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Form **990**
 Department of the Treasury
 Internal Revenue Service

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

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

OMB No 1545-0047
2010
Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

| | | | |
|---|---|------------|---|
| 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 | C Name of organization MIDDLESEX HOSPITAL | | D Employer identification number 06-0646718 |
| | Doing Business As | | E Telephone number (860) 358-6395 |
| | Number and street (or P O box if mail is not delivered to street address) 28 CRESCENT STREET | Room/suite | G Gross receipts \$ 361,708,927 |
| | City or town, state or country, and ZIP + 4 MIDDLETOWN, CT 06457 | | |

F Name and address of principal officer
 VINCENT CAPECE - PRESIDENT/CEO
 28 CRESCENT STREET
 MIDDLETOWN, CT 06457

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

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

H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) () (Insert no) 4947(a)(1) or 527

J Website: ▶ WWW.MIDDLESEXHOSPITAL.ORG

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1895 **M** State of legal domicile CT

Part I Summary

| | | | |
|---|--|---------------------------|--------------|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities MIDDLESEX HOSPITAL IS COMMITTED TO PROVIDING HIGH QUALITY INPATIENT AND OUTPATIENT HEALTHCARE SERVICES THE HOSPITAL RECOGNIZES COMMUNITY TRANSPARENCY AND INTEGRITY AS FUNDAMENTAL RESPONSIBILITIES | | |
| | 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| | 3 Number of voting members of the governing body (Part VI, line 1a) | 3 | 13 |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 9 |
| | 5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) | 5 | 2,990 |
| | 6 Total number of volunteers (estimate if necessary) | 6 | 650 |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 5,460,486 |
| b Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 | |
| Revenue | 8 Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year |
| | 9 Program service revenue (Part VIII, line 2g) | 3,639,178 | 3,460,686 |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 331,593,872 | 342,349,009 |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 4,823,349 | 6,203,632 |
| | 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 212,181 | 1,347,490 |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 340,268,580 | 353,360,817 |
| | 14 Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 |
| | 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 0 | 0 |
| | 16a Professional fundraising fees (Part IX, column (A), line 11e) | 186,394,237 | 198,095,488 |
| | b Total fundraising expenses (Part IX, column (D), line 25) ▶ 828,817 | 0 | 0 |
| | 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) | 130,620,781 | 136,850,977 |
| | 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 317,015,018 | 334,946,465 |
| 19 Revenue less expenses Subtract line 18 from line 12 | 23,253,562 | 18,414,352 | |
| Net Assets or Fund Balances | 20 Total assets (Part X, line 16) | Beginning of Current Year | End of Year |
| | 21 Total liabilities (Part X, line 26) | 392,308,000 | 402,626,000 |
| | 22 Net assets or fund balances Subtract line 21 from line 20 | 247,498,000 | 264,554,000 |
| | | 144,810,000 | 138,072,000 |

Part II Signature Block

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

| | | |
|------------------|---|--------------------|
| Sign Here | ***** Signature of officer | 2012-08-14 Date |
| | SUSAN MARTIN VP FINANCE TREASURER 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 ▶ One Financial Plaza Hartford, CT 061032608 | | | | Phone no ▶ (860) 522-3200 |

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

MIDDLESEX HOSPITAL IS COMMITTED TO PROVIDING HIGH QUALITY INPATIENT AND OUTPATIENT HEALTHCARE SERVICES THE HOSPITAL RECOGNIZES COMMUNITY TRANSPARENCY AND INTEGRITY AS FUNDAMENTAL RESPONSIBILITIES

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 \$ 141,392,186 including grants of \$) (Revenue \$ 143,713,651)

INPATIENT CARE IN THE FISCAL YEAR ENDING 9/30/2011, INPATIENT CARE REPRESENTED 13,855 DISCHARGES AND 59,935 PATIENT CARE DAYS ARMED WITH SKILLED STAFF, PROGRESSIVE DIAGNOSTIC TOOLS AND ADVANCED SURGICAL TECHNIQUES, THE HOSPITAL WAS WELL POSITIONED TO ENSURE A COMFORTABLE, SAFE ENVIRONMENT FOR EXCEPTIONAL MEDICAL TREATMENT AND RECOVERY SEE SCHEDULE O FOR FURTHER DETAIL

4b (Code) (Expenses \$ 50,514,901 including grants of \$) (Revenue \$ 59,865,858)

MIDDLESEX HOSPITAL EMERGENCY DEPARTMENT MIDDLESEX HOSPITAL EMERGENCY DEPARTMENT DELIVERS CARE AT THE WHALEN EMERGENCY CENTER AT THE HOSPITAL'S MAIN CAMPUS AS WELL AS TWO SATELLITE SITES LOCATED AT THE SHORELINE MEDICAL CENTER IN ESSEX AND THE MIDDLESEX HOSPITAL MEDICAL CENTER IN MARLBOROUGH THE EMERGENCY DEPARTMENT TREAT AND RELEASE VISITS FOR THE FISCAL YEAR ENDING 9/30/2011 WERE 86,806 IN EACH, EMERGENCY CARE IS DEPLOYED BY EXPERT, BOARD-CERTIFIED EMERGENCY MEDICINE DOCTORS AND SPECIFICALLY TRAINED PHYSICIAN ASSISTANTS, NURSES, PATIENT CARE TECHNICIANS AND OTHER SUPPORT PERSONNEL SEE SCHEDULE O FOR FURTHER DETAIL

4c (Code) (Expenses \$ 18,003,543 including grants of \$) (Revenue \$ 28,264,383)

AMBULATORY OR OUTPATIENT SURGERY OUTPATIENT SERVICES OFFER THE LATEST IN DIAGNOSTIC TESTING AND LABORATORY SERVICES, AMBULATORY SURGERY OPTIONS, AND REHABILITATION AND SPORTS MEDICINE SERVICES IN FY 11 THERE WERE 6,785 REVENUE GENERATING AMBULATORY SURGERY CASES FROM ENDOSCOPY/COLONOSCOPY TO ORTHOPEDIC AND OTHER OUTPATIENT PROCEDURES SEE SCHEDULE O FOR FURTHER DETAIL

4d Other program services (Describe in Schedule O)
(Expenses \$ 77,242,293 including grants of \$) (Revenue \$ 111,417,117)

4e Total program service expenses \$ 287,152,923

Part IV Checklist of Required Schedules

| | Yes | No |
|--|-----|----|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> <input checked="" type="checkbox"/> | Yes | |
| 2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? <input checked="" type="checkbox"/> | Yes | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> <input checked="" type="checkbox"/> | | No |
| 4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> <input checked="" type="checkbox"/> | Yes | |
| 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> | | |
| 6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> <input checked="" type="checkbox"/> | | No |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> <input checked="" type="checkbox"/> | | No |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> <input checked="" type="checkbox"/> | | No |
| 9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> <input checked="" type="checkbox"/> | | No |
| 10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> <input checked="" type="checkbox"/> | 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? <i>If "Yes," complete Schedule D, Part VI.</i> <input checked="" type="checkbox"/> | Yes | |
| b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> <input checked="" type="checkbox"/> | | No |
| c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> <input checked="" type="checkbox"/> | | No |
| d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> <input checked="" type="checkbox"/> | | No |
| e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/> | Yes | |
| f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/> | Yes | |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> <input checked="" type="checkbox"/> | Yes | |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> <input checked="" type="checkbox"/> | Yes | |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i> | | No |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? | | No |
| b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i> | | No |
| 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Parts II and IV.</i> | | No |
| 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? <i>If "Yes," complete Schedule F, Parts III and IV.</i> | | No |
| 17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions).</i> <input checked="" type="checkbox"/> | | No |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> <input checked="" type="checkbox"/> | Yes | |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> <input checked="" type="checkbox"/> | | No |
| 20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> <input checked="" type="checkbox"/> | Yes | |
| b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) | 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 Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . | 25a | No |
| b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . | 25b | No |
| 26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . | 26 | No |
| 27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . | 27 | No |
| 28 Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | |
| a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . | 28a | 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 | Yes |
| 30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . | 30 | No |
| 31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . | 31 | No |
| 32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . | 32 | No |
| 33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . | 33 | No |
| 34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . | 34 | Yes |
| 35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? . . . | 35 | Yes |
| a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| 36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . | 36 | |
| 37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | No |
| 38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O . . . | 38 | Yes |

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

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

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

Section A. Governing Body and Management

| | | Yes | No |
|-----------|---|-----|----|
| 1a | Enter the number of voting members of the governing body at the end of the tax year | | |
| | 1a 13 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | | |
| | 1b 9 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | | No |
| 6 | Does the organization have members or stockholders? | Yes | |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? | Yes | |
| b | 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 | | |
| a | The governing body? | Yes | |
| b | 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 |
| b | If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? | | |
| 11a | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | Yes | |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | |
| 12a | Does the organization have a written conflict of interest policy? If "No," go to line 13 | Yes | |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | Yes | |
| c | Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done | 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? | | |
| a | The organization's CEO, Executive Director, or top management official | Yes | |
| b | Other officers or key employees of the organization | Yes | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions) | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | Yes | |
| b | If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? | Yes | |

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed **CT**
- 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 **▶**
 DONALD LUDWIG CPA
 28 CRESCENT STREET
 MIDDLETOWN, CT 06457
 (860) 358-6879

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response to any question in this Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|--|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) NANCY D'OENCH DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (2) CHANDLER HOWARD DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (3) HUGH MACKENZIE DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (4) BRUCE MACMILLIAN DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (5) JAMES MATSCHULAT DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (6) JOHN RAFAL DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (7) ERIC THORNBURG DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (8) BARBARA WEISS DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (9) R CHRISTOPHER SEATON CHAIRMAN | 1 0 | X | | X | | | | 0 | 0 | 0 |
| (10) DAVID BAGGISH MD CHIEF OF MEDICINE SECRETARY | 40 0 | X | | X | | | | 340,218 | 0 | 11,827 |
| (11) VINCENT CAPECE JR PRESIDENT CEO | 40 0 | X | | X | | | | 722,515 | 0 | 181,489 |
| (12) GEOFFREY HERTER MD ASSISTANT SECRETARY | 1 0 | X | | X | | | | 0 | 0 | 0 |
| (13) GARY WILLIS VICE CHAIRMAN | 1 0 | X | | X | | | | 0 | 0 | 0 |
| (14) SUSAN MARTIN VP FINANCE TREASURER | 40 0 | | | X | | | | 380,618 | 0 | 71,166 |
| (15) COLLEEN SMITH VP NURSING | 40 0 | | | | X | | | 474,633 | 0 | 54,364 |
| (16) HARRY EVERT VP ADMINISTRATION | 40 0 | | | | X | | | 285,618 | 0 | 147,737 |

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|--|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (17) GREGORY NOKES VP HUMAN RESOURCES | 40 0 | | | | X | | | 294,484 | 0 | 56,238 |
| (18) ARTHUR MCDOWELL MD VP CLINICAL AFFAIRS | 40 0 | | | | X | | | 456,541 | 0 | 83,662 |
| (19) MICHAEL SAXE MD CHAIRMAN EMERGENCY MEDICINE | 40 0 | | | | X | | | 390,084 | 0 | 25,035 |
| (20) BRIAN MCGUIRE MD PHYSICIAN EMERGENCY DEPT | 40 0 | | | | | X | | 319,858 | 0 | 8,477 |
| (21) DAVID COSENTINO MD MEDICAL DIRECTOR ED | 40 0 | | | | | X | | 325,453 | 0 | 10,547 |
| (22) RANDOLPH GOODWIN MD CLINICAL DIRECTOR INF DISEASE | 40 0 | | | | | X | | 340,902 | 0 | 10,395 |
| (23) JONATHON BANKOFF PHYSICIAN EMERGENCY DEPT | 40 0 | | | | | X | | 331,842 | 0 | 10,450 |
| (24) JESSE WAGNER MD CHAIRMAN, DEPT OF MEDICINE | 40 0 | | | | | X | | 318,130 | 0 | 13,527 |
| (25) ROBERT KIELY FORMER PRESIDENT CEO | 0 0 | | | | | | X | 1,725,232 | 0 | 2,250 |
| 1b Sub-Total | | | | | | | | | | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | | | |
| d Total (add lines 1b and 1c) | | | | | | | | 6,706,128 | 0 | 687,164 |

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 **220**

| | Yes | No |
|--|-------|----|
| 3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> | 3 Yes | |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> | 4 Yes | |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> | 5 | 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 |
|--|--------------------------------|---------------------|
| ARAMARK CORPORATION 66 OXFORD DRIVE FRANKLIN, MA 02038 | DIETARY/HOUSEKEEPING | 1,384,128 |
| QUEST DIAGNOSTICS INC 2025 COLLECTION CENTER DRIVE CHICAGO, IL 60693 | LABORATORY SERVICES | 1,177,102 |
| COMPANY 1 CONSULTING 6 CRAIG DRIVE MONROE, CT 06468 | INFORMATION SERVICES | 941,043 |
| TOBIN CARBERRY O'MALLEY PO BOX 58 NEW LONDON, CT 06320 | ATTORNEY | 858,006 |
| MURTHA CULLINA LLP 185 ASYLUM STREET HARTFORD, CT 06103 | ATTORNEY | 824,721 |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **70**

Part VIII Statement of Revenue

| | | (A) | (B) | (C) | (D) | |
|--|---|--|------------------------------------|----------------------------|---|---------|
| | | Total revenue | Related or exempt function revenue | Unrelated business revenue | Revenue excluded from tax under sections 512, 513, or 514 | |
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns 1a | | | | | |
| | b Membership dues 1b | | | | | |
| | c Fundraising events 1c | 80,019 | | | | |
| | d Related organizations 1d | | | | | |
| | e Government grants (contributions) 1e | 808,758 | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above 1f | 2,571,909 | | | | |
| | g Noncash contributions included in lines 1a-1f \$ | 50,011 | | | | |
| | h Total. Add lines 1a-1f | 3,460,686 | | | | |
| | Program Service Revenue | 2a PATIENT SERVICES | 900099 | 331,730,457 | 331,730,457 | |
| b SPECIMEN LABORATORY | | 621500 | 4,383,017 | | 4,383,017 | |
| c CAFETERIA REVENUE | | 722210 | 1,267,302 | 1,267,302 | | |
| d TECHNICAL LABORATORY | | 621500 | 1,035,276 | | 1,035,276 | |
| e OUTSIDE LABORATORY | | 621500 | 28,210 | | 28,210 | |
| f All other program service revenue | | | 3,904,747 | 3,890,764 | 13,983 | |
| g Total. Add lines 2a-2f | | | 342,349,009 | | | |
| Other Revenue | | 3 Investment income (including dividends, interest and other similar amounts) | | 939,790 | | 939,790 |
| | 4 Income from investment of tax-exempt bond proceeds | | 19,842 | | 19,842 | |
| | 5 Royalties | | 0 | | | |
| | 6a Gross Rents | (i) Real | 440,942 | | | |
| | | (ii) Personal | | | | 0 |
| | b Less rental expenses | | | | | |
| | c Rental income or (loss) | 440,942 | | | 0 | |
| | d Net rental income or (loss) | | 440,942 | | 440,942 | |
| | 7a Gross amount from sales of assets other than inventory | (i) Securities | 13,546,823 | | | 0 |
| | | (ii) Other | | | | 0 |
| | b Less cost or other basis and sales expenses | 8,302,823 | | | | |
| | c Gain or (loss) | 5,244,000 | | | 0 | |
| d Net gain or (loss) | | 5,244,000 | | 5,244,000 | | |
| 8a Gross income from fundraising events (not including \$ 80,019 of contributions reported on line 1c) See Part IV, line 18 | a | | 39,835 | | | |
| | b Less direct expenses b | | 45,287 | | | |
| | c Net income or (loss) from fundraising events | | -5,452 | | -5,452 | |
| 9a Gross income from gaming activities See Part IV, line 19 a | | | 0 | | | |
| | 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 EQUITY IN JOINT VENTURE INCOME | | 900099 | 912,000 | 912,000 | | |
| | b | | | | | |
| | c | | | | | |
| | d All other revenue | | | | | |
| e Total. Add lines 11a-11d | | 912,000 | | | | |
| 12 Total revenue. See Instructions | | 353,360,817 | 337,800,523 | 5,460,486 | 6,639,122 | |

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 | 3,825,042 | 3,060,034 | 765,008 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | 183,457 | 146,765 | 36,692 | |
| 7 | Other salaries and wages | 152,749,183 | 138,483,785 | 14,265,398 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 13,630,391 | 12,281,892 | 1,348,499 | |
| 9 | Other employee benefits | 17,255,096 | 15,521,919 | 1,733,177 | |
| 10 | Payroll taxes | 10,452,319 | 9,391,538 | 1,060,781 | |
| a | Fees for services (non-employees) | | | | |
| | Management | 28,861,424 | 20,915,118 | 7,117,489 | 828,817 |
| b | Legal | 900,863 | | 900,863 | |
| c | Accounting | 291,332 | | 291,332 | |
| d | Lobbying | 47,332 | | 47,332 | |
| e | Professional fundraising services See Part IV, line 17 | 0 | | | |
| f | Investment management fees | 0 | | | |
| g | Other | 0 | | | |
| 12 | Advertising and promotion | 2,495,617 | 819,389 | 1,676,228 | |
| 13 | Office expenses | 44,637,365 | 41,298,879 | 3,338,486 | |
| 14 | Information technology | 0 | | | |
| 15 | Royalties | 0 | | | |
| 16 | Occupancy | 7,092,004 | 4,252,491 | 2,839,513 | |
| 17 | Travel | 1,846,985 | 1,281,846 | 565,139 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | 0 | | | |
| 19 | Conferences, conventions, and meetings | 578,369 | 399,044 | 179,325 | |
| 20 | Interest | 3,242,228 | | 3,242,228 | |
| 21 | Payments to affiliates | 3,398,000 | 3,398,000 | | |
| 22 | Depreciation, depletion, and amortization | 21,614,370 | 20,542,297 | 1,072,073 | |
| 23 | Insurance | 3,176,749 | | 3,176,749 | |
| 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 | DUES | 614,335 | 198,318 | 416,017 | |
| b | BAD DEBTS | 13,570,742 | 13,570,742 | | |
| c | OTHER MISCELLANEOUS EXPENSES | 2,279,262 | 503,866 | 1,775,396 | |
| d | EXP FOR INTENDED PURPOSES | 1,087,000 | 1,087,000 | | |
| e | LOSS-EXTINGUISHMENT OF DEBT | 1,117,000 | | 1,117,000 | |
| f | All other expenses | | | | |
| 25 | Total functional expenses. Add lines 1 through 24f | 334,946,465 | 287,152,923 | 46,964,725 | 828,817 |
| 26 | Joint costs. Check here <input 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 | 50,099,000 | 1 | 56,459,000 |
| | 2 Savings and temporary cash investments | 27,573,000 | 2 | 10,647,000 |
| | 3 Pledges and grants receivable, net | 652,000 | 3 | 542,000 |
| | 4 Accounts receivable, net | 39,058,000 | 4 | 45,270,000 |
| | 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 5 | |
| | 6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L | | 6 | |
| | 7 Notes and loans receivable, net | 389,000 | 7 | 766,000 |
| | 8 Inventories for sale or use | 970,000 | 8 | 1,436,000 |
| | 9 Prepaid expenses and deferred charges | 1,439,000 | 9 | 2,029,000 |
| | 10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 433,017,000 | | |
| | b Less accumulated depreciation | 258,275,000 | 158,718,000 | 10c 174,742,000 |
| | 11 Investments—publicly traded securities | 106,262,000 | 11 | 106,486,000 |
| | 12 Investments—other securities See Part IV, line 11 | | 12 | |
| | 13 Investments—program-related See Part IV, line 11 | | 13 | |
| | 14 Intangible assets | | 14 | |
| | 15 Other assets See Part IV, line 11 | 7,148,000 | 15 | 4,249,000 |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 392,308,000 | 16 | 402,626,000 | |
| Liabilities | 17 Accounts payable and accrued expenses | 43,071,000 | 17 | 50,554,000 |
| | 18 Grants payable | | 18 | |
| | 19 Deferred revenue | 767,000 | 19 | 621,000 |
| | 20 Tax-exempt bond liabilities | 71,112,000 | 20 | 69,502,000 |
| | 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 | 817,000 | 23 | 152,000 |
| | 24 Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 Other liabilities Complete Part X of Schedule D | 131,731,000 | 25 | 143,725,000 |
| | 26 Total liabilities. Add lines 17 through 25 | 247,498,000 | 26 | 264,554,000 |
| 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 | 131,224,000 | 27 | 124,933,000 |
| | 28 Temporarily restricted net assets | 6,782,000 | 28 | 6,259,000 |
| | 29 Permanently restricted net assets | 6,804,000 | 29 | 6,880,000 |
| | 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 | 144,810,000 | 33 | 138,072,000 | |
| 34 Total liabilities and net assets/fund balances | 392,308,000 | 34 | 402,626,000 | |

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 | 353,360,817 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 334,946,465 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 18,414,352 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 144,810,000 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -25,152,352 |
| 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 | 138,072,000 |

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)

Public Charity Status and Public Support

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
MIDDLESEX HOSPITAL

Employer identification number

06-0646718

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

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

| (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 stop here  | | | | | | |

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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

2010

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

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

Table with 2 columns: Name of the organization (MIDDLESEX HOSPITAL) and Employer identification number (06-0646718)

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?
4a Was a correction made?
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 function activities
3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b
4 Did the filing organization file Form 1120-POL for this year?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

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 border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table> | | If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | Not over \$500,000 | 20% of the amount on line 1e | Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 | Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 | Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 | Over \$17,000,000 | \$1,000,000 | | |
| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | | | | | | | | | | | | | | |
| Not over \$500,000 | 20% of the amount on line 1e | | | | | | | | | | | | | | |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 | | | | | | | | | | | | | | |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 | | | | | | | | | | | | | | |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 | | | | | | | | | | | | | | |
| Over \$17,000,000 | \$1,000,000 | | | | | | | | | | | | | | |
| g | Grassroots nontaxable amount (enter 25% of line 1f) | | | | | | | | | | | | | | |
| h | Subtract line 1g from line 1a. If zero or less, enter -0- | | | | | | | | | | | | | | |
| i | Subtract line 1f from line 1c. If zero or less, enter -0- | | | | | | | | | | | | | | |
| j | If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? | <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 | | 47,332 |
| j Total lines 1c through 1i | | | 47,332 |
| 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

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

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

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

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

Part IV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|-------------------|--------------------|---|
| LOBBYING ACTIVITY | PART II-B, LINE 1I | MIDDLESEX HOSPITAL PAYS DUES TO BOTH THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND THE CONNECTICUT HOSPITAL ASSOCIATION (CHA) A PERCENTAGE OF THOSE DUES FUNDED LOBBYING ACTIVITIES DURING THE FISCAL YEAR THE PORTION OF AHA DUES TOTALED \$9,791 AND THE PORTION OF CHA DUES TOTALED \$22,001 IN ADDITION MIDDLESEX HOSPITAL CONTRACTED WITH A CONSULTANT WHO PERFORMED LOBBYING ACTIVITIES THOSE EXPENSES TOTALED \$15,540 |

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2010

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization MIDDLESEX HOSPITAL

Employer identification number 06-0646718

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

- a Total number of conservation easements
b Total acreage restricted by conservation easements
c Number of conservation easements on a certified historic structure included in (a)
d Number of conservation easements included in (c) acquired after 8/17/06

Table with 2 columns: Held at the End of the Year. Rows 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?

