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Form 990   Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>  ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		<b>2010</b>
		<b>Open to Public Inspection</b>

<b>A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011</b>		
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization The Miram Hospital	<b>D Employer identification number</b>  05-0258905
	Doing Business As	<b>E Telephone number</b>  (401) 793-2500
	Number and street (or P O box if mail is not delivered to street address) 164 Summit Avenue	Room/suite
	<b>G</b> Gross receipts \$ 445,387,674	
	City or town, state or country, and ZIP + 4 Providence, RI 02906	
	<b>F</b> Name and address of principal officer Timothy J Babineau MD 164 Summit Avenue Providence, RI 02906	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J Website:</b> ▶ www.miriamhospital.org		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1926
		<b>M</b> State of legal domicile RI

Part I	Summary
Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities The mission of The Miriam Hospital(TMH) is to inspire one another to improve the health and spirit of the lives we touch
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .
	<b>5</b> Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .
Revenue	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .
Expenses	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
Net Assets or Fund Balances	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <sup>0</sup>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) . . . . .
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .
	<b>20</b> Total assets (Part X, line 16) . . . . .
	<b>21</b> Total liabilities (Part X, line 26) . . . . .
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .

<b>Part II Signature Block</b>					
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			2012-08-14 Date	
	▶ Mary A Wakefield CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ KPMG LLP				Firm's EIN ▶
	Firm's address ▶ 2 Financial Center 60 South St  Boston, MA 02111				Phone no ▶
May the IRS discuss this return with the preparer shown above? (see instructions) . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No					

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

The mission of The Miriam Hospital(TMh) is to inspire one another to improve the health and spirit of the lives we touch

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 \$ 305,946,438 including grants of \$ ) (Revenue \$ 372,601,674 )

Patient Care Services and programs provided by TMh include general medicine, general surgery, emergency medicine, cardiovascular care, orthopedics, nuclear cardiology, radiology, laboratory, renal dialysis, urology, gastroenterology, endocrinology, gynecology, nephrology, neurology, ophthalmology, trauma care, computerized tomography, and magnetic resonance imaging (MRI) (Continued on Schedule O)

4b

(Code ) (Expenses \$ 24,502,572 including grants of \$ ) (Revenue \$ 21,310,805 )

Research Since 1969, the level of research has increased from seven projects totaling \$127,000 involving nine investigators to 393 projects totaling \$24.5 million involving 71 investigators and 171 employees. The following represents significant areas of research being conducted at the Hospital: cancer treatment and prevention, epidemiological research, clinical trials in AIDS and HIV infection (including vaccine development), coronary heart disease, nutrition, exercise, weight control and lifestyle risk factors affecting health. TMh provided \$3.2 million in support of research activities in fiscal year 2011. (Continued on Schedule O)

4c

(Code ) (Expenses \$ 20,138,999 including grants of \$ ) (Revenue \$ 2,611,285 )

Medical Education TMh provides the setting for and substantially supports medical education in various clinical training and nursing programs. TMh is designated as a major teaching affiliate of The Warren Alpert Medical School of Brown University. The total cost of direct medical education provided by the Hospital exceeded the reimbursement received from third-party payors by \$17.5 million in fiscal year 2011. (Continued on Schedule O)

4d

Other program services (Describe in Schedule O )























(Expenses \$ including grants of \$ ) (Revenue \$ )

4e

Total program service expenses \$ 350,588,009

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	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? 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		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
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	Yes	
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	Yes	
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? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV

Checklist of Required Schedules (continued)

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

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	<b>1a</b>	191
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	<b>2a</b>	2,750
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	Yes
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>	Yes
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	No
<b>b</b>	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	No
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	No
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	0
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	No
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	No
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	No
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>	No
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	No
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	No
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	No
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand.	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>	No

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization  
Mary A Wakefield  
167 Point Street  
Providence, RI 02903  
(401) 444-7093

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										
<b>1b Sub-Total</b>							▲			
<b>c Total from continuation sheets to Part VII, Section A</b>							▲			
<b>d Total (add lines 1b and 1c)</b>							▲	1,555,236	3,144,734	722,290

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▶152

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

## **Section B. Independent Contractors**

**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
University Medicine Foundation 17 Virginia Ave Providence, RI 02905	Medical Services	8,334,001
University Cardiovascular Surgical Assoc 2 Dudley St Ste 190 Providence, RI 02905	Medical Services	2,219,730
Quest Diagnostics 12436 Collections Center Drive Chicago, IL 60693	Laboratory Services	1,662,676
Narragansett Bay Anesthesia 164 Summit Avenue Providence, RI 02906	Medical Services	1,111,417
Brown University 75 Waterman Street Providence, RI 02912	Medical Services	1,674,732
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization <b>132</b>		

Part VIII

Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections  512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . . . . 1a					
	b Membership dues . . . . . 1b					
	c Fundraising events . . . . . 1c					
	d Related organizations . . . . . 1d	2,897,400				
	e Government grants (contributions) 1e	32,806				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	74,158				
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f . . . . . ▶	3,004,364				
	Program Service Revenue		Business Code			
2a Temp Restricted (SPFs)		900099	743,536	743,536		
b Patient Service Rev		900099	364,805,246	364,805,246		
c Laboratory		621500	2,266,038		2,266,038	
d Direct Rev from Research		900099	23,393,404	23,393,404		
e						
f All other program service revenue						
g Total. Add lines 2a–2f . . . . . ▶		391,208,224				
Other Revenue		3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		3,227,779		3,227,779
	4 Income from investment of tax-exempt bond proceeds . . ▶		1,700		1,700	
	5 Royalties . . . . . ▶		0			
	6a Gross Rents	(i) Real	(ii) Personal			
	b Less rental expenses	719,529				
	c Rental income or (loss)	505,339				
	d Net rental income or (loss) . . . . . ▶	214,190				
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b Less cost or other basis and sales expenses	38,445,726				
	c Gain or (loss)	39,849,373				
	d Net gain or (loss) . . . . . ▶	-1,403,647				
	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 . . ▶		0			
	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 . . ▶		0			
	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 . . ▶		0			
	Miscellaneous Revenue		Business Code			
	11a State DSH Revenue	900099	1,131,939	1,131,939		
	b Indirect Rev from Grants	900099	4,253,196	4,253,196		
c Cafeteria Revenue	722210	1,119,871			1,119,871	
d All other revenue . . . . .		2,275,346	2,195,407	76,889	3,050	
e Total. Add lines 11a–11d . . . . . ▶		8,780,352				
12 Total revenue. See Instructions . . . . . ▶		405,032,962	396,522,728	2,350,176	3,155,694	

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	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees . . . . .	286,491	286,491		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7	Other salaries and wages	137,714,578	132,806,819	4,907,759	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	6,113,700	5,896,179	217,521	
9	Other employee benefits . . . . .	26,112,295	25,272,476	839,819	
10	Payroll taxes . . . . .	9,665,969	9,322,061	343,908	
a	Fees for services (non-employees)				
	Management . . . . .	0			
b	Legal . . . . .	0			
c	Accounting . . . . .	0			
d	Lobbying . . . . .	3,445	3,445		
e	Professional fundraising services See Part IV, line 17 . . . . .	0			
f	Investment management fees . . . . .	129,170		129,170	
g	Other . . . . .	17,543,668	17,467,228	76,440	
12	Advertising and promotion . . . . .	210,159	195,307	14,852	
13	Office expenses . . . . .	84,805,925	84,405,377	400,548	
14	Information technology . . . . .	0			
15	Royalties . . . . .	0			
16	Occupancy . . . . .	8,227,365	7,503,463	723,902	
17	Travel . . . . .	680,132	598,770	81,362	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19	Conferences, conventions, and meetings . . . . .	393,704	355,250	38,454	
20	Interest . . . . .	3,588,870		3,588,870	
21	Payments to affiliates . . . . .	0			
22	Depreciation, depletion, and amortization . . . . .	10,338,516		10,338,516	
23	Insurance . . . . .	2,499,665	2,499,665		
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	Unrelated Business Income Tax	16,353	16,353		
b	Purch Svs & Equip Cont	42,525,095	15,388,405	27,136,690	
c	Provision for bad debts	18,242,417	18,242,417		
d	License Fee	17,153,962	17,153,962		
e	All Other Expenses	13,771,820	13,174,341	597,479	
f	All other expenses	0			
25	Total functional expenses. Add lines 1 through 24f	400,023,299	350,588,009	49,435,290	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .				1	0
	2	Savings and temporary cash investments . . . . .			13,284,083	2	14,168,190
	3	Pledges and grants receivable, net . . . . .			1,245,050	3	1,464,558
	4	Accounts receivable, net . . . . .			38,386,570	4	36,464,708
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	0
	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	0
	7	Notes and loans receivable, net . . . . .			550,000	7	508,141
	8	Inventories for sale or use . . . . .			3,916,035	8	4,956,106
	9	Prepaid expenses and deferred charges . . . . .			3,188,072	9	888,645
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	313,201,444			
	b	Less: accumulated depreciation . . . . .	10b	158,306,679	154,295,227	10c	154,894,765
	11	Investments—publicly traded securities . . . . .			70,121,300	11	61,584,178
	12	Investments—other securities. See Part IV, line 11 . . . . .			22,282,008	12	31,534,911
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	0
	14	Intangible assets . . . . .				14	0
	15	Other assets. See Part IV, line 11 . . . . .			69,716,057	15	66,195,869
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			376,984,402	16	372,660,071	
Liabilities	17	Accounts payable and accrued expenses . . . . .			28,247,085	17	26,928,215
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			68,064,107	20	66,056,166
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .				23	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			43,443,389	25	42,122,361
	26	Total liabilities. Add lines 17 through 25 . . . . .			139,754,581	26	135,106,742
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			204,340,397	27	205,353,302
	28	Temporarily restricted net assets . . . . .			21,499,537	28	19,575,215
	29	Permanently restricted net assets . . . . .			11,389,887	29	12,624,812
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			237,229,821	33	237,553,329
34	Total liabilities and net assets/fund balances . . . . .			376,984,402	34	372,660,071	

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	405,032,962
2	Total expenses (must equal Part IX, column (A), line 25)	2	400,023,299
3	Revenue less expenses Subtract line 2 from line 1	3	5,009,663
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	237,229,821
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-4,686,155
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	237,553,329

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

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 The Minam Hospital	Employer identification number 05-0258905
--	--

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)

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

Part II

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

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

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

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

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

Part III

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

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

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

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

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		



Part IV

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

Additional Data

Software ID: 10000105

Software Version: 2010v3.2

EIN: 05-0258905

Name: The Miriam Hospital

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			
Timothy J Babineau MD President & CEO	13 00	X		X				0	876,509	144,417
Sandra Cheng VP Support Svcs	40 00					X		256,723	0	44,536
Rogers C Griffith MD Physician	40 00					X		282,096	0	38,192
Robert W Corwin MD Senior VP & CMO	40 00					X		313,397	0	56,150
Rena R Wing Psychologist	40 00					X		265,402	0	26,764
Rebecca L Burke Chief Nursing Officer-thru5/8/10	40 00				X			0	150,977	15,529
Phillip Kydd Trustee	1 00	X						0	0	0
Penelope H Dennehy MD Trustee	2 00	X						0	210,412	22,890
Michael L Hanna Trustee	2 00	X						0	0	0
Michael J Perik Trustee	1 00	X						0	0	0
Mary Jo Kaplan Secretary	3 00	X		X				0	0	0
Mary A Wakefield CFO	12 00			X				0	726,687	103,289
Maria Ducharme Chief Nursing Officer-eff7/18/10	40 00				X			190,478	0	42,333
Lawrence A Aubin Sr Trustee	4 00	X						0	0	0
Kathleen Hittner MD President & CEO	0 00						X	0	678,411	103,821
Joseph J MarcAurele Trustee	2 00	X						0	0	0
Jonathan J Elion MD Trustee	2 00	X						0	0	0
Jeffrey M Burock MD Physician	40 00					X		247,140	0	35,731
Jeffrey G Brier Trustee	5 00	X						0	0	0
Jane Williams RN PhD Trustee	1 00	X						0	0	0
James A Procaccianti Trustee	4 00	X						0	0	0
Fred J Schiffman MD Trustee	2 00	X						0	0	0
Emanuel Barrows Trustee	1 00	X						0	0	0
Ellen A Collis Trustee	1 00	X						0	0	0
Edward D Feldstein Chairman	10 00	X		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			
Edmund C Bennett Trustee	3 00	X						0	0	0
Dayle H Joseph MSEd Trustee	4 00	X						0	0	0
David A Marcoux MD Trustee	2 50	X						0	0	0
Brian J Zink MD Trustee	3 00	X						0	0	0
Brian Goldner Trustee	1 00	X						0	0	0
Bertram M Lederer Vice Chairman	3 00	X		X				0	0	0
Arthur J Sampson Executive Director	40 00				X			0	501,738	88,638
Alan H Litwin Treasurer	8 00	X		X				0	0	0

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 The Miram Hospital	Employer identification number 05-0258905
--	--

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

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

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

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

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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		3,445
j	Total lines 1c through 1i			3,445
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?		No	

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 II-B, Line 1i	Part II-B, Line 1i - Other Activities Description	The Miriam Hospital pays membership fees to the Hospital Association of Rhode Island (HARI), a portion of which is allocated to HARI's lobbying efforts.

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**  
The Miram Hospital

**Employer identification number**  
  
05-0258905

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

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

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

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

3

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

4

Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

**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 . . . . .	96,830,355	73,337,707	77,300,591	
b	Contributions . . . . .	25,953,487	40,371,010	22,261,170	
c	Investment earnings or losses . . . . .	678,572	8,097,713	-882,788	
d	Grants or scholarships . . . . .				
e	Other expenditures for facilities and programs . . . . .	25,766,197	24,976,075	25,341,266	
f	Administrative expenses . . . . .				
g	End of year balance . . . . .	97,696,217	96,830,355	73,337,707	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 86 900 %

b

Permanent endowment ▶

c

Term endowment ▶ 13 100 %

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)		No
3a(ii)		No
3b		No

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 . . . . .		4,288,032		4,288,032
b Buildings . . . . .		183,532,151	68,788,450	114,743,701
c Leasehold improvements . . . . .				
d Equipment . . . . .		114,544,345	89,518,229	25,026,116
e Other . . . . .		10,836,916		10,836,916
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				154,894,765





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	405,032,962
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	400,023,299
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	5,009,663
4	Net unrealized gains (losses) on investments	4	-910,177
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-3,775,978
9	Total adjustments (net) Add lines 4 - 8	9	-4,686,155
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	323,508

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	400,722,976
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	-910,177
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	-3,775,978
e	Add lines 2a through 2d . . . . .	2e	-4,686,155
3	Subtract line 2e from line 1 . . . . .	3	405,409,131
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	129,170
b	Other (Describe in Part XIV) . . . . .	4b	-505,339
c	Add lines 4a and 4b . . . . .	4c	-376,169
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5	405,032,962

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	400,399,468
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	400,399,468
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	129,170
b	Other (Describe in Part XIV) . . . . .	4b	-505,339
c	Add lines 4a and 4b . . . . .	4c	-376,169
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	400,023,299

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 XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Change in funded status of pension and other postretirement \$ - 2933576 Decrease in Net Assets of TMHF \$ -842402
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	Endowment funds primarily include designated assets set aside by The Miriam Hospital's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets whose use by the Hospital has been limited by grantors or donors to a specific purpose. The largest term endowments held by the Hospital are used to support (1) the treatment and prevention of cancer, including the Cancer Patient Navigator Program, which assists cancer patients through the entire course of their care, and (2) the Hospital's capital equipment and operating needs in providing services to patients.



