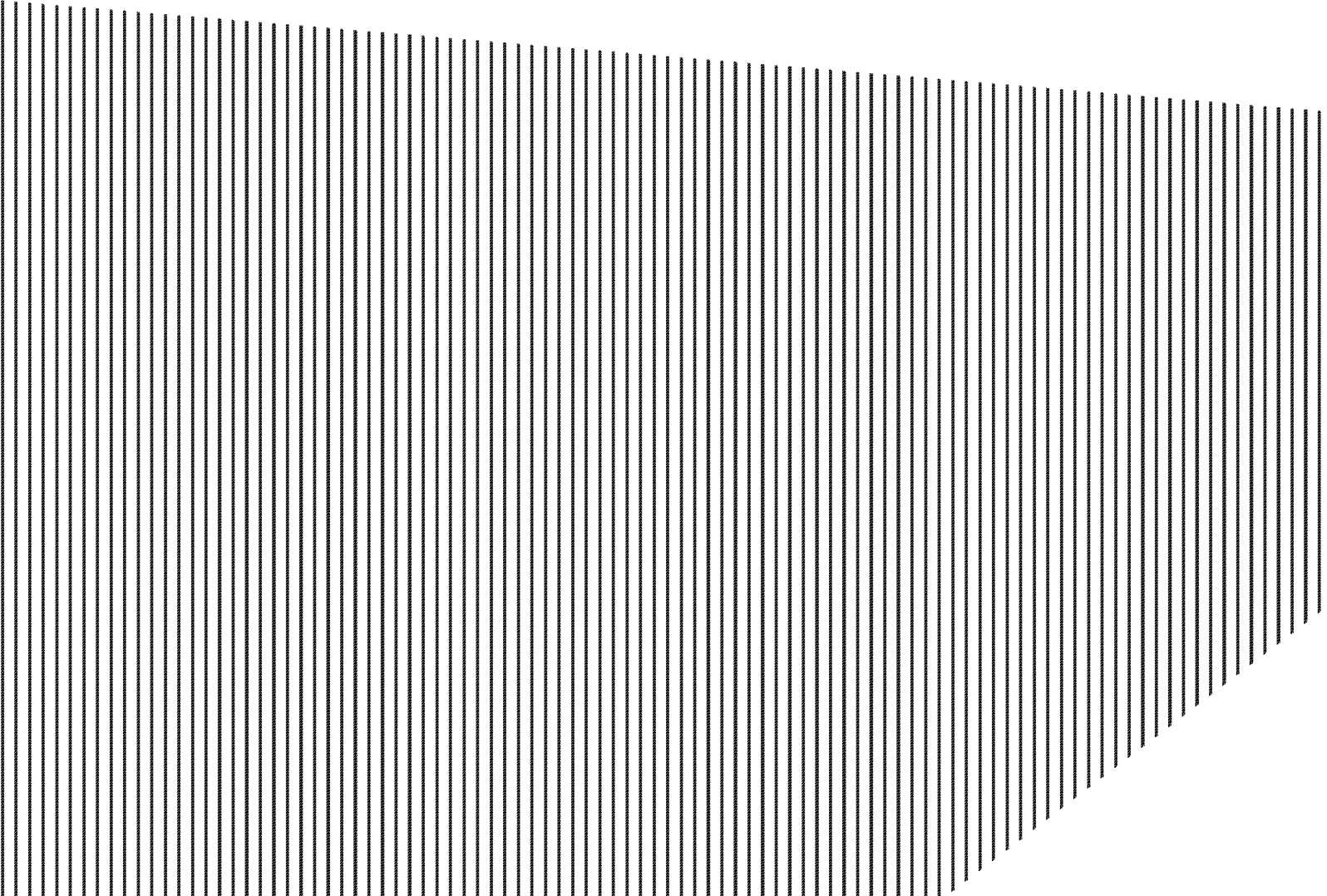
	IC	BHA	Elim. & Reclass	Consolidated Totals
Operating revenues				
Net patient service revenue	\$ -	\$ 7,331	\$ -	\$ 7,331
Other revenue	1,424	214	-	1,638
Total operating revenues	1,424	7,545	-	8,969
Operating expenses				
Salaries and wages	324	4,005	-	4,329
Supplies and expense	907	2,509	-	3,416
Depreciation and amortization	128	293	-	421
Bad debts	-	528	-	528
Interest expense	10	-	-	10
Total operating expenses	1,369	7,335	-	8,704
Income from operations	55	210	-	265
Non-operating (expense) income				
Equity gain in consolidated for-profit subsidiaries	(116)	-	116	-
Income taxes and other	(5)	(2)	-	(7)
Total non-operating (expense) income	(121)	(2)	116	(7)
(Deficiency) excess of revenues over expenses	(66)	208	116	258
Other changes in net assets				
Pension adjustment	-	(324)	-	(324)
(Decrease) increase in unrestricted net assets	\$ (66)	\$ (116)	\$ 116	\$ (66)