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)?

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

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 | 87,748,000 | 80,828,000 | 79,900,000 | | |
| b Contributions | 85,000 | 208,000 | 416,000 | | |
| c Investment earnings or losses | -354,000 | 6,856,000 | 597,000 | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | 90,000 | 144,000 | 85,000 | | |
| f Administrative expenses | | | 85,000 | | |
| g End of year balance | 87,389,000 | 87,748,000 | 80,743,000 | | |

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

- a** Board designated or quasi-endowment ▶ 89 000 %
- b** Permanent endowment ▶ 8 000 %
- c** Term endowment ▶ 3 000 %

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

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

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

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

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | 5,591,000 | | 5,591,000 |
| b Buildings | | 236,364,000 | 128,202,000 | 108,162,000 |
| c Leasehold improvements | | 2,545,000 | 1,579,000 | 966,000 |
| d Equipment | | 163,590,000 | 125,503,000 | 38,087,000 |
| e Other | | 24,927,000 | 2,991,000 | 21,936,000 |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) | | | | 174,742,000 |

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 | 353,360,817 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 334,946,465 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 18,414,352 |
| 4 | Net unrealized gains (losses) on investments | 4 | -6,114,000 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -19,038,000 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -25,152,000 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -6,737,648 |

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 | 328,254,104 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | |
| a | Net unrealized gains on investments | 2a | -6,114,000 |
| b | Donated services and use of facilities | 2b | |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIV) | 2d | -19,038,000 |
| e | Add lines 2a through 2d | 2e | -25,152,000 |
| 3 | Subtract line 2e from line 1 | 3 | 353,406,104 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1 | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | -45,287 |
| c | Add lines 4a and 4b | 4c | -45,287 |
| 5 | Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12) | 5 | 353,360,817 |

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | |
|----------|--|-----------|-------------|
| 1 | Total expenses and losses per audited financial statements | 1 | 334,991,752 |
| 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 | 45,287 |
| e | Add lines 2a through 2d | 2e | 45,287 |
| 3 | Subtract line 2e from line 1 | 3 | 334,946,465 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | |
| 5 | Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18) | 5 | 334,946,465 |

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 |
|---|--------------------|--|
| ENDOWMENT FUNDS | PART V, LINE 4 | BOARD-DESIGNATED (QUASI-ENDOWMENT) FUNDS ARE ASSETS SET ASIDE BY THE BOARD FOR FUTURE UNSPECIFIED USES AND TO SUPPORT EDUCATION AND OTHER PROGRAMS OVER WHICH THE BOARD RETAINS CONTROL AND MAY, AT ITS DISCRETION, SUBSEQUENTLY USE FOR OTHER PURPOSES PERMANENT ENDOWMENT FUNDS ARE ASSETS RECEIVED WITH THE DONOR STIPULATION THAT THE PRINCIPAL BE INVESTED IN PERPETUITY AND THAT ONLY THE INCOME EARNED THEREON IS AVAILABLE FOR SPECIFIC OR GENERAL SERVICES, SUCH AS FREE BED FUNDS AND SUPPORT OF HOSPITAL OPERATIONS TERM ENDOWMENT FUNDS ARE ASSETS RESTRICTED BY THE DONOR EITHER AS TO PURPOSE AND/OR AS TO TIME OF EXPENDITURE, SUCH AS EDUCATION, HEALTH SERVICES AND CAPITAL PURCHASES |
| FIN 48 (ASC 740) FOOTNOTE | PART X, LINE 2 | THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS GENERALLY EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE INTERNAL REVENUE CODE EFFECTIVE OCTOBER 1, 2009, THE HOSPITAL ADOPTED FASB INTERPRETATION NO 48 (FIN 48), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, INCLUDED IN ASC TOPIC 740, INCOME TAXES, WHICH CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN A COMPANY'S FINANCIAL STATEMENTS AND PRESCRIBES A THRESHOLD OF MORE-LIKELY THAN-NOT FOR RECOGNITION OF TAX BENEFITS OF UNCERTAIN TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN FIN 48 ALSO PROVIDES RELATED GUIDANCE ON MEASUREMENT, DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, AND DISCLOSURE THE ADOPTION OF THIS STANDARD DID NOT HAVE A MATERIAL IMPACT ON THE HOSPITAL'S FINANCIAL STATEMENTS THE HOSPITAL'S UNRELATED TRADE OR BUSINESS ACTIVITIES ARE GENERALLY LIMITED TO INCOME FROM THE LABORATORY AND LINEN SERVICES PROVIDED TO UNRELATED ENTITIES |
| CHANGE IN NET ASSETS | PART XI, LINE 8 | CHANGE IN ACCUMULATED PENSION CHANGES \$19,038,000 |
| OTHER REVENUE INCLUDED IN FINANCIAL STATEMENTS NOT ON RETURN | PART XII, LINE 2D | CHANGE IN ACCUMULATED PENSION CHANGES \$19,038,000 OTHER REVENUE INCLUDED ON RETURN NOT IN FINANCIAL STATEMENTS PART XII, LINE 4B SPECIAL EVENTS EXPENSE (\$45,287) |
| OTHER EXPENSES INCLUDED IN FINANCIAL STATEMENTS NOT ON RETURN | PART XIII, LINE 2D | SPECIAL EVENTS EXPENSE \$45,287 |

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2010

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization MIDDLESEX HOSPITAL

Employer identification number 06-0646718

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a Mail solicitations, b Internet and e-mail solicitations, c Phone solicitations, d In-person solicitations, e Solicitation of non-government grants, f Solicitation of government grants, g Special fundraising events

2a Did the organization have a written or oral agreement with any individual... Yes No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements...

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions?, (iv) Gross receipts from activity, (v) Amount paid to (or retained by) fundraiser listed in col (i), (vi) Amount paid to (or retained by) organization. Includes a Total row at the bottom.

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Dotted lines for listing states.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

| | | (a) Event #1 | (b) Event #2 | (c) Other Events | (d) Total Events |
|---|--|--|---------------------------------------|----------------------------|-------------------------------|
| | | <u>GOLF TOURNAMENT</u> (event type) | <u>APPET FOR LIFE</u> (event type) | <u>0</u> (total number) | (Add col (a) through col (c)) |
| Revenue | 1 Gross receipts | 109,345 | 10,509 | | 119,854 |
| | 2 Less Charitable contributions | 72,150 | 7,869 | | 80,019 |
| | 3 Gross income (line 1 minus line 2) | 37,195 | 2,640 | | 39,835 |
| Direct Expenses | 4 Cash prizes | | | | |
| | 5 Non-cash prizes | 1,716 | | | 1,716 |
| | 6 Rent/facility costs | 34,200 | | | 34,200 |
| | 7 Food and beverages | | | | |
| | 8 Entertainment | | | | |
| | 9 Other direct expenses | 9,141 | 230 | | 9,371 |
| | 10 Direct expense summary Add lines 4 through 9 in column (d) ▶ | | | | |
| 11 Net income summary Combine lines 3 and 10 in column (d) ▶ | | | | | -5,452 |

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

| | | (a) Bingo | (b) Pull tabs/Instant bingo/progressive bingo | (c) Other gaming | (d) Total gaming | |
|------------------------|--|--|--|--|-------------------------------|--|
| | | | | | (Add col (a) through col (c)) | |
| Revenue | 1 Gross revenue | | | | | |
| | 2 Cash prizes | | | | | |
| Direct Expenses | 3 Non-cash prizes | | | | | |
| | 4 Rent/facility costs | | | | | |
| | 5 Other direct expenses | | | | | |
| | 6 Volunteer labor | <input type="checkbox"/> Yes _____% <input type="checkbox"/> No | <input type="checkbox"/> Yes _____% <input type="checkbox"/> No | <input type="checkbox"/> Yes _____% <input type="checkbox"/> No | | |
| | 7 Direct expense summary Add lines 2 through 5 in column (d) ▶ | | | | | |
| | 8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶ | | | | | |

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? Yes No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," Explain _____

- 11** Does the organization operate gaming activities with nonmembers? Yes No
- 12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in

| | | |
|--|------------|--|
| a The organization's facility | 13a | |
| b An outside facility | 13b | |

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ _____

Address ▶ _____

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____

c If "Yes," enter name and address

Name ▶ _____

Address ▶ _____

16 Gaming manager information

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

- Director/officer Employee Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

| Identifier | ReturnReference | Explanation |
|------------|-----------------|-------------|
|------------|-----------------|-------------|

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 MIDDLESEX HOSPITAL

Employer identification number

06-0646718

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a. 1b If "Yes," is it a written policy? 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. 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. 3a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? 3b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? 4 Did 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. 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"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 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? 6a Does the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public? 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

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-d) and Other Benefits (e-k).

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

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1 Physical improvements and housing | | | | | | |
| 2 Economic development | | 0 | 7,283 | | 7,283 | 0 % |
| 3 Community support | | 1,010 | 197,214 | | 197,214 | 0 060 % |
| 4 Environmental improvements | | | | | | |
| 5 Leadership development and training for community members | | | | | | |
| 6 Coalition building | | 844 | 46,831 | | 46,831 | 0 010 % |
| 7 Community health improvement advocacy | | | | | | |
| 8 Workforce development | | 114 | 85,755 | | 85,755 | 0 030 % |
| 9 Other | | | | | | |
| 10 Total | | 1,968 | 337,083 | | 337,083 | 0 100 % |

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

| | | Yes | No |
|--|----------|-----|-----------|
| 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? | 1 | | No |
| 2 Enter the amount of the organization's bad debt expense (at cost) | 2 | | |
| | | | 3,563,592 |
| 3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy | 3 | | |
| | | | 356,359 |
| 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit | | | |

Section B. Medicare

| | | | |
|---|---|-------------------------------------|------------|
| 5 Enter total revenue received from Medicare (including DSH and IME) | 5 | | 57,030,554 |
| 6 Enter Medicare allowable costs of care relating to payments on line 5 | 6 | | 56,442,084 |
| 7 Subtract line 6 from line 5. This is the surplus or (shortfall) | 7 | | 588,470 |
| 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? | 9a | Yes | |
| b If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI | 9b | Yes | |

Part IV Management Companies and Joint Ventures

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|----------------------|---|--|---|---|
| 1 ADVANCED | FREESTANDING OUTPATIENT | | | |
| 2 ORTHOPEDIC | ORTHOPEDIC SURGERY | | | |
| 3 SURGERY LLC | CENTER | 50 000 % | 0 % | 50 000 % |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

Name and address

| | | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|--|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|------------------|
| 1 | MIDDLESEX HOSPITAL 28 CRESCENT STREET MIDDLETOWN, CT 06457 | X | X | | X | | | X | | |
| | | | | | | | | | | |
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Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 10

| Name and address | Type of Facility (Describe) |
|------------------------|-----------------------------|
|------------------------|-----------------------------|

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, 6l, 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 |
|---|-----------------|---|
| INCOME BASED CRITERIA FOR DETERMING ELIGIBILITY | PART I, LINE 3C | IN GENERAL, MIDDLESEX HOSPITAL ("THE HOSPITAL") USES FPG TO DETERMINE ELIGIBILITY THERE ARE, HOWEVER, SPECIAL CIRCUMSTANCES (SUCH AS A CATASTROPHIC EVENT) WHICH MAY AFFECT A PATIENT'S ABILITY TO PAY IN THIS CASE, THE HOSPITAL EVALUATES THE APPLICATION WITH CONSIDERATION GIVEN TO THE PATIENT'S CURRENT SITUATION WITH SPECIAL CIRCUMSTANCES THE FPG THRESHOLD MAY BE IGNORED AND THE HOSPITAL MAY USE THE PATIENT'S ASSETS AND/OR TAX RETURN ITEMIZED DEDUCTIONS TO DETERMINE THE AMOUNT OF FINANCIAL ASSISTANCE |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|---|
| COMMUNITY BENEFIT REPORT | PART I, LINE 6A | <p>MIDDLESEX HOSPITAL PREPARES AND ISSUES AN ANNUAL COMMUNITY BENEFIT REPORT FOR COMMUNITY MEMBERS, AGENCY PARTNERS AND COLLEAGUES THE REPORT CONTAINS QUANTIFIABLE DATA AND QUALITATIVE NARRATIVES AND SERVES TO 1) SHARE THE HOSPITAL'S COMMUNITY BENEFIT STORY, 2) PROMOTE ITS FREE-OF-COST AND SUBSIDIZED SERVICES, THUS ENSURING THAT ALL MEMBERS OF THE COMMUNITY, INCLUDING THE MOST AT-RISK POPULATIONS, ARE AWARE OF RESOURCE AVAILABILITY, 3) IMPROVE ACCESSIBILITY AND LINKAGES TO CARE, 4) INCREASE AWARENESS REGARDING THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM AND 4) INVITE ALL MEMBERS OF THE COMMUNITY TO VIEW MIDDLESEX HOSPITAL AS A WILLING RESOURCE AND PARTNER IN MOVING COMMUNITY INITIATIVES FORWARD TO ADDRESS UNMET NEED EACH YEAR THE HOSPITAL'S REPORT IS POSTED AND AVAILABLE FOR DOWNLOAD ON ITS WEBSITE AT WWW.MIDHOSP.ORG UNDER THE COMMUNITY BENEFIT SECTION THESE COMMUNITY BENEFIT REPORTS HAVE BEEN CREATED AND ISSUED FOR PUBLIC CONSUMPTION ON AN ANNUAL BASIS SINCE 2007 - ALL PAST REPORTS ARE ARCHIVED AND AVAILABLE FOR DOWNLOAD ON THE HOSPITAL'S WEBSITE</p> |

| Identifier | ReturnReference | Explanation |
|--------------------------|----------------------------|---|
| PERCENT OF TOTAL EXPENSE | PART I, LINE 7, COLUMN (F) | THE PERCENT OF TOTAL EXPENSE IN PART 1, LINE 7, COLUMN (F) IS CALCULATED BY DIVIDING COLUMN (E), NET COMMUNITY BENEFIT EXPENSE, BY TOTAL EXPENSE THE BAD DEBT EXPENSE OF \$13,570,742 WAS SUBTRACTED FROM THE TOTAL EXPENSE VALUE USED TO CALCULATE THE PERCENTAGES IN PART 1, LINE 7, COLUMN (F) |

| Identifier | ReturnReference | Explanation |
|----------------------------|-------------------|--|
| SUBSIDIZED HEALTH SERVICES | PART I, LINE 7(G) | MIDDLESEX HOSPITAL'S FAMILY PRACTICE GROUP IS A CRITICALLY IMPORTANT SUBSIDIZED OUTPATIENT SERVICE AS IT FILLS A GAP IN PRIMARY CARE SERVICES AND ADDRESSES ACCESS TO CARE CHALLENGES MIDDLESEX COUNTY HAS BEEN DESIGNATED BY THE HEALTH RESOURCES AND SERVICES ADMINISTRATION (HRSA) TO BE A MEDICALLY UNDERSERVED AREA (MUA) EXPERIENCING A SHORTAGE OF SELECT HEALTH SERVICES WHICH INCLUDE TOO FEW PRIMARY CARE PROVIDERS IN ADDITION, HRSA REPORTS THAT MIDDLESEX COUNTY IS A HEALTH PROFESSIONAL SHORTAGE AREA (HPSA) FOR PRIMARY MEDICAL CARE THE TOTAL FY11 FAMILY PRACTICE GROUP SUBSIDIZED SERVICE COSTS ARE \$1,342,507 WITH 11,185 UNIQUE INDIVIDUALS SERVED |

| Identifier | ReturnReference | Explanation |
|---------------------|-----------------|--|
| COSTING METHODOLOGY | PART I, LINE 7 | <p>FOR PART 1, LINE 7 SECTIONS (A) CHARITY CARE AT COST, (B) UNREIMBURSED MEDICAID, (C) UNREIMBURSED COSTS-OTHER MEANS-TESTED GOVERNMENT PROGRAMS, PORTIONS OF (F) HEALTH PROFESSIONS EDUCATION, AND (G) SUBSIDIZED HEALTH SERVICES, THE COSTING METHODOLOGY USED IS A HYBRID COST ACCOUNTING/MEDICARE COST-TO-CHARGE RATIO CALCULATION THE PERCENTAGES ARE DERIVED FROM THE MOST CURRENT MEDICARE COST REPORT AND APPLIED BY CHARGE LINE APPROPRIATELY INDIRECT COSTS WERE APPLIED TO SUBSIDIZED HEALTH SERVICES THE MEDICARE COST REPORT DOES NOT ADDRESS ALL AREAS OF THE HOSPITAL IN THE SAME DETAIL, BUT DOES ACCURATELY ADDRESS INPATIENT AND OUTPATIENT, HOMECARE AND TO AN EXTENT PHYSICIAN SERVICES SECTIONS (E) COMMUNITY HEALTH IMPROVEMENT, PORTIONS OF (F) HEALTH PROFESSIONS EDUCATION, (H) RESEARCH, AND (I) CASH AND IN-KIND CONTRIBUTIONS TO COMMUNITY GROUPS ARE COMPRISED (EXCEPT FOR CASH DONATIONS AND IN-KIND MATERIAL DONATIONS) OF 1) SUPPLY EXPENSES, 2) PURCHASED SERVICES, AND 3) THE DIRECT SALARY COSTS FOR HOSPITAL STAFF WHOSE TIME WAS COMPENSATED BY THE HOSPITAL FOR TIME SPENT PARTICIPATING IN ACTIVITIES THAT QUALIFY AS COMMUNITY BENEFITS PLUS THE CURRENT FISCAL YEAR FRINGE BENEFIT RATE INDIRECT COSTS WERE APPLIED TO SUBSIDIZED SERVICES AND TO A SMALL SELECTION OF SALARIES AND SERVICES UNDER COMMUNITY HEALTH IMPROVEMENT, RESEARCH, AND COMMUNITY BENEFIT OPERATIONS, BUT NOT BROADLY ACROSS ALL COMMUNITY BENEFIT ACTIVITY ENTRIES</p> |