**1**

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ► \_\_\_\_\_

3 Enter total number of other organizations or entities . . . . . ► \_\_\_\_\_

**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Use Part V if additional space is needed.

[illegible]

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☐ Yes

☒ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☒ Yes

☐ No

**Additional Data**

**Software ID:** 10000105  
**Software Version:** 2010v3.2  
**EIN:** 05-0258905  
**Name:** The Miriam Hospital

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**Part V**   **Supplemental Information**  
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

**Name of the organization**  
The Miram Hospital

**Employer identification number**  
05-0258905

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			18,870,894	5,218,490	13,652,404	3 410 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .			33,415,683	29,973,047	3,442,636	0 860 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .						
d Total Financial Assistance and Means-Tested Government Programs . . . . .			52,286,577	35,191,537	17,095,040	4 270 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			350,869	54,069	296,800	0 070 %
f Health professions education (from Worksheet 5) . . . . .			20,138,999	2,611,285	17,527,714	4 380 %
g Subsidized health services (from Worksheet 6) . . . . .			11,307,987	9,211,075	2,096,912	0 520 %
h Research (from Worksheet 7)			24,502,572	21,310,805	3,191,767	0 800 %
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .			77,000		77,000	0 020 %
j Total Other Benefits . . . . .			56,377,427	33,187,234	23,190,193	5 790 %
k Total. Add lines 7d and 7j . . . . .			108,664,004	68,378,771	40,285,233	10 060 %



Part IICommunity Building Activities

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

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

Part IIIBad 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?	1Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	24,482,162	
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	32,600,255	
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)	577,627,960	
6	Enter Medicare allowable costs of care relating to payments on line 5	685,668,808	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7-8,040,848	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9aYes	
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.	9bYes	

Part IVManagement Companies and Joint Ventures

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

## Section A. Hospital Facilities

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

**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? 14

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
	Part VI - Affiliated Health Care System Roles and Promotion	Lifespan's mission is to improve the health status of the people it serves in RI and in southern New England through the provision of customer friendly, geographically accessible, high value services in the environment of an integrated academic health system Lifespan affiliates provide comprehensive inpatient and outpatient medical, surgical and psychiatric services for adults and children Lifespan and its affiliates employ more than 12,400 people The Lifespan system has over 2,200 physicians on the medical staffs of its affiliated hospitals, operates 1,155 licensed beds in four hospital complexes, and in 2011 generated approximately \$1.7 billion in total operating revenue By each of these measures, Lifespan is RI's largest health system, serving a population of over 1.5 million Three of its hospital members, Rhode Island Hospital (RIH), The Miriam Hospital (TMH) and Bradley Hospital (EPBH), are teaching affiliates of The Warren Alpert Medical School of Brown University with 79 percent of the residents and fellows in this program based at RIH, TMH and EPBH Lifespan is a RI nonprofit corporation that is community-based and community-governed As a nonprofit organization, Lifespan is run by a voluntary Board of Directors who are community representatives Lifespan and all of its nonprofit hospital affiliates have received written notification from the Internal Revenue Service that they have been recognized as being organized and operated as entities described in Internal Revenue Code (IRC) Section 501(c)(3) and are generally exempt from income taxes under IRC Section 501(a) As of September 30, 2011, Lifespan Corporation employed approximately 700 full-time and part-time personnel, most of whom are located at Lifespan's headquarters in Providence, RI Lifespan Corporation provides support services to its affiliates, such as information services, telecommunications, risk management, legal, communications and public affairs, fundraising, payor contracting, facility development, strategic planning, internal audit/compliance, human resources, finance and investment management, for which each affiliate is charged a fee equivalent to the costs incurred by Lifespan in providing these services Corporate Authority and RoleLifespan Corporation has no members and is governed by its Board of Directors The Board has responsibility for planning, directing and establishing policies intended to assure the development and delivery of quality health services, professional education and biomedical research on an integrated, cost-effective basis The Board's powers include the power to set accounting policies for its affiliates, develop, negotiate and approve all managed care agreements, develop affiliations with other institutions for educational and research purposes, and approve human resource plans, executive compensation and benefits for system affiliates The bylaws of TMH confer certain reserved powers on Lifespan to provide it with the means of effective oversight, coordination and support of the system Powers reserved to Lifespan as sole member include to elect and remove trustees, to approve the election of and to remove certain officers, to approve the amendment of the Articles of Incorporation and Bylaws and other Charter documents, to approve strategic plans, to approve investment policies and any capital or operating budgets or material non-budgeted expenditures, and to authorize incurrence or guaranty of material indebtedness For a complete listing of affiliated members of Lifespan's integrated healthcare delivery system please refer to Schedule R

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	The Miriam Hospital is governed by a Board of Trustees, which is composed of 20 voting members who are elected by Lifespan Corporation as sole member of the Hospital, and five who serve ex officio. The ex officio members of the Board with a vote are the President and Chief Executive Officer of the Hospital along with the Chair of The Miriam Hospital Foundation and the Chair of Rhode Island Hospital Foundation. The Chair and the President and CEO of Lifespan Corporation are ex officio members of the Board without a vote. Elected Board members serve one-year terms. The Hospital's Board prescribes the duties and powers of committees appointed by the Chair and appoints members of the Medical Staff. The physicians on the Hospital's medical staff are both hospital-based and community-based.

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	The Hospital substantially subsidizes various health services including the following programs oncology, tuberculosis, and certain other specialty services The Hospital also provides numerous other services to the community for which charges are not generated These services include certain emergency services, community health screenings for cardiac health, prostate cancer and other diseases, smoking cessation, immunization, and nutrition programs, diabetes education, community health training programs, patient advocacy, foreign language translation, physician referral services and charitable contributions

Identifier	ReturnReference	Explanation
	Part VI - Community Information	<p>The Miriam Hospital, located in Providence, Rhode Island, is a 247-bed nonprofit general acute care teaching hospital with university affiliation providing a comprehensive range of diagnostic and therapeutic services (excluding obstetrics) for the acute care of patients principally from RI and southeastern Massachusetts. As a complement to its role in service and education, the Hospital actively supports research. The Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and participates as a provider primarily in Medicare, Blue Cross and Medicaid programs. The Hospital is also a member of Voluntary Hospitals of America, Inc. (VHA). In 1969, the Hospital and certain other Rhode Island hospitals entered into an affiliation agreement to participate jointly in various clinical training programs and research activities with The Warren Alpert Medical School of Brown University (Brown). The Hospital is designated as a major teaching affiliate of Brown. The goals of the partnership are to facilitate the expansion of joint educational and research programs in order to compete both clinically and academically. With respect to nursing education, the Hospital has developed formal and informal educational affiliations with a number of accredited New England colleges and universities. The Hospital does not receive any compensation from the various schools for providing a clinical setting for the student nurse training. The Hospital conducts extensive medical research and is in the forefront of biomedical health care delivery research and among the leaders nationally in National Institutes of Health programs.</p>

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	The Miriam Hospital has multilingual signage in the Hospital's main lobby and waiting areas which provides information on financial aid contacts. The Registration Department meets with patients at the outset of care to discuss eligibility for assistance. The Registration staff provides interested patients with a "Welcome" booklet which includes information on patient rights and responsibilities. The signage and booklets contain a telephone number which connects patients with Registration staff who can answer any additional questions that may arise after the patient has left the Hospital. Assistance eligibility is also summarized on the Hospital's website.



Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	<p>Lifespan's Office of Strategic Planning and Analysis performs population-based studies for the Hospital regarding the need for inpatient medical and surgical services for both adults and children and a wide range of outpatient services including primary care office visits, specialty care, emergency services, imaging, ambulatory surgery, and specific high technology services such as radiation therapy and bone marrow transplantation. A population-based study examines the growth and changes in the population, the resources in the community, and the changing prevalence of diseases. Added to this population-based approach, Lifespan Strategic Planning also examines experience with wait times, the level of staffing, and the changing standards of care. All of this information is used to assess the demand for additional services to provide access to high quality care. In addition to population approaches to assessing and estimating need, all specialties and services monitor demand at the service specific level by considering changing patterns of care and methods of treatment for the specific medical problem, wait times for visits/queues, and community resources. The service leadership then goes through a review process to add staff, expanded hours, and/or new sub-components to round out core services on an as-needed basis. At times, expansion requires more space, equipment, and staff, but often accommodation of community demand is achieved through expanded hours. Facilities are added as needed to accommodate these expansions, but most often minor renovations of existing locations with better, more modern layouts and equipment allow for greater patient access. The RI State Certificate of Need program requires a focused study of need for all projects over \$5.25 million, which is an important part of the program development process across Lifespan. Based on a broad understanding of community health needs, the Hospital provides a wide range of services to both its primary and secondary areas. Lifespan and its hospital affiliates monitor health trends in Rhode Island in an effort to identify areas of unmet demands regarding clinical services. For example, in 2006, the Hospital was the first in the region to use a new technology to remove clots quickly, mitigating the debilitating effects of stroke. Over the past three years, the Hospital has expanded its groundbreaking robotic surgery program. The Hospital is home to the state's first Joint Commission-Certified Stroke Center and the only Women's Cardiac Center in Rhode Island.</p>

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 19d - Other Billing Determination of Individuals Without Insurance	Uninsured patients receive an automatic 50% Community Benefit discount on Hospital charges

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 16e - Other Collection Actions by Facility or Third Party Engaged	The Hospital engages third-parties to perform certain collection actions on its behalf. A pre-collect company is used for all self-pay accounts. Additionally, a collection agency is used if there is no payment activity on such accounts after 120 days. The collection process is explained in further detail in the response to Question 15e above.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 15e - Other Collection Actions Against a Patient	Once an account balance or a portion thereof is classified as self-pay, it is placed with the Hospital's pre-collect company. The account remains with them until balance is paid in full, a monthly payment plan is in place, or insurance information is provided for billing. After 120 days, if there is no payment activity, the account qualifies for bad debt and the pre-collect company returns the account to Patient Financial Services, which in turn forwards to a collection agency. The collection agency sends 3 to 5 notices to the patient requesting payment. If there are no responses after the notices are sent, collection calls are made. If there is no response after 120 days, the account is reviewed for legal action in the appropriate court. If there are no assets to pursue, the collection agency deems the account uncollectible and then returns it to Patient Financial Services for writeoff. Note: In accordance with Center for Medicare and Medicaid Services mandates, Medicare patient accounts are held 130 days from last payment, after which if no activity, the account is then referred to collection.

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 13g - Other Means Hospital Facility Publicized the Policy	An abbreviated version of the Hospital's financial assistance policy is posted in various admitting and outpatient areas of the Hospital. Additionally, registration personnel refer uninsured and/or low income patients to Patient Financial Counselors to discuss the policy and/or answer any questions they might have.

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	<p>The Hospital uses an outside pre-collection agency for all self-pay receivables, with the exception of self-pay after Medicare which is handled by the Hospital's Patient Financial Services Department. The pre-collection agency attempts to collect the debt for 120 days. During this time, 3 letters are sent to the patient's address of record and for balances in excess of \$50 attempts are made to reach the patient by telephone. If the agency makes contact with the patient and the patient expresses an inability to pay, payment plans and/or Community Free Service are offered. (Please refer to the Charity Care Eligibility Criteria and Additional Information sections for further detail on those processes.) If the pre-collection agency is unsuccessful in contacting the patient or no response is received within 120 days, the account is forwarded to a collection agency. The collection agency also sends statements and attempts to reach the patient via telephone. Again, if the agency makes contact with the patient and the patient expresses an inability to pay, payment plans and/or Community Free Service are offered. If no response is received, the claim is referred to small claims court and the patient is summoned to appear. If the patient does not appear, the Hospital will receive a judgment in its favor. If the Hospital learns that the claim has a related settlement, i.e., an automobile accident, the Hospital can put a lien on such settlement. Alternatively, if the collection agency deems the account uncollectible, it will be written off.</p>

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	Medicare shortfalls are not treated as community benefits because most Medicare patients are not indigent The source of the Medicare allowable costs reported on Part III, Section B, Line 6 is the Medicare cost report, Form 2552-96

Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts deemed uncollectible are deducted from the allowance and subsequent recoveries are added. The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental health care coverage, and other collection indicators. The Hospital provided \$18,242,417 for uncollectible patient accounts during the year ended September 30, 2011. The associated cost reported on Line 2 of Part III was determined by applying an operating cost to charge ratio exclusive of community benefit costs and charges to the provision amount per the Hospital's audited financial statements.



Identifier	ReturnReference	Explanation
	Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used)	<p>The Miriam Hospital (the Hospital) uses a dual system for determining financial aid eligibility federal poverty guidelines and an asset test The financial screening process at the Hospital is intended to define probable eligibility for public assistance (Medicaid or Community Free Service ("CFS")) for those patients who do not have the means to pay for hospital services rendered, as follows</p> <p>1 Upon patient indication of an inability to pay required monies, the patient is offered the financial screening option to determine eligibility for public assistance (Medicaid, CFS)</p> <p>2 The application for CFS is completed and includes information relative to income, expense, and other available resources and requires proof of such information which may include - most recently filed income tax return- most recently received payroll check stub- copy of rent receipts for the last six months- copy of utility bills for the last month</p> <p>4 If the patient's financial situation falls within the guidelines for eligibility for Medicaid or CFS, the appropriate application process is completed (Assistance to complete such applications is available from the Patient Financial Advocates (PFA) Office at the Hospital )</p> <p>5 Uninsured patients receive an automatic 50% deduction at the Hospital</p> <p>6 Eligibility for CFS above the 50% discount is provided for those applicants whose family gross income is at or below twice the Federal Poverty Guidelines, with a sliding scale for individuals up to four times the poverty level in effect at the time of application Full charity care applicants with assets worth more than \$8,855 for an individual (or \$13,281 for a family) may not qualify for care without charge, but may qualify for discounted care Partial charity care applicants are subject to the same asset test and may not qualify for the highest discount on care, but may be eligible for a lesser discount</p> <p>7 For patients who qualify for less than 100% of the financial assistance program, a payment schedule is determined and agreed upon (discussed further below) Payment arrangements are established prior to service for non-urgent care</p> <p>8 In either case, the final results of the financial screening are recorded in the comments section of the Hospital's billing system</p> <p>Requests for Payment Arrangements Patient Financial Advocates (PFA) will qualify patients that are receiving non-urgent, medically indicated procedures prior to services The PFA will request 75% to 100% of estimated charges (net of the automatic 50% discount) if the balance is under \$5,000 and 50% to 100% of estimated charges (net of the automatic 50% discount) if the estimated bill exceeds \$5,000 For elective or non-urgent cases, the policy will require financial clearance prior to services or an exception from the Medical Director based on the clinical circumstances if the patient cannot meet the above payment agreement Patients who do not qualify for the total or partial CFS, but who have difficulty in paying their bills after services are rendered, may request enrollment in a payment plan Eligibility for the payment plan includes the following guidelines</p> <p>1 Immediate payment in full will result in financial hardship to the patient or the patient's family</p> <p>2 Deposit of one-half of the estimated total bill is requested prior to admission</p> <p>3 The minimum monthly payment of \$50 00</p> <p>4 The maximum length of the payment plan is twenty-four months The Customer Service staff will set up the payment plan using the above guidelines as well as complete the necessary information on the "Payment Agreement" form and mail to patient for signature Account documentation will be done online The pre-collect agency will be sent a copy of the payment agreement and all forms will be scanned into the PFS Optical Imaging System</p>

Additional Data

Software ID: 10000105  
Software Version: 2010v3.2  
EIN: 05-0258905  
Name: The Miriam Hospital

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? <b>14</b>	
Name and address	Type of Facility (Describe)
TMH Pre-admission Testing Center 208 Collyer Street 3rd Floor Providence, RI 02904	Outpatient Pre-admission assessment and education
TMH Behavioral Medicine Clinic 146 West River Street Providence, RI 02904	Outpatient Clinic
Womens Medicine Collaborative 146 West River Street Providence, RI 02904	Comprehensive Women's Outpatient Clinic
RISE TB Clinic 14 Third Street Providence, RI 02906	TB Clinic
TMH Laboratory 1 Commerce Street Lincoln, RI 02865	Phlebotomy Lab
TMH Outpatient Rehabilitation 195 Collyer Street Providence, RI 02904	Outpatient PT, OT and Speech Rehab
TMH Cardiac RehabPulmonary Rehab 208 Collyer Street Providence, RI 02904	Outpatient Cardiac Clinic
TMH Laboratory 400 Bald Hill Road Warwick, RI 02886	Phlebotomy Lab
TMH Laboratory 1 Hoppin Street Providence, RI 02903	Phlebotomy Lab
TMH Immunology Research 11 Fourth Street Providence, RI 02906	Outpatient Research & Education
TMH Immunology Research Center 14 Third Street Providence, RI 02906	Outpatient Counseling
TMH Weight Control & Diabetes Research 196 Richmond Street Providence, RI 02903	Outpatient Research & Education
Behavioral Medicine Research 1 Hoppin Street Providence, RI 02903	Outpatient Research & Education
TMH Diagnostic Imaging Center 195 Collyer Street Suite 101 Providence, RI 02904	Outpatient Radiology

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
The Minam Hospital

Employer identification number  
05-0258905

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

**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) Timothy J Babineau MD	(i) (ii)	670,588	172,500	33,421	123,367	21,050	1,020,926	
(2) Sandra Cheng	(i) (ii)	186,389	44,347	25,987	36,787	7,749	301,259	17,952
(3) Rogers C Griffith MD	(i) (ii)	271,610	6,500	3,986	19,160	19,032	320,288	
(4) Robert W Corwin MD	(i) (ii)	239,655	58,096	15,646	41,180	14,970	369,547	
(5) Rena R Wing	(i) (ii)	258,517		6,885	18,705	8,059	292,166	
(6) Rebecca L Burke	(i) (ii)	93,231		57,746	9,291	6,238	166,506	29,280
(7) Penelope H Dennehy MD	(i) (ii)	207,645		2,767	14,465	8,425	233,302	
(8) Mary A Wakefield	(i) (ii)	495,892	132,000	98,795	88,238	15,051	829,976	66,367
(9) Maria Ducharme	(i) (ii)	170,132		20,346	24,915	17,418	232,811	
(10) Kathleen Hittner MD	(i) (ii)	467,757	110,000	100,654	84,671	19,150	782,232	70,604
(11) Jeffrey M Burock MD	(i) (ii)	198,997	40,000	8,143	15,736	19,995	282,871	
(12) Arthur J Sampson	(i) (ii)	347,763	84,000	69,975	72,974	15,664	590,376	45,014
( 13 )								
( 14 )								
( 15 )								
( 16 )								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
Sch J, Part I, Line 7	Part I, Line 7 Non-Fixed payments not listed above	The Lifespan Annual Incentive Compensation Plan provides a financial award opportunity for designated members of management, based on quantified objectives that are approved in advance by the Compensation Committee of the Lifespan Corporation Board of Directors. A specified level of financial performance must be met before any award is earned. The objectives vary from year to year and generally include various aspects of financial measures in addition to non-financial performance measures. For certain participants in the Annual Incentive Compensation Plan, the award opportunity is divided into two pools. The first pool represents 80% of any earned incentive award, based on the achievement of the team performance objectives. The remaining 20% pool is distributed on an individual basis to participants at the discretion of the CEO, in each case subject to approval by the Compensation Committee of the Lifespan Corporation Board of Directors.
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	Tax Indemnification and Gross-up Payments. The Lifespan Executive Long Term Disability program provides financial protection to designated Lifespan executives in the event that they become disabled. Premiums are paid to the insurance carrier by the insureds on an after-tax basis to allow for income replacement at a reasonable cost. The income associated with the premiums is grossed-up to cover the total cost of the benefit as provided in the Lifespan Executive Benefit Plan and is included in Medicare wages, more specifically on Schedule J, Part II, Column B (iii) Social Club Dues. The job responsibilities of certain executives include development of relationships with business leaders and donors. Those relationships are facilitated by the ability to meet in private sessions during which focused business discussions take place. The Hope and University Clubs, which require individual memberships, are places in Providence where businessmen and women, civic, community and social leaders can gather in a business-like atmosphere. The cost of membership is considered by Lifespan to be reasonable and necessary and thus a qualified business expense not taxable to the employee. IRS regulations regarding documentation requirements are followed for any payments made for meetings held at the respective club, including the business purpose and nature of the business benefit derived, the nature of the business discussion or activity, and the identity and business relationship of attendees.