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Additional Data

Software ID:

Software Version:

EIN: 04-2790311

Name: Baystate Medical Center Inc

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Charles L DAmour Chair / Trustee	1 00	X		X				0	0	0
Richard B Steele Jr Chair / Trustee	1 00	X		X				0	0	0
Mark R Tolosky President	1 00	X		X				0	1,638,402	112,208
Allan W Blair Trustee	1 00	X						0	0	0
John A Egelhofer MD Trustee	1 00	X						0	0	0
Loring S Flint MD Trustee 10/1 -11/1/10/SVP Med Affairs	1 00	X						0	1,511,683	77,581
Frederic W Fuller III Trustee 10/1/10-12/31/10	1 00	X						0	0	0
M Dale Janes Trustee 10/1/10-12/31/10	1 00	X						0	0	0
Grace P Makari-Judson MD Trustee/ Hematologist M D	1 00	X						311,711	0	66,075
John F Maybury Trustee 1/1/11-9/30/11	1 00	X						0	0	0
Steven M Mitus Trustee	1 00	X						0	0	0
Jeffrey G Mulhern MD Trustee 1/1 -9/30/11/ Med Staff Pres	1 00	X						0	27,650	0
John M OBrien III Trustee	1 00	X						0	0	0
Anne M Paradis Trustee 1/1/11-9/30/11	1 00	X						0	0	0
Katherine E Putnam Trustee	1 00	X						0	0	0
Timothy S Rice Trustee	1 00	X						0	0	0
James P Sadowsky Trustee	1 00	X						0	0	0
Heather Z Sankey MD Trustee 10/1 -12/31/10/ Med Staff Pres	1 00	X						260,371	0	41,764
David C Southworth Trustee	1 00	X						0	0	0
Barbara W Stechenberg MD Trustee/ Infectious Disease M D	1 00	X						222,735	0	120,085
Frances K Stotz CFP Trustee	1 00	X						0	0	0
Katherine McG Sullivan Trustee	1 00	X						0	0	0
David W Townsend Trustee 10/1/10-11/10/10	1 00	X						0	0	0
Howard G Trietsch MD Trustee	1 00	X						0	0	0
Steven M Wenner MD Trustee	1 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Victor Woolridge Vice Chair 01/01/11-9/30/11/ Trustee	1 00	X		X				0	0	0
Dennis W Chalke Treasurer	1 00			X				0	564,783	51,532
Kristin R Delaney Clerk	1 00			X				0	92,401	29,700
Frances C Grabowski Assistant Clerk	1 00			X				0	56,860	22,712
Deborah Morsi VP, Patient Care Services	50 00				X			249,349	0	88,624
Deborah A Provost VP Surg, Anes, Emrg Serv	50 00				X			226,530	0	87,941
Jonathan Pine VP Med Specialty & Diag Sv	50 00				X			216,838	0	31,839
Michael F Moran VP Facilities & Guest Serv	50 00				X			214,018	0	41,396
Peter Lindenauer MD Med Dir & Quality & Safety	50 00					X		273,841	0	52,132
David Y Chin PhD Rad Oncology Med Physics C	50 00					X		230,619	0	44,113
Michael R Favreau Director Radiology Service	50 00					X		201,233	0	58,553
Randolph Peto MD Medical Dir for Quality	50 00					X		198,417	0	28,222
Betty K Larue Dir Heart & Vascular Svcs	50 00					X		185,306	0	45,568
Keith C McLean-Shinaman Former Treasurer	0 00						X	0	597,331	91,897

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services			
(Code	) (Expenses \$	122,569,976	including grants of \$ (Revenue \$ 109,340,633)
Other services primarily consist of medical research and educational programs			