| Identifier | ReturnReference | Explanation |
|-------------------------------|-----------------|--|
| COMMUNITY BUILDING ACTIVITIES | PART II | <p>MIDDLESEX HOSPITAL'S PARTICIPATION IN COMMUNITY BUILDING ACTIVITIES HAS A VITAL ROLE IN CONTINUING TO PROMOTE HEALTH, WELL-BEING AND SAFETY FOR RESIDENTS IN ITS SERVICE AREA AND, IN SOME CASES, THE INTERNATIONAL COMMUNITY THE HOSPITAL OFFERS ITS RESOURCES AND EXPERTISE TO SUPPORT AND STRENGTHEN COMMUNITY ASSETS IN A VARIETY OF PROGRAMS THAT FALL UNDER THE SCOPE OF COMMUNITY BUILDING STAFF MEMBERS ARE HIGHLY PARTICIPATIVE IN COMMUNITY PARTNERSHIPS AND COALITIONS, THE SUCCESS OF WHICH ARE GREATLY ENHANCED BY HOSPITAL COLLABORATION - MANY COMMUNITY INITIATIVES WOULD NOT BE AS EFFECTIVE WITHOUT THE HOSPITAL'S ADMINISTRATIVE AND CLINICAL STAFF IN-KIND INVOLVEMENT, SUPPORT AND EXPERTISE AS COMMUNITY BUILDING PARTICIPATION IS FOCUSED ON HAVING A DIRECT IMPACT ON IMPROVING THE HEALTH OF THE COMMUNITY, IT MEETS THE CRITERIA FOR INCLUSION IN COMMUNITY BENEFIT AGGREGATE TOTALS IN FY11 THE HOSPITAL'S COMMUNITY BUILDING ACTIVITIES TOTALED \$337,083 AND SERVED 1,968 INDIVIDUALS EXAMPLES INCLUDE (BUT ARE NOT LIMITED TO) - OPPORTUNITY KNOCKS (OK) A MULTIDISCIPLINARY COMMUNITY COALITION THAT INCLUDES 70+ COLLABORATORS COMPRISED OF LOCAL HEALTH AND SOCIAL SERVICE AGENCIES, EARLY CARE AND EDUCATION PROVIDERS AND PARENTS THE GOALS ARE TO ENSURE THAT CHILDREN ENTER KINDERGARTEN PHYSICALLY AND EMOTIONALLY HEALTHY AND READY TO SUCCEED SINCE ITS INCEPTION IN 2003, OK HAS SERVED APPROXIMATELY 7,435 CHILDREN AGES 0-5 MIDDLESEX HOSPITAL PROVIDES FUNDING, THE PROGRAM PLANNER, A PHYSICIAN CHAMPION, GRANT-WRITING SUPPORT, FISCAL ADMINISTRATION FOR THE FUNDING SOURCES AND PARTICIPATION FROM MULTIPLE DEPARTMENTAL STAFF MEMBERS - THE MIDDLESEX HOSPITAL-SAYAXCHE COMMUNITY PARTNERSHIP EXTENDS THE HOSPITAL'S INVOLVEMENT IN COMMUNITY HEALTH TO THE GLOBAL COMMUNITY THE GOAL OF THE PROJECT IS TO ESTABLISH A LONG-TERM, COLLABORATIVE, MUTUALLY BENEFICIAL AND ETHICALLY SOUND PARTNERSHIP BETWEEN MIDDLESEX HOSPITAL AND THE MIDDLETOWN, CT COMMUNITY WITH THE HEALTHCARE INFRASTRUCTURE OF THE PETEN REGION IN GUATEMALA MIDDLESEX HOSPITAL ANNUALLY FUNDS AND HOSTS A SITE-VISIT FOR A DELEGATION FROM GUATEMALA FOR TEACHING AND EDUCATIONAL PURPOSES THE HOSPITAL CONTRIBUTES FUNDING EARMARKED FOR THE PROJECT, IN-KIND STAFF HOURS, AND DONATED SUPPLIES - DISASTER READINESS FOR DISASTER READINESS, THE HOSPITAL PLAYS A PIVOTAL ROLE BY WORKING IN COLLABORATION WITH KEY COMMUNITY PARTNERS TO ENSURE THE SAFETY OF THE COMMUNITY AT LARGE DURING A POTENTIAL DISASTER TO PREPARE FOR DISASTERS, THE HOSPITAL PARTICIPATES IN SCHOOL SAFETY COMMITTEES, COMMUNITY FLU PREPARATION COMMITTEES, STATEWIDE/REGIONAL EMERGENCY MANAGEMENT COMMITTEES, REGULAR COLLABORATIVE COMMUNITY EDUCATION AND DRILLS, AND HOSTS YEARLY RADIATION DRILLS FOR THE STAFF OF A LOCAL NUCLEAR POWER PLANT IN ADDITION, THE HOSPITAL PURCHASES AND STOCK-PILES LARGE QUANTITIES OF EXTENSIVE PANDEMIC SUPPLIES TO BE USED SHOULD A COMMUNITY-WIDE DISASTER OCCUR INCLUDED IN THIS STOCK-PILE ARE MEDICATIONS FOR INFECTIOUS DISEASE AND CHEMICAL EXPOSURE CURATIVES THE VALUE OF THE SUPPLIES, SPACE UTILIZATION AND COSTS ASSOCIATED TO MONITOR AND REPLENISH PANDEMIC PRODUCTS (WITHIN EXPIRATION DATES) ARE ABSORBED BY THE HOSPITAL</p> |

| Identifier | ReturnReference | Explanation |
|------------------|------------------|--|
| BAD DEBT EXPENSE | PART III, LINE 4 | <p>THE COSTING METHODOLOGY USED FOR BAD DEBT IS A HYBRID COST ACCOUNTING/MEDICARE COST-TO-CHARGE RATIO CALCULATION THE PERCENTAGES ARE DERIVED FROM THE MOST CURRENT MEDICARE COST REPORT AND APPLIED BY CHARGE LINE APPROPRIATELY THE HOSPITAL ACCOUNTS FOR DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS IN DETERMINING BAD DEBT EXPENSE BY REDUCING BAD DEBT BY RECOVERIES ON THE HOSPITAL'S FINANCIALS BAD DEBT DOLLARS ARE NOT INCLUDED IN ANY OF THE HOSPITAL'S PROGRAMMATIC COMMUNITY BENEFIT VALUES AND, WHILE NOTED, ARE NOT INCLUDED IN THE HOSPITAL'S COMMUNITY BENEFIT TOTALS IN ANY HOSPITAL COMMUNITY BENEFIT PUBLICATION THE HOSPITAL AWARDS FINANCIAL ASSISTANCE TO THOSE PATIENTS IN COLLECTIONS WHO ARE KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE ONCE IN COLLECTIONS, THERE ARE TWO METHODS WHICH ENABLE PATIENTS TO RECEIVE FINANCIAL ASSISTANCE AWARDS 1) PATIENTS EITHER COMPLETE A FINANCIAL ASSISTANCE APPLICATION, MEET ELIGIBILITY CRITERIA AND ARE APPROVED, OR 2) THE THIRD PARTY ORGANIZATIONS THAT WORK ON BEHALF OF THE HOSPITAL TO COLLECT BALANCES SCREEN FOR FINANCIAL ASSISTANCE ELIGIBILITY IN ORDER TO ENSURE THAT ALL PATIENTS IN COLLECTIONS ARE AWARE OF FINANCIAL ASSISTANCE AVAILABILITY, THE HOSPITAL REQUIRES THIRD PARTY ORGANIZATIONS TO FOLLOW THE HOSPITAL'S POLICIES REGARDING PATIENT NOTIFICATION ABOUT THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM WITHIN THE POLICY THERE IS A PROVISION WHEREBY COLLECTION AGENCIES, USING GUIDELINES SET FORTH BY THE HOSPITAL, ASSIST THE HOSPITAL IN IDENTIFYING PATIENTS WHO DO NOT HAVE A MEANS TO PAY FOR SERVICES AND THEREFORE QUALIFY FOR THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM - WHILE THESE PATIENTS HAVE NOT GONE THROUGH THE FORMAL APPLICATION PROCESS, THEY MEET THE ELIGIBILITY GUIDELINES FOR FINANCIAL ASSISTANCE AS DEFINED BY THE HOSPITAL THESE PATIENTS ARE THEN TRANSFERRED AND INCLUDED UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE UMBRELLA WHILE THIS PROCESS CAPTURES THE MAJORITY OF THOSE WHO ARE ELIGIBLE FOR CHARITY CARE, THE HOSPITAL RECOGNIZES IT WILL STILL HAVE A POPULATION OF PATIENTS WHO COULD POTENTIALLY QUALIFY FOR CHARITY CARE AND DO NOT RECEIVE AWARDS - THOSE WHO ARE UNCOOPERATIVE, UNRESPONSIVE OR HAVE MOVED AWAY MIDDLESEX HOSPITAL DOES NOT PROVIDE TEXT IN THE FOOTNOTE TO ITS FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE THE HOSPITAL ESTIMATES A RESERVE FOR UNCOLLECTIBLE ACCOUNTS AGAINST ITS PATIENT ACCOUNTS RECEIVABLES WHEN BAD DEBTS ARE IDENTIFIED, THEY ARE ACCOUNTED FOR AS A COMPONENT OF THE OPERATING EXPENSE PROVISION FOR BAD DEBTS NET OF RECOVERIES</p> |

| Identifier | ReturnReference | Explanation |
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| EXPLANATION OF SHORTFALLS AS A COMMUNITY BENEFIT | PART III, LINE 8 | <p>THE MEDICARE COST REPORT IS THE COSTING METHODOLOGY SYSTEM USED TO DETERMINE THE AMOUNT REPORTED ON PART III, LINE 6. THE HOSPITAL UTILIZES WORKSHEET 6 FOUND IN THE FORM 990 INSTRUCTIONS FOR SCHEDULE H TO CALCULATE ITS SUBSIDIZED SERVICES. THE INSTRUCTIONS STATE THAT "THE FINANCIAL LOSS IS MEASURED AFTER REMOVING LOSSES, MEASURED BY COST, ASSOCIATED WITH BAD DEBT, CHARITY CARE, MEDICAID AND OTHER MEANS-TESTED GOVERNMENT PROGRAMS" GIVEN THAT THE INSTRUCTIONS DON'T SUGGEST REMOVING LOSSES ASSOCIATED WITH MEDICARE, A PORTION OF MEDICARE IS INCLUDED IN THE HOSPITAL'S SUBSIDIZED SERVICE CALCULATIONS SO AS NOT TO DOUBLE COUNT MEDICARE VALUES IN PART III, SECTION B, LINES 5 AND 6, THE PORTION OF MEDICARE SHORTFALL INCLUDED IN OUR SUBSIDIZED SERVICES CALCULATIONS HAS BEEN SUBTRACTED FROM THE MEDICARE REVENUE AND COSTS DERIVED FROM THE MEDICARE COST REPORT. THE VALUES INDICATED IN PART III, LINES 5 AND 6 ARE THEREFORE WHAT REMAINS AFTER THE MEDICARE REVENUE AND COSTS INCLUDED IN THE SUBSIDIZED SERVICES CALCULATIONS HAS BEEN SUBTRACTED OUT. GIVEN THIS, THE RESULTING VALUES (PART III, LINES 5, 6 AND 7) WOULD NEED TO BE COMBINED WITH THE MEDICARE REVENUE/COSTS INCLUDED IN OUR SUBSIDIZED SERVICES TO GET THE FULL OVERVIEW OF MEDICARE REVENUE, COSTS AND ANY REMAINING SHORTFALL OR SURPLUS. WE AGREE WITH THE CURRENT SUBSIDIZED SERVICES CALCULATION METHODOLOGY THAT ALLOWS THE INCLUSION OF MEDICARE SHORTFALL AS THE MEDICARE POPULATION COMPRISES AN IMPORTANT SEGMENT OF THOSE RECEIVING SUBSIDIZED SERVICES CARE. THE HOSPITAL TREATS ALL MEDICARE PATIENTS EQUALLY AND DOES NOT DISCRIMINATE AGAINST LOWER-MARGIN YIELDING SERVICES AS A NOT-FOR-PROFIT HOSPITAL, MIDDLESEX HOSPITAL IS THE SAFETY-NET IN THE COMMUNITY FOR ALL MEDICARE PATIENTS, REGARDLESS OF LEVEL OF MEDICARE COVERAGE AND REGARDLESS IF A SURPLUS OR DEFICIT IS MADE. THIS OPEN ACCESS FOR MEDICARE PATIENTS PROMOTES ACCESS TO CARE, A FUNDAMENTAL TENET OF THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM. THE HOSPITAL'S HEALTH ASSESSMENT FOUND THAT (FROM 2000-2006) THERE WAS 7.4% GROWTH IN MIDDLESEX COUNTY FOR AGE 65+ COMPARED TO <1% GROWTH IN THE STATE AND 20% GROWTH IN MIDDLESEX COUNTY FOR AGE 85+ COMPARED TO 15.9% GROWTH IN THE STATE. IN ADDITION, HIGH EMERGENCY DEPARTMENT USAGE FOR AMBULATORY CARE SENSITIVE CONDITIONS WAS FOUND IN THE 65+ AND 85+ AGE GROUPS, WHICH IS FURTHER CONFIRMATION OF THE HOSPITAL'S FUNCTION AS A SAFETY-NET PROVIDER FOR ITS COMMUNITY'S ELDERLY. AS MIDDLESEX COUNTY HAS A DISPROPORTIONATE LEVEL OF COMMUNITY MEMBERS AGE 65+ AND 85+ WHEN COMPARED TO STATE AVERAGES, THE SHORTFALL THAT THE HOSPITAL EXPERIENCES IN PROVIDING CRITICAL HEALTHCARE SERVICES TO THE MEDICARE POPULATION SHOULD BE CONSIDERED A COMMUNITY BENEFIT WITHIN THE HOSPITAL'S SUBSIDIZED SERVICES, WHICH THOSE AGE 65+ ALSO RELY HEAVILY ON FOR CARE. THE HOSPITAL FILLS A HEALTHCARE DELIVERY GAP FOR MEDICARE PATIENTS, ONE WHICH WOULD BE DETRIMENTAL TO THE COMMUNITY IF THE HOSPITAL WAS NOT PRESENT.</p> |

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| COLLECTION PRACTICES FOR QUALIFIED PATIENTS | PART III, LINE 9B | <p>MIDDLESEX HOSPITAL HAS A WRITTEN DEBT COLLECTION POLICY THE POLICY STATES THAT PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE WILL BE RESPONSIBLE FOR PAYING ANY BALANCE REMAINING AFTER THE FINANCIAL ASSISTANCE ALLOWANCE HAS BEEN APPLIED (THAT IS, IF 100% FINANCIAL ASSISTANCE HAS NOT BEEN AWARDED) THE POLICY ALSO OUTLINES THE PROCESS FOR PAYING OUTSTANDING BALANCES SHOULD THE PATIENT BE FOUND TO HAVE THE MEANS TO PAY A PARTIAL AMOUNT AFTER THE HOSPITAL'S FINANCIAL ASSISTANCE DETERMINATION CRITERIA HAS BEEN APPLIED FOR SUCH BALANCES, THE HOSPITAL WILL NOTIFY THE PATIENT OF HIS/HER LIABILITY IF PAYMENT IS NOT MADE, THE POLICY STATES THAT THE HOSPITAL WILL USE APPROPRIATE METHODS TO PURSUE COLLECTION, WHICH MAY INCLUDE COLLECTIONS AGENCIES AND ATTORNEYS THIS PRACTICE IS BROADLY UTILIZED FOR ALL PATIENTS WITH OUTSTANDING BALANCES THE HOSPITAL MAKES EVERY EFFORT TO ENSURE THAT ALL PATIENTS KNOW PAYMENT PLANS ARE AVAILABLE FOR ANY BALANCE, INCLUDING THOSE PATIENTS WHO HAVE A BALANCE LEFT OVER AFTER A FINANCIAL ASSISTANCE AWARD HAS BEEN APPLIED IN ORDER TO CAPTURE THE PATIENTS WHO ARE KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE, THE HOSPITAL HAS PROVISIONS IN ITS COLLECTION POLICY IN THE CASE WHERE PATIENTS WHO WOULD QUALIFY FOR FINANCIAL ASSISTANCE DO NOT COMPLETE A FINANCIAL ASSISTANCE APPLICATION AND ARE PLACED INTO COLLECTIONS, THE THIRD PARTY ORGANIZATIONS THAT WORK ON BEHALF OF THE HOSPITAL TO COLLECT BALANCES SCREEN FOR FINANCIAL ASSISTANCE ELIGIBILITY THE THIRD PARTY ORGANIZATIONS FOLLOW HOSPITAL POLICY BY ALERTING ALL PATIENTS IN COLLECTIONS TO THE AVAILABILITY OF THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM WITHIN THE HOSPITAL'S COLLECTION POLICY THERE IS A PROVISION WHEREBY COLLECTION AGENCIES, USING GUIDELINES SET FORTH BY THE HOSPITAL, ASSIST THE HOSPITAL IN IDENTIFYING PATIENTS WHO DO NOT HAVE A MEANS TO PAY FOR SERVICES AND THEREFORE QUALIFY FOR THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM - WHILE THESE PATIENTS HAVE NOT GONE THROUGH THE FORMAL APPLICATION PROCESS, THEY MEET THE ELIGIBILITY GUIDELINES FOR FINANCIAL ASSISTANCE AS DEFINED BY THE HOSPITAL THESE PATIENTS ARE THEN TRANSFERRED AND INCLUDED UNDER THE HOSPITAL'S CHARITY CARE/FINANCIAL ASSISTANCE UMBRELLA THIS PROCESS WAS PUT IN PLACE BY THE HOSPITAL IN ORDER TO CAPTURE AS MANY PATIENTS WHO ARE ELIGIBLE FOR FINANCIAL ASSISTANCE AS POSSIBLE</p> |

| Identifier | ReturnReference | Explanation |
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| COMMUNITY HEALTH NEEDS ASSESSMENT | PART VI, LINE 2 | <p>SINCE THE INCEPTION OF MIDDLESEX HOSPITAL'S COMMUNITY BENEFIT POLICY IN 2007, CONDUCTING A COMMUNITY HEALTH ASSESSMENT IN ORDER TO PRIORITIZE SPECIFIC COMMUNITY BENEFIT PROGRAMS HAS BEEN A CORE ELEMENT OF THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM THE HOSPITAL COMMISSIONED A COMPREHENSIVE, SCIENTIFIC, DATA-DRIVEN COUNTYWIDE HEALTH ASSESSMENT (COMPLETED OCTOBER 2008) USING PUBLICLY AVAILABLE DATA SOURCES AND PEER COUNTY, STATE AND NATIONAL BENCHMARKS THE OBJECTIVES OF THE STUDY WERE TO 1) DESCRIBE THE HEALTH OF THE POPULATIONS RESIDING IN MIDDLETOWN AND MIDDLESEX COUNTY, 2) IDENTIFY PRIORITY HEALTH SERVICE ISSUES, 3) IDENTIFY OPPORTUNITIES TO IMPROVE THE HEALTH STATUS, 4) PROVIDE MIDDLESEX HOSPITAL WITH PLANNING INFORMATION TO ADDRESS IDENTIFIED COMMUNITY NEED, AND 5) IMPROVE POPULATION HEALTH IN COLLABORATION WITH COMMUNITY PARTNERS THE STUDY DOMAINS INCLUDED POPULATION AND DEMOGRAPHIC PROFILES, HEALTH-BASED SOCIAL AND ECONOMIC CHARACTERISTICS, ACCESS TO CARE, CHRONIC DISEASE BURDEN AND POPULATION WELLNESS, FUNCTIONAL HEALTH STATUS, AMBULATORY CARE SENSITIVE CONDITIONS, AND KEY HEALTH FINDINGS THE RESULTS WERE MADE PUBLICLY AVAILABLE AND WIDELY DISSEMINATED WITH THE OBJECTIVE OF DEVELOPING COLLABORATIVE HOSPITAL-COMMUNITY PARTNER WORKGROUPS AND STRENGTHENING THOSE THAT ALREADY EXIST TO GUIDE THE PROCESS, A THREE YEAR HEALTH ASSESSMENT STRATEGIC PLAN WAS DEVELOPED ALL PRIORITY AREAS BECAME COMMUNITY BENEFIT GOALS, WITH TWO OF THE PRIORITIES - 1) ACCESS AND COORDINATION OF GERIATRIC SERVICES, AND 2) COORDINATION OF MENTAL HEALTH/SUBSTANCE ABUSE SERVICES WITH COMMUNITY PROVIDERS - CONTINUING TO REMAIN ORGANIZATIONAL GOALS FOR 4+ YEARS GUIDED BY THE RESULTS OF THE HEALTH ASSESSMENT, COLLABORATIVE PROGRAMS WITH COMMUNITY AGENCIES HAVE RESULTED IN THE DEVELOPMENT OF SHORT- AND LONG-TERM SOLUTIONS FOR A SAFETY-NET OF ALTERNATIVE/SUPPORT SERVICES FOR THE TARGET POPULATIONS THESE PARTNERSHIPS HAVE YIELDED IMPROVEMENTS IN COMMUNICATION, CONTINUITY OF CARE AND OUTCOMES FOR THE IDENTIFIED SUB-SETS OF PATIENTS THE HOSPITAL WILL COMPLETE ITS NEXT HEALTH ASSESSMENT IN FY13</p> |

| Identifier | ReturnReference | Explanation |
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| <p>PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE</p> | <p>PART VI, LINE 3</p> | <p>GREAT CONCERN IS TAKEN TO ENSURE THAT PATIENTS ARE APPRISED OF THE AVAILABILITY OF FEDERAL/STATE/LOCAL GOVERNMENT PROGRAMS AND THE HOSPITAL'S FINANCIAL ASSISTANCE PLAN NOTICE OF THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM IS DISPLAYED CONSPICUOUSLY IN ENGLISH AND SPANISH AT THE ENTRY OF EACH FACILITY AND ALL PATIENT REGISTRATION POINTS THE NOTIFICATION INCLUDES AN OVERVIEW OF THE HOSPITAL'S FINANCIAL AID PROGRAM, THE AVAILABILITY OF FREE BED FUNDS AND OTHER FINANCIAL ASSISTANCE, SLIDING SCALE, AND FINANCIAL COUNSELOR CONTACT INFORMATION AT THE TIME OF REGISTRATION, HOSPITAL ACCESS STAFF REVIEWS THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM AND ASKS THE PATIENT IF HE/SHE WOULD LIKE A FINANCIAL ASSISTANCE PACKAGE BUILT INTO THE REGISTRATION DATA BASE IS A REQUIRED FINANCIAL ASSISTANCE WHICH MUST BE COMPLETED AS PART OF THE ADMISSIONS PROCESS ONCE THE PATIENT EXPRESSES THE DESIRE TO RECEIVE A FINANCIAL ASSISTANCE PACKAGE, PAPERWORK WITH PATIENT NAME AND MEDICAL RECORD IS AUTOMATICALLY PRINTED AT THE REGISTRATION STATION AND HANDED TO THE PATIENT OTHER METHODS OF COMMUNICATION TO INCREASE AWARENESS REGARDING THE FINANCIAL ASSISTANCE AND FREE BED FUND PROGRAM INCLUDE 1) A FINANCIAL ASSISTANCE BROCHURE THAT AIDS PATIENTS IN THE PROCESS, ANSWERS KEY QUESTIONS AND PROVIDES EASY ACCESS FOR HELP (IN FY11, 7,275 BROCHURES WERE DISTRIBUTED TO 40+ HOSPITAL DEPARTMENTS AND LOCATIONS, INCLUDING KIOSKS AT EVERY HOSPITAL ENTRY POINT), 2) A SEPARATE AND DISTINCT FINANCIAL ASSISTANCE SERVICES SECTION ON THE HOSPITAL'S WEB-SITE (WWW.MIDHOSP.ORG) WHICH INCLUDES APPLICATION, INSTRUCTIONS, SLIDING SCALE AND A PDF OF THE BROCHURE, 3) INCLUSION OF FINANCIAL ASSISTANCE INFORMATION IN THE HOSPITAL'S INPATIENT ADMISSIONS BOOKLET, 4) NOTICE OF THE PROGRAM AND FINANCIAL COUNSELOR CONTACT INFORMATION ON EVERY BILLING STATEMENT, 5) NOTIFICATION AT DISCHARGE, AND 6) A LETTER OUTLINING THE PROGRAM SENT TO EVERY SELF-PAY PATIENT FOLLOWING DISCHARGE THE HOSPITAL HAS A TEAM OF FINANCIAL COUNSELORS WHO ARE AVAILABLE TO ASSIST THE PATIENT THROUGH THE APPLICATION PROCESS EITHER BY PHONE OR VISIT THE ROLE OF THE COUNSELORS IS TO HELP PATIENTS NAVIGATE THE HOSPITAL'S FINANCIAL ASSISTANCE PROCESS AND TO AID IN APPLICATION FOR MEDICAID/STATE PROGRAMS ALL COUNSELORS RECEIVE DEPARTMENTAL TRAINING ON THE IMPORTANCE OF ASSISTING PATIENTS IN NEED OF STATE/GOVERNMENTAL OR HOSPITAL FINANCIAL ASSISTANCE, THE HOSPITAL'S FINANCIAL ASSISTANCE PROTOCOLS, SYSTEMS, NEW PROGRAM ENHANCEMENTS, AND HOW TO PROVIDE SUPPORT AND FOLLOW-UP FOR MEDICAID/STATE ENROLLMENT AN IMPORTANT ADDITION TO MIDDLESEX HOSPITAL'S FINANCIAL ASSISTANCE PROCESS HAS BEEN THE DEVELOPMENT OF THE FINANCIAL ASSISTANCE WORKGROUP SEVERAL YEARS AGO WORKGROUP TASKS INCLUDE INCREASING AWARENESS REGARDING FINANCIAL ASSISTANCE AVAILABILITY, CONTINUOUS MONITORING OF APPROPRIATENESS, FEASIBILITY AND ACCESSIBILITY OF THE HOSPITAL'S FINANCIAL ASSISTANCE PRACTICES, AND A COMPREHENSIVE COMMUNICATIONS STRATEGY FOR INCREASING AWARENESS FOR FINANCIAL ASSISTANCE IN FY11, MIDDLESEX HOSPITAL GRANTED \$1,629,141 OF FINANCIAL ASSISTANCE TO 5,829 UNIQUE RECIPIENTS AND ABSORBED \$13,900,529 IN UNPAID COSTS OF MEDICAID (TOTAL OF MEDICAID INCLUDING MANAGED CARE AND SAGA/LIA), SERVING 14,772 INDIVIDUALS</p> |