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
The Miriam Hospital

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public  
Inspection

Employer identification number

05-0258905

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	RI Health & Ed Bldg Corp	52-1300173	762243K36	03-30-2009	19,582,506	See Part V		X		X	X	
B	RI Health & Ed Bldg Corp	52-1300173	762243SS3	02-14-2006	40,725,126	See Part V		X		X	X	

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased	37,924,625		37,924,625					
3	Total proceeds of issue	19,582,506		40,725,126					
4	Gross proceeds in reserve funds	1,955,452							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	288,639		348,652					
8	Credit enhancement from proceeds	339,121		968,829					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	8,740,761							
11	Other spent proceeds	39,407,645		39,407,645					
12	Other unspent proceeds	8,308,509							
13	Year of substantial completion	2006		2006		YesNoYesNo			
		YesNo	YesNo						
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?		X	X					
16	Has the final allocation of proceeds been made?		X	X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part IIIPrivate Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	Are there any research agreements that may result in private business use of bond-financed property?	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					
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								
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	0 970 %		0 970 %					
6	Total of lines 4 and 5	0 970 %		0 970 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IVArbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
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				
6	Did the bond issue qualify for an exception to rebate?		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, Part I, Lines A & B, Column (f) - see description of purpose on Schedule O

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
The Minam Hospital

Employer identification number  
  
05-0258905

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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



**Part IV**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Jessica Brier	Employee	104,257	Employee Compensation		No
(2) Roberts Carroll Feldstein & Peirce	Partner	112,456	Legal Services		No

**Part V**

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

Identifier	Return Reference	Explanation
		* Edward Feldstein, Trustee, is a partner in Roberts, Carroll, Feldstein and Peirce, a law firm that provides legal services to a sister company, Lifespan Risk Services. The common parent of TMH and Lifespan Risk Services is Lifespan Corporation. During fiscal year 2011, Lifespan Risk Services paid Roberts, Carroll, Feldstein and Peirce \$112,456 for services regarding TMH matters. * The wife of Jeffrey Brier is employed by The Miriam Hospital as a Cardiovascular Clinical Nurse Specialist. In fiscal year 2011, The Miriam Hospital paid Jessica Brier \$104,257 for her services.

**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**

<b>Name of the organization</b> The Miriam Hospital	<b>Employer identification number</b> 05-0258905
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Identifier	Return Reference	Explanation
	Form 990, Schedule K, Part I, Line B, Column (f)	The proceeds of the Series 2009A Bonds are being used for the purposes of financing projects consisting of (i) the acquisition, construction, renovation, expansion and equipping of certain hospital and related health care facilities owned and operated or to be owned and operated by one or more of Rhode Island, The Miriam, or Emma Pendleton Bradley Hospitals, located at and in the vicinity of the Hospital Campuses, (ii) equipping, furnishing, and improving facilities and other depreciable assets used in health care operations on the Hospital Campuses, (iii) the funding of a debt service reserve fund for the Bonds, and (iv) and the payment of certain expenses of issuance with respect to the Bonds

Identifier	Return Reference	Explanation
	Form 990, Schedule K, Part I, Line A, Column (f)	The proceeds of the Series 2006A Bonds were used (i) to advance refund a portion of the \$214,585,000 Hospital Financing Revenue Bonds, Lifespan Obligated Group Issue, Series 1996, (ii) to advance refund a portion of the \$78,000,000 Hospital Financing Revenue Bonds, Lifespan Obligated Group Issue, Series 2002 and (iii) to pay certain expenses incurred in connection with the issuance of the Series 2006A Bonds

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Lines 15 a&b cont	Base Salary Actions The CEO recommends any salary adjustments for participants in the executive compensation program, using the results of the valuation study and his/her assessment of individual performance or other pertinent information, for the Committee's consideration New Participants in Executive Compensation Program With respect to compensation offers for individuals expected to participate in the executive compensation program, the office of the Senior Vice President of Human Resources works with the Committee's independent compensation consultant or relies on information previously provided by the consultant to establish a range of reasonable cash compensation within which recruitment is expected to conclude with acceptance of a reasonable compensation offer

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Lines 15 a&b	<p>The following applies to Lifespan and all of its affiliates, including The Miriam Hospital EXECUTIVE COMPENSATION. Lifespan's executive compensation philosophy balances appropriate stewardship of resources and the need to be competitive in recruiting and retaining talented individuals. It incorporates market-competitive and performance-related principles, and covers the President and CEO of Lifespan as well as other officers, senior management and key employees. Lifespan's executive compensation program complies both with law and with contemporary ethical norms, and is administered consistent with the organization's tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and the avoidance of transactions subject to intermediate sanctions under Section 4958 of the IRC. Executive compensation is also administered consistent with Lifespan's Corporate Compliance Policy on Excess Benefit Transactions. The Compensation Committee of the Lifespan Corporation Board of Directors (the Committee), comprised of disinterested Lifespan and affiliate Board members, is responsible for diligent oversight of executive compensation to ensure compliance with IRC requirements. Its duties include:</p> <ul style="list-style-type: none"> <li>* Approving eligibility for participation in the executive compensation program</li> <li>* Approving changes in compensation for existing executive participants</li> <li>* Approving guidelines, such as salary ranges and contract terms, on appropriate levels of compensation for other key employees</li> <li>* Approving new, and modifying or terminating existing, executive compensation plans including, but not limited to, annual and long-term incentive and executive benefit plans</li> <li>* Approving performance objectives associated with Lifespan's annual and long-term incentive plans, including measuring points, and using audited actual performance relative to these objectives as a precondition to approving the payment of any awards under the plan(s)</li> <li>* Authorizing periodic performance benchmark studies to be conducted for purposes of assessing Lifespan's performance within the healthcare industry and the degree to which total remuneration levels at Lifespan are generally commensurate with Lifespan performance relative to healthcare industry performance</li> <li>* Conducting an annual performance review of Lifespan's Chief Executive Officer. The Chair of the Committee conducts and documents this review, based on his/her observations and interpretation of feedback from members of the Board of Directors</li> <li>* Selecting and engaging qualified, independent, third party compensation valuation consultants that the Committee charges with rendering opinions with respect to the reasonableness and comparability of compensation as well as the comparative organizations against which compensation is assessed, in accordance with relevant sections of the IRC and Lifespan's executive compensation philosophy. The independent consultants are not engaged by management to perform any services for Lifespan without prior approval by the Committee. Lifespan's Chief Executive Officer works closely with the Committee to make recommendations on the above topics and keep the Committee informed about contemplated compensation changes for executives and other key employees, as well as candidates for these roles. The CEO also provides periodic updates to the Committee regarding Lifespan's performance relative to compensation-related performance objectives. The Committee's deliberations and actions are documented in minutes prepared for each meeting.</li> </ul> <p>PROCESS FOR DETERMINING COMPENSATION Valuation of Total Cash and Total Remuneration. No less frequently than annually, the Committee receives and reviews a total cash compensation valuation of all existing executive compensation program participants prepared by its independent compensation consultant. Annually, the Committee also receives and reviews a total remuneration valuation of all existing executive compensation participants.</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Line 12c	<p>Lifespan Corporation has a Conflict of Interest Policy that is applicable to all affiliates, including The Miriam Hospital, and administered by Lifespan's Corporate Compliance Department as follows. Each designated person subject to Lifespan's conflict of interest policy is required to provide Lifespan with an initial disclosure statement and thereafter an annual statement attesting that (i) the designated person has read and is familiar with this policy, and (ii) the designated person and, to the best of his/her knowledge, family members, have not in the past engaged in, are not presently engaging in, or plan to engage in, any activity which contravenes this policy. If, at any time during the course of employment or association, a designated person has reason to believe that an existing or contemplated activity may contravene this policy, the person shall submit a full written description of the activity to the Lifespan Compliance Officer or the Office of the General Counsel to seek a determination as to whether the contemplated activity does or does not contravene this policy. (For the bulk of Lifespan management staff awareness of this requirement shall be acknowledged as part of the annual performance evaluation process.) If the activity in question involves either the Chief Executive Officer, the Senior Vice President and General Counsel, or a Trustee, a full written disclosure must be made to, and a determination sought from, the Chairman of the Board of Directors of Lifespan Corporation. Annually, the Lifespan Compliance Officer shall review and report to the Lifespan Executive Corporate Compliance Committee and to the Lifespan Audit and Compliance Committee on the administration of this policy. Failure on the part of any designated person to comply with this policy, including failure to submit in a timely fashion the conflict of interest disclosure statement, will be grounds for removal from his/her position and/or termination of his/her employment with Lifespan.</p>

Identifier	Return Reference	Explanation
	Form 990, Part III, 4c	<p>TMH conducts extensive medical research and is in the forefront of biomedical health care delivery research and among the leaders nationally in National Institutes of Health programs Major areas of research include Cancer TMH conducts clinical and behavioral research focusing on the many facets of cancer including prevention, education and therapeutics which are supported by the National Cancer Institute, CALGB and NSABP TMH is a participating hospital in the Brown University-sponsored Cancer Oncology Group (BrUCOG) HIV At TMH, research focuses on the treatment and prevention of HIV infections, especially in hard-to-reach populations, both in the U S and abroad There are international sites located in Cambodia, India, Kenya, Indonesia, The Philippines and South Africa The Lifespan/Tufts/Brown Center for AIDS Research conducts clinical, basic and translational research programs The TB Clinic performs research in the area of co-infections of HIV and tuberculosis Depression The Center for Behavioral and Preventive Medicine (CBPM) is comprised of major centers including (1) Weight Control and Diabetes, (2) Nicotine &amp; Tobacco Research, and (3) Physical Activity Research The Weight Control and Diabetes Center conducts research programs that focus on diet, exercise, maintenance strategies, home environment, adolescent issues and pediatric obesity The Physical Activity Research Center conducts research in the workplace, community settings and health care facilities, involving all age groups and focusing on the effects of exercise in disease prevention and treatment</p>

Identifier	Return Reference	Explanation
	Form 990, Part III, 4b	<p>In 1969, TMH and certain other Rhode Island hospitals entered into an affiliation agreement to participate jointly in various clinical training programs and research activities with Brown Medical School, renamed The Warren Alpert Medical School of Brown University (Brown). The goals of the partnership are to facilitate the expansion of joint educational and research programs to compete both clinically and academically. TMH participates in Brown programs in internal medicine and medicine subspecialties, general surgery and surgical subspecialties, psychiatry, emergency medicine, orthopedics, and dermatology and provides stipends to residents and physician fellows while in training. The Hospital is also a participating clinical training site for residents from other programs in infectious disease, OB/Gyn subspecialties, podiatry, psychiatry, geriatric psychiatry, colorectal surgery and cardiothoracic surgery. In addition, TMH Behavioral Medicine, in collaboration with Brown, sponsors research and clinical psychology training programs for interns, postdoctoral fellows and faculty trainees.</p> <p><b>OTHER EDUCATIONAL AFFILIATIONS AND PROGRAMS</b></p> <p><b>Nursing</b> TMH has developed formal and informal educational affiliations with the University of Rhode Island College of Nursing, Rhode Island College, Community College of Rhode Island (CCRI), Salve Regina University, Boston College, Yale University, Regis College, Simmons College, St. Joseph's Health Services' School of Nursing, the University of Massachusetts campuses at Dartmouth, Boston, Amherst and Worcester, the University of Connecticut, New England Technical Institute, Walden University, and the University of Pennsylvania, pursuant to which their nursing students obtain clinical training and experience at TMH. TMH does not receive any compensation from the various schools for providing a clinical setting for the student nurse training.</p> <p><b>Sponsored Training Programs and Clinical Site Affiliations</b> TMH sponsors training programs for a variety of allied health care professionals including required clinical and fieldwork experiences in physical, speech, and occupational therapy to university students in each discipline through contracts with the various universities. TMH serves as a clinical training site for students from CCRI for the vascular and cardiology ultrasound programs and also provides training experiences for students in diagnostic radiology, nuclear medicine technology, pathology, laboratory medicine and phlebotomy. Training programs are also provided for students in medical technology and social work. TMH has clinical affiliations/student clinical training programs for pharmacy students provided through contracts with a number of colleges and universities.</p>



Identifier	Return Reference	Explanation
	Form 990, Part III, 4a, continued	<p>TMH is licensed to operate 247 acute care beds by the Rhode Island Department of Health. Notable medical accomplishments of TMH include performance of Rhode Island's first lung operation, first kidney transplant and first aortic valvuloplasty (a procedure to clear blocked heart valves). In 2011, TMH discharged 14,614 inpatients, logged nearly 55,000 visits in its emergency department and performed over 10,000 inpatient and outpatient surgical procedures. Services provided in 2011 represent more than 168,500 inpatient days and nearly 45,000 clinic visits. More than 900 physicians are affiliated with TMH and the Hospital employs nearly 2,500 people. TMH is a major teaching hospital for The Warren Alpert Medical School of Brown University, providing clinical rotations for residents. TMH provides full charity care for individuals at or below twice the federal poverty level, with a sliding scale for individuals up to four times the poverty level. In addition, a substantial charity allowance is offered to all other uninsured patients. The Hospital determines the cost associated with providing charity care by aggregating the applicable direct and indirect costs, including compensation and benefits, supplies, and other operating expenses, based on data from its costing system. The total cost, excluding medical education and research, incurred by the Hospital to provide charity care amounted to \$13,652,404 in fiscal 2011. Charges forgone, based on established rates, amounted to \$46,116,244. TMH substantially subsidized various health services including oncology, HIV, tuberculosis and men's health clinics at a cost of \$2,096,912 in fiscal year 2011. TMH also provides numerous other services to the community for which charges are not generated. These services include certain emergency services, community health Form 990, Part III, 4a, page 2 screenings for cardiac health, prostate cancer and other diseases, smoking cessation, immunization, and nutrition programs, diabetes education, community health training programs, patient advocacy, foreign language translation, physician referral services, and charitable contributions. The cost of these services amounted to \$296,800 in fiscal year 2011. TMH subsidizes the cost of treating patients who receive government assistance where reimbursement is below cost. Medicaid is a means-tested health insurance program, jointly funded by state and federal governments. States administer the program and set rules for eligibility, benefits and provider payments within broad federal guidelines. The program provides health care coverage to low-income children and families, pregnant women, long-term unemployed adults, seniors and persons with disabilities. Eligibility is determined by a variety of factors, which include income relative to the federal poverty line, age and immigration status, and assets.</p>

Identifier	Return Reference	Explanation
	Form 990, Part I, Line 6	Volunteers support and contribute to the mission of TMH every day. They are able to learn, meet other dedicated volunteers, better understand the healthcare environment, and gain personal satisfaction knowing they are making a difference to patients, families, visitors, and vendors alike. Volunteer positions are available for both teens and adults in a wide variety of positions, including greeters, family liaisons, emergency room support, gift shop support, nurse aides, office support, pet therapy, physical therapy, patient visitors, recovery room support, art therapy and central transporters. Volunteers also transport students and serve as guides, escorts and interpreter aides.

Identifier	Return Reference	Explanation
		<p>TMH's surgeons are leaders in their field TMH, as part of an academic medical center, prizes the mastery of new technologies in order to improve the quality of life for patients TMH surgeons have successfully performed over 1,000 procedures using the da Vinci surgical system and have made its use a cornerstone of cancer treatment at TMH The Comprehensive Cancer Center brings together world-renowned physicians and a group of specialists from TMH, Rhode Island Hospital and Newport Hospital, forming a multidisciplinary team whose level of knowledge and experience are unparalleled in Rhode Island</p> <p>Form 990, Part III, 4a, page 6</p> <p>The Hospital's Adult Outpatient Behavioral Medicine Services help individuals improve health through behavior change Services are offered to help patients adjust to chronic medical conditions, including their associated physical and emotional distress, modify unhealthy ways of living (for example, smoking cessation) to help prevent the onset or progression of disease, and treat mood and anxiety disorders that interfere with management of medical conditions Services are available to help individuals with behavioral and psychosocial management of medical conditions such as headache, pain, cancer, heart disease (including those with implanted cardiac devices), pulmonary disease, and diabetes The Weight Management Program provides comprehensive, medically supervised treatment for mild, moderate and severely overweight adults Specialized programs are also available for adolescents and diabetics Treatment combines medical monitoring, behavioral therapy, exercise instruction, three levels of calorie reduction and nutrition education The Hospital's clinicians include surgical oncologists, medical oncologists, radiation oncologists, hematologists, pathologists, physical therapists, radiologists, nurses, clinical social workers, patient advocates, pharmacists and nutritionists These dedicated specialists work with patients every step of the way, from diagnosis to treatment to follow-up care To help patients and their families cope with breast cancer, TMH offers the Breast Health Navigator Program The program assists breast cancer patients through the entire course of their cancer care with breast health navigators, registered nurses trained in oncology who possess an in-depth understanding of breast cancer and the</p> <p>Form 990, Part III, 4a, page 7</p> <p>process undergone by patients They guide patients through diagnosis, treatment and recovery, while helping them make informed decisions and cope with the variety of issues they face TMH and Rhode Island Hospital were named Blue Distinction Centers for Complex and Rare Cancers by Blue Cross and Blue Shield of Rhode Island TMH and Rhode Island Hospital are the only two hospitals in the State to receive this distinction Blue Distinction Centers for Complex and Rare Cancers are facilities within participating Blue Cross and Blue Shield network service areas that offer comprehensive inpatient cancer care programs for adults, delivered by multidisciplinary teams with subspecialty training and distinguished clinical expertise in treating complex and rare subtypes of cancer TMH and Rhode Island Hospital have both been recognized for excellence in treating esophageal, gastric, liver, pancreatic, rectal and thyroid cancer The division of gastrointestinal and liver pathology is committed to providing high quality diagnostic services for gastrointestinal and liver diseases in patients Collectively, gastrointestinal cancers are among the most common form of malignancies suffered today, affecting nearly a quarter of a million Americans each year To address this, the Comprehensive Cancer Center has brought together nationally recognized leaders in the treatment and research of gastrointestinal cancers</p>

Identifier	Return Reference	Explanation
		<p>TMH has been named among the nation's 100 top hospitals for cardiovascular care by Thompson Healthcare Thompson's annual study identifies hospitals that are setting benchmark levels of performance for cardiovascular services throughout the nation It recognizes the hospitals and their management teams for superior clinical, operational and financial performance in the area of cardiovascular service Form 990, Part III, 4a, page 5TMH's cardiac surgery department is led by four board certified cardiothoracic surgeons, each able to perform a wide variety of cardiac, thoracic and peripheral vascular procedures They represent more than ninety years of cumulative experience Anesthesiologists dedicated to the management of complex cardiothoracic and vascular procedures provide each patient with the latest measures of intraoperative therapy and assessment Every patient is monitored with a transesophageal echocardiogram (sonogram) TMH's team of surgeons, anesthesiologists and cardiologists works closely together This cooperative approach has led to outstanding results at all levels of complexity Thanks to the latest evolution in surgical technology, physicians now have an effective alternative to traditional open surgery and laparoscopy that allows them to provide patients with the best of both approaches This alternative is the da Vinci Surgical System and TMH uses this technology to treat different types of cancer</p>

Identifier	Return Reference	Explanation
		<p>The Center's team-based approach provides state-of-the-art care for patients who have or are at risk for cancers of the upper gastrointestinal tract, such as pancreatic cancer, cancer of the esophagus, and tumors involving the liver</p> <p>Form 990, Part III, 4a, page 8</p> <p>The gastrointestinal cancer care services available through the Comprehensive Cancer Center provide care for patients who have or are at risk for the following types of cancer: bile duct, esophagus, gallbladder, endocrine, and cystic tumors of the pancreas, liver and stomach</p> <p>TMH also offers medical nutrition therapy on an outpatient basis designed to help prevent and control gastrointestinal disorders</p>

Identifier	Return Reference	Explanation
		<p>National Stroke Performance Award In both 2011 and 2010, TMH received the American Heart Association/American Stroke Associations Get With The Guidelines Stroke (GWTG-Stroke) Gold Plus Performance Achievement Award The award recognizes TMH's commitment and success in providing the highest standard of stroke care for patients, according to evidence-based guidelines This is the Associations highest honor for stroke care Outstanding Achievement Award from the Commission on Cancer Also in 2011, The Leonard and Adele R Decof Family Comprehensive Cancer Center at TMH earned the Outstanding Achievement Award from the Commission on Cancer (CoC) of the American College of Surgeons Among only 90 programs nationwide to receive thisForm 990, Part III, 4a, page 3honor, this award recognizes the significant commitment by medical staff,administration and support staff to providing high-quality cancer care to their patients, as well as meeting and exceeding the standards set by the CoC Center of Excellence DesignationTMH was named an American Society for Metabolic and Bariatric Surgery (ASMBS) Bariatric Surgery Center of Excellence The designation recognizes surgical programs with a demonstrated track record of excellence in providing superior and comprehensive bariatric surgery care Blue Distinction Center RecognitionIn 2011, TMH was named a Blue Distinction Center for Bariatric Surgery by Blue Cross and Blue Shield of Rhode Island TMH was named a Blue Distinction Center in 2010 by Blue Cross and Blue Shield of Rhode Island following a comprehensive review of its spine surgery and knee and hip replacement services The Blue Distinction program recognizes facilities that meet objective, evidence-based thresholds for clinical quality, developed in collaboration with expert physicians and medical organizations AACVPR Program Certification During 2011, The Miriam Hospital pulmonary rehabilitation program was awarded certification from the American Association of Cardiovascular and Pulmonary Rehabilitation (AACVPR) Certified AACVPR programs are recognized as leaders in the field of cardiovascular and pulmonary rehabilitation because they offer the most advanced practices available Form 990, Part III, 4a, page 4Magnet Hospital DesignationIn 2010, for the fourth consecutive time, TMH received Magnet designation for overall nursing care and excellence from the American Nurses Credentialing Center (ANCC) Only three other facilities in the United States have been designated a Magnet hospital four times, and TMH is the only hospital in New England to earn this honor The program provides a framework to recognize excellence in the managementphilosophy and practice of nursing services, adherence to standards for improving the quality of patient care, and continued competence of nursing personnel In addition, recipient hospitals must demonstrate attention to the cultural and ethnic diversity of patients and their significant others, as well as the care providers in the system The Magnet Award for Nursing Excellence is the highest level of recognition the American Nurses Credentialing Center can bestow upon organized nursing services in health care organizations In 2010, TMH earned the elite Gold Seal of Approval from The Joint Commission for Primary Stroke Centers, a national honor awarded to the country's top stroke programs TMH, which was the first hospital in Rhode Island to be certified as a Primary Stroke Center, holds distinction as the only facility in the state to be certified three times</p>

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Lifespan and the Lifespan Obligated Group, which consists of The Miriam Hospital, RIH and Affiliates, Emma Pendleton Bradley Hospital, Rhode Island Hospital Foundation, and The Miriam Hospital Foundation, currently make their annual and quarterly consolidated financial statements available to the public via DAC (Digital Assurance Certification LLC), a disclosure dissemination agent for issues of the tax-exempt bonds which electronically posts and transmits Lifespan's financial information to repositories and investors alike. In addition, copies of TMH's Articles of Incorporation, Bylaws, and Conflict of Interest Policy are available upon request from the office of the Lifespan Chief Financial Officer, either in person or by mail.

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	The preparation and filing of the Form 990 and supporting schedules is the responsibility of the Chief Financial Officer and Lifespan's Finance Department, with review by Lifespan's tax advisors, KPMG, LLP. The Form 990 is prepared by the accounting staff upon completion of The Miriam Hospital's annual independent audit for initial review by the Director of Finance and the Vice President of Finance - Corporate Services. Once the draft 990 is complete, the Director of Finance forwards it with all supporting worksheets to KPMG, which then reviews the completed form in detail. The Director of Finance answers questions as they arise and provides additional information as needed. Any recommended changes are incorporated into the return. The draft Form 990 is then provided to the Chief Financial Officer for final management review. Prior to filing the return with the Internal Revenue Service, a copy of the entire form is sent to The Miriam Hospital's Board of Trustees in advance of its next Board meeting, at which the Chief Financial Officer discusses the highlights of the Form. All questions and concerns of the members of the Board are addressed by the Chief Financial Officer and incorporated into the Form 990 when appropriate. The Chief Financial Officer is authorized to file the Form 990.



Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	The bylaws of The Miriam Hospital (TMH) confer certain reserved powers on Lifespan to provide it with the means of effective oversight, coordination and support of the system Powers reserved to Lifespan include to elect and remove trustees and to approve the election of and to remove certain officers At each annual meeting of the TMH Board of Trustees, a list is compiled of the names of those persons selected to serve as Trustees of TMH so that it can be approved and submitted to Lifespan for ratification and election

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	Lifespan Corporation is the sole corporate member of The Miriam Hospital

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 4	Form 990, Part VI, Line 4 Description of Significant Changes to Organizational Documents	Revised Article III - Board of TrusteesSection 2, Number and Election, reflects a revision in the number of elected trustees from 16 to 20

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 2	Form 990, Part VI, Line 2 Description of Business or Family Relationship of Officers, Directors, Et	Mary A Wakefield is an officer of Lifespan Corporation The follow ing officer and key employees, respectively, are employed by Lifespan Corporation Timothy J Babineau, MD, Arthur J Sampson and Rebecca L Burke

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  
The Minam Hospital

Employer identification number  
05-0258905

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) VNA Technicare Inc 622 George Washington Highway Lincoln, RI02865 05-0472710	DME Sales	RI	NA	C Corp			
(2) Lifespan Risk Services Inc 167 Point Street Providence, RI02903 05-0459767	Risk Mgmnt	RI	NA	C Corp			
(3) Lifespan MSO Inc 167 Point Street Providence, RI02903 05-0508717	Mgmnt Services	RI	NA	C Corp			

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

No

Yes

Yes

Yes

No

Yes

Yes

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(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
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Software ID: 10000105

Software Version: 2010v3.2

EIN: 05-0258905

Name: The Miriam Hospital

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
RI Sound Enterprises Insurance Co Ltd  65 Front Street Hamilton HM 12 BD	Offshore Insurance Captive				NA		No
The Miriam Hospital Womens Assoc  164 Summit Avenue Providence, RI02906 05-0268165	Patient Support	RI	501(c)(3)	11	N/A		No
The Miriam Hospital Foundation  167 Point Street Providence, RI02903 05-0377502	Philanthropic Activities	RI	501(c)(3)	11	NA		No
RIH Ventures  593 Eddy Street Providence, RI02903 05-0448686	Parking Facilities/ Phlebotomy Services	RI	501(c)(3)	11	NA		No
Rhode Island Hospital Foundation  167 Point Street Providence, RI02903 05-0468736	Philanthropic Activities	RI	501(c)(3)	7	NA		No
Rhode Island Hospital  593 Eddy Street Providence, RI02903 05-0258954	Health Care Services	RI	501(c)(3)	3	NA		No
NHCC Medical Associates Inc  11 Friendship Street Newport, RI02840 05-0472268	Health Care Services	RI	501(c)(3)	11	N/A		No
Newport Hospital Foundation  11 Friendship Street Newport, RI02840 22-2535533	Philanthropic Activities	RI	501(c)(3)	7	NA		No
Newport Hospital  11 Friendship Street Newport, RI02840 05-0258914	Health Care Services	RI	501(c)(3)	3	NA		No
Newport Health Property Management Inc  11 Friendship Street Newport, RI02840 22-2335539	Property Management	RI	501(c)(3)	11	NA		No
Newport Health Care Corporation  11 Friendship Street Newport, RI02840 22-2535537	Holding Company/Mgmnt Services	RI	501(c)(3)	7	NA		No
Lifespan of Massachusetts Inc  c/o Archstone Law 245 Winter St Waltham, MA02451 04-3408517	Holding Company	MA	501(c)(3)	11	NA		No

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
Lifespan Foundation  167 Point Street Providence, RI02903 05-0493219	Philanthropic Activities	RI	501(c)(3)	7	NA		No
Lifespan Diversified Services  167 Point Street Providence, RI02903 05-0258935	Holding Company/Mgmnt Services	RI	501(c)(3)	11	NA		No
Lifespan Corporation  167 Point Street Providence, RI02903 22-2861978	Holding Company/Mgmnt Services	RI	501(c)(3)	11	NA		No
Hospital Properties Inc  593 Eddy Street Providence, RI02903 22-2869743	Property Management	RI	501(c)(4)		NA		No
Emma Pendleton Bradley Hospital  1011 Veterans Memorial Parkway East Providence, RI02915 05-0258806	Pediatric Psychiatric Health Care Services	RI	501(c)(3)	3	NA		No
Bradley Hospital Foundation  167 Point Street Providence, RI02903 05-0500688	Philanthropic Activities	RI	501(c)(3)	7	NA		No



**THE MIRIAM HOSPITAL**

Financial Statements

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

**THE MIRIAM HOSPITAL**

Financial Statements

September 30, 2011 and 2010

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1
<b>Financial Statements:</b>	
Statements of Financial Position	2
Statements of Operations and Changes in Net Assets	3 – 4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 45



**KPMG LLP**  
6th Floor, Suite A  
100 Westminster Street  
Providence, RI 02903-2321

## **Independent Auditors' Report**

The Board of Trustees  
The Miriam Hospital:

We have audited the accompanying statements of financial position of The Miriam Hospital (the Hospital) as of September 30, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital'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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital'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, as well as 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 financial position of The Miriam Hospital as of September 30, 2011 and 2010, and the results of its operations and changes in net assets, and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

February 8, 2012

**THE MIRIAM HOSPITAL**

Statements of Financial Position

September 30, 2011 and 2010

(In thousands)

Assets	2011	2010	Liabilities and Net Assets	2011	2010
Current assets			Current liabilities		
Cash and cash equivalents	\$ 14,168	\$ 13,284	Accounts payable	\$ 11,958	\$ 11,054
Patient accounts receivable	49,238	52,337	Accrued employee benefits and compensation	11,365	14,042
Less allowance for doubtful accounts	<u>(12,773)</u>	<u>(13,950)</u>	Other accrued expenses	7,558	3,309
Net patient accounts receivable	36,465	38,387	Current portion of long-term debt	1,977	1,878
Other receivables	<u>1,915</u>	<u>3,931</u>	Current portion of estimated third-party payor settlements	6,324	9,235
Total receivables	38,380	42,318	Estimated health care benefit self-insurance costs	<u>2,099</u>	<u>2,293</u>
Assets limited as to use	155	208	Total current liabilities	41,281	41,811
Inventories	4,956	3,916	Long-term debt, net of current portion	64,079	66,186
Prepaid expenses and other current assets	<u>438</u>	<u>501</u>	Estimated third-party payor settlements, net of current portion	3,327	6,826
Total current assets	58,097	60,227	Accrued pension liability	25,617	24,254
Interest in net assets of The Miriam Hospital Foundation	49,382	50,225	Other liabilities	<u>803</u>	<u>677</u>
Assets limited as to use	108,193	110,012	Total liabilities	135,107	139,754
Less amount required to meet current obligations	<u>(155)</u>	<u>(208)</u>	Net assets		
Noncurrent assets limited as to use	108,038	109,804	Unrestricted	205,353	204,340
Property and equipment, net	154,895	154,295	Temporarily restricted	19,575	21,500
Other assets			Permanently restricted	<u>12,625</u>	<u>11,390</u>
Deferred financing costs, net	1,602	1,739	Total net assets	237,553	237,230
Other noncurrent assets	<u>646</u>	<u>694</u>			
Total other assets	<u>2,248</u>	<u>2,433</u>			
Total assets	\$ <u>372,660</u>	\$ <u>376,984</u>	Total liabilities and net assets	\$ <u>372,660</u>	\$ <u>376,984</u>

See accompanying notes to financial statements

**THE MIRIAM HOSPITAL**  
**Statements of Operations and Changes in Net Assets**  
**Years ended September 30, 2011 and 2010**  
(In thousands)