| Identifier | ReturnReference | Explanation |
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| COMMUNITY INFORMATION | PART VI, LINE 4 | <p>MIDDLESEX HOSPITAL IS THE SOLE HOSPITAL PROVIDER IN ITS SERVICE AREA, WHICH INCLUDES THE LARGE GEOGRAPHIC AREA OF MIDDLESEX COUNTY AND SURROUNDING TOWNS IT ENCOMPASSES THE CITY OF MIDDLETOWN AND A MIX OF 21 OTHER SUBURBAN AND RURAL TOWNS WITHIN 623 SQUARE MILES AND HAS A POPULATION OF APPROXIMATELY 250,000 (WITH 166,346 ADULTS AND CHILDREN IN MIDDLESEX COUNTY PROPER) THE MAIN INDUSTRY INCLUDES MIDDLESEX HOSPITAL, WESLEYAN UNIVERSITY, PRATT & WHITNEY AND THE SMALL BUSINESS COMMUNITY MIDDLESEX COUNTY IS LOCATED IN SOUTHEASTERN CONNECTICUT AND SUPPORTS A POPULATION OF APPROXIMATELY 68,294 HOUSEHOLDS WITH 4.9% OF THE STATE'S POPULATION RESIDING IN THE COUNTY THE POPULATION OF MIDDLETOWN (46,251 RESIDENTS) REPRESENTS 28% OF THE TOTAL POPULATION OF MIDDLESEX COUNTY BETWEEN 2000 AND 2010, THE OVERALL POPULATION OF MIDDLESEX COUNTY INCREASED BY 7%, WITH MIDDLETOWN INCREASING BY 7.1%, COMPARED TO 3.1% STATEWIDE THE HOSPITAL'S HEALTH ASSESSMENT STUDY FOUND THAT FROM 2000-2006, THE SIZE OF THE YOUNG POPULATION (AGES 0-17) DECREASED IN MIDDLESEX COUNTY AND MIDDLETOWN, WITH A SIMILAR DECREASE OF 1.2% IN BOTH STUDY AREAS FOR ADULTS AGES 18-44 INDICATIONS OF POPULATION GROWTH WERE APPARENT AMONG ADULTS AGES 45-64 IN MIDDLETOWN AND MIDDLESEX COUNTY AT 17% COMPARED TO THE STATE INCREASE OF 16.2% OF INTEREST IS THE POPULATION OF ADULTS AGE 65+, WHICH FROM 2000 TO 2006 INCREASED 7.4% WITHIN MIDDLESEX COUNTY AND MIDDLETOWN COMPARED TO LESS THEN 1% FOR THE STATE, AND THE 85+ SUBGROUP WHICH INCREASED 20% IN MIDDLESEX COUNTY AND 19.4% IN MIDDLETOWN, COMPARED TO 15.9% STATEWIDE THE RACIAL AND ETHNIC COMPOSITION OF MIDDLESEX COUNTY (2011) IS 85% WHITE, 4.4% BLACK, 4.8% HISPANIC ORIGIN, 2.5% ASIAN PACIFIC, 0.14% NATIVE AMERICAN AND 3.2% OTHER/MULTI-RACE REGARDING THE SOCIOECONOMIC MEASURES OF INCOME LEVEL, POVERTY RATE, AND EDUCATION ATTAINMENT 1) THE AVERAGE ANNUAL HOUSEHOLD INCOME IS \$61,791 IN MIDDLETOWN AND \$74,627 IN MIDDLESEX COUNTY (2010), 2) THE POVERTY RATE (2009) WAS 11.8% IN MIDDLETOWN AND 5.8% IN MIDDLESEX COUNTY, AND 3) 12% OF ADULTS AGE 25 OR OLDER IN MIDDLETOWN DON'T HAVE A HIGH SCHOOL DIPLOMA COMPARED TO 11% IN MIDDLESEX COUNTY IN 2011, THE PERCENT OF HOSPITAL DISCHARGES FOR MEDICAID/SAGA/UNINSURED COMBINED FOR THE FOLLOWING SERVICE LINES WERE 15.0% INPATIENT, 37.9% NEWBORN, 13.2% OUTPATIENT SURGERY, AND 33.8% EMERGENCY DEPARTMENT NON-ADMISSION</p> |

| Identifier | ReturnReference | Explanation |
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| PROMOTION OF COMMUNITY HEALTH | PART VI, LINE 5 | <p>AS MIDDLESEX HOSPITAL IS A COMMUNITY HOSPITAL, INVOLVING COMMUNITY MEMBERS IN KEY FUNCTIONS HAS ALWAYS BEEN A PRIORITY. THE HOSPITAL'S BOARD IS COMPRISED MAINLY OF COMMUNITY MEMBERS WHO ARE NEITHER EMPLOYEES, FAMILY MEMBERS NOR CONTRACTORS OF THE ORGANIZATION, BUT ARE LONG-TERM RESIDENTS WHOSE PRIMARY INTEREST IS THE HEALTH AND WELL-BEING OF THE COMMUNITY AT LARGE. MIDDLESEX HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY BASED ON THE HOSPITAL'S CURRENT AND PROJECTED PATIENT CARE, TEACHING AND RESEARCH NEEDS, AND OVERALL COMMUNITY NEED. MEDICAL STAFF INPUT AND PARTICIPATION IS HIGHLY VALUED BY THE HOSPITAL AS EVIDENCED BY INCLUSION IN THE HOSPITAL'S MEDICAL EXECUTIVE COMMITTEE, THE MEDICAL STAFF COUNCIL AND COUNTLESS OTHER WORKING COMMITTEES. THE HOSPITAL HAS A FORMAL PROCESS FOR ALLOCATION OF SURPLUS FUNDS, A MULTIDISCIPLINARY CAPITAL BUDGETING COMMITTEE MEETS AND SETS PRIORITIES FOR INVESTMENTS IN PATIENT CARE, EDUCATION AND RESEARCH, AND PHYSICAL STRUCTURE. THE APPROACH TAKES INTO CONSIDERATION PATIENT, COMMUNITY AND STAFF NEEDS. EACH YEAR THE HOSPITAL ALLOCATES A PORTION OF SURPLUS FUNDING TO A WIDE ARRAY OF COMMUNITY BENEFIT PROGRAMS AND SERVICE LINES, INCLUDING SUBSTANTIAL HEALTH AND WELLNESS ACTIVITIES AND INITIATIVES, SUBSIDIZED SERVICES, MEDICAL EDUCATION, RESEARCH AND HEALTH ASSESSMENT COSTS. CONTINUOUS DEDICATION TO THE COMMUNITIES IT SERVES REMAINS THE HALLMARK OF MIDDLESEX HOSPITAL'S VISION, MISSION, AND STRATEGIC PLANNING. AMBITIOUS COMMUNITY BENEFIT GOALS, THE INCORPORATION OF COMMUNITY BENEFIT INTO ANNUAL ORGANIZATIONAL PLANNING, AND THE PROVISION OF COMMUNITY BENEFIT PROGRAMS THAT TARGET THE COMMUNITY'S MOST VULNERABLE AND AT-RISK POPULATIONS HAS ALLOWED THE HOSPITAL TO PUT A FORMAL STRUCTURE AROUND ITS FUNDAMENTAL PURPOSE. THE HOSPITAL'S COMMUNITY BENEFIT TOTAL FOR FY11 WAS \$41,340,020 (EXCLUDING COMMUNITY BUILDING) WITH 77,279 SERVED (EXCLUDING COMMUNITY BUILDING). THE FOLLOWING IS AN OVERVIEW OF THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM.</p> <p>COMMUNITY HEALTH IMPROVEMENT SERVICES: THE HOSPITAL UNDERWRITES A VAST RANGE OF COMMUNITY HEALTH EDUCATION AND HEALTH IMPROVEMENT PROGRAMS, NONE OF WHICH ARE DEVELOPED FOR MARKETING PURPOSES, ALL OF WHICH ARE SUPPORTED AS A MEANS OF FULFILLING THE HOSPITAL'S MISSION TO SERVE ITS COMMUNITY. ALMOST 100% OF THE TIME THESE SERVICES ARE OFFERED FREE OF CHARGE, IN THE RARE INSTANCE WHERE A NOMINAL FEE IS ASSESSED THE COST OF PROVIDING THE SERVICE IS NOT COVERED. COMMUNITY HEALTH EDUCATION IS PROVIDED TO THE COMMUNITY AT LARGE. SOME OF THE PROGRAMS REPRESENT ONE TIME EVENTS, HOWEVER MOST ARE ONGOING AND OVER THE YEARS HAVE BECOME ENTRENCHED IN THE COMMUNITY AS A SOURCE OF SUPPORT AND CONTINUED EDUCATION FOR A HEALTHFUL FUTURE. EXAMPLES OF COMMUNITY HEALTH IMPROVEMENT SERVICES INCLUDE (BUT ARE NOT LIMITED TO) 1) HEALTH EDUCATION (COMMUNITY EDUCATION PRESENTATIONS, HEALTH AND WELLNESS EVENTS/HEALTH FAIRS, SUPPORT GROUPS, LARGE SCALE CANCER AWARENESS AND EDUCATIONAL EVENTS, AND HEALTH LITERATURE), 2) COMMUNITY-BASED CLINICAL SERVICES (CLINICS AND SCREENINGS, ANNUAL FLU SHOTS, BLOOD PRESSURE CLINICS), AND 3) HEALTHCARE SUPPORT SERVICES OFFERED TO INCREASE ACCESS AND QUALITY OF CARE TO INDIVIDUALS, ESPECIALLY THOSE LIVING IN POVERTY AND/OR OTHER VULNERABLE POPULATIONS (CENTER FOR CHRONIC CARE MANAGEMENT DISEASE MANAGEMENT OUTPATIENT PROGRAMS FOR ADULT ASTHMA, CHILD ASTHMA, DIABETES EDUCATION AND DISEASE MANAGEMENT, MEDICAL NUTRITION THERAPY, SMOKING CESSATION, CHRONIC HEART FAILURE, AND CHILDHOOD WEIGHT MANAGEMENT). IN FY11, THE HOSPITAL'S COMMUNITY HEALTH IMPROVEMENT SERVICES SERVED 24,043 INDIVIDUALS AT A TOTAL COST OF \$3,706,033 TO THE HOSPITAL.</p> <p>HEALTH PROFESSIONS EDUCATION: HELPING TO PREPARE FUTURE HEALTH CARE PROFESSIONALS IS A LONG-STANDING COMMITMENT OF MIDDLESEX HOSPITAL AND DISTINGUISHING CHARACTERISTIC THAT CONSTITUTES A SIGNIFICANT COMMUNITY BENEFIT. THE HOSPITAL'S FAMILY MEDICINE RESIDENCY PROGRAM GRADUATES FAMILY PRACTICE PHYSICIANS, MANY OF WHOM CONTINUE TO PRACTICE IN THE MIDDLESEX COUNTY AREA AFTER THEIR TRAINING IS COMPLETE. THIS IS ESPECIALLY IMPORTANT GIVEN THAT MIDDLESEX COUNTY HAS BEEN DESIGNATED BY THE HEALTH RESOURCES AND SERVICES ADMINISTRATION (HRSA) TO BE A MEDICALLY UNDERSERVED AREA EXPERIENCING A SHORTAGE OF SELECT HEALTH SERVICES WHICH INCLUDE TOO FEW PRIMARY CARE PROVIDERS. IN ADDITION, HRSA REPORTS THAT MIDDLESEX COUNTY IS A HEALTH PROFESSIONAL SHORTAGE AREA (HPSA) FOR PRIMARY MEDICAL CARE. THE HOSPITAL ALSO WELCOMES MEDICAL AND NURSING STUDENT INTERNS AND PROVIDES ON-SITE TRAINING DURING CLINICAL ROTATIONS. NURSING STUDENTS FROM LOCAL COLLEGES AND PROGRAMS RECEIVE HANDS-ON MENTORSHIP IN THE MAJORITY OF CLINICAL SERVICE LINES YEAR-ROUND. OTHER HEALTHCARE PROFESSIONAL EDUCATION INCLUDES THE HOSPITAL'S RADIOLOGY SCHOOL (WHICH OPERATES AT A LOSS FOR THE HOSPITAL) AND CLINICAL EDUCATIONAL STUDENT TRAINING IN MULTIPLE FIELDS. IN FY11, THE HOSPITAL'S HEALTH PROFESSIONS EDUCATION CATEGORY SERVED 1,262 I</p> |

| Identifier | ReturnReference | Explanation |
|-------------------------------|-----------------|--|
| PROMOTION OF COMMUNITY HEALTH | PART VI, LINE 5 | <p>INDIVIDUALS AT A TOTAL COST OF \$5,621,846 TO THE HOSPITAL SUBSIDIZED HEALTH SERVICES THE HOSPITAL'S SUBSIDIZED HEALTH SERVICES REPRESENT A SIGNIFICANT PORTION OF MIDDLESEX HOSPITAL'S ANNUAL COMMUNITY BENEFIT AGGREGATE FINANCIALS AND NUMBERS SERVED SUBSIDIZED SERVICES ARE PARTICULAR CLINICAL PROGRAMS PROVIDED TO THE COMMUNITY DESPITE A FINANCIAL LOSS, WITH NEGATIVE MARGINS REMAINING AFTER SPECIFIC DOLLARS (FINANCIAL ASSISTANCE AND BAD DEBT) AND SHORTFALLS (MEDICAID) ARE REMOVED IN ORDER TO QUALIFY AS A SUBSIDIZED SERVICE, THE PROGRAM MUST MEET CERTAIN HEALTH DELIVERY CRITERIA, MEET AN IDENTIFIED NEED IN THE COMMUNITY, AND WOULD BECOME UNAVAILABLE OR THE RESPONSIBILITY OF A GOVERNMENTAL OR ANOTHER NOT-FOR-PROFIT AGENCY TO PROVIDE IF THE HOSPITAL DISCONTINUED THE SERVICE MIDDLESEX HOSPITAL'S SUBSIDIZED SERVICES FOR FY11 INCLUDE FAMILY PRACTICE SERVICES, BEHAVIORAL HEALTH (INPATIENT AND OUTPATIENT), HOMECARE, CARDIAC REHABILITATION, PARAMEDICS, HOSPICE, DIABETES EDUCATION, WOUND CARE AND PULMONARY REHABILITATION IN FY11 THE HOSPITAL'S SUBSIDIZED SERVICES SERVED 26,224 PEOPLE WITH A TOTAL COST OF \$15,280,527 TO THE HOSPITAL RESEARCH MIDDLESEX HOSPITAL CONDUCTS RESEARCH IN THE DOMAINS OF CLINICAL AND COMMUNITY HEALTH CLINICAL EXAMPLES INCLUDE NATIONAL TRIALS BY THE HOSPITAL'S CANCER CENTER FOR BREAST, LUNG, PROSTATE, COLORECTAL, AMONG OTHERS THE HOSPITAL'S BEHAVIORAL HEALTH DEPARTMENT CONDUCTS CLINICAL TRIALS FOR A VARIETY OF HEALTH DIAGNOSES THE HOSPITAL CONTINUES TO PARTICIPATE IN THE PHYSICIAN GROUP DEMONSTRATION PROJECT, A NATIONAL COMMUNITY HEALTH INITIATIVE WITH THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) DESIGNED TO DETERMINE THE FEASIBILITY OF WORKING WITH PHYSICIAN GROUPS TO IMPROVE THE QUALITY OF CARE, PATIENT OUTCOMES AND THE COST EFFICIENCY OF HEALTH CARE SERVICES FOR FY11, THE HOSPITAL'S ASSOCIATED COSTS FOR ALL RESEARCH PROJECTS TOTALLED \$536,194 AND SERVED 123 INDIVIDUALS FINANCIAL AND IN-KIND CONTRIBUTIONS MIDDLESEX HOSPITAL SUPPORTS THE COMMUNITY IN THE FORM OF FINANCIAL AND IN-KIND CONTRIBUTIONS THE HOSPITAL'S IN-KIND CONTRIBUTIONS INCLUDE EQUIPMENT, FOOD, LINENS AND MEDICAL SUPPLIES THAT ARE DONATED BOTH LOCALLY AND GLOBALLY OTHER IN-KIND DONATIONS INCLUDE CAFETERIA DISCOUNTS FOR YMCA RESIDENTS AND STAFF COORDINATION OF COMMUNITY SUPPORT DRIVES THE HOSPITAL'S MAIN CAMPUS AND SATELLITE LOCATIONS MAKE MEETING SPACE AVAILABLE, FREE-OF-CHARGE AND ON AN ON-GOING BASIS, FOR MANY COMMUNITY GROUPS THAT WOULD OTHERWISE STRUGGLE TO PAY FOR SPACE IN ADDITION, EACH YEAR THE HOSPITAL MAKES SUBSTANTIAL CASH DONATIONS TO CAREFULLY SELECTED MISSION-DRIVEN COMMUNITY ORGANIZATIONS THROUGHOUT ITS SERVICE AREA THE HOSPITAL'S FY11 SUPPORT FOR FINANCIAL AND IN-KIND CONTRIBUTIONS TOTALLED \$309,902, SERVING 5,026 INDIVIDUALS COMMUNITY BENEFIT OPERATIONS COMMUNITY BENEFIT OPERATIONS INCLUDE ACTIVITIES AND COSTS AS SOCIATED WITH COMMUNITY BENEFIT STRATEGIC PLANNING, ADMINISTRATION, AND HEALTH ASSESSMENT PRODUCTION AND EXECUTION MIDDLESEX HOSPITAL HAS A DEDICATED MANAGER OF COMMUNITY BENEFIT, ALONG WITH A COMMUNITY BENEFIT STEERING COMMITTEE (COMPRISED OF HOSPITAL LEADERSHIP) THAT OVERSEES COMMUNITY BENEFIT PLANNING AND OPERATIONS OUTSIDE OF ON-GOING COMMUNITY BENEFIT ACTIVITIES, THE MAIN GOALS OF THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM IN FY11 CONTINUED TO FOCUS ON THE HEALTH ASSESSMENT PRIORITY AREAS AND COLLABORATING WITH COMMUNITY PARTNERS THE HOSPITAL'S FY11 COMMUNITY BENEFIT OPERATIONS EXPENSE TOTALLED \$355,848</p> |

| Identifier | ReturnReference | Explanation |
|--------------------------|-----------------|--|
| AFFILIATED HEALTH SYSTEM | PART VI, LINE 6 | N/A MIDDLESEX HOSPITAL IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM |

| Identifier | ReturnReference | Explanation |
|--|-----------------|--|
| STATE FILING OF COMMUNITY BENEFIT REPORT | PART VI, LINE 7 | <p>UNDER THE CONNECTICUT GENERAL STATUTES 19A-127K, HOSPITALS THAT HAVE A COMMUNITY BENEFIT PROGRAM IN PLACE, AS SPECIFIED BY THE STATUTE, ARE REQUIRED TO REPORT BIENNIALY TO THE STATE OF CT THIS BIENNIAL COMMUNITY BENEFIT REPORTING IS CURRENTLY UNDER THE AUSPICES OF THE STATE OF CONNECTICUT'S OFFICE OF THE HEALTHCARE ADVOCATE AS MIDDLESEX HOSPITAL MEETS THE STATUTE AS HAVING A COMMUNITY BENEFIT PROGRAM IN PLACE, IT REPORTS BIENNIALY TO THE STATE OF CT'S OFFICE OF THE HEALTHCARE ADVOCATE</p> |

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
MIDDLESEX HOSPITAL

Employer identification number
06-0646718

Part I Questions Regarding Compensation

| | Yes | No |
|---|-----|----|
| <p>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</p> <p><input checked="" type="checkbox"/> First-class or charter travel <input type="checkbox"/> Housing allowance or residence for personal use</p> <p><input checked="" type="checkbox"/> Travel for companions <input type="checkbox"/> Payments for business use of personal residence</p> <p><input checked="" type="checkbox"/> Tax idemnification and gross-up payments <input checked="" type="checkbox"/> Health or social club dues or initiation fees</p> <p><input type="checkbox"/> Discretionary spending account <input checked="" type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</p> | | |
| <p>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</p> | Yes | |
| <p>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?</p> | Yes | |
| <p>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</p> <p><input checked="" type="checkbox"/> Compensation committee <input type="checkbox"/> Written employment contract</p> <p><input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Compensation survey or study</p> <p><input checked="" type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Approval by the board or compensation committee</p> | | |
| <p>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</p> | | |
| <p>a Receive a severance payment or change-of-control payment from the organization or a related organization?</p> | | No |
| <p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p> | Yes | |
| <p>c Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</p> | | No |
| <p>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</p> | | |
| <p>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</p> | | |
| <p>a The organization?</p> | Yes | |
| <p>b Any related organization?</p> <p>If "Yes," to line 5a or 5b, describe in Part III</p> | Yes | |
| <p>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</p> | | |
| <p>a The organization?</p> | | No |
| <p>b Any related organization?</p> <p>If "Yes," to line 6a or 6b, describe in Part III</p> | | No |
| <p>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</p> | | No |
| <p>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</p> | | No |
| <p>9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</p> | | |

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) ROBERT KIELY | (i) | 398,142 | 198,450 | 1,128,640 | 0 | 2,250 | 1,727,482 | 198,450 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) DAVID BAGGISH MD | (i) | 331,597 | 6,353 | 2,268 | 6,353 | 5,474 | 352,045 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) VINCENT CAPECE JR | (i) | 400,022 | 87,500 | 234,993 | 175,000 | 6,489 | 904,004 | 87,500 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) SUSAN MARTIN | (i) | 301,345 | 66,000 | 13,273 | 67,500 | 3,666 | 451,784 | 66,000 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) BRIAN MCGUIRE MD | (i) | 315,450 | 4,408 | 0 | 4,409 | 4,068 | 328,335 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) DAVID COSENTINO MD | (i) | 320,529 | 4,322 | 602 | 4,322 | 6,225 | 336,000 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) RANDOLPH GOODWIN MD | (i) | 315,150 | 20,849 | 4,903 | 6,278 | 4,117 | 351,297 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) JONATHON BANKOFF | (i) | 326,865 | 4,977 | 0 | 4,976 | 5,474 | 342,292 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) JESSE WAGNER MD | (i) | 292,802 | 20,060 | 5,268 | 5,843 | 7,684 | 331,657 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) COLLEEN SMITH | (i) | 230,155 | 92,500 | 151,978 | 49,500 | 4,864 | 528,997 | 92,500 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) HARRY EVERT | (i) | 212,773 | 50,400 | 22,445 | 145,500 | 2,237 | 433,355 | 50,400 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (12) GREGORY NOKES | (i) | 220,777 | 52,800 | 20,907 | 52,000 | 4,238 | 350,722 | 52,800 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (13) ARTHUR MCDOWELL MD | (i) | 348,349 | 84,000 | 24,192 | 75,000 | 8,662 | 540,203 | 84,000 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (14) MICHAEL SAXE MD | (i) | 342,719 | 39,308 | 8,057 | 22,076 | 2,959 | 415,119 | 12,000 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (15) | | | | | | | | |
| (16) | | | | | | | | |

Part III Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|------------------------|---|
| BENEFITS | PART I, LINE 1A | FIRST CLASS TRAVEL - THE HOSPITAL'S POLICY AUTHORIZES FIRST CLASS TRAVEL FOR THE CHIEF EXECUTIVE OFFICER ON TRIPS EXCEEDING FOUR HOURS IN DURATION TRAVEL FOR COMPANIONS - THE HOSPITAL'S POLICY PROVIDES FOR SPOUSAL OR "SIGNIFICANT OTHER" TRAVEL IN CERTAIN INSTANCES RELATED TO BUSINESS ACTIVITIES AND PRESCRIBES THE PROPER TAX TREATMENT OF THAT BENEFIT GROSS UP PAYMENTS - REPRESENTS THE FEDERAL AND STATE INCOME TAX PAID BY THE ORGANIZATION ON BEHALF OF THE INDIVIDUAL FOR CERTAIN NON-CASH BENEFITS PROVIDED SEVEN (7) EMPLOYEES NOTED ON FORM 990, PART VII, RECEIVED THIS BENEFIT SOCIAL CLUB DUES - REPRESENTS A CORPORATE MEMBERSHIP AT A GOLF CLUB USED FOR VARIOUS BUSINESS PURPOSES TO THE EXTENT THIS MEMBERSHIP IS USED FOR PERSONAL REASONS THE ASSOCIATED COST IS INCLUDED IN THE TAXABLE INCOME OF THE EXECUTIVE STAFF MEMBER ACCORDING TO IRS RULES AND REGULATIONS PERSONAL SERVICES - REPRESENTS TAX PLANNING AND/OR TAX PREPARATION FEES FOR FOUR (4) MEMBERS OF THE EXECUTIVE STAFF |
| SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN | PART I, LINE 4B | ALTHOUGH THE BENEFIT IS NOT PAYABLE UNTIL RETIREMENT, THE NONQUALIFIED RETIREMENT PLAN BENEFIT ACCRUES ANNUALLY AND THE PLAN PROVIDES THAT A PARTICIPANT VESTS AFTER FIVE (5) YEARS OF SERVICE THE AMOUNT OF THE VESTED BENEFIT IS CONSIDERED "INCOME" TO THE EXECUTIVE AS IT IS EARNED THE INCOME IS REPORTED ON THE EXECUTIVE'S W-2 FORM AND IS TAXABLE MIDDLESEX HOSPITAL SUPPLEMENTS THE EXECUTIVE'S INCOME TO PAY FOR THIS TAX CONSEQUENCE AS THE EARNED BENEFITS VEST THE TOTAL OF THESE SUPPLEMENTAL PAYMENTS, CUMULATIVE WITH INTEREST, ARE OFFSET AGAINST THE NONQUALIFIED RETIREMENT PLAN BENEFIT AT THE TIME OF RETIREMENT THE FOLLOWING INDIVIDUALS PARTICIPATED IN A NONQUALIFIED RETIREMENT PLAN THE AMOUNTS REPORTED BELOW REPRESENT BENEFITS ACCRUED DURING CALENDAR YEAR 2010, NOT PAYABLE UNTIL RETIREMENT ROBERT KIELY \$981,611 VINCENT CAPECE, JR \$115,357 COLLEEN SMITH \$ 72,428 HARRY EVERT \$ 1,267 |
| COMPENSATION CONTINGENT ON REVENUE | PART I, LINE 5A AND 5B | THERE ARE FOUR (4) BROAD CATEGORIES OF EXECUTIVE INCENTIVE GOALS CLINICAL QUALITY AND PATIENT SATISFACTION (40%), FINANCIAL STRENGTH (30%), WORKPLACE ENVIRONMENT (15%), AND COMMUNITY BENEFIT/CHARITABLE MISSION EFFECTIVENESS (15%) WITHIN EACH CATEGORY ARE MORE SPECIFIC GOALS WHICH ARE DETERMINED FROM OUR OWN PAST EXPERIENCE AS WELL AS STATE AND NATIONAL BENCHMARK DATA THE INCENTIVE COMPENSATION OF THE EXECUTIVE STAFF IS DETERMINED WITH REFERENCE TO PERFORMANCE RELATIVE TO THESE GOALS |
| COMPENSATION | SCHEDULE J, PART II | BONUS & INCENTIVE COMPENSATION - COLUMN B(II) THE AMOUNTS REPRESENT INCENTIVE COMPENSATION PAYMENTS MADE IN CALENDAR YEAR 2010 PAYMENTS INCLUDE AMOUNTS EARNED IN 2009 AND DEFERRED, WHERE APPLICABLE DEFERRED COMPENSATION - COLUMN (C) THE DEFERRED COMPENSATION REPORTED IN COLUMN (C) REPRESENTS INCENTIVE COMPENSATION EARNED IN 2010 THAT WILL BE PAID AND INCLUDED IN TAXABLE WAGES IN A LATER YEAR |

**Schedule K
(Form 990)**

OMB No 1545-0047

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).

2010

▶ Attach to Form 990. ▶ See separate instructions.

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
MIDDLESEX HOSPITAL

Employer identification number
06-0646718

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 | STATE OF CT HEALTH & EDUCATIONAL FACILITIES AUTH | 06-0806186 | 20774UGQ2 | 12-07-2006 | 23,613,507 | CONSTRUCTION OF NEW EMERGENCY | | X | | X | | X |
| B | STATE OF CT HEALTH & EDUCATIONAL FACILITIES AUTH | 06-0806186 | 20774UGR0 | 12-07-2006 | 16,620,000 | REFINANCE SERIES K BONDS | | X | | X | | X |
| C | STATE OF CT HEALTH & EDUCATIONAL FACILITIES AUTH | 06-0806186 | 20774YAW7 | 07-26-2011 | 33,803,383 | REFUNDING OF SERIES H BOND | | X | | X | | X |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Part II Proceeds

| | A | B | C | D |
|--|------------|------------|------------|----|
| 1 Amount of bonds retired | | | | |
| 2 Amount of bonds legally defeased | | | | |
| 3 Total proceeds of issue | 23,613,507 | 16,620,000 | 33,803,383 | |
| 4 Gross proceeds in reserve funds | 1,483,350 | 1,092,421 | | |
| 5 Capitalized interest from proceeds | | | | |
| 6 Proceeds in refunding escrow | | | | |
| 7 Issuance costs from proceeds | 1,113,112 | 686,100 | 537,201 | |
| 8 Credit enhancement from proceeds | | | | |
| 9 Working capital expenditures from proceeds | | | | |
| 10 Capital expenditures from proceeds | 21,017,045 | 14,841,479 | 33,266,182 | |
| 11 Other spent proceeds | | | | |
| 12 Other unspent proceeds | | | | |
| 13 Year of substantial completion | 2008 | | | |
| | Yes | No | Yes | No |
| 14 Were the bonds issued as part of a current refunding issue? | | X | X | X |
| 15 Were the bonds issued as part of an advance refunding issue? | | X | X | X |
| 16 Has the final allocation of proceeds been made? | X | | X | X |
| 17 Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | X | X |

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
| | | |
| | | |
| | | |

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization MIDDLESEX HOSPITAL

Employer identification number 06-0646718

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

Table with 3 main columns: (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

Table with 7 main columns: (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?

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 3 main columns: (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) VICTORIA MCDOWELL - REGISTERED NURS | FAMILY MEMBER-A MCDOWELL | 73,240 | RECEIPT OF WAGES/COMPENSATION | | No |
| (2) STEVE MCDOWELL - PURCHASING MANAGER | FAMILY MEMBER-A MCDOWELL | 95,315 | RECEIPT OF WAGES/COMPENSATION | | No |
| (3) ESSEX FINANCIAL SERVICES | JOHN W RAFAL / DIRECTOR | 567,378 | ENTITY MORE THAN 35% OWNED | | No |
| (4) JAMES S MATSCHULAT - INFO TECHNOLO | FAM MEMBER- J MATSCHULAT | 14,902 | RECEIPT OF WAGES/COMPENSATION | | 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 |
|---|------------------|---|
| BUSINESS TRANSACTIONS WITH INTERESTED PERSONS | PART IV | VICTORIA MCDOWELL, REGISTERED NURSE, IS THE SISTER-IN-LAW OF ARTHUR MCDOWELL, VICE PRESIDENT OF CLINICAL AFFAIRS VICTORIA MCDOWELL'S WAGES FOR 10/01/10 TO 09/30/11 TOTALED \$73,240 STEVE MCDOWELL, PURCHASING MANAGER, IS THE BROTHER OF ARTHUR MCDOWELL, VICE PRESIDENT OF CLINICAL AFFAIRS STEVE MCDOWELL'S WAGES FOR 10/01/10 TO 09/30/11 TOTALED \$95,315 JOHN W RAFAL, DIRECTOR, IS 40% OWNER OF ESSEX FINANCIAL SERVICES DURING THE REPORTING PERIOD, \$567,378 OF MIDDLESEX HOSPITAL EMPLOYER CONTRIBUTIONS WERE TRANSFERRED TO ESSEX FINANCIAL SERVICES FOR MANAGEMENT IN 403(B) PLANS JAMES S MATSCHULAT, INFORMATION TECHNOLOGY EMPLOYEE, IS THE SON OF JAMES O MATSCHULAT, DIRECTOR JAMES S MATSCHULAT'S WAGES FOR 10/01/10 TO 09/30/11 TOTALED \$14,902 |

SCHEDULE M (Form 990)

NonCash Contributions

OMB No 1545-0047

2010

Open to Public Inspection

Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30. Attach to Form 990.

Department of the Treasury Internal Revenue Service

Name of the organization MIDDLESEX HOSPITAL

Employer identification number

06-0646718

Part I Types of Property

Table with 4 columns: (a) Check if applicable, (b) Number of Contributions or items contributed, (c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g, (d) Method of determining oncash contribution amounts. Row 9 is filled with X, 8, 50,011, and SELLING PRICE.

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement 29 0

Table with 3 columns: Question, Yes, No. Rows 30a, 31, 32a, 33.

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

| Identifier | Return Reference | Explanation |
|--|--------------------|---|
| CONTRIBUTIONS | LINE 9, COLUMN (B) | THE ORGANIZATION IS REPORTING THE NUMBER OF CONTRIBUTIONS IN COLUMN (B) |
| USE OF THIRD PARTIES TO SELL NONCASH CONTRIBUTIONS | LINE 32B | DONORS OF STOCK ARE INSTRUCTED TO TRANSFER TO MERRILL LYNCH, IN WHICH MERRILL LYNCH IS INSTRUCTED TO SELL THE STOCK IMMEDIATELY |

Schedule M (Form 990) 2010

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MIDDLESEX HOSPITAL

Employer identification number
06-0646718

| Identifier | Return Reference | Explanation |
|------------------------|----------------------------|--|
| ORGANIZATION'S MISSION | FORM 990, PART III, LINE 1 | MIDDLESEX HOSPITAL IS AN ACUTE CARE GENERAL HOSPITAL SERVING THE RESIDENTS OF MIDDLESEX COUNTY AND VARIOUS SURROUNDING COMMUNITIES PROVIDING SELECTED HIGH QUALITY INPATIENT AND OUTPATIENT HEALTH SERVICES THE HOSPITAL MAINTAINS FORMAL RELATIONSHIPS WITH SPECIALIZED PROVIDERS TO ASSURE COORDINATION OF CARE WHEN SERVICES ARE NOT LOCALLY AVAILABLE. AN INTEGRAL PART OF THE CORE PROGRAMS, SPANNING THEIR TRADITIONAL DIAGNOSTIC AND TREATMENT SERVICES, ARE THE SCORES OF SPECIAL PROGRAMS OFFERED TO THE COMMUNITIES SERVED, MANY OF WHICH FOCUS ON THE DISADVANTAGED AND UNDERSERVED, THOSE SPECIAL POPULATIONS SUCH AS MINORITIES, OLDER PERSONS, PERSONS LIVING IN POVERTY WITH DISABILITIES, CHRONICALLY MENTALLY ILL PERSONS, AND OTHER DISENFRANCHISED PERSONS. MANY OTHER SPECIAL PROGRAMS WITH A FOCUS TO REACH OUT TO ALL MEMBERS OF THE COMMUNITY REGARDLESS OF ECONOMIC CONDITION OR SOCIAL STATUS RESPOND TO PUBLIC HEALTH NEEDS AND INVOLVE EDUCATION OR RESEARCH THAT IMPROVES OVERALL COMMUNITY HEALTH. ALL OF THESE SPECIAL PROGRAMS ARE OFFERED FREE OF CHARGE OR OFFERED AT A RATE THAT IS CONSIDERABLY LESS THAN THE COST OF PROVIDING THEM. |

| Identifier | Return Reference | Explanation |
|------------------|--------------------------------|--|
| PROGRAM SERVICES | FORM 990, PART III, LINE 4A-4D | <p>PROGRAM SERVICE #1, INPATIENT CARE, LINE 4A INPATIENT CARE FROM REGISTRATION THROUGH DISCHARGE IS CAREFULLY MANAGED TO EXCEED REGULATORY REQUIREMENTS AND ENSURE QUALITY, PATIENT SATISFACTION, AND BEST PRACTICE WITH EACH ASPECT OF THE INPATIENT EXPERIENCE, INCLUDING ALL ELEMENTS OF CARE FROM NURSING COMPETENCY AND COMPASSION, TO MEAL QUALITY, LAB AND DIAGNOSTIC TESTING, SAFE AND SECURE PHYSICAL SURROUNDINGS TO PATIENT EDUCATION MIDDLESEX HOSPITAL, LICENSED FOR 275 BEDS, PROVIDES ACUTE CARE FROM DEDICATED HEALTH CARE TEAMS WHICH INCLUDE SURGEONS, HOSPITALISTS, FAMILY PRACTITIONERS AND RESIDENTS, MEDICAL STAFF PHYSICIANS, MA GNET NURSES, PHYSICIAN ASSISTANTS, PATIENT CARE TECHNOLOGISTS, DIAGNOSTIC TECHNICIANS, PATHOLOGISTS, ADMINISTRATORS, ENVIRONMENTAL SERVICES, SECURITY, ENGINEERING AND A HOST OF OTHERS WORKING TOGETHER TO ENABLE THE ORGANIZATION'S SUCCESS THE HOSPITAL UNITS INCLUDING INTENSIVE AND CRITICAL CARE, MEDICAL/SURGICAL, ONCOLOGY, ORTHOPEDIC, PULMONOLOGY, VASCULAR AND CARDIOLOGY, GASTROINTESTINAL, MATERNITY, A 20 BED PSYCHIATRIC FLOOR, AND HOSPICE SERVICES SPECIALIZE IN THE SPECIFIC NEEDS OF THEIR PATIENTS AND ARE STAFFED TO ACCOMMODATE THE UNIQUE TREATMENT REQUIREMENTS OF EACH ALL ANCILLARY SERVICES INCLUDING LABS, RADIOLOGY, FOOD SERVICES, PATHOLOGY, PHARMACY, MEDICAL TRANSCRIPTION AND INFORMATION SERVICES TOO ARE A PART OF THE HOSPITAL TEAM PATIENT CARE IS DEVELOPED WITH FULL CONSIDERATION OF THE WHOLE INDIVIDUAL, AS THEY ARE ASSIGNED TO CONDITION SPECIFIC CARE PATHWAYS AND SERVICES TO SECURE BEST TREATMENT AND RECOVERY PROGRAM SERVICE #2, MIDDLESEX HOSPITAL EMERGENCY DEPARTMENT, LINE 4B EMERGENCY CARE IS PROVIDED 24 HOURS A DAY, 7 DAYS A WEEK THE DEPARTMENTS ARE SUPPORTED BY A BROAD SPECTRUM OF DIAGNOSTIC CAPABILITIES AND SOPHISTICATED INFORMATION SYSTEMS IN ADDITION TO EMERGENCY CARE THERE ARE ALSO ISOLATION AND DECONTAMINATION AREAS IN THE EMERGENCY DEPARTMENT AND A HELIPAD ON SITE FOR LIFE STAR MEDICAL HELICOPTER TRANSPORTS MIDDLESEX HOSPITAL IS COMMITTED TO PROVIDING THE HIGHEST STANDARD OF CARE FOR BOTH THE PHYSICAL AND BEHAVIORAL HEALTH NEEDS OF OUR PSYCHIATRIC PATIENTS THE EMERGENCY DEPARTMENT AT THE HOSPITAL HOUSES AN EIGHT BED EMERGENCY DEPARTMENT CRISIS UNIT TREATMENT IS PROVIDED REGARDLESS OF THE PATIENT'S BACKGROUND OR STATUS ED SERVICES ARE STAFFED WITH CLINICAL PERSONNEL SPECIFICALLY TRAINED TO CARE FOR THE UNIQUE NEEDS OF THEIR PATIENTS (PSYCHIATRISTS, STAFF NURSES, PATIENT CARE TECHNICIANS/MENTAL HEALTH WORKERS, SECRETARIES, NURSE EDUCATOR, SOCIAL WORKERS, COTAS, OT AND OTHERS) TOGETHER THE STAFF PARTNERS WITH HOSPITAL STAFF AND COMMUNITY RESOURCES TO DEVELOP THE BEST CARE PLAN FOR PATIENTS THROUGHOUT THEIR STAY IN THE HOSPITAL AND UPON DISCHARGE IN FYE 11, THE EMERGENCY ROOM ACTIVITY ACCOUNTED FOR 86,806 EMERGENCY DEPARTMENT VISITS DEMAND CONTINUES TO RISE AND THE SERVICES PROVIDED CONTINUE TO BE RECOGNIZED FOR CONTINUOUS PATIENT SATISFACTION IN PARTICULAR AS A RECIPIENT OF THE PRESS GANEY SUMMIT AWARD FOR ACHIEVING A 99% CUSTOMER SATISFACTION RATING FOR THREE CONSECUTIVE YEARS PROGRAM SERVICE #3, AMBULATORY OR OUTPATIENT SURGERY, LINE 4C AMBULATORY OR OUTPATIENT SURGERY IS PERFORMED AT MIDDLESEX HOSPITAL, THE MIDDLESEX OUTPATIENT CENTER, THE SHORELINE MEDICAL CENTER IN ESSEX, THE MIDDLESEX HOSPITAL MEDICAL CENTER IN MARLBOROUGH, AS WELL AS LABORATORY OUTPATIENT FACILITIES IN MADISON AND WESTBROOK PROGRAM SERVICE #4, OTHER SERVICES, LINE 4D OTHER SERVICES INCORPORATE A WIDE RANGE OF CARE PROVIDED TO PATIENTS THAT ARE NOT SPECIFICALLY CAPTURED IN THE OTHER CARE CATEGORIES THIS DESIGNATION ACCOUNTS FOR 478,408 VISITS THESE SERVICES INCLUDE CARE PROVIDED AT THE CANCER CENTER SUCH AS DIAGNOSTIC TESTING, TREATMENT AND SUCH SUPPORTS AS ALTERNATIVE MEDICINE THERAPIES/INTEGRATIVE MEDICINES, AND HEREDITARY RISK ASSESSMENTS PHYSICAL MEDICINE AND REHABILITATION SERVICES ALSO ARE FOLDED INTO THIS GROUPING SERVICES ARE AVAILABLE AT MULTIPLE LOCATIONS WHICH OFFER COMPREHENSIVE REHABILITATION AND OCCUPATIONAL MEDICINE AND PHYSICAL THERAPY (INCLUDING HAND THERAPY) SERVICES CARE IS DELIVERED BY EXPERIENCED, HIGHLY-QUALIFIED STAFF, WITH ADVANCED TRAINING IN PHYSICAL AND OCCUPATIONAL THERAPY, SPEECH LANGUAGE PATHOLOGY AND RELATED FIELDS IN EACH CLINICAL CASE, PATIENTS ARE EVALUATED AND RECEIVE A UNIQUE TREATMENT PLAN, WHICH INCLUDES DESIRED GOALS, ANTICIPATED OUTCOMES AND THE TIME FRAME NECESSARY TO ACHIEVE CLINICALLY OPTIMAL RESULTS ADDITIONAL SERVICES ARE AVAILABLE BY THE WOUND AND SKIN TEAM AT MIDDLESEX HOSPITAL THE MULTIDISCIPLINARY TEAM PROVIDES TREATMENT WHICH FOCUSES ON CLINICAL WOUND, OSTOMY AND SKIN ISSUES THE HOSPITAL HAS CAREFUL AND ONGOING SERVICES FOR INDIVIDUALS WITH CHRONIC DISEASES A SAMPLING OF SUCH PROGRAMS INCLUDE PULMONARY REHABILITATION SERVICES WHICH PROVIDE RESPIRATORY THERAPY AND CARE FOR PATIENTS WITH CHRONIC OBSTRUCTIVE PULMONARY DISEASE AS WELL AS DIABETES EDUCATION AND MEDICAL NUTRITION THERAPY AT THE CENTER FOR CHRONIC CARE MANAGEMENT PROVIDED</p> |