	<u><b>2011</b></u>	<u><b>2010</b></u>
Unrestricted revenues and other support:		
Net patient service revenue	\$ 367,072	\$ 353,527
Other revenue	11,184	9,795
Endowment earnings contributed toward community benefit	2,638	2,576
Net assets released from restrictions used for operations	1,159	1,340
Net assets released from restrictions used for research	23,393	22,420
Total unrestricted revenues and other support	<u>405,446</u>	<u>389,658</u>
Operating expenses:		
Compensation and benefits	197,437	187,129
Supplies and other expenses	105,411	102,451
Purchased services	45,186	41,168
Provision for bad debts	18,242	20,154
Depreciation and amortization	10,340	10,465
Interest	3,578	3,662
License fees	17,154	15,592
Total operating expenses	<u>397,348</u>	<u>380,621</u>
Income from operations	<u>8,098</u>	<u>9,037</u>
Nonoperating gains and losses:		
Net realized (losses) gains on board-designated investments	(935)	301
Litigation settlement (note 14)	(3,052)	—
Other nonoperating losses, net	—	(88)
Total nonoperating (losses) gains, net	<u>(3,987)</u>	<u>213</u>
Excess of revenues over expenses	<u>\$ 4,111</u>	<u>\$ 9,250</u>



# THE MIRIAM HOSPITAL

## Statements of Operations and Changes in Net Assets (Continued)

Years ended September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Excess of revenues over expenses	\$ 4,111	\$ 9,250
Other changes in unrestricted net assets		
Change in funded status of pension and other postretirement plans, other than net periodic pension and postretirement benefit costs	(2,934)	(3,133)
Net change in unrealized gains on investments available for sale	(525)	3,640
Net assets released from restrictions used for purchase of property and equipment	1,214	1,216
(Decrease) increase in interest in net assets of The Miriam Hospital Foundation	(853)	889
Increase in unrestricted net assets	<u>1,013</u>	<u>11,862</u>
Temporarily restricted net assets		
Gifts, grants and bequests	23,926	23,296
Income from restricted investments	469	583
(Decrease) increase in interest in net assets of The Miriam Hospital Foundation	(1,225)	428
Transfers from The Miriam Hospital Foundation	1,653	1,493
Net assets released from restrictions	(25,766)	(24,976)
Net realized and unrealized (losses) gains on investments	(982)	923
(Decrease) increase in temporarily restricted net assets	<u>(1,925)</u>	<u>1,747</u>
Permanently restricted net assets		
Increase in interest in net assets of The Miriam Hospital Foundation	<u>1,235</u>	<u>4,737</u>
Increase in permanently restricted net assets	<u>1,235</u>	<u>4,737</u>
Increase in net assets	323	18,346
Net assets, beginning of year	<u>237,230</u>	<u>218,884</u>
Net assets, end of year	<u>\$ 237,553</u>	<u>\$ 237,230</u>

See accompanying notes to financial statements

**THE MIRIAM HOSPITAL**

Statements of Cash Flows

Years ended September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 323	\$ 18,346
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in funded status of pension and other postretirement plans, other than net periodic pension and postretirement benefit costs	2,934	3,133
Net realized and unrealized losses (gains) on investments	2,442	(4,864)
Undistributed portion of change in interest in net assets of The Miriam Hospital Foundation	843	(6,054)
Transfers from The Miriam Hospital Foundation	(1,653)	(1,493)
Depreciation and amortization	10,340	10,465
Provision for estimated health care benefit self-insurance costs	21,141	23,900
Decrease in liabilities for estimated health care benefit self-insurance costs resulting from claims paid	(21,335)	(23,314)
Net decrease (increase) in patient accounts receivable	1,922	(3,586)
Increase in accounts payable	904	581
Decrease in accrued employee benefits and compensation	(2,677)	(1,795)
(Decrease) increase in estimated third-party payor settlements	(6,410)	615
Increase in all other current and noncurrent assets and liabilities, net	3,761	1,762
Net cash provided by operating activities	<u>12,535</u>	<u>17,696</u>
Cash flows from investing activities		
Purchase of property and equipment	(10,803)	(9,210)
Net decrease in trustee-held bond funds	2,684	3,179
Other net increases in assets limited as to use	(3,307)	(18,630)
Net cash used in investing activities	<u>(11,426)</u>	<u>(24,661)</u>
Cash flows from financing activities		
Payments on long-term debt	(1,878)	(1,799)
Transfers from The Miriam Hospital Foundation	1,653	1,493
Net cash used in financing activities	<u>(225)</u>	<u>(306)</u>
Net increase (decrease) in cash and cash equivalents	884	(7,271)
Cash and cash equivalents, beginning of year	<u>13,284</u>	<u>20,555</u>
Cash and cash equivalents, end of year	\$ <u>14,168</u>	\$ <u>13,284</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ <u>3,741</u>	\$ <u>3,820</u>

See accompanying notes to financial statements

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (1) Description of Organization

The Miriam Hospital (the Hospital), located in Providence, Rhode Island, is a 247-bed nonprofit general acute care teaching hospital with university affiliation providing a comprehensive range of diagnostic and therapeutic services (excluding obstetrics) for the acute care of patients principally from Rhode Island and southeastern Massachusetts. As a complement to its role in service and education, the Hospital actively supports research. The Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and participates as a provider primarily in Medicare, Blue Cross and Medicaid programs. The Hospital is also a member of Voluntary Hospitals of America, Inc. (VHA).

Effective August 9, 1994, the Hospital and Rhode Island Hospital (RIH) of Providence, RI (719 beds) implemented a plan which included the creation of a not-for-profit parent company, Lifespan Corporation. Each hospital continues to maintain its own identity and Board of Trustees, as well as its own campus and its own name. Lifespan, the sole member of the Hospital and RIH, has the responsibility for strategic planning and initiatives, capital and operating budgets, and overall governance of the consolidated organization.

In 2009, Lifespan announced its intention to combine the Hospital and RIH into a single hospital with two campuses. The Miriam Hospital Foundation and Rhode Island Hospital Foundation will remain as separate entities. The hospitals have begun to integrate clinical programs and services and do not expect the elimination of services or a significant loss of jobs. Each has nominated, and Lifespan has selected, an identical slate of trustees to serve as the governing body for both hospitals.

#### (2) Charity Care and Other Community Benefits

The total net cost of charity care and other community benefits provided by the Hospital for the years ended September 30, 2011 and 2010 is summarized in the following table:

	<u>2011</u>	<u>2010</u>
Charity care	\$ 11,818	\$ 10,314
Medical education, net	13,707	11,644
Research	3,192	3,006
Subsidized health services	2,182	2,626
Community health improvement services and community benefit operations	242	245
Unreimbursed Medicaid costs	<u>3,848</u>	<u>1,287</u>
Total	<u>\$ 34,989</u>	<u>\$ 29,122</u>

#### *Charity Care*

The Hospital provides full charity care for individuals at or below twice the federal poverty level, with a sliding scale for individuals up to four times the poverty level. In addition, a substantial charity allowance is offered to all other uninsured patients. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including compensation and benefits,

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (2) Charity Care and Other Community Benefits (continued)

supplies, and other operating expenses, based on data from its costing system. The total cost, excluding medical education and research, incurred by the Hospital to provide charity care amounted to \$11,818 and \$10,314 in 2011 and 2010, respectively. Charges forgone, based on established rates, amounted to \$46,116 and \$40,535 in 2011 and 2010, respectively.

##### *Medical Education*

The Hospital provides the setting for and substantially supports medical education in various clinical training and nursing programs. The total cost of medical education provided by the Hospital exceeds the reimbursement received from third-party payors by \$13,707 and \$11,644 in 2011 and 2010, respectively.

In 1969, the Hospital and certain other Rhode Island hospitals entered into an affiliation agreement to participate jointly in various clinical training programs and research activities with Brown Medical School, renamed The Warren Alpert Medical School of Brown University (Brown). In 2010, Brown named Rhode Island Hospital its Principal Teaching Hospital. The Hospital and Emma Pendleton Bradley Hospital (EPBH) continue to be designated as major teaching affiliates. The goals of the partnership are to facilitate the expansion of joint educational and research programs in order to compete both clinically and academically.

The Hospital participates in Brown programs in internal medicine and medicine subspecialties, general surgery and surgical subspecialties, psychiatry, emergency medicine, orthopedics, and dermatology. The Hospital provides stipends to residents and physician fellows while in training.

The Hospital is also a participating clinical training site for residents from other programs in infectious disease, OB/Gyn subspecialties, podiatry, psychiatry, geriatric psychiatry, colorectal surgery and cardiothoracic surgery.

In addition, TMH Behavioral Medicine, in collaboration with Brown, sponsors research and clinical psychology training programs for interns, postdoctoral fellows, and faculty trainees.

With respect to nursing education, the Hospital has developed formal and informal educational affiliations with the University of Rhode Island College of Nursing; Rhode Island College; Community College of Rhode Island (CCRI); Salve Regina University; Boston College; Yale University; Regis College; Simmons College; St. Joseph's Health Services' School of Nursing; the University of Massachusetts campuses at Dartmouth, Boston, Amherst and Worcester; the University of Connecticut; New England Technical Institute; Walden University; and the University of Pennsylvania, pursuant to which their nursing students obtain clinical training and experience at the Hospital. The Hospital does not receive any compensation from the various schools for providing a clinical setting for the student nurse training.

The Hospital sponsors training programs for a variety of allied health care professionals including required clinical and fieldwork experiences in physical, speech, and occupational therapy to university students in each discipline through contracts with the various universities. The Hospital serves as a clinical training site for students from CCRI for the vascular and cardiology ultrasound programs and also provides training experiences for students in diagnostic radiology, nuclear medicine technology, pathology, laboratory

## **THE MIRIAM HOSPITAL**

### **Notes to Financial Statements**

September 30, 2011 and 2010

(In thousands)

#### **(2) Charity Care and Other Community Benefits (continued)**

medicine and phlebotomy. In addition, training programs are provided for students in medical technology and social work.

The Hospital has clinical affiliations/student clinical training programs for pharmacy students provided through contracts with a number of colleges and universities.

##### ***Research***

The Hospital conducts extensive medical research and is in the forefront of biomedical health care delivery research and among the leaders nationally in National Institutes of Health programs. The Hospital also sponsors a significant level of these research activities, as indicated in the table on page 6.

Federal support accounts for approximately 86% of all externally funded research at the Hospital. Researchers focus on clinical trials which investigate prevention and treatment of HIV/AIDS, obesity, cancer, diabetes, cardiac disease, and mental health concerns.

##### ***Subsidized Health Services***

The Hospital substantially subsidizes various health services including the following programs: oncology, tuberculosis, and certain other specialty services.

##### ***Community Health Improvement Services and Community Benefit Operations***

The Hospital also provides numerous other services to the community for which charges are not generated. These services include certain emergency services, community health screenings for cardiac health, prostate cancer and other diseases, smoking cessation, immunization, and nutrition programs, diabetes education, community health training programs, patient advocacy, foreign language translation, physician referral services, and charitable contributions.

##### ***Unreimbursed Medicaid Costs***

The Hospital subsidizes the cost of treating patients who receive government assistance where reimbursement is below cost. Medicaid is a means-tested health insurance program, jointly funded by state and federal governments. States administer the program and set rules for eligibility, benefits and provider payments within broad federal guidelines. The program provides health care coverage to low-income children and families, pregnant women, long-term unemployed adults, seniors and persons with disabilities. Eligibility is determined by a variety of factors, which include income relative to the federal poverty line, age and immigration status, and assets. The unreimbursed Medicaid costs do not include any allocation of medical education or research costs.

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### **(3) Summary of Significant Accounting Policies**

##### ***(a) Basis of Presentation***

The Hospital considers events and transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on February 8, 2012 and subsequent events have been evaluated through that date.

##### ***(b) 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### ***(c) Accounting Pronouncement Not Yet Adopted***

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-07, Health Care Entities (Topic 954): *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which requires certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. Also required are disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. ASU 2011-07 is effective for the Hospital's fiscal year beginning October 1, 2012, and the change in presentation is not expected to significantly impact the Hospital's financial position, results of operations or cash flows.

##### ***(d) Cash and Cash Equivalents***

Cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use by board-designation or other arrangements under trust agreements.

##### ***(e) Investments and Investment Income***

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 820-10, *Fair Value Measurements and Disclosures* (ASC 820-10), defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. ASC 820-10 establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (3) Summary of Significant Accounting Policies (continued)

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but which are corroborated by market data; and
- Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Hospital utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Following is a description of the valuation methodologies used for investments measured at fair value:

*Cash and short-term investments:* Valued at the net asset value (NAV) reported by the financial institution.

*US government/agency and corporate obligations:* Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings and maturities.

*Corporate equity securities:* Valued at the closing price reported by an active market in which the individual securities are traded.

*Collective investment funds:* Valued using NAV as reported by the investment manager, which approximates the market values of the underlying investments within the fund or realizable value as estimated by the investment manager.

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at the closing price reported by an active market in which the individual securities are traded. Investments in collective investment funds with monthly pricing and liquidity are valued using NAV as a practical expedient; otherwise, such investments are recorded at historical cost. Investments of less than 5% in limited partnerships are also recorded at historical cost. Investments of 5% or more in limited partnerships, limited liability corporations or similar investments are accounted for using the equity method. Investments in derivative financial instruments are not material.

The Hospital has applied the accounting guidance in Accounting Standards Update No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12), which permits the use of NAV or its equivalent reported by each underlying alternative investment fund as a practical expedient to estimate the fair value of the investment. These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements or operations of the underlying funds. Also, because the Hospital uses NAV

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### **(3) Summary of Significant Accounting Policies (continued)**

as a practical expedient to estimate fair value, the level in the fair value hierarchy in which each fund's fair value measurement is classified is based primarily on the Hospital's ability to redeem its interest in the fund at or near the date of the statement of financial position. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risk associated with those investments or a reflection on the liquidity of each fund's underlying assets and liabilities.

Investments designated by the Hospital as trading securities are reported at fair value, with gains or losses resulting from changes in fair value recognized in the statement of operations and changes in net assets as realized gains or losses on investments.

Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments other than those designated as trading securities or those accounted for using the equity method are excluded from the excess of revenues over expenses.

Realized gains or losses on sales of investments are determined by the average cost method. Realized gains or losses on unrestricted investments are recorded as nonoperating gains or losses; realized gains or losses on restricted investments are recorded as an addition to or deduction from the appropriate restricted net asset category. For investment securities other than trading, a decline in the market value of the security below its cost that is designated to be other than temporary is recognized through an impairment charge classified as a realized loss and a new cost basis is established.

Investment income from funds held by trustees under bond indenture agreements is recorded as other revenue. The Hospital maintains a spending policy for certain of its board-designated funds which provides that investment income from such funds is recorded within unrestricted revenues as endowment earnings contributed toward community benefit.

#### ***(f) Assets Limited as to Use***

Assets limited as to use primarily include designated assets set aside by the Hospital's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets whose use by the Hospital has been limited by grantors or donors to a specific purpose, as well as assets held by trustees under bond indenture agreements. Amounts required to meet current liabilities of the Hospital are reported in current assets in the statements of financial position.

#### ***(g) Property and Equipment***

Property and equipment acquisitions are recorded at cost. Depreciation is computed over the estimated useful life of each class of depreciable asset using the straight-line method. Buildings and improvements lives range from 5 to 40 years and equipment lives range from 3 to 20 years. Net



## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (3) Summary of Significant Accounting Policies (continued)

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.

##### *(h) Deferred Financing Costs*

Deferred financing costs, which relate to the issuance of long-term bonds payable to the Rhode Island Health and Educational Building Corporation (RIHEBC), are being amortized ratably over the periods the bonds are outstanding.

##### *(i) Temporarily Restricted Net Assets*

Temporarily restricted net assets contain grantor or donor-imposed stipulations as to the timing of their availability or use for a particular purpose, including research activities. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions.

##### *(j) Excess of Revenues over Expenses*

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include the change in the funded status of pension and other postretirement plans, the net change in unrealized gains on investments available for sale, net assets released from restrictions used for purchase of property and equipment, and the change in interest in net assets of The Miriam Hospital Foundation.

##### *(k) Net Patient Service Revenue*

The Hospital provides care to patients under Medicare, Medicaid, managed care, and commercial insurance contractual arrangements. The Hospital has agreements with many third-party payors that provide for payments to the Hospital at amounts less than its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with some third-party payors.

Medicare and Medicaid utilize prospective payment systems for most inpatient hospital services rendered to program beneficiaries based on the classification of each case into a diagnostic-related group (DRG). Outpatient hospital services are primarily paid using an ambulatory payment classification system.

The majority of payments from managed care and commercial insurance companies are based upon negotiated fixed fee arrangements, whereby a combination of per diem rates and specific case rates are utilized for inpatient services, along with fixed fees applicable to outpatient services.