| Identifier | Return Reference | Explanation |
|------------------|--------------------------------|---|
| PROGRAM SERVICES | FORM 990, PART III, LINE 4A-4D | <p>TO INDIVIDUALS WITH A NEW DIAGNOSIS AND UNCONTROLLED DIABETES MANY BEHAVIORAL HEALTH SERVICES ARE PROVIDED TO PATIENTS IN THE OUTPATIENT SETTING IN ADDITION TO COUNSELING AND SUPPORT GROUPS PROGRAMS INCLUDE THE DAY TREATMENT PROGRAM (INTENSIVE OUTPATIENT SERVICES FOR ADULTS, GERIATRIC PATIENTS, AND DUALY-DIAGNOSED PATIENTS), SERVICES AT THE OUTPATIENT CENTER FOR BEHAVIORAL HEALTH (PSYCHOTHERAPY AND MEDICATION MANAGEMENT FOR ADULTS) AND THE FAMILY ADVOCACY PROGRAM (MENTAL HEALTH TREATMENT FOR PATIENTS UNDER 18 YEARS OLD AND THEIR FAMILIES) THE HOSPITAL'S HOMECARE DEPARTMENT MAKES OVER 108,000 REVENUE GENERATING VISITS A YEAR TO COMMUNITY RESIDENTS HOMECARE IS STAFFED WITH SPECIALTY NURSES, HOME HEALTH AIDES, PHYSICAL THERAPISTS, OCCUPATIONAL THERAPISTS, SPEECH THERAPISTS, MEDICAL SOCIAL WORKERS AND NUTRITIONISTS TO MEET THE PHYSICAL AND BEHAVIORAL HEALTH NEEDS OF PATIENTS CARED FOR IN THEIR HOMES AND OUTSIDE THE HOSPITAL SETTING HOMECARE SERVICES INCLUDE SPECIALIZED CARDIAC CARE, INCLUDING TELE MONITORING AND THE HEART SMART PROGRAM (A MULTIDISCIPLINARY PROGRAM WHICH INCLUDES THE FULL SPECTRUM CARDIAC SELF MANAGEMENT SUPPORT AND CLINICAL CARE), FULL SPECTRUM GERIATRIC CARE, INFUSION THERAPIES, LIFELINE SERVICES, AND A SIGNIFICANT RANGE OF RESPIRATORY, PULMONARY AND MEDICAL REHABILITATION SERVICES AS WELL AS PROVIDING OUTPATIENT HOSPICE AND PALLIATIVE SERVICES THROUGHOUT THE COMMUNITY THE HOMECARE DEPARTMENT GENEROUSLY PROVIDES COMMUNITY HEALTH SERVICES INCLUDING FLU SHOTS, HEALTH FAIRS, AND COORDINATION OF LINKAGES WITH MEALS ON WHEELS, TRANSPORTATION, ADULT DAY CARE AND OTHER SERVICES ON CONTRACT WITH LOCAL ORGANIZATIONS</p> |

| Identifier | Return Reference | Explanation |
|-------------------------|---|---|
| MEMBERS OR STOCKHOLDERS | FORM 990, PART VI, SECTION A, LINES 6, 7A, AND 7B | THE SOLE MEMBER OF THE HOSPITAL SHALL BE MIDDLESEX HEALTH SYSTEM, INC , A CONNECTICUT NON-STOCK CORPORATION, OR ITS SUCCESSOR IN INTEREST ("SOLE MEMBER"), WHICH SHALL HAVE ALL OF THE MEMBERSHIP RIGHTS CONFERRED BY LAW, THE CERTIFICATE OF INCORPORATION OR THE MIDDLESEX HOSPITAL BY-LAWS |

| Identifier | Return Reference | Explanation |
|-------------------------|--|--|
| FORM 990 REVIEW PROCESS | FORM 990, PART VI, SECTION B, LINE 11A | DRAFT FORMS OF THE 990, INCLUDING REQUIRED SCHEDULES, ARE PROVIDED TO EACH BOARD MEMBER FOR REVIEW. MEMBERS REVIEW THE DOCUMENT AND DISCUSS IN DETAIL AT A BOARD MEETING. ANY QUESTIONS OR COMMENTS ARE PRESENTED TO EXECUTIVE MANAGEMENT PRIOR TO FILING. A COPY OF THE FINAL FORM 990 WILL BE PROVIDED TO THE BOARD PRIOR TO FILING WITH THE IRS VIA A WEB BASED COMMUNICATION PORTAL. |

| Identifier | Return Reference | Explanation |
|-----------------------------|---------------------------------------|--|
| CONFLICT OF INTEREST POLICY | FORM 990, PART VI, SECTION B, LINE 12 | CONFLICT OF INTEREST FORMS ARE DISTRIBUTED ANNUALLY TO KEY EMPLOYEES, OFFICERS AND THE BOARD OF DIRECTORS. RESPONSES ARE RETURNED TO, TRACKED, AND REVIEWED BY THE COMPLIANCE OFFICER. INFORMATION REPORTED IS CONSIDERED PERSONAL AND CONFIDENTIAL AND ONLY DISCLOSED WHEN DEEMED NECESSARY TO PROTECT THE HOSPITAL AGAINST THE EFFECTS OF CONFLICTS OF INTEREST AND ONLY AFTER ADVISING THE REPORTING PERSON OF THE PROPOSED DISCLOSURE AND OF ITS EXTENT. MATERIAL CONFLICTS ARE REPORTED TO THE BOARD'S AUDIT COMMITTEE FOR REVIEW AND DETERMINATION. IN ADDITION TO COMPLETING THE ANNUAL CONFLICT OF INTEREST FORM, BOARD MEMBERS MUST IMMEDIATELY DISCLOSE ANY INTEREST AND ALL MATERIAL FACTS TO THE BOARD OF DIRECTORS. THE BOARD THEN REVIEWS THE FACTS AND MAKES THE DETERMINATION AS TO WHETHER A SIGNIFICANT CONFLICT OF INTEREST EXISTS. IF SO, THE BOARD FOLLOWS DISABLING GUIDELINES TO DETERMINE IF THE BOARD MEMBER SHOULD BE ASKED TO RESIGN OR BE REMOVED. |

| Identifier | Return Reference | Explanation |
|---------------------|---------------------------------------|---|
| COMPENSATION POLICY | FORM 990, PART VI, SECTION B, LINE 15 | <p>EXECUTIVE TEAM COMPENSATION IS REVIEWED ANNUALLY BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD. THE COMMITTEE HAS A CHARTER AND A POLICY STATEMENT SETTING FORTH A PROCESS AND CERTAIN GUIDELINES FOR DETERMINING COMPENSATION. EXECUTIVES RECEIVE A BASE SALARY AND HAVE THE OPPORTUNITY FOR INCENTIVE COMPENSATION WITHIN A RANGE SET BY THE POLICY. FOLLOWING THE CLOSE OF EACH FISCAL YEAR, THE COMMITTEE RECEIVES A MARKET ANALYSIS FROM INDEPENDENT CONSULTANTS REGARDING COMPENSATION AT PEER GROUPS OF COMPARABLE HOSPITALS AND HEALTH SYSTEMS. POSITIONS WITHIN THE EXECUTIVE TEAM ARE COMPARED TO BENCHMARK POSITIONS WITHIN THIS MARKET DATA AND THEIR COMPENSATION IS COMPARED TO THE DATA, BOTH WITH RESPECT TO CASH COMPENSATION AND TOTAL COMPENSATION INCLUDING FRINGE BENEFITS. THE CEO RECOMMENDS THE INCENTIVE AWARDS AND BASE SALARY ADJUSTMENTS TO THE COMPENSATION OF THE EXECUTIVES WHO REPORT TO HIM, AND THE COMMITTEE REVIEWS THOSE RECOMMENDATIONS, APPROVES OR MODIFIES THEM, AND ALSO DETERMINES ANY INCENTIVE AWARD AND BASE SALARY ADJUSTMENT FOR THE CEO. THE CONSULTANTS PROVIDE A WRITTEN OPINION ANNUALLY CONFIRMING THAT THE COMPENSATION OF THE EXECUTIVES, AS ADJUSTED BY THIS PROCESS, IS "REASONABLE" WITHIN APPLICABLE IRS GUIDELINES. KEY EMPLOYEE COMPENSATION IS SET FOLLOWING THE GUIDELINES SET FORTH IN THE HOSPITAL COMPENSATION POLICY. THE OBJECTIVE OF THIS POLICY IS TO PAY EMPLOYEES BASED UPON HOSPITAL NEED, THE PROPER EXTERNAL LABOR MARKET AND PERFORMANCE.</p> |

| Identifier | Return Reference | Explanation |
|-------------------|---------------------------------------|--|
| PUBLIC DISCLOSURE | FORM 990, PART VI, SECTION C, LINE 19 | MIDDLESEX HOSPITAL MAINTAINS A QUALITY AND COMPLIANCE SECTION ON ITS WEBSITE, MIDDLESEXHOSPITAL.ORG THE HOSPITAL POSTS THE MOST CURRENT AUDITED FINANCIAL STATEMENTS THERE AS THEY BECOME AVAILABLE, AS WELL AS STATEMENTS FROM AT LEAST TWO PREVIOUS FISCAL YEARS THE HOSPITAL'S CONFLICT OF INTEREST POLICY IS ALSO POSTED ON THE WEBSITE IN THE VENDORS AND SUPPLIERS SECTION IN ADDITION, THE ORGANIZATION'S FORM 990 IS AVAILABLE AT WWW.GUIDESTAR.ORG AND UPON REQUEST |

| Identifier | Return Reference | Explanation |
|-----------------------------|------------------|---|
| OTHER CHANGES IN NET ASSETS | PART XI, LINE 5 | CHANGE IN ACCUMULATED PENSION CHANGES \$19,038,000 UNREALIZED GAIN OR LOSS ON INVESTMENTS \$6,114,000 ROUNDING \$352 TOTAL \$25,152,352 |

Identifier

Return Reference

Explanation

HOURS DEVOTED FOR RELATED ORGANIZATION

FORM 990 PART VII

NAME NANCY D'OENCH TITLE DIRECTOR HOURS 1

| Identifier | Return Reference | Explanation |
|--|-------------------|---|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME CHANDLER HOWARD TITLE DIRECTOR HOURS 1 |

Identifier

Return Reference

Explanation

HOURS DEVOTED FOR RELATED ORGANIZATION

FORM 990 PART VII

NAME HUGH MACKENZIE TITLE DIRECTOR HOURS 1

| Identifier | Return Reference | Explanation |
|--|-------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME BRUCE MACMILLIAN TITLE DIRECTOR HOURS 1 |

| Identifier | Return Reference | Explanation |
|--|-------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME JAMES MATSCHULAT TITLE DIRECTOR HOURS 1 |

| Identifier | Return Reference | Explanation |
|--|-------------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME JOHN RAFAL TITLE DIRECTOR HOURS 1 |

| Identifier | Return Reference | Explanation |
|--|-------------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME ERIC THORNBURG TITLE DIRECTOR HOURS 1 |

Identifier

Return Reference

Explanation

HOURS DEVOTED FOR RELATED ORGANIZATION

FORM 990 PART VII

NAME BARBARA WEISS TITLE DIRECTOR HOURS 1

Identifier

Return Reference

Explanation

HOURS DEVOTED FOR RELATED ORGANIZATION

FORM 990 PART VII

NAME R CHRISTOPHER SEATON TITLE CHAIRMAN HOURS 1

| Identifier | Return Reference | Explanation |
|--|-------------------|---|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME.DAVID BAGGISH MD TITLE.CHIEF OF MEDICINE SECRETARY HOURS 1 |

Identifier

Return Reference

Explanation

HOURS DEVOTED FOR RELATED ORGANIZATION

FORM 990 PART VII

NAME VINCENT CAPECE JR TITLE PRESIDENT CEO HOURS 1

| Identifier | Return Reference | Explanation |
|--|-------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME GEOFFREY HERTER MD TITLE ASSISTANT SECRETARY HOURS 1 |

| Identifier | Return Reference | Explanation |
|--|-------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME GARY WILLIS TITLE VICE CHAIRMAN HOURS 1 |

| Identifier | Return Reference | Explanation |
|--|-------------------|--|
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME SUSAN MARTIN TITLE VP FINANCE TREASURER HOURS 1 |

Identifier

Return Reference

Explanation

HOURS DEVOTED FOR RELATED ORGANIZATION

FORM 990 PART VII

NAME ROBERT KIELY TITLE FORMER PRESIDENT CEO HOURS

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

**Open to Public
Inspection**

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
MIDDLESEX HOSPITAL

Employer identification number
06-0646718

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|--|-------------------------|--|----------------------------|---|----------------------------------|---|----|
| | | | | | | Yes | No |
| (1) MIDDLESEX HEALTH SYSTEM INC 28 CRESCENT STREET MIDDLETOWN, CT 06457 22-2676137 | HEALTHCARE | CT | 501(C) (3) | 11 | NA | | |
| (2) MIDDLESEX HEALTH SERVICES INC 28 CRESCENT STREET MIDDLETOWN, CT 06457 22-2676140 | HEALTHCARE | CT | 501 (C) (3) | 9 | MSX HLTH SYS | | |
| (3) MIDDLESEX HOSPITAL FOUNDATION 28 CRESCENT STREET MIDDLETOWN, CT 06457 27-3720822 | SUPPORT | CT | 501 (C) (3) | 11B | MSX HOSPITAL | | |
| | | | | | | | |
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| | | | | | | | |

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 | |
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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) MIDDLESEX HEALTH RESOURCES INC 28 CRESCENT STREET MIDDLETOWN, CT06457 06-1089925 | HEALTHCARE | CT | MID HEALTH SYS | C CORP | 0 | 0 | 0 % |
| (2) INTEGRATED RESOURCES FOR THE MIDDLESEX 28 CRESCENT STREET MIDDLETOWN, CT06457 06-1462230 | OUTPATIENT CARE | CT | MID HEALTH SYS | C CORP | 0 | 0 | 0 % |
| (3) MHS PRIMARY CARE INC 28 CRESCENT STREET MIDDLETOWN, CT06457 06-1472743 | HEALTHCARE | CT | MID HEALTH SYS | C CORP | 0 | 0 | 0 % |
| | | | | | | | |
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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 | | No |
| 1b | Yes | |
| 1c | | No |
| 1d | | No |
| 1e | | No |
| 1f | | No |
| 1g | | No |
| 1h | | No |
| 1i | | No |
| 1j | Yes | |
| 1k | | No |
| 1l | | No |
| 1m | | No |
| 1n | Yes | |
| 1o | Yes | |
| 1p | Yes | |
| 1q | | No |
| 1r | | No |

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

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

Part VII **Supplemental Information**

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2010**



MIDDLESEX HOSPITAL

Financial Statements

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

MIDDLESEX HOSPITAL
Financial Statements
September 30, 2011 and 2010

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| Statements of Changes in Net Assets | 4 |
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| Notes to Financial Statements | 6 |



KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Directors
Middlesex Hospital:

We have audited the accompanying balance sheets of Middlesex Hospital (the Hospital) as of September 30, 2011 and 2010, and the related statements of operations, 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 Middlesex Hospital as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

January 23, 2012

MIDDLESEX HOSPITAL
Balance Sheets
September 30, 2011 and 2010
(In thousands)

| Assets | 2011 | 2010 |
|---|-------------------|----------------|
| Current assets | | |
| Cash and cash equivalents | \$ 56,459 | 50,099 |
| Short-term investments (note 5) | 10,647 | 27,573 |
| Patient accounts receivable, less reserve for uncollectible amounts of \$11,945 and \$9,808 in 2011 and 2010, respectively | 42,961 | 38,248 |
| Estimated third-party payor settlements | — | 334 |
| Prepaid and other | 6,317 | 3,871 |
| Current portion of investments limited as to use (note 5) | 4,082 | 4,213 |
| Total current assets | <u>120,466</u> | <u>124,338</u> |
| Investments limited as to use (note 5) | <u>102,404</u> | <u>102,049</u> |
| Other assets | | |
| Due from related parties (note 14) | 110 | 908 |
| Other | 4,904 | 6,295 |
| Total other assets | <u>5,014</u> | <u>7,203</u> |
| Property and equipment, net (note 6) | <u>174,742</u> | <u>158,718</u> |
| Total assets | <u>\$ 402,626</u> | <u>392,308</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Current portion of long-term debt (note 7) | \$ 3,123 | 2,827 |
| Accounts payable | 18,782 | 12,669 |
| Accrued payroll and related liabilities | 29,606 | 27,456 |
| Estimated third-party payor settlements | 207 | — |
| Other accrued liabilities | 2,166 | 2,946 |
| Current portion of estimated self-insurance liability (note 10) | 7,168 | 6,360 |
| Current portion of accrued retirement liabilities (note 8) | 65 | 3,889 |
| Total current liabilities | <u>61,117</u> | <u>56,147</u> |
| Long-term liabilities | | |
| Long-term debt, net of current portion (note 7) | 66,531 | 69,102 |
| Estimated self-insurance liability, net of current portion (note 10) | 5,632 | 5,540 |
| Accrued retirement liabilities, net of current portion (note 8) | 117,232 | 103,987 |
| Other | 14,042 | 12,722 |
| Total long-term liabilities | <u>203,437</u> | <u>191,351</u> |
| Commitments and contingencies (notes 2, 3, 6, 7, 8, 9 and 10) | | |
| Net assets | | |
| Unrestricted | 124,933 | 131,224 |
| Temporarily restricted (notes 11 and 12) | 6,259 | 6,782 |
| Permanently restricted (notes 11 and 12) | 6,880 | 6,804 |
| Total net assets | <u>138,072</u> | <u>144,810</u> |
| Total liabilities and net assets | <u>\$ 402,626</u> | <u>392,308</u> |

See accompanying notes to financial statements

MIDDLESEX HOSPITAL

Statements of Operations

Years ended September 30, 2011 and 2010

(In thousands)

| | <u>2011</u> | <u>2010</u> |
|---|------------------|----------------|
| Unrestricted revenues: | | |
| Net patient service revenue (notes 2 and 3) | \$ 336,113 | 326,682 |
| Other revenue (note 4) | 9,544 | 8,003 |
| Total unrestricted revenues | <u>345,657</u> | <u>334,685</u> |
| Operating expenses: | | |
| Salaries and wages | 155,569 | 149,974 |
| Fringe benefits | 42,527 | 36,419 |
| Purchased services | 23,514 | 22,116 |
| Supplies | 33,144 | 31,046 |
| Depreciation and amortization | 21,737 | 21,232 |
| Provision for bad debts, net of recoveries of \$3,423 and \$3,665 in 2011 and 2010, respectively | 13,571 | 11,858 |
| Interest | 3,242 | 3,719 |
| Other operating expenses | 35,212 | 36,158 |
| Total operating expenses | <u>328,516</u> | <u>312,522</u> |
| Income from operations | <u>17,141</u> | <u>22,163</u> |
| Other income (expense): | | |
| Unrestricted gifts and bequests | 471 | 491 |
| Net investment income | 4,986 | 3,799 |
| Other nonoperating expenses | (874) | (861) |
| Equity in joint venture income (loss) | 912 | (650) |
| Loss from extinguishment of debt (note 7) | (1,117) | — |
| Total other income, net | <u>4,378</u> | <u>2,779</u> |
| Excess of revenues over expenses | <u>\$ 21,519</u> | <u>24,942</u> |

See accompanying notes to financial statements.