Settlements and adjustments arising under reimbursement arrangements with some third-party payors, primarily Medicare, Medicaid, and Blue Cross, are accrued on an estimated basis in the

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### **(3) Summary of Significant Accounting Policies (continued)**

period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital has classified a portion of accrued estimated third-party payor settlements as long-term because such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year. Changes in the Medicare and Medicaid programs, such as the reduction of reimbursement, could have an adverse impact on the Hospital.

##### ***(l) Provision for Bad Debts***

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts deemed uncollectible are deducted from the allowance and subsequent recoveries are added. The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental health care coverage, and other collection indicators.

##### ***(m) Charity Care***

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

##### ***(n) Donor-Restricted Gifts***

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. The gifts are reported as temporarily restricted support that increases the net asset class if they are received with stipulations that limit the use of the assets. When a donor or grantor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions.

##### ***(o) Inventories***

Inventories, consisting primarily of medical/surgical supplies and pharmaceuticals, are stated at the lower of cost or market.

##### ***(p) Estimated Self-Insurance Costs***

The Hospital participates in Lifespan self-insurance programs with other Lifespan affiliates for losses arising from professional liability/medical malpractice and general liability claims, health benefits to its employees, and losses arising from workers' compensation claims. The Hospital has recorded provisions for estimated claims, which are based on the Hospital's own experience. The provisions for self-insured losses include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### **(3) Summary of Significant Accounting Policies (continued)**

##### ***(q) Fair Value of Financial Instruments***

The carrying amounts recorded in the statements of financial position for cash and cash equivalents, patient accounts receivable, assets limited as to use, accounts payable, accrued expenses, estimated third-party payor settlements, and estimated health care benefit self-insurance costs approximate their respective fair values. The estimated fair values of the Hospital's assets limited as to use and long-term debt are disclosed in notes 5, 7 and 10, respectively.

##### ***(r) Reclassifications***

Certain 2010 amounts have been reclassified to conform with the 2011 reporting format.

#### **(4) Disproportionate Share**

The Hospital is a participant in the State of Rhode Island's Disproportionate Share Program, established in 1995 to assist hospitals which provide a disproportionate amount of uncompensated care. Under the program, Rhode Island hospitals, including the Hospital, receive federal and state Medicaid funds as additional reimbursement for treating a disproportionate share of low income patients. Total payments to the Hospital under the Disproportionate Share Program aggregated \$11,870 and \$9,973 in 2011 and 2010, respectively, and are reflected as part of net patient service revenue in the accompanying statements of operations and changes in net assets.

In 2011 and 2010, the State of Rhode Island has assessed a license fee to all Rhode Island hospitals, based on each hospital's 2009 and 2008 net patient service revenue, respectively, as defined. The Hospital's license fee expense was \$17,154 in 2011 and \$15,592 in 2010. The hospitals in the State of Rhode Island accepted the fee as part of an agreement with the State's Department of Health and Human Services in return for an equitable distribution of funds to those hospitals meeting certain criteria in providing services to the Medicaid population.

For periods beyond 2011, the federal government could change the level of federal matching funds for the Disproportionate Share Program. Accordingly, it may be necessary for the State of Rhode Island to modify the program and the reimbursement to Rhode Island hospitals under the program. At this time, the scope of such modifications or their effect on the Hospital cannot be reasonably determined.

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(5) Investments**

The composition of assets limited as to use at September 30, 2011 and 2010 is set forth in the following table.

	<u>2011</u>	<u>2010</u>
Unrestricted board-designated funds	\$ 84,857	\$ 83,169
Held by trustee under bond indenture agreements	10,497	13,181
Temporarily restricted funds	<u>12,839</u>	<u>13,662</u>
Total	<u>\$ 108,193</u>	<u>\$ 110,012</u>

Assets limited as to use at September 30 are classified as follows:

	<u>2011</u>	<u>2010</u>
Available-for-sale	\$ 80,590	\$ 90,352
Trading	<u>27,603</u>	<u>19,660</u>
Total	<u>\$ 108,193</u>	<u>\$ 110,012</u>

Assets limited as to use are classified as trading securities if the buy/sell decision with respect to each portfolio security is the responsibility of an external investment manager. All other assets limited as to use are classified as available-for-sale securities.

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (5) Investments (continued)

#### *Fair Value*

The following table summarizes the Hospital's investments and assets held in trust by major category within the ASC 820-10 fair value hierarchy as of September 30, 2011 and 2010, as well as related strategy and liquidity/notice requirements:

	2011				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U S equities						
Large cap value	\$ 3,348	\$ —	\$ —	\$ 3,348	Daily	One
Mid-cap value	3,196	—	—	3,196	Daily	One
Large cap growth	3,469	—	—	3,469	Daily	One
Marketable alternatives						
Multiple strategies	—	10,642	—	10,642	Quarterly	Sixty-five
Absolute return strategies	—	6,280	—	6,280	Monthly	Five
International equities						
Developed markets	—	10,887	—	10,887	Daily - Monthly	One - Seven
Emerging markets	—	3,512	—	3,512	Monthly	Ten
Commodities						
Energy	1,910	—	—	1,910	Daily	One
Various	—	1,650	—	1,650	Daily	One
Real estate	1,704	—	—	1,704	Daily	Five
Fixed income						
U S Treasuries	3,006	—	—	3,006	Daily	One - Five
U S Treasury inflation-protected	—	4,988	—	4,988	Daily	Two
U S Government and agency	—	1,968	—	1,968	Daily	One
Domestic bonds	8,106	5,587	—	13,693	Daily	One
Global bonds	3,141	6,716	46	9,903	Daily - Illiquid	One - N/A
Cash and short-term investments	4,576	—	—	4,576	Daily	One
	32,456	52,230	46	84,732		
Held by trustee under bond indenture agreements (note 10)	10,497	—	—	10,497		
Total	\$ 42,953	\$ 52,230	\$ 46	\$ 95,229		

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (5) Investments (continued)

	2010				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U.S. equities						
Large cap value	\$ 2,469	\$ —	\$ —	\$ 2,469	Daily	One
Mid-cap value	2,524	—	—	2,524	Daily	One
Large cap growth	2,689	—	—	2,689	Daily	One
Marketable alternatives						
Multiple strategies	—	8,568	—	8,568	Quarterly	Sixty-five
Absolute return strategies	—	3,678	—	3,678	Monthly	Five
International equities						
Developed markets	—	9,354	—	9,354	Daily - Monthly	One - Seven
Emerging markets	—	2,630	—	2,630	Monthly	Ten
Commodities						
Energy	1,697	—	—	1,697	Daily	One
Various	—	1,229	—	1,229	Daily	One
Real estate	1,460	—	—	1,460	Daily	Five
Fixed income						
U.S. Treasuries	2,344	—	—	2,344	Daily	One - Five
U.S. Treasury inflation-protected	—	5,732	—	5,732	Daily	Two
U.S. Government and agency	—	1,050	—	1,050	Daily	One
Domestic bonds	5,937	24,773	—	30,710	Daily	One
Global bonds	2,599	4,824	39	7,462	Daily - Illiquid	One - N/A
Cash and short-term investments	4,428	—	—	4,428	Daily	One
	26,147	61,838	39	88,024		
Held by trustee under bond indenture agreements (note 10)	13,181	—	—	13,181		
Total	\$ 39,328	\$ 61,838	\$ 39	\$ 101,205		

Trustee-held investments under bond indenture agreements consist of a money market fund invested in U.S. Government obligations.

Investments of less than 5% in collective investment funds which do not have monthly pricing or liquidity are recorded at historical cost. Investments of less than 5% in limited partnerships are also recorded at historical cost. The aggregate historical cost of these investments, which approximates market value as reported by investment managers, amounted to \$12,964 at September 30, 2011 and \$8,807 at September 30, 2010.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the NAV reported by each fund is used as a practical expedient to estimate the fair value of the Hospital's interest therein, its classification in Level 2 or 3 is based on the Hospital's ability to redeem its interest at or near the date of the statement of financial position. If the interest can be redeemed in the near term, the investment is generally classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (5) Investments (continued)

The following table represents the Hospital's activity for the years ended September 30, 2011 and 2010 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820-10:

	<u>2011</u>	<u>2010</u>
Global bonds:		
Fair value at October 1	\$ 39	\$ —
Transfers in	—	39
Net unrealized gains	7	—
Fair value at September 30	<u>\$ 46</u>	<u>\$ 39</u>

### *Investment Income, Gains and Losses*

Investment income, gains and losses for cash equivalents and assets limited as to use are comprised of the following for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Other revenue:		
Investment income	<u>\$ 27</u>	<u>\$ 128</u>
Endowment earnings contributed toward community benefit:		
Dividend and interest income	<u>\$ 2,638</u>	<u>\$ 2,576</u>
Nonoperating gains and losses:		
Net realized (losses) gains on board-designated investments	<u>\$ (935)</u>	<u>\$ 301</u>
Other changes in unrestricted net assets:		
Net change in unrealized gains on investments available for sale	<u>\$ (525)</u>	<u>\$ 3,640</u>
Changes in temporarily restricted net assets:		
Income from restricted investments	<u>\$ 469</u>	<u>\$ 583</u>
Net realized and unrealized (losses) gains on investments	<u>(982)</u>	<u>923</u>
	<u>\$ (513)</u>	<u>\$ 1,506</u>

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (5) Investments (continued)

#### *Liquidity*

Investments as of September 30, 2011 and 2010 are summarized below based on when they may be redeemed or sold:

	<u>2011</u>	<u>2010</u>
Investment redemption or sale period:		
Daily	\$ 64,466	\$ 77,045
Monthly	17,887	13,313
Quarterly	10,642	8,568
One-to-five years	232	285
Locked-up until liquidation	<u>2,002</u>	<u>1,994</u>
Total	<u>\$ 95,229</u>	<u>\$ 101,205</u>

Locked-up until liquidation includes the trustee-held debt service reserve fund under the 2009A bond indenture agreement (note 10).

#### *Commitments*

Venture capital, private equity, and certain energy and real estate investments are made through limited partnerships. Under the terms of these agreements, the Hospital is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Hospital cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with the above noted investment categories as of September 30, 2011 was \$1,300.



# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (5) Investments (continued)

#### *Investments with Unrealized Losses*

Information regarding investments with unrealized losses at September 30, 2011 and 2010 is presented below, segregated between those that have been in a continuous unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve or more months:

	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
September 30, 2011						
Unrestricted board-designated and temporarily restricted funds						
Collective investment funds	\$ 8,106	\$ 305	\$ 3,141	\$ 194	\$ 11,247	\$ 499
Total temporarily impaired securities	\$ 8,106	\$ 305	\$ 3,141	\$ 194	\$ 11,247	\$ 499
September 30, 2010						
Unrestricted board-designated and temporarily restricted funds						
Collective investment funds	\$ —	\$ —	\$ 25,573	\$ 1,723	\$ 25,573	\$ 1,723
Total temporarily impaired securities	\$ —	\$ —	\$ 25,573	\$ 1,723	\$ 25,573	\$ 1,723

In the evaluation of whether an impairment is other than temporary, the Hospital considers the reasons for the impairment, its ability and intent to hold the investment until the market price recovers, the severity and duration of the impairment, and expected future performance. Based on this evaluation, no impairment was considered to be other than temporary.

#### *Endowments*

The Hospital's endowment consists of individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Hospital to function as endowments. Investments associated with endowment funds, including funds designated by the Hospital to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### *Endowments (continued)*

Endowment funds consist of the following at September 30, 2011:

	<b>Unrestricted board- designated</b>	<b>Temporarily restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ —	\$ 12,839	\$ 12,839
Internally board-designated endowment funds	84,857	—	84,857
Total endowment funds	<u>\$ 84,857</u>	<u>\$ 12,839</u>	<u>\$ 97,696</u>

Endowment funds consist of the following at September 30, 2010:

	<b>Unrestricted board- designated</b>	<b>Temporarily restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ —	\$ 13,662	\$ 13,662
Internally board-designated endowment funds	83,169	—	83,169
Total endowment funds	<u>\$ 83,169</u>	<u>\$ 13,662</u>	<u>\$ 96,831</u>

Changes in endowment funds for the year ended September 30, 2011 are as follows:

	<b>Unrestricted board- designated</b>	<b>Temporarily restricted</b>	<b>Total</b>
Endowment funds, October 1, 2010	\$ 83,169	\$ 13,662	\$ 96,831
Interest and dividend income	2,652	469	3,121
Net realized and unrealized losses	(1,460)	(982)	(2,442)
Cash gifts, grants, and bequests	—	23,803	23,803
Transfers from The Miriam Hospital Foundation	—	1,653	1,653
Net assets released from restrictions	—	(25,766)	(25,766)
Deposits	496	—	496
Endowment funds, September 30, 2011	<u>\$ 84,857</u>	<u>\$ 12,839</u>	<u>\$ 97,696</u>

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### *Endowments (continued)*

Changes in endowment funds for the year ended September 30, 2010 are as follows:

	<b>Unrestricted board- designated</b>	<b>Temporarily restricted</b>	<b>Total</b>
Endowment funds, October 1, 2009	\$ 60,579	\$ 12,758	\$ 73,337
Interest and dividend income	2,652	583	3,235
Net realized and unrealized gains	3,941	923	4,864
Cash gifts, grants, and bequests	—	22,881	22,881
Transfers from The Miriam Hospital Foundation	—	1,493	1,493
Net assets released from restrictions	—	(24,976)	(24,976)
Deposits	15,997	—	15,997
Endowment funds, September 30, 2010	\$ <u>83,169</u>	\$ <u>13,662</u>	\$ <u>96,831</u>

### *(a) Return Objectives and Risk Parameters*

Lifespan has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, including both donor-restricted funds and unrestricted board-designated funds. Under this policy, as approved by Lifespan, the endowment assets are invested in a manner that is intended to produce results that exceed the total benchmark return while assuming a moderate level of investment risk. The Hospital expects its endowment funds, over a full market cycle, to provide an average annual real rate of return of approximately 5.0% plus inflation annually. Actual returns in any given year or period of years may vary from this amount.

### *(b) Strategies Employed for Achieving Objectives*

To satisfy its long-term rate of return objectives, Lifespan 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). Lifespan targets a diversified asset allocation that places emphasis on investments in public equity, marketable alternatives, real assets and fixed income to achieve its long-term return objectives within prudent risk constraints.

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(6) Property and Equipment**

Property and equipment, by major category, is as follows at September 30:

	<b>2011</b>	<b>2010</b>
Land and improvements	\$ 4,288	\$ 4,288
Buildings and improvements	183,532	184,665
Equipment	114,544	108,854
	<u>302,364</u>	<u>297,807</u>
Less accumulated depreciation and amortization	158,306	148,104
	<u>144,058</u>	<u>149,703</u>
Construction in progress	10,837	4,592
Property and equipment, net	<u>\$ 154,895</u>	<u>\$ 154,295</u>

Depreciation and amortization expense for the years ended September 30, 2011 and 2010 amounted to \$10,340 and \$10,465, respectively.

The estimated cost of completion of construction in progress approximated \$1,800 at September 30, 2011, comprised mainly of various building renovation projects. In addition, the Hospital has several building renovation projects pending contractual commitments with an estimated cost of completion of approximately \$12,000.

**(7) Pension and Other Postretirement Benefits**

***Voluntary Early Retirement Program (VERP)***

On November 23, 2010, Lifespan announced a voluntary early retirement program, which is designed to provide salary and benefits continuation for eligible employees who wish to retire. The Hospital's estimated cost of this program amounting to \$3,579 in 2011 is included in compensation and benefits in the statement of operations and changes in net assets. The liability related to the VERP was approximately \$2,317 at September 30, 2011 and is included in accrued employee benefits and compensation in the statement of financial position.

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (7) Pension and Other Postretirement Benefits (continued)

##### *Pension Benefits*

Lifespan Corp. sponsors the Lifespan Corporation Retirement Plan (the Plan), which was established effective January 1, 1996 when the Rhode Island Hospital Retirement Plan merged into The Miriam Hospital Retirement Plan (the TMH Plan). Upon completion of the merger, the new plan was renamed and is governed by provisions of the Lifespan Corporation Retirement Plan. Each employee who was a participant in the TMH Plan and was an eligible employee on January 1, 1996 continues to be a participant on and after January 1, 1996, subject to the provisions of the Plan. Employees are included in the Plan on the first of the month which is the later of their first anniversary of employment or the attainment of age 18.

The Plan is intended to constitute a plan described in Section 414(k) of the Internal Revenue Code, under which benefits are derived from employer contributions based on the separate account balances of participants in addition to the defined benefits provided under the Plan, which are based on an employee's years of credited service and annual compensation. Lifespan's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code as amended, plus such additional amounts as may be determined to be appropriate by Lifespan. Lifespan may also make certain discretionary matching contributions to participant account balances included in Plan assets based on salary deferral elections of participants. Matching contributions of \$8,235 and \$8,198 were made in 2011 and 2010, respectively.

Substantially all employees of Lifespan Corporation who meet the above requirements are eligible to participate in the Plan.