MIDDLESEX HOSPITAL
Statements of Changes in Net Assets
Years ended September 30, 2011 and 2010
(In thousands)

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|----------------|
| Unrestricted net assets: | | |
| Excess of revenues over expenses | \$ 21,519 | 24,942 |
| Change in net unrealized (losses) gains on other than trading securities | (5,780) | 3,307 |
| Change in accumulated pension charges to unrestricted net assets (note 8) | (19,038) | (20,229) |
| Transfer to parent | (3,398) | (2,466) |
| Net assets released from restrictions for purchase of property and equipment | 406 | 754 |
| | <u>(6,291)</u> | <u>6,308</u> |
| Change in unrestricted net assets | | |
| Temporarily restricted net assets: | | |
| Contributions | 1,037 | 929 |
| Net realized investment gains | 267 | 206 |
| Change in net unrealized (losses) gains | (334) | 362 |
| Net assets released from restrictions for purchase of property and equipment | (406) | (754) |
| Expenditures for intended purposes | (1,087) | (567) |
| | <u>(523)</u> | <u>176</u> |
| Change in temporarily restricted net assets | | |
| Permanently restricted net assets: | | |
| Contributions | 85 | 208 |
| Net realized investment (losses) gains | (9) | 1 |
| Change in net unrealized gains | — | 7 |
| | <u>76</u> | <u>216</u> |
| Change in permanently restricted net assets | | |
| Change in net assets | (6,738) | 6,700 |
| Net assets, beginning of year | <u>144,810</u> | <u>138,110</u> |
| Net assets, end of year | <u>\$ 138,072</u> | <u>144,810</u> |

See accompanying notes to financial statements.

MIDDLESEX HOSPITAL

Statements of Cash Flows

Years ended September 30, 2011 and 2010

(In thousands)

| | 2011 | 2010 |
|---|-------------|-------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (6,738) | 6,700 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 21,737 | 21,232 |
| Provision for bad debts, net of recoveries | 13,571 | 11,858 |
| Loss from extinguishment of debt | 1,117 | — |
| Change in accumulated pension charges to unrestricted net assets | 19,038 | 20,229 |
| Restricted contributions, net of expenditures | (35) | (570) |
| Transfers to parent | 3,398 | 2,466 |
| Change in net unrealized losses (gains) and net realized gains on investments and investment income | 870 | (7,682) |
| Change in operating assets and liabilities | | |
| Patient accounts receivable | (18,284) | (11,025) |
| Due from related parties | 798 | (907) |
| Prepaid and other assets | (1,884) | 505 |
| Accounts payable, accrued payroll and related liabilities, and other liabilities | 8,803 | 2,195 |
| Accrued retirement liabilities | (9,617) | (4,875) |
| Estimated self-insurance liability | 900 | 643 |
| Estimated third-party payor settlements | 541 | (400) |
| Net cash provided by operating activities | 34,215 | 40,369 |
| Cash flows from investing activities | | |
| Purchases of property and equipment, net | (37,791) | (22,763) |
| Short-term investments, net | 16,926 | (8,392) |
| Proceeds from sales of investments limited as to use | 10,909 | 11,336 |
| Purchases of investments limited as to use | (18,141) | (13,489) |
| Distributions from joint venture | 250 | — |
| Investment income | 6,138 | 4,060 |
| Net cash used in investing activities | (21,709) | (29,248) |
| Cash flows from financing activities | | |
| Transfers to parent | (3,398) | (2,466) |
| Proceeds from issuance of long-term debt | 33,803 | — |
| Payments for refinancing of long-term debt | (32,641) | — |
| Repayment of long-term debt | (3,407) | (6,907) |
| Deferred financing costs | (538) | — |
| Restricted contributions, net of expenditures | 35 | 570 |
| Net cash used in financing activities | (6,146) | (8,803) |
| Net increase in cash and cash equivalents | 6,360 | 2,318 |
| Cash and cash equivalents, beginning of year | 50,099 | 47,781 |
| Cash and cash equivalents, end of year | \$ 56,459 | 50,099 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | \$ 3,432 | 3,734 |
| Cash paid for taxes | 615 | 309 |

See accompanying notes to financial statements

MIDDLESEX HOSPITAL
Notes to Financial Statements
September 30, 2011 and 2010
(amounts in thousands)

(1) Organization and Significant Accounting Policies

(a) Organization

Middlesex Hospital (the Hospital) is a not-for-profit acute care hospital. The Hospital is a wholly owned subsidiary of Middlesex Health System, Inc. (System). The Hospital is also a 50% joint owner of the Middlesex Center for Advanced Orthopedic Surgery, LLC. In addition to the Hospital, System's subsidiaries include Middlesex Health Services, Inc. (Services), Middlesex Health Resources, Inc. (Resources) and MHS Primary Care, Inc. (MHSPC). Services operates an assisted living facility. Resources owns and manages certain real estate and also owns an interest in a collection agency. MHSPC owns and operates physician practices.

(b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

(c) Cash Equivalents and Short-Term Investments

Cash equivalents represent highly liquid investments with maturities of less than three months. Short-term investments are primarily corporate bonds and commercial paper, with maturities of three to twelve months. Both exclude amounts limited as to use by board of directors (Board) designation or other restrictive arrangements.

(d) Investments and Investment Income

Investment income includes unrestricted realized gains and losses and unrestricted interest and dividends from board-designated funds and donor restricted funds included in investments limited as to use on the balance sheets. Income on short-term investment funds held by a trustee and assets deposited in the Hospital's self-insurance trust fund are reported as other revenue.

If donor restricted, the realized investment income and losses from donor restricted investments are added to the appropriate restricted net assets. Unrealized gains and losses on all investments are excluded from the excess of revenues over expenses and recorded as a component of net assets, except when certain declines represent an "other than temporary" impairment in accordance with the Hospital's policy. Other-than-temporary impairments of \$868 and \$53 were recorded in net investment income in the statements of operations for the fiscal years ended September 30, 2011 and 2010, respectively.

Investments are reported at fair value based on readily determinable fair market values or estimated fair value. Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a formal hierarchy and framework for measuring fair value, and expanded disclosure about fair value measurements and the reliability of valuation inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- **Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.
- **Level 2** – Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment securities, in general, are exposed to various risks. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short term liquidity of certain investments held by the Hospital which could impact the value of investments after the date of these financial statements.

(e) *Investments Limited as to Use*

Investments limited as to use include assets set aside by the Board for future unspecified uses and to support education and other programs. The Board retains control over these funds and may at its discretion subsequently authorize the use of these funds for any purpose. Investments limited as to use also include donor restricted assets, assets held by trustees under revenue bond agreements, and a self-insurance trust arrangement.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

(f) *Property and Equipment, Net*

Property and equipment acquisitions are recorded at cost. Property and equipment donated to the Hospital are recorded at fair value at the date of receipt. Improvements and major renewals are capitalized, and maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful life of each class of asset and is computed on the straight-line method. Estimated useful lives range from 3 to 10 years for equipment and 20 to 40 years for buildings and land improvements.

(g) *Long-Lived Assets*

The Hospital reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value and may not be recoverable. At September 30, 2011 and 2010, no impairment was recorded.

(h) *Estimated Self-Insurance Liability*

The Hospital has adopted a policy of self-insuring the deductible portion of its medical malpractice and general liability insurance coverage. The deductible limits were \$1,000 per claim and \$3,000 in aggregate annually during fiscal 2011 and 2010. In addition, the Hospital self-insures its workers' compensation program and has purchased excess insurance for those losses exceeding \$400 per occurrence (see note 10).

(i) *Net Asset Categories*

To ensure observance of limitations and restrictions placed on the use of resources available to the Hospital, the accounts of the Hospital are maintained in the following net asset categories:

Unrestricted

Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are assets set aside by the Board for future unspecified uses and to support education and other programs over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Temporarily Restricted

Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose and/or as to time of expenditure.

Permanently Restricted

Permanently restricted net assets represent contributions received with the donor stipulation that the principal be invested in perpetuity and that only the income earned thereon be available for specific or general purposes.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

(j) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(k) Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. Effective October 1, 2009, the Hospital adopted FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, included in ASC Topic 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a threshold of more-likely than-not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, derecognition, classification, interest and penalties, and disclosure. The adoption of this standard did not have a material impact on the Hospital's financial statements.

The Hospital's unrelated trade or business activities are generally limited to income from the laboratory and linen services provided to unrelated entities.

(l) 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Financial statement areas where management applies the use of assumptions and estimates consist primarily of investments, the allowance for uncollectible accounts, net patient service revenue, third-party reimbursement matters, accrued retirement liabilities, and estimated self-insurance liability.

(2) Healthcare Regulatory Environment

Federal Regulatory Environment

The healthcare industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare and Medicaid fraud and abuse and security and privacy of health information. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

Management believes that the Hospital is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The State of Connecticut recently enacted Public Act No. 11-6, An Act Concerning the Budget for the Biennium Ending June 30, 2013 and Other Provisions Relating to Revenue, which included a tax on the net patient revenues of hospitals and changes to the Disproportionate Share Hospital (DSH) payments to hospitals effective for the State's fiscal year beginning July 1, 2011 that impacts all Connecticut hospitals. Other operating expenses includes approximately \$800 for the initial quarter and the Hospital estimates a \$3,200 annual reduction on its income from operations.

(3) Net Patient Service Revenue

The following table summarizes revenues from services to patients:

| | <u>2011</u> | <u>2010</u> |
|-----------------------------|-------------------|------------------|
| Patient service revenue: | | |
| Inpatient | \$ 466,210 | 406,629 |
| Outpatient | 567,462 | 531,514 |
| | <u>1,033,672</u> | <u>938,143</u> |
| Deductions: | | |
| Allowances | (690,703) | (601,941) |
| Charity care | (6,856) | (9,520) |
| | <u>(697,559)</u> | <u>(611,461)</u> |
| Net patient service revenue | <u>\$ 336,113</u> | <u>326,682</u> |

The Hospital has agreements with third-party payors that provide reimbursement to the Hospital at amounts different from the Hospital's established billing rates. These differences, including self-insured portion of health care benefits provided at its facilities for its employees and their dependents, are accounted for as allowances in determining net patient service revenue.

Middlesex Hospital has a longstanding commitment to providing healthcare to all those in need, regardless of their ability to pay. The Hospital provides both free care and care at reduced rates. The charges written off for patients that qualified for free care under the Hospital's Charity Care Program totaled \$6,856 and \$9,520 in 2011 and 2010, respectively. The estimated costs for these services were \$2,042 and \$2,970 in 2011 and 2010, respectively.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

During 2011 and 2010 approximately 34% of net patient service revenue was received under the Medicare program, 9% and 8%, respectively, under the state Medicaid and city welfare programs, 48% was received from contracts with private health payors and 9% and 10%, respectively, from patients and others. During the years ended September 30, 2011 and 2010, changes in estimates related to settlements with third-party payors for prior years increased net patient service revenue by \$481 and \$118, respectively.

(4) Other Revenue

Other revenue consists of revenue from grants, cafeteria sales, purchase discount rebates and rental income. In addition, included in other revenue is interest income on the following assets: funds held in trust under revenue bond agreements, funds held in the Hospital's self-insurance trust and notes receivable from related parties.

(5) Investments Limited as to Use and Short-Term Investments

Cost and market values for investments included in investments limited as to use as of September 30, 2011 and 2010 are summarized as follows:

| | 2011 | | 2010 | |
|--|---------------|-------------|---------------|-------------|
| | Total | | Total | |
| | Market | Cost | Market | Cost |
| Mutual funds: | | | | |
| Equity | \$ 47,388 | 47,854 | 47,095 | 43,993 |
| Fixed income | 42,411 | 40,336 | 40,481 | 37,200 |
| Common/collective trust | — | — | 4,484 | 2,040 |
| Common stock: | | | | |
| U.S. equity | 3,586 | 3,017 | 3,741 | 3,519 |
| Non-U.S. equity | 597 | 602 | 503 | 376 |
| Corporate debt securities | 203 | 203 | 214 | 203 |
| U.S. Government and Agency obligations | 921 | 922 | 416 | 418 |
| Money market funds | 6,059 | 6,092 | 7,400 | 7,418 |
| Cash | 5,321 | 5,321 | 1,928 | 1,928 |
| Total | \$ 106,486 | 104,347 | 106,262 | 97,095 |

At September 30, 2011, investments with a market value below cost for less than 12 months included certain common stock and U.S. government and Agency obligations with a market value of \$454 and \$236, respectively, and an unrealized loss of \$31 and \$1, respectively. Investments with market value below cost for more than 12 months included certain mutual funds, common stock and U.S. government and Agency obligations with a market value of \$15,708, \$792, and \$685, respectively, and an unrealized loss of \$1,450, \$81 and \$1, respectively.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

At September 30, 2010, there were no investments with a market value below cost for less than 12 months. Investments with market value below cost for more than 12 months included certain mutual funds, common stock and U.S. government and Agency obligations with a market value of \$10,637, \$971 and \$416, respectively, and an unrealized loss of \$216, \$156 and \$2, respectively.

Investments limited as to use consisted of the following as of September 30, 2011 and 2010:

| | 2011 | | 2010 | |
|---|---------------|-------------|---------------|-------------|
| | Market | Cost | Market | Cost |
| Funds held in trust under revenue bond agreements | \$ 4,431 | 4,433 | 4,309 | 4,311 |
| Funds held in trust for estimated self-insurance liability | 7,771 | 7,564 | 8,598 | 7,954 |
| Board-designated funds | 80,737 | 79,087 | 79,978 | 72,674 |
| Donor-restricted funds | 13,547 | 13,263 | 13,377 | 12,156 |
| Total | \$ 106,486 | 104,347 | 106,262 | 97,095 |

Included in net investment income for the years ended September 30, 2011 and 2010 were realized gains on sales of investments of \$3,500 and \$1,766, respectively.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

The following table sets forth by level, within the fair value hierarchy, the Hospital's short-term investments and assets whose use is limited at fair value as of September 30, 2011:

| | Fair value as determined by quoted prices in active markets (Level 1) | Valuation techniques based on observable market data (Level 2) | Valuation techniques incorporating information other than observable market data (Level 3) | Total |
|--|--|---|---|----------------|
| Mutual funds | | | | |
| Equity | \$ 47,388 | — | — | 47,388 |
| Fixed income | 42,411 | — | — | 42,411 |
| Common stock | | | | |
| U S equity | 3,586 | — | — | 3,586 |
| Non-U S equity | 597 | — | — | 597 |
| Corporate debt securities | — | 6,823 | — | 6,823 |
| U S Government and Agency obligations | — | 4,948 | — | 4,948 |
| Money market funds | 6,059 | — | — | 6,059 |
| Cash | 5,321 | — | — | 5,321 |
| | <u>\$ 105,362</u> | <u>11,771</u> | <u>—</u> | <u>117,133</u> |

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

The following table sets forth by level, within the fair value hierarchy, the Hospital's short-term investments and assets whose use is limited at fair value as of September 30, 2010:

| | Fair value as determined by quoted prices in active markets (Level 1) | Valuation techniques based on observable market data (Level 2) | Valuation techniques incorporating information other than observable market data (Level 3) | Total |
|--|--|---|---|----------------|
| Mutual funds | | | | |
| Equity | \$ 47,095 | — | — | 47,095 |
| Fixed income | 40,481 | — | — | 40,481 |
| Common/collective trust | — | 4,484 | — | 4,484 |
| Common stock | | | | |
| U S equity | 3,741 | — | — | 3,741 |
| Non-U S equity | 503 | — | — | 503 |
| Corporate debt securities | — | 13,551 | — | 13,551 |
| U S Government and Agency obligations | — | 14,652 | — | 14,652 |
| Money market funds | 7,400 | — | — | 7,400 |
| Cash | 1,928 | — | — | 1,928 |
| | <u>\$ 101,148</u> | <u>32,687</u> | <u>—</u> | <u>133,835</u> |

Mutual funds and common stock are traded actively on exchanges and price quotes for these shares are readily available. As such, these are valued at closing values on active exchanges.

For corporate debt securities and U.S. government and agency obligations multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue for each security. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

In accordance with Accounting Standards Update (ASU) 2009-12, net asset value (NAV) may be used as a practical expedient to estimate the fair value of certain investments, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2011 and 2010, the Hospital had no intentions to sell investments at amounts different than NAV.

Common collective trusts invest in other public or private individual assets as determined and managed by the fund. The Hospital's interest in the common/collective trust fund is primarily based on the fair values of the underlying investments. Investments in collective trust funds are valued at their respective NAV per share/unit on the valuation date. The Hospital can redeem these investments at NAV on a daily basis.

MIDDLESEX HOSPITAL
Notes to Financial Statements
September 30, 2011 and 2010
(amounts in thousands)

The redemption period for the Hospital's financial instruments ranges from daily to weekly and requires notification of one to thirty days.

(6) Property and Equipment, Net

Property and equipment and the related accumulated depreciation as of September 30, 2011 and 2010 consist of the following:

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|------------------|
| Land and land improvements | \$ 9,196 | 4,421 |
| Buildings and fixed equipment | 236,364 | 227,633 |
| Land and building under capital leases | — | 711 |
| Other equipment | 163,590 | 154,504 |
| Leasehold improvements | 2,545 | 4,212 |
| | <u>411,695</u> | <u>391,481</u> |
| Less accumulated depreciation | <u>(258,275)</u> | <u>(236,911)</u> |
| | 153,420 | 154,570 |
| Construction in progress (estimated cost to complete \$6,984) | <u>21,322</u> | <u>4,148</u> |
| Property and equipment, net | <u>\$ 174,742</u> | <u>158,718</u> |

Total rental expense under operating leases for the years ended September 30, 2011 and 2010 was \$5,316 and \$5,347, respectively.

The following is a schedule of future minimum rentals under non-cancelable operating lease agreements:

| | |
|---------------------|------------------|
| Fiscal year ending: | |
| 2012 | \$ 3,998 |
| 2013 | 3,417 |
| 2014 | 2,806 |
| 2015 | 1,626 |
| 2016 | 954 |
| Thereafter | <u>5,846</u> |
| | <u>\$ 18,647</u> |

Property under capital lease had a net book value of \$298 at September 30, 2010. During the year ended September 30, 2011, the Hospital acquired a building previously under a capital lease.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

(7) Long-Term Debt

As of September 30, 2011 and 2010, the Hospital's long-term debt consisted primarily of the following State of Connecticut Health and Educational Facilities Authority (CHEFA) Revenue Bonds and certain mortgage notes payable which are secured by certain real estate and other real property:

| | <u>2011</u> | <u>2010</u> |
|--|------------------|---------------|
| Fixed Rate Revenue Bonds, Series N, due July 1, 2027 | \$ 31,930 | — |
| Fixed Rate Revenue Bonds, Series M, due July 1, 2027 | 13,530 | 14,185 |
| Fixed Rate Revenue Bonds, Series L, due July 1, 2036 | 21,465 | 21,915 |
| 5.0% to 5.125% Revenue Bonds, Series H, due July 1, 2027 | — | 34,830 |
| Mortgage notes and capital leases, net of interest | 152 | 816 |
| | <u>67,077</u> | <u>71,746</u> |
| Add bond premium | 2,577 | 740 |
| Less bond discount | — | (557) |
| Less current portion | (3,123) | (2,827) |
| | <u>\$ 66,531</u> | <u>69,102</u> |

CHEFA Series L Revenue Bonds (Series L bonds) and CHEFA Series M Auction Rate Bonds (Series M bonds) were issued on December 7, 2006 for \$22,760 and \$16,620, respectively. The Series L proceeds were used to finance the construction of a new emergency department facility and the Series M proceeds were used to refinance the Series K bonds. The Series L bonds mature from July 1, 2009 through July 1, 2036 at interest rates between 4.0% and 5.0%. On April 17, 2008, the Series M bonds were converted from their initial auction rate mode to a fixed rate mode. The Series M bonds mature from July 1, 2008 through July 1, 2027 at interest rates between 3.000% and 4.875%. CHEFA Series N Revenue Bonds (Series N bonds) were issued on July 26, 2011 for \$31,930. The Series N proceeds were used to refinance the Series H bonds. The Series N bonds mature from July 1, 2012 through July 1, 2027 at interest rates between 3.0% and 5.0%.

The Hospital has entered into a unsecured revolving line of credit agreement with a local bank. The maximum borrowing limit on this line of credit totaled \$6,000 as of September 30, 2011 and 2010. Advances under this agreement have an annual interest rate based on the LIBOR rate plus 1.0% as determined for each interest period. The line of credit expires on April 30, 2012. As of September 30, 2011 and 2010 there were no advances.

In fiscal 2011, CHEFA Series N Revenue Bonds (Series N bonds) were issued on behalf of Services to refinance the Series I bonds. The Series N bonds mature from July 1, 2012 through July 1, 2027 at interest rates between 3.0% and 5.0%. As a member of the obligated group, the Hospital is a guarantor of the Series N bonds. The outstanding balance of these bonds was \$5,430 at September 30, 2011.

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The Hospital is required to maintain certain deposits with a trustee relating to its outstanding CHEFA bonds. Such deposits are included in investments limited as to use in the financial statements and consist of \$4,431 in debt service funds. All of the outstanding CHEFA bonds and mortgage notes place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds and mortgage notes are outstanding. All of the outstanding CHEFA bonds are secured by the gross receipts of the Hospital.

The fair value of the Hospital's CHEFA bonds, based on market prices, was approximately \$70,215 and \$71,013 at September 30, 2011 and 2010, respectively.

In 2004, the Hospital entered into a 25 year capital lease of \$4,464 with an interest rate of 8.3% for a building. Under the terms of this capital lease, the Hospital exercised its option to purchase the building in 2010 for \$4,820.