The provisions of ASC 715 require an employer to recognize in its statement of financial position an asset for a benefit plan's overfunded status or a liability for a plan's underfunded status, and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. The funded-status amount is measured as the difference between the fair value of plan assets and the projected benefit obligation including all actuarial gains and losses and prior service cost. Due to changes in the timing and amount of contributions, combined with the results of an actuarial assumption experience study, Lifespan elected to remeasure the assets and benefit obligations of the Plan as of March 31, 2011. Based on March 31, 2011 and September 30, 2011 funded-status amounts for the Hospital's portion of the Plan, the Hospital recorded a decrease in unrestricted net assets of \$2,718.

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension cost in 2012 are as follows:

Net actuarial loss	\$	975
Prior service cost		27
	\$	<u>1,002</u>

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(7) Pension and Other Postretirement Benefits (continued)**

The following tables set forth the Plan's projected benefit obligation and the fair value of plan assets.

	<u>2011</u>	<u>2010</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 528,319	\$ 452,976
Service cost	26,395	26,012
Interest cost	28,785	27,178
Plan amendments	(7,092)	157
Actuarial (gain) loss	(3,656)	42,355
Benefits paid	(33,849)	(19,262)
Administrative expenses	(1,238)	(1,097)
Projected benefit obligation at end of year	<u>\$ 537,664</u>	<u>\$ 528,319</u>

The accumulated benefit obligation at the end of 2011 and 2010 was \$473,368 and \$455,687, respectively.

	<u>2011</u>	<u>2010</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 338,026	\$ 307,775
Actual return on plan assets	2,643	26,807
Employer contributions	48,043	23,803
Benefits paid	(33,849)	(19,262)
Administrative expenses	(1,238)	(1,097)
Fair value of plan assets at end of year	<u>\$ 353,625</u>	<u>\$ 338,026</u>

The funded status of the Plan and amounts recognized in Lifespan's consolidated statements of financial position at September 30, pursuant to ASC Topic 715 (as opposed to ERISA), are as follows:

	<u>2011</u>	<u>2010</u>
Funded status, end of year:		
Fair value of plan assets	\$ 353,625	\$ 338,026
Projected benefit obligation	<u>537,664</u>	<u>528,319</u>
	<u>\$ (184,039)</u>	<u>\$ (190,293)</u>

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(7) Pension and Other Postretirement Benefits (continued)**

Amounts recognized in the Hospital's statements of financial position at September 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Accrued pension liability	\$ <u>25,617</u>	\$ <u>24,254</u>
	<u>2011</u>	<u>2010</u>
Amounts not yet reflected in net periodic pension cost and included in unrestricted net assets:		
Prior service benefit (cost)	\$ 5,547	\$ (1,834)
Accumulated net actuarial loss	<u>(148,488)</u>	<u>(136,545)</u>
Amounts not yet recognized as a component of net periodic pension cost	(142,941)	(138,379)
Accumulated net periodic pension cost in excess of employer contributions	<u>(41,098)</u>	<u>(51,914)</u>
Net amount recognized	\$ <u>(184,039)</u>	\$ <u>(190,293)</u>
	<u>2011</u>	<u>2010</u>
Sources of change in unrestricted net assets:		
Net loss arising during the year	\$ (3,337)	\$ (4,425)
New prior service cost	(71)	(76)
Amortizations:		
Net actuarial loss	669	1,423
Prior service cost	<u>21</u>	<u>14</u>
Total unrestricted net asset loss recognized during the year	\$ <u>(2,718)</u>	\$ <u>(3,064)</u>

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(7) Pension and Other Postretirement Benefits (continued)**

***Net Periodic Pension Cost***

Components of net periodic pension cost are as follows for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Service cost	\$ 26,395	\$ 26,012
Interest cost	28,785	27,178
Expected return on plan assets	(26,791)	(23,331)
Amortization of net actuarial loss	8,549	7,940
Amortization of prior service cost	<u>288</u>	<u>801</u>
Net periodic pension cost for Lifespan	\$ <u>37,226</u>	\$ <u>38,600</u>
Net periodic pension cost for the Hospital	<u>\$ 6,041</u>	<u>\$ 7,365</u>

In 2011, Lifespan modified its discretionary matching contribution to participant account balances, reducing the Hospital's net periodic pension cost by \$517.

The following weighted average assumptions were used by the Plan's actuary to determine net periodic pension cost and benefit obligations:

	<u>2011</u>	<u>2010</u>
Discount rate for benefit obligations	4.70%	4.98%
Discount rate for net periodic pension cost	5.25	5.74
Rate of compensation increase	4.50	4.50
Expected long-term rate of return on Plan assets	7.75	7.75



# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (7) Pension and Other Postretirement Benefits (continued)

The asset allocation for the Plan at September 30, 2011 and 2010, and the target allocation for 2012, by asset category, are as follows:

Asset category	Target allocation 2012	Percentage of plan assets September 30	
		2011	2010
U.S. equities	15 - 35%	11.6%	11.8%
Marketable alternatives	0 - 25%	13.7	14.3
International equities	10 - 35%	13.2	15.0
Venture capital	0 - 10%	1.4	1.5
Commodities	0 - 20%	7.8	8.2
Real estate	0 - 15%	2.3	2.7
Fixed income	10 - 50%	43.2	45.4
Cash and cash equivalents	0 - 10%	6.8	1.1
Total		100.0%	100.0%

The above table does not include \$77,173 and \$75,626 of Plan assets at September 30, 2011 and September 30, 2010, respectively, attributable to the separate savings account balances of participants which are managed in various mutual funds by Fidelity Investments (Fidelity).

The overall financial objective of the Plan is to meet present and future obligations to beneficiaries, while minimizing long-term contributions to the Plan (by earning an adequate, risk adjusted return on Plan assets), with moderate volatility in year-to-year contribution levels.

The primary investment objective of the Plan is to attain the expected long-term rate of return on Plan assets in support of the above objective. The Plan's specific investment objective is to attain an average annual real total return (net of investment management fees) of at least 4.75% over the long term (rolling five-year periods). Real total return is the sum of capital appreciation (or loss) and current income (dividends and interest) adjusted for inflation by the Consumer Price Index.

Lifespan employs a rigorous process to annually determine the expected long-term rate of return on Plan assets which is only changed based on significant shifts in economic and financial market conditions. These estimates are primarily driven by actual historical asset-class returns along with our long-term outlook for a globally diversified portfolio. Asset allocations are regularly updated based on evaluations of future market returns for each asset class.

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (7) Pension and Other Postretirement Benefits (continued)

#### *Fair Value*

The following table summarizes the Plan's investments by major category within the ASC 820-10 fair value hierarchy as of September 30, 2011 and 2010, as well as related strategy and liquidity/notice requirements:

	2011				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U S equities						
Large cap value	\$ 11.734	\$ —	\$ —	\$ 11.734	Daily	One
Mid-cap value	7.906	—	—	7.906	Daily	One
Large cap growth	11.602	—	—	11.602	Daily	One
Marketable alternatives						
Multiple strategies	—	21.921	7.785	29.706	Quarterly - Illiquid	Sixty - Ninety-five
Absolute return strategies	—	8.398	—	8.398	Monthly	Five
International equities						
Developed markets	—	25.395	—	25.395	Daily - Monthly	One - Seven
Emerging markets	—	11.294	—	11.294	Monthly	Ten
Venture capital	—	—	10.004	10.004	Illiquid	N/A
Commodities						
Energy	—	5.882	—	5.882	Daily	One
Various	—	11.628	—	11.628	Daily	One
Real estate	3.254	—	—	3.254	Daily	One
Fixed income						
U S Treasuries	7.526	—	—	7.526	Daily	One
U S Treasury inflation-protected	—	—	—	—	Daily	Two
U S Government and agency	—	13.217	—	13.217	Daily	One
Domestic bonds	21.197	10.053	—	31.250	Daily	One
Global bonds	—	39.039	—	39.039	Monthly	Fifteen
Cash and cash equivalents	20.348	28.269	—	48.617	Daily	One
Fidelity mutual funds	77.173	—	—	77.173	Daily	One
Total	\$ 160.740	\$ 175.096	\$ 17.789	\$ 353.625		

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (7) Pension and Other Postretirement Benefits (continued)

	2010				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U S equities						
Large cap value	\$ 10,897	\$ —	\$ —	\$ 10,897	Daily	One
Mid-cap value	7,874	—	—	7,874	Daily	One
Large cap growth	11,163	—	—	11,163	Daily	One
Marketable alternatives						
Multiple strategies	—	26,408	4,062	30,470	Quarterly - Illiquid	Sixty - Ninety
Absolute return strategies	—	7,063	—	7,063	Monthly	Five
International equities						
Developed markets	—	27,619	—	27,619	Daily - Monthly	One - Seven
Emerging markets	—	11,700	—	11,700	Monthly	Ten
Venture capital	—	—	11,480	11,480	Illiquid	N/A
Commodities						
Energy	—	6,617	—	6,617	Daily	One
Various	—	10,906	—	10,906	Daily	One
Real estate	3,432	—	—	3,432	Daily	One
Fixed income						
U S Treasuries	10,259	—	—	10,259	Daily	One
U S Treasury inflation-protected	—	14,000	—	14,000	Daily	Two
U S Government and agency	—	9,554	—	9,554	Daily	One
Domestic bonds	20,833	36,099	—	56,932	Daily	One
Global bonds	—	27,048	—	27,048	Monthly	Fifteen
Cash and cash equivalents	5,386	—	—	5,386	Daily	One
Fidelity mutual funds	75,626	—	—	75,626	Daily	One
Total	\$ 145,470	\$ 177,014	\$ 15,542	\$ 338,026		

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

	Venture capital	Marketable alternatives	2011 Total
Fair value at October 1, 2010	\$ 11,480	\$ 4,062	\$ 15,542
Transfers in	—	11,037	11,037
Transfers out	—	(7,008)	(7,008)
Purchases	315	—	315
Sales	(2,823)	—	(2,823)
Realized gains, net	1,356	—	1,356
Unrealized losses, net	(324)	(306)	(630)
Fair value at September 30, 2011	\$ 10,004	\$ 7,785	\$ 17,789

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (7) Pension and Other Postretirement Benefits (continued)

	<u>Venture capital</u>	<u>Marketable alternatives</u>	<u>2010 Total</u>
Fair value at October 1, 2009	\$ 12,509	\$ 7,846	\$ 20,355
Transfers out	—	(7,846)	(7,846)
Purchases	472	4,050	4,522
Sales	(2,055)	—	(2,055)
Realized gains, net	1,148	—	1,148
Unrealized (losses) gains, net	(594)	12	(582)
Fair value at September 30, 2010	<u>\$ 11,480</u>	<u>\$ 4,062</u>	<u>\$ 15,542</u>

### *Expected Cash Flows*

Information about the expected cash flows for the Plan follows:

Employer contributions:	
2012 (expected for Lifespan)	\$ 38,694
2012 (expected for the Hospital)	6,360
Expected benefit payments:	
2012	\$ 27,739
2013	25,826
2014	24,607
2015	26,287
2016	28,263
2017 through 2021	178,225

Management evaluates its Plan assumptions annually and the expected employer contributions in 2012 could increase.

### *Other Postretirement Benefits*

In addition to providing pension benefits, the Hospital provides certain health care benefits to retired employees. As of December 31, 2004, health care postretirement benefits were eliminated for all active employees of the Hospital who had not attained age 55 and completed five years of consecutive service. The Hospital's postretirement plan is not expected to be materially affected by health care reform legislation.

The Hospital recognizes in its statements of financial position an asset for a benefit plan's overfunded status or a liability for a plan's underfunded status, and recognizes changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. The funded-status amount is measured as the difference between the fair value of plan assets and the benefit obligation including all

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (7) Pension and Other Postretirement Benefits (continued)

actuarial gains and losses and prior service cost. Based on September 30, 2011 funded-status amounts for the Hospital's postretirement benefit plan, the Hospital recorded a decrease in unrestricted net assets of \$216.

The estimated amounts that will be amortized from unrestricted net assets into net periodic postretirement benefit income in 2012 are as follows:

Net actuarial loss	\$	2
Prior service benefit		(204)
	\$	<u>(202)</u>

### *Benefit Obligations*

	<u>2011</u>	<u>2010</u>
Change in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of year	\$ 308	\$ 329
Interest cost	7	18
Benefits paid	(24)	(32)
Actuarial gain	<u>(10)</u>	<u>(7)</u>
Accumulated postretirement benefit obligation at end of year	\$ <u>281</u>	\$ <u>308</u>

### *Funded Status*

The Hospital has never funded its other postretirement benefit obligations. The funded status of the postretirement benefit plan, reconciled to the amount reported in the statements of financial position, follows:

	<u>2011</u>	<u>2010</u>
Benefit obligations	\$ 281	\$ 308
Funded status	\$ <u>(281)</u>	\$ <u>(308)</u>
Accrued postretirement benefit cost recognized in the statements of financial position	\$ <u>281</u>	\$ <u>308</u>

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(7) Pension and Other Postretirement Benefits (continued)**

Amounts recognized in the statements of financial position at September 30, 2011 and 2010 consist of:

	<u>2011</u>	<u>2010</u>
Accrued postretirement benefit cost:		
Current (included in accrued employee benefits and compensation)	\$ 136	\$ 45
Noncurrent (included in other liabilities)	<u>145</u>	<u>263</u>
Total accrued postretirement benefit cost	<u>\$ 281</u>	<u>\$ 308</u>
	<u>2011</u>	<u>2010</u>
Amounts not yet reflected in net periodic postretirement benefit income and included in unrestricted net assets:		
Prior service benefit	\$ 568	\$ 772
Accumulated net actuarial loss	<u>(36)</u>	<u>(3)</u>
Amounts not yet recognized as a component of net periodic postretirement benefit income	532	769
Accumulated net periodic postretirement benefit cost	<u>(813)</u>	<u>(1,077)</u>
Net amount recognized	<u>\$ (281)</u>	<u>\$ (308)</u>
	<u>2011</u>	<u>2010</u>
Sources of change in unrestricted net assets:		
Net gain arising during the year	\$ 31	\$ 135
Amortizations:		
Net actuarial gain	(43)	—
Prior service benefit	<u>(204)</u>	<u>(204)</u>
Total unrestricted net asset loss recognized during the year	<u>\$ (216)</u>	<u>\$ (69)</u>

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(7) Pension and Other Postretirement Benefits (continued)**

***Net Periodic Postretirement Benefit Income***

Components of net periodic postretirement benefit income are as follows for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Interest cost	\$ 7	\$ 17
Amortization of prior service benefit	(204)	(204)
Amortization of net actuarial gain	<u>(43)</u>	<u>—</u>
Net periodic postretirement benefit income	<u>\$ (240)</u>	<u>\$ (187)</u>

The following weighted average assumptions were used by the plan's actuary to determine net periodic postretirement benefit income and benefit obligations:

	<u>2011</u>	<u>2010</u>
Discount rate for benefit obligations	4.70%	4.98%
Discount rate for net periodic postretirement benefit income	4.98	5.74

***Assumed Health Care Cost Trend Rates at September 30:***

	<u>2011</u>	<u>2010</u>
Health care cost trend rate assumed for next year	8.13%	8.03%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5%	4%
Year that the rate reaches the ultimate trend rate	2030	2029

Assumed health care cost trend rates have a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects as of September 30, 2011:

	<u>One-Percentage- Point Increase</u>	<u>One-Percentage- Point Decrease</u>
Effect on accumulated postretirement benefit obligation	\$ 16	\$ (15)

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(7) Pension and Other Postretirement Benefits (continued)**

***Expected Cash Flows***

Information about the expected cash flows for the postretirement benefit plan follows:

Expected benefit payments:	
2012	\$ 136
2013	85
2014	68

**(8) Patient Service Revenue and Related Reimbursement**

A major portion of the Hospital's revenue is received from third-party payors. The following is an approximate percentage breakdown of gross patient service revenue by payor type for the years ended September 30:

	<b>2011</b>	<b>2010</b>
Medicare and Senior Care	49%	49%
Blue Cross	21	21
Medicaid and RIte Care	8	8
Managed care	12	13
Commercial, self-pay, and other	10	9
	<b>100%</b>	<b>100%</b>

The Hospital grants credit to patients, most of whom are local residents. The Hospital generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross, managed care, and commercial insurance policies).

Cost reports filed annually with third-party payors are subject to audit prior to final settlement. The 2011 Medicare cost report has not been filed and, therefore, is not settled. The Centers for Medicare and Medicaid Services has placed a temporary moratorium on final settlement of Medicare cost reports from 2007 forward. The State of Rhode Island Medicaid Program no longer requires year-end retrospective settlements, effective for periods beginning October 1, 2009 for outpatient services and July 1, 2010 for inpatient services. The Medicare cost reports for 2007 through 2010 and the Medicaid cost reports for 2004 through 2010 have not been settled.



## **THE MIRIAM HOSPITAL**

### **Notes to Financial Statements**

**September 30, 2011 and 2010**

**(In thousands)**

#### **(8) Patient Service Revenue and Related Reimbursement (continued)**

Regulations in effect require annual settlements based upon cost reports filed by the Hospital. These settlements are estimated and recorded in the accompanying financial statements. Changes in these estimates are reflected in the financial statements in the year in which they occur. Net patient service revenue in the accompanying statements of operations and changes in net assets was increased by \$3,500 and \$2,434 in 2011 and 2010, respectively, to reflect changes in the estimated settlements for certain prior years.

Revenues from Medicare and Medicaid programs accounted for approximately 49% and 8%, respectively, of the Hospital's gross patient service revenue for the year ended September 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations. Compliance with laws and regulations can be subject to future government review and interpretation as well as significant regulatory action; failure to comply with such laws and regulations can result in fines, penalties and exclusion from Medicare and Medicaid programs.

#### **(9) Income Tax Status**

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from Federal income taxes pursuant to Section 501(a) of the Code.

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (10) Long-Term Debt

Long-term debt consists of the following at September 30:

	<u>2011</u>	<u>2010</u>
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2012 through 2032 in annual amounts ranging from \$7,215 to \$15,020 at rates ranging from 4% to 5% (2006A Series-Lifespan Obligated Group)	\$ 35,613	\$ 37,001
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2027 through 2039 in annual amounts ranging from \$1,870 to \$7,900 at rates ranging from 6.125% to 7% (2009A Series-Lifespan Obligated Group)	19,547	19,547
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2012 through 2026 in annual amounts ranging from \$690 to \$14,705 at rates ranging from 5.25% to 5.75% (1996 Series-Lifespan Obligated Group)	9,328	9,443
Hospital Financing Revenue fixed rate serial and term bonds due August 15, 2012 at 6.375% (2002 Series-Lifespan Obligated Group)	399	774
Unamortized premium – 2006A Series	1,139	1,271
Unamortized premium – 2009A Series	32	33
Unamortized discount – 1996 and 2002 Series	<u>(2)</u>	<u>(5)</u>
	66,056	68,064
Less current portion	<u>1,977</u>	<u>1,878</u>
Long-term debt, excluding current portion	<u>\$ 64,079</u>	<u>\$ 66,186</u>

The estimated fair value of the Hospital's long-term debt at both September 30, 2011 and 2010 approximates \$69,000 and is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

On July 8, 2008, the Board of Directors of Lifespan Corporation, acting as the sole corporate member of Emma Pendleton Bradley Hospital (EPBH), adopted a resolution authorizing EPBH to become a member of the Lifespan Obligated Group. The EPBH Board of Trustees, as well as the Boards of the Hospital and RIH, also authorized related resolutions.

On March 30, 2009, Rhode Island Health and Educational Building Corporation (RIHEBC) issued, on behalf of the Lifespan Obligated Group, which consists of the Hospital, RIH, EPBH, Rhode Island Hospital Foundation (RIHF) and The Miriam Hospital Foundation (TMHF), \$114,985 of tax-exempt bonds (the 2009A Bonds) for the purposes of financing the acquisition, construction, renovation, expansion and

# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (10) Long-Term Debt (continued)

equipping of certain hospital and related health care facilities owned and operated by the Hospital, RIH and EPBH (the Obligated Group Hospitals), including the expansion, construction, renovation, equipping and furnishing of a two-story addition to EPBH's existing building and the renovation of vacated space in the existing building.

The above outstanding 2009 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, RIH, EPBH, RIHF and TMHF) are secured by a pledge of the gross receipts of the Obligated Group Hospitals and by mortgage liens on the Hospital's and RIH's real property and all buildings, structures and improvements thereon. The Obligated Group Hospitals, RIHF and TMHF are jointly and severally liable for repayment of the 2009A Bonds, recorded directly by the Obligated Group Hospitals as follows:

The Hospital	\$	19,547
RIH		72,441
EPBH		22,997
		<hr/>
Total	\$	<u>114,985</u>

Payment of the principal amount of and interest on \$64,825 of the 2009A Bonds when due is guaranteed by a financial guaranty insurance policy issued by Assured Guaranty Corp.

On February 14, 2006, RIHEBC issued, on behalf of the Lifespan Obligated Group, which consisted of the Hospital and RIH, \$192,135 of tax-exempt bonds (the 2006A Bonds) for the purpose of refunding \$123,405 and \$65,315 of the Lifespan Obligated Group's 1996 Bonds and 2002 Bonds, respectively. The advance refundings were allocated as follows:

		<u>1996 Bonds</u>		<u>2002 Bonds</u>
The Hospital	\$	21,596	\$	16,329
RIH		101,809		48,986
		<hr/>		<hr/>
Total	\$	<u>123,405</u>	\$	<u>65,315</u>

On September 12, 2006, the Board of Directors of Lifespan Corporation, acting as the sole corporate member of each of The Miriam Hospital Foundation and Rhode Island Hospital Foundation (the Foundations), adopted resolutions authorizing the Foundations to become members of the Lifespan Obligated Group. The Boards of Trustees of each of the Foundations, as well as the then existing members of the Lifespan Obligated Group, the Hospital and RIH, previously authorized related resolutions. The effective date for such change was October 1, 2006.

The above outstanding 2006 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, RIH, EPBH and the Foundations) are secured by a pledge of the gross receipts of the Hospital and RIH and by mortgage liens on the Hospital's and RIH's real property and all buildings, structures and improvements

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (10) Long-Term Debt (continued)

thereon. The Obligated Group Hospitals and the Foundations are jointly and severally liable for repayment of the 2006A Bonds, \$35,613 and \$140,687 of which has been recorded directly by the Hospital and RIH, respectively. Payment of the principal and interest on the 2006A Bonds when due is guaranteed by a financial guaranty insurance policy issued by Assured Guaranty Corp.

On July 9, 2002, RIHEBC issued, on behalf of the Lifespan Obligated Group, \$78,000 of tax-exempt bonds (the 2002 Bonds) to finance routine capital expenditures of the Hospital and RIH, renovations of the RIH emergency department and construction and equipping of a cancer center on the campus of RIH.

The above outstanding 2002 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, RIH, EPBH and the Foundations) are secured by mortgage liens on the Hospital's and RIH's real property and all buildings, structures and improvements thereon. The Obligated Group Hospitals and the Foundations are jointly and severally liable for repayment of the 2002 Bonds, \$399 and \$1,196 of which has been recorded directly by the Hospital and RIH, respectively.

On December 1, 1996, RIHEBC issued, on behalf of the Lifespan Obligated Group, \$214,585 of tax-exempt bonds (the 1996 Bonds) to finance portions of Lifespan's, the Hospital's and RIH's 1996, 1997, 1998 and 1999 expenditures for routine capital equipment and facility renovation/replacement, and to advance refund \$8,455 of the Hospital's 1989 Series A bonds, \$1,900 of the Hospital's 1992 Series A bonds and \$10,065 of the Hospital's 1992 Series B bonds.

The above outstanding 1996 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, RIH, EPBH and the Foundations) are secured by a pledge of the gross receipts of the Hospital and RIH. The Obligated Group Hospitals and the Foundations are jointly and severally liable for repayment of the 1996 Bonds, \$9,328 and \$43,977 of which has been recorded directly by the Hospital and RIH, respectively. Payment of the principal and interest on the 1996 Bonds when due is guaranteed by a financial guaranty insurance policy issued by National Public Finance Guarantee Corp.

Under the terms of the 2009A, 2006A, 2002 and 1996 Bonds, the Obligated Group Hospitals are required to satisfy certain measures of financial performance as long as the bonds are outstanding. At September 30, 2011, management believes the Obligated Group Hospitals were in compliance with all covenants of the bonds.

The Hospital's aggregate maturities of long-term debt for the five fiscal years ending in September 2016 are as follows: 2012, \$1,977; 2013, \$1,998; 2014, \$2,099; 2015, \$2,204; and 2016, \$2,313.

Agreements underlying the various Hospital Financing Revenue Bonds require that the Obligated Group Hospitals maintain certain trustee-held funds, included with assets limited as to use in the statements of financial position, as follows:

Project Fund – The Obligated Group Hospitals are required to apply monies in the Project Fund to pay the costs of debt issuance, facility renovation/replacement, and routine capital equipment.

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(10) Long-Term Debt (continued)**

Bond Funds – The Obligated Group Hospitals are required to make periodic deposits to the trustee sufficient to provide sinking funds for the payment of principal and interest to bondholders when due.

Debt Service Reserve Funds – The Obligated Group Hospitals are required to apply monies in the Debt Service Reserve Funds to remedy deficiencies in the Bond Funds, if any.

The Hospital's trustee-held funds at September 30 are summarized as follows:

	<b>2011</b>	<b>2010</b>
Project Fund – 2009A Series	\$ 8,309	\$ 10,940
Bond Funds	155	208
Debt Service Reserve Fund – 2009A Series	1,956	1,956
Debt Service Reserve Fund – 2002 Series	77	77
Total	<u>\$ 10,497</u>	<u>\$ 13,181</u>

**(11) Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets at September 30 are available for the following purposes:

	<b>2011</b>	<b>2010</b>
Research	\$ 10,028	\$ 9,706
General health care service activities	4,179	5,201
Interest in net assets of The Miriam Hospital Foundation	5,368	6,593
Total	<u>\$ 19,575</u>	<u>\$ 21,500</u>

Permanently restricted net assets at September 30 consist of:

	<b>2011</b>	<b>2010</b>
Interest in net assets of The Miriam Hospital Foundation	<u>\$ 12,625</u>	<u>\$ 11,390</u>

Permanently restricted net assets increased by \$1,235 and \$4,737 in the years ended September 30, 2011 and 2010, respectively, primarily due to gifts in the amounts of \$1,046 and \$3,018, respectively, received from the Frederick Henry Prince Trust. The income on this endowment is being used to support the Hospital's emergency department.

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (12) Leases

The Hospital leases building space and equipment under various noncancelable operating lease agreements. Future minimum lease payments, by year and in the aggregate, under noncancelable operating leases with terms of one year or more consist of the following at September 30, 2011:

	<u>Amount</u>
Year ending September 30:	
2012	\$ 5,309
2013	4,821
2014	3,533
2015	1,625
2016	1,125
Thereafter	<u>2,378</u>
Total minimum lease payments	<u>\$ 18,791</u>

Rental expense, including rentals under leases with terms of less than one year, for the years ended September 30, 2011 and 2010 was \$5,952 and \$5,572, respectively.

#### (13) Concentrations of Credit Risk

Financial instruments which potentially subject the Hospital to concentrations of credit risk consist primarily of accounts receivable and certain investments. The risk associated with temporary cash investments is mitigated by the fact that the investments are placed with what management believes are high credit quality financial institutions. Investments, which include government and agency obligations, stocks, and corporate bonds, are not concentrated in any corporation or industry.

The Hospital receives a significant portion of its payments for services rendered from a limited number of government and commercial third-party payors, including Medicare, Blue Cross, Medicaid, and various managed care entities. The Hospital has not historically incurred any significant concentrated credit losses in the normal course of business.

#### (14) Malpractice and Other Litigation

##### *Professional Liability/Medical Malpractice and General Liability*

Professional liability/medical malpractice coverage for the Hospital is supplied on a claims-made basis by Rhode Island Sound Enterprises Insurance Co. Ltd. (RISE), Lifespan's affiliated captive insurance company, which underwrites the medical malpractice risk of the Hospital. The adequacy of the coverage provided and the funding levels are reviewed annually by independent actuaries and consultants. The professional liability/medical malpractice insurance provided by RISE has liability limits of \$4,000 per claim with no annual aggregate. RISE provides a second layer of coverage which has limits of an additional \$2,000 per claim with a \$2,000 annual aggregate. In addition, commercial umbrella excess insurance has been obtained by Lifespan to increase the professional liability limits to \$32,000 per claim.

## THE MIRIAM HOSPITAL

### Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

#### (14) Malpractice and Other Litigation (continued)

The Hospital has been named as a defendant in a number of pending actions seeking damages for alleged medical malpractice liability. In the opinion of management, any liability and legal defense costs resulting from these actions will be within the limits of the Hospital's malpractice insurance coverage provided by RISE and/or commercial excess carriers.

General liability coverage is provided to the Hospital by RISE amounting to \$4,000 per claim and \$4,000 in the annual aggregate. Commercial excess liability insurance has been obtained by Lifespan which provides aggregate general liability coverage of \$80,000.

##### *Workers' Compensation*

The Hospital has incurred a number of workers' compensation claims and, in the opinion of management, the liability of the Hospital will be within the limits of the assets of Lifespan's workers' compensation self-insurance trust fund.

##### *Other Litigation*

Effective September 30, 2011, Lifespan and Tufts Medical Center, Inc. (NEMC) agreed upon the satisfaction in full of a court judgment against Lifespan which had resulted in a net award to NEMC of \$9,208. The Hospital's share of this settlement, amounting to \$2,316, was reflected as a non-operating loss in 2011 and was paid to NEMC on October 3, 2011. The Hospital recorded an additional \$736 non-operating loss in 2011 resulting from the write-off of the Hospital's share of Lifespan's notes receivable from NEMC, which had originated upon the exit of NEMC from the Lifespan system in 2002.

The Hospital is also involved in a number of miscellaneous suits and general liability suits arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations.

#### (15) Related-Party Transactions

The Hospital rents space and purchases laundry and linen services from RIH. Included in the Hospital's operating expenses in the statements of operations and changes in net assets are the following costs resulting from transactions with RIH for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Rental expense	\$ 804	\$ 936
Laundry and linen	<u>1,259</u>	<u>1,210</u>
Total	<u>\$ 2,063</u>	<u>\$ 2,146</u>

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(15) Related-Party Transactions (continued)**

The Hospital was charged a management fee by Lifespan of \$28,465 and \$25,884 in 2011 and 2010, respectively. Lifespan provides information services, human resources, financial, and various other support services to the Hospital.

Included in other receivables and other accrued expenses in the statements of financial position are the following amounts due from (to) certain related entities at September 30:

	<u>2011</u>	<u>2010</u>
Other receivables:		
Lifespan	\$ —	\$ 632
RIH	—	100
EPBH	27	—
Total	<u>\$ 27</u>	<u>\$ 732</u>
Other accrued expenses:		
Lifespan	\$ (2,682)	\$ —
RIH	(1,229)	—
Newport Hospital	(43)	(158)
Total	<u>\$ (3,954)</u>	<u>\$ (158)</u>



# THE MIRIAM HOSPITAL

## Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

### (15) Related-Party Transactions (continued)

During the years ended September 30, 2011 and 2010, the Hospital received temporarily restricted net asset transfers from The Miriam Hospital Foundation (the Foundation) amounting to \$1,653 and \$1,493, respectively. In addition, the Hospital received grants from the Foundation amounting to \$590 in both 2011 and 2010 in support of the Hospital's research activities. Such grants are included in other revenue.

The Foundation, whose sole corporate member is Lifespan Corporation, was established to engage in philanthropic activities to support the mission and purposes of Lifespan and the Hospital. Funds are distributed to the Hospital upon collection for use in conformity with purpose restrictions stipulated by donors, or as determined by the Boards of Trustees of the Hospital and the Foundation. A summary of the Foundation's assets, liabilities, net assets, deficiency of revenues over expenses, and changes in net assets follows. The Hospital's interest in the net assets of the Foundation is reported as a noncurrent asset in the statements of financial position.

	<b>2011</b>	<b>2010</b>
Assets, principally assets limited as to use	\$ 50,344	\$ 51,314
Liabilities	\$ 962	\$ 1,089
Unrestricted net assets	31,389	32,242
Temporarily restricted net assets	5,368	6,593
Permanently restricted net assets	12,625	11,390
Total liabilities and net assets	\$ 50,344	\$ 51,314
Total unrestricted revenues, gains and other support	\$ 1,018	\$ 1,344
Total expenses	1,947	1,751
Deficiency of revenues over expenses	(929)	(407)
Other increases in unrestricted net assets	76	1,296
Unrestricted net assets, beginning of year	32,242	31,353
Unrestricted net assets, end of year	\$ 31,389	\$ 32,242
(Decrease) increase in temporarily restricted net assets	\$ (1,225)	\$ 428
Temporarily restricted net assets, beginning of year	6,593	6,165
Temporarily restricted net assets, end of year	\$ 5,368	\$ 6,593
Increase in permanently restricted net assets	\$ 1,235	\$ 4,737
Permanently restricted net assets, beginning of year	11,390	6,653
Permanently restricted net assets, end of year	\$ 12,625	\$ 11,390

**THE MIRIAM HOSPITAL**

Notes to Financial Statements

September 30, 2011 and 2010

(In thousands)

**(16) Functional Expenses**

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30:

	<b>2011</b>	<b>2010</b>
Health care services	\$ 321,457	\$ 309,395
Research	26,585	25,426
General and administrative:		
Depreciation and amortization	10,340	10,465
Interest	3,578	3,662
Other	35,388	31,673
Total general and administrative	49,306	45,800
	<u>\$ 397,348</u>	<u>\$ 380,621</u>