Aggregate scheduled repayments on long-term debt and capital lease payments are as follows:

| | <u>Long-term debt</u> | <u>Mortgage notes/ capital leases</u> |
|------------------|---------------------------|---|
| 2012 | \$ 3,060 | 63 |
| 2013 | 3,045 | 42 |
| 2014 | 3,135 | 21 |
| 2015 | 3,255 | 21 |
| 2016 | 3,410 | 5 |
| Thereafter | <u>51,020</u> | <u>—</u> |
| | 66,925 | 152 |
| Add bond premium | <u>2,577</u> | <u>—</u> |
| | <u>\$ 69,502</u> | <u>152</u> |

(8) Defined Benefit Retirement Plans

The Hospital sponsors several retirement plans including a noncontributory, defined benefit pension plan (the Plan) covering substantially all of its employees. The Plan's benefits are based on years of credited service and average base pay during the employees' five highest-paid consecutive calendar years of credited service. The Plan is funded in accordance with the Employee Retirement Income Security Act (ERISA) minimum funding requirements.

On July 31, 2009 the Hospital adopted a soft freeze of the Plan, effective January 1, 2010. All pension accruals have ceased under the terms of the Plan, with the limited exception that participants who were actively employed on December 31, 2009 will continue to have eligible compensation earned after December 31, 2009 recognized in the calculation of their accrued benefit beyond December 31, 2009.

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As of December 31, 2010, the current Supplemental Executive Retirement Plan (SERP) was frozen and converted from a defined benefit to a defined contribution approach. In doing so, the lump sum value of the current SERP accrued benefit as of December 31, 2010 was established as the opening defined contribution account value as of January 1, 2011. These plan changes triggered curtailment and settlement accounting in fiscal 2011 following board approval of the plan changes. For accounting purposes, the defined benefit element of the current SERP is now terminated. Beginning January 1, 2011, the defined contribution element of the current SERP (including the opening value) will be accounted for as a defined contribution plan.

The funded status at September 30, 2011 and 2010 for the plans are as follows:

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|------------------|
| Accumulated benefit obligation | \$ 216,037 | 202,423 |
| Change in projected benefit obligation: | | |
| Projected benefit obligation, beginning of year | 248,047 | 216,172 |
| Service cost | 42 | 2,576 |
| Interest cost | 12,319 | 12,482 |
| Actuarial loss | 12,393 | 22,074 |
| Benefits paid | (12,062) | (5,257) |
| Curtailments | (1,191) | — |
| Settlements | 905 | — |
| Projected benefit obligation, end of year | <u>260,453</u> | <u>248,047</u> |
| Change in plan assets: | | |
| Fair value of plan assets, beginning of year | 140,171 | 123,650 |
| Actual return on plan assets | 144 | 10,853 |
| Employer contributions | 16,978 | 10,925 |
| Benefits paid | (12,062) | (5,257) |
| Fair value of plan assets, end of year | <u>145,231</u> | <u>140,171</u> |
| Funded status | <u>\$ (115,222)</u> | <u>(107,876)</u> |
| Amounts recognized in balance sheets consist of: | | |
| Current liability | (65) | (3,889) |
| Noncurrent liability | (115,157) | (103,987) |
| Net amount recognized | <u>\$ (115,222)</u> | <u>(107,876)</u> |
| Amounts recognized as accumulated charges to unrestricted net assets consist of: | | |
| Net actuarial loss | 107,292 | 87,260 |
| Prior service cost | — | 994 |
| | <u>\$ 107,292</u> | <u>88,254</u> |

MIDDLESEX HOSPITAL
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(amounts in thousands)

Following is a summary of net periodic benefit cost for the years ended September 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|--|-----------------|--------------|
| Components of net periodic benefit cost: | | |
| Service cost | \$ 42 | 2,576 |
| Interest cost | 12,319 | 12,482 |
| Expected return on plan assets | (10,917) | (10,276) |
| Net amortization and deferral | 1,561 | 1,268 |
| Curtailment loss | 458 | — |
| Settlement loss | 1,823 | — |
| | <u>5,286</u> | <u>6,050</u> |
| Net periodic benefit cost | <u>\$ 5,286</u> | <u>6,050</u> |

The prior service cost that will be amortized from accumulated charges to unrestricted net assets into net periodic benefit cost over the next fiscal year is \$2,099.

| | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|
| Weighted average assumptions as of September 30: | | |
| Discount rate (obligation) | 4.65% | 5.20% |
| Discount rate (service cost – see below) | 5.20 | 5.60 |
| Expected long-term return on plan assets | 7.00 | 7.00 |
| Rate of compensation increase | 4.00 | 4.00 |

The discount rate is based on high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value. The expected long-term rate of return on plan assets is 7%.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2011:

| | Fair value as determined by quoted prices in active markets (Level 1) | Valuation techniques based on observable market data (Level 2) | Valuation techniques incorporating information other than observable market data (Level 3) | Total |
|-------------------------|--|---|---|----------------|
| Mutual funds | | | | |
| Equity | \$ 72,412 | — | — | 72,412 |
| Fixed income | 50,568 | — | — | 50,568 |
| Common/collective trust | — | 9,504 | — | 9,504 |
| Common stock | | | | |
| U S equity | 4,543 | — | — | 4,543 |
| Non-U S equity | 1,004 | — | — | 1,004 |
| Money market funds | 7,200 | — | — | 7,200 |
| | <u>\$ 135,727</u> | <u>9,504</u> | <u>—</u> | <u>145,231</u> |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2010:

| | Fair value as determined by quoted prices in active markets (Level 1) | Valuation techniques based on observable market data (Level 2) | Valuation techniques incorporating information other than observable market data (Level 3) | Total |
|-------------------------|--|---|---|----------------|
| Mutual funds | | | | |
| Equity | \$ 77,097 | — | — | 77,097 |
| Fixed income | 47,484 | — | — | 47,484 |
| Common/collective trust | — | 8,974 | — | 8,974 |
| Common stock | | | | |
| U S equity | 4,675 | — | — | 4,675 |
| Non-U S equity | 871 | — | — | 871 |
| Money market funds | 1,070 | — | — | 1,070 |
| | <u>\$ 131,197</u> | <u>8,974</u> | <u>—</u> | <u>140,171</u> |

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

Mutual funds and common stock are traded actively on exchanges and price quotes for these shares are readily available.

Common collective trusts invest in other public or private individual assets as determined and managed by the fund. The Plan's interest in the common/collective trust fund is based on the fair values of the underlying investments. Investments in collective trust funds are valued at their respective NAV per share/unit on the valuation date. The Plan can redeem these investments at NAV on a daily basis.

The redemption period for the Plan's financial instruments ranges from daily to weekly and requires notification of one to thirty days.

The Plan's weighted average asset allocations at September 30, 2011 and 2010 by asset category are as follows:

| | <u>Target</u> | <u>2011</u> | <u>2010</u> |
|-------------------|---------------|-------------|-------------|
| Equity securities | 60% | 60% | 59% |
| Debt securities | 40 | 40 | 41 |
| Total | <u>100%</u> | <u>100%</u> | <u>100%</u> |

The investment policy, as established by the Investment Committee, is to earn a total return in any 5-year period that will have exceeded the interest assumption in the actuarial plan valuation for that five-year period. For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis. The pension assets are to be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio. The asset allocation is reviewed on a quarterly basis.

Contributions of \$10,800 are expected to be paid to the Plan in 2012.

The following benefit payments, which reflect expected future service for the retirement plans, are expected to be paid:

| | | |
|-------------|----|----------------|
| 2012 | \$ | 6,830 |
| 2013 | | 7,503 |
| 2014 | | 8,223 |
| 2015 | | 8,926 |
| 2016 | | 9,746 |
| 2017 – 2021 | | 61,790 |
| | \$ | <u>103,018</u> |

The Hospital does not provide post-retirement medical or health insurance benefits.

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

(9) Defined Contribution Plans

Effective January 1, 2010 the Hospital implemented a new retirement program called the Middlesex Retirement Savings and Investment Plan which provides an automatic core contribution and a matching contribution when participants choose to make pre-tax contributions. The Hospital matches 50% of the first 4% that an employee contributes. In addition, employees become eligible for a core contribution upon completion of 12 months service provided they earn at least 1,000 hours of service in a calendar year and are actively employed on December 31, unless they retire or become disabled. The core contribution, which ranges from 2-6% of eligible pay, is based on the employee's age and years of services on December 31. The Hospital's contributions to the plan totaled \$2,717 and \$1,998 in 2011 and 2010, respectively. In addition, a core contribution of \$3,870, which is scheduled to be paid in 2012, is included in accrued payroll and related liabilities.

In addition, the Hospital sponsors other defined contribution plans for eligible employees. The Hospital's contributions to these plans totaled approximately \$1,603 and \$240 in 2011 and 2010, respectively.

(10) Estimated Self-Insurance Liability and Other Contingencies

There have been malpractice, general liability, and workers' compensation claims that fall within the Hospital's partially self-insured program (see note 1) which have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2011 that may result in the assertion of claims.

The Hospital has established an irrevocable trust, funded based upon actuarially determined funding levels, to provide for the payment of malpractice and general liability claims and related expenses.

In addition, the Hospital is involved in litigation arising in the ordinary course of business. In the opinion of Hospital management, the ultimate resolution of these claims will not have a material impact on the Hospital's results of operations or financial position.

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by the donors for a specific purpose. Temporarily restricted net assets are available for the following purposes as of September 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|-------------------|-----------------|--------------|
| Education | \$ 1,750 | 1,760 |
| Health services | 1,397 | 1,429 |
| Capital and other | 3,112 | 3,593 |
| | <u>\$ 6,259</u> | <u>6,782</u> |

MIDDLESEX HOSPITAL

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(amounts in thousands)

Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. Permanently restricted net assets as of September 30, 2011 and 2010 are as follows:

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|-----------------|--------------|
| Free beds | \$ 1,562 | 1,571 |
| Support of hospital operations | 4,620 | 4,412 |
| Other | 698 | 821 |
| | <u>\$ 6,880</u> | <u>6,804</u> |

(12) Endowments

Effective October 1, 2008, the Hospital adopted FASB Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FSP 117-1), now part of FASB ASC 958-205, *Not-for-Profit Entities –Presentation of Financial Statements*. On October 1, 2007 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by the State of Connecticut (Act). The new law updated existing fundamental investment principles providing standards to guide investing in a prudent manner and eliminating the restriction that endowment funds could not be spent below its historical dollar value. The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Hospital and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Hospital and (7) the investment policies of the Hospital.

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

The Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by the Act.

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(amounts in thousands)

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

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------|
| Donor-restricted endowment funds | \$ — | 3,092 | 6,880 | 9,972 |
| Board-designated endowment funds | <u>77,417</u> | <u>—</u> | <u>—</u> | <u>77,417</u> |
| Total endowed net assets | <u>\$ 77,417</u> | <u>3,092</u> | <u>6,880</u> | <u>87,389</u> |

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

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------|
| Donor-restricted endowment funds | \$ — | 3,133 | 6,804 | 9,937 |
| Board-designated endowment funds | <u>77,811</u> | <u>—</u> | <u>—</u> | <u>77,811</u> |
| Total endowed net assets | <u>\$ 77,811</u> | <u>3,133</u> | <u>6,804</u> | <u>87,748</u> |

MIDDLESEX HOSPITAL

Notes to Financial Statements

September 30, 2011 and 2010

(amounts in thousands)

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

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------|
| Endowment net assets, October 1, 2010 | \$ 77,811 | 3,133 | 6,804 | 87,748 |
| Investment return: | | | | |
| Investment income | 4,986 | 111 | — | 5,097 |
| Net depreciation | <u>(5,342)</u> | <u>(100)</u> | <u>(9)</u> | <u>(5,451)</u> |
| Total investment return | (356) | 11 | (9) | (354) |
| Contributions, gifts and bequests | — | — | 85 | 85 |
| Transfers | — | (32) | — | (32) |
| Appropriation of endowment assets for expenditure | <u>(38)</u> | <u>(20)</u> | <u>—</u> | <u>(58)</u> |
| Endowment net assets, September 30, 2011 | <u>\$ 77,417</u> | <u>3,092</u> | <u>6,880</u> | <u>87,389</u> |

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

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------|
| Endowment net assets, October 1, 2009 | \$ 71,222 | 3,018 | 6,588 | 80,828 |
| Investment return: | | | | |
| Investment income | 3,799 | 86 | 1 | 3,886 |
| Net appreciation | <u>2,899</u> | <u>64</u> | <u>7</u> | <u>2,970</u> |
| Total investment return | 6,698 | 150 | 8 | 6,856 |
| Contributions, gifts and bequests | — | — | 208 | 208 |
| Transfers | — | (10) | — | (10) |
| Appropriation of endowment assets for expenditure | <u>(109)</u> | <u>(25)</u> | <u>—</u> | <u>(134)</u> |
| Endowment net assets, September 30, 2010 | <u>\$ 77,811</u> | <u>3,133</u> | <u>6,804</u> | <u>87,748</u> |

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(amounts in thousands)

The Hospital has adopted investment and spending 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. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specified period as well as board-designated funds.

To satisfy its long term rate-of-return objectives, the Hospital 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). The Hospital targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investments to achieve its long-term return objectives with prudent risk constraints.

The Hospital follows a policy of spending an amount that approximates the investment income earned, in addition to specific purchases of capital equipment. Accordingly, the Hospital expects its spending policy will allow its endowment funds to be maintained in perpetuity by growing at a rate at least equal to the planned payouts. Additional real endowment growth will be provided through new gifts and any excess investment return.

(13) Functional Expenses.

The Hospital provides health care services primarily to residents within its geographic location. Expenses to provide these services for the years ended September 30, 2011 and 2010 are as follows:

| | <u>2011</u> | <u>2010</u> |
|----------------------------|-------------------|----------------|
| Health care services | \$ 282,285 | 264,564 |
| Administrative and general | 46,231 | 47,958 |
| | <u>\$ 328,516</u> | <u>312,522</u> |

(14) Related Party Transactions

As of September 30, 2011 and 2010, the Hospital had the following receivables from related parties:

| | <u>2011</u> | <u>2010</u> |
|----------------------------------|---------------|-------------|
| Middlesex Health Resources, Inc. | \$ 19 | 3 |
| Middlesex Health Services, Inc. | 33 | 6 |
| MHS Primary Care, Inc. | 58 | 899 |
| Total due from related parties | <u>\$ 110</u> | <u>908</u> |

Certain general and administrative supplies and services and other miscellaneous costs are paid by the Hospital on behalf of certain affiliates. Amounts due for these services are reflected as other receivables in the preceding table.

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(amounts in thousands)

The Hospital paid Resources approximately \$418 and \$383, respectively, during 2011 and 2010 for rent.

In addition, the Hospital had promissory notes due from MHS Primary Care, Inc. for lines of credit totaling \$166 at a rate of 7% to be paid in 120 monthly installments. The balances due on these notes were \$48 and \$67 at September 30, 2011 and 2010, respectively.

The Hospital made a cash transfer to the System of \$3,398 and \$2,466 for 2011 and 2010, respectively. The Hospital, in support of the System's mission, transfers funds annually to the System in conjunction with supporting activities within the integrated network. As of September 30, 2011, the Hospital has committed to transfer \$2,998 to the System in fiscal 2012.

(15) Subsequent Events

The Hospital has evaluated events through January 23, 2012, which represents the date the financial statements were available to be issued and noted no subsequent events that would have impacted the Hospital's financial statements.

(16) Community Benefit (Unaudited)

(statistical information in whole numbers)

As a medium-sized community hospital within a health system, providing extensive Community Benefit programs and services has always been the cornerstone of our organization. Continuous dedication to the communities we serve remains the hallmark of our vision, mission, and strategic planning. These objectives are inherent in the Health System and Hospital's vision and mission statements. The System's mission is to *improve the health and well-being of our community by providing quality health care services with caring, compassion and skill* with a vision designed to *create a new standard for community health care by contributing materially to the health and well being of the communities it serves*. The pledge to Community Benefit is strengthened by the Hospital's inclusion of the term *Community Benefit* in its mission statement: *the Hospital recognizes community benefit, transparency and integrity as fundamental responsibilities and strives to meet community health needs to the fullest extent possible within its ability and resources*. Middlesex Hospital's Community Benefit program was formalized in 2006 as a natural outgrowth for housing our long-standing community services under one roof. Since then, strengthening our Community Benefit program with targeted programs to meet community health and well-being needs and promoting community-wide health improvement services has been an annual priority initiative for our Hospital's leadership and remains a core institutional program. Our comprehensive Community Benefit model encompasses the following domains: executive involvement and commitment; a defined reporting structure; dedicated staffing resources; governance engagement; staff participation; annual goals; inclusion in annual organizational planning; internal and external communications; and inclusion of community members and agency partners. This footnote provides an overview of Middlesex Hospital's community benefit activities, organized by the categorical accounting standards as determined by the Catholic Health Association/VHA structure (*Catholic Health Association, "A Guide For Planning and Reporting Community Benefit", 2006, revised 2008*).

MIDDLESEX HOSPITAL

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September 30, 2011 and 2010

(amounts in thousands)

(a) *Community Health Improvement Services*

The Hospital subsidizes a vast range of community health education and health improvement programs, none of which are developed for marketing purposes, all of which are supported as a means of fulfilling the Hospital's mission to serve its community. Almost 100% of the time these services are offered free of charge; in the rare instance where a nominal fee is assessed, the cost of providing the service is not covered. Community health education is provided to the community at large, including (but not limited to) local schools, colleges, assisted living and skilled nursing facilities, small businesses and chamber of commerce, local health care provider agencies, non-Hospital affiliated healthcare providers, and social services. Some of the programs represent one time events, however most are ongoing and over the years have become entrenched in the community as a source of support and continued education for a healthful future. Community health education is provided by the Hospital in many formats including lectures, written materials, interactive presentations and other group programs/activities. Examples of health educational programming include (but are not limited to):

- *Community Education Presentations:* including hand washing; H1N1 virus containment and vaccination; cancer prevention, integrative medicine, caregiver resources, chronic pulmonary obstructive disease/respiratory care, arthritis, diabetes, asthma (adult and pediatric), chronic heart failure, childhood obesity, smoking cessation, nutrition, stroke education, fall prevention. With geriatric services uncovered as a priority area in the Hospital's health assessment, the increased focus on health education for the elderly and local non-Hospital affiliated healthcare practitioners in geriatric services is exemplified by the Hospital's conducting targeted presentations to both sectors including the topics of fall prevention; the signs and symptoms of stroke; warning signs the elderly should not ignore; and 10 common healthcare errors seniors make.
- *Health and Wellness Events/Health Fairs:* it is common practice for the Hospital's staff members to answer the call of the community any time a request is made for educational support – one example is the annual request by Connecticut Valley Hospital, the state's department of mental health and addiction services, for the Hospital to participate in its employee and patient day-long health fair – the Hospital provides staffing to share information on multiple health topics to 400+ attendees, which includes a vulnerable general patient population as well as those held in the forensic division. The Hospital regularly participates in area health fairs/wellness events to share critical health information on topics and services including: diabetes; asthma; chronic obstructive pulmonary disease; slips and fall prevention and safety; blood pressure screenings; cancer awareness including breast, prostate and skin; smoking cessation data and information; bone density screening; maternal child health education; rehabilitation therapy; and youth behavioral health issues.
- *Support Groups:* The Hospital provides, at no charge, many support groups for patients and their families in response to the community's need for additional support in addressing the social, psychological or emotional issues that often occur in connection with disease, disability and grief. The support and skills of trained professionals offer self-help techniques and wellness/health-promotion. Support groups include: bereavement; caregivers; diabetes;

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meditation; prostate cancer; leukemia, lymphoma, and multiple myeloma; cancer's survivors; breastfeeding; first foods; and fit for kids.

- *Cancer Center Health Awareness:* as facing cancer can be one of life's most challenging experiences for patients, the Hospital's Cancer Center provides extensive free-of-charge services in an educational and supportive environment. An emphasis is placed on including family members in all support services. In addition to the substantial number of cancer-related support groups, the Cancer Center offers – at no cost – an annual Breast Cancer Awareness event; annual Cancer Survivor's Day; annual prostate event; annual Healthy Living Through Prevention wellness event; an art therapy program; movement through dance; nutrition and exercise class for breast cancer patients; wig room; and a comprehensive educational series with a multi-dimensional approach to defining cancer – including dealing with side effects, the importance of nutrition and exercise, coping with emotions and spirituality, alternative and integrative medicine therapies, and methods for communication.
- *Maternal Child Support:* To reach out to the community's vulnerable population, the Hospital's Pregnancy and Birth Center (PBC) waives all fees for participants from the Hospital's Family Advocacy Maternal Child Health Program – a comprehensive service within the Behavioral Health Department that outreaches to low-income families lacking necessary resources. Tuition waiver allows access for Family Advocacy members to PBC's Newborn & Infant classes, Breastfeeding classes, and Prepared Childbirth classes.
- *Health Literature:* providing no-cost access to health care literature and resources to the public is possible through the Hospital's libraries and publications. The Hospital's main campus and Cancer Center libraries encourage community use of health and medicine resource information. The community, including students, patients, nonemployed nurses and physicians routinely utilizes the library's extensive collection of books and periodicals and depends on librarian support as a part of information gathering. The Cancer Center library is an active participant of the CT Library On Request System, which is available in public libraries as a resource to locate and borrow books, videos and tapes – with the assistance of the Hospital's librarian, patients and families are able to obtain desired cancer health information by use of this service. In addition, the Cancer Center issues a quarterly newsletter (2,500 household mailing) that reviews cancer-related and health living topics.

Throughout the year the Hospital provides a number of community-based clinical services, including clinics and screenings offered on a reoccurring basis or as a special event. The Hospital views screenings and clinics as valuable secondary prevention measures that enable the detection of early illness/disease onset, bring awareness to the screened individual regarding the importance of detection and early treatment intervention, and provide referral when appropriate and necessary. These services are offered to meet identified community needs and/or improve community health. Examples of the Hospital's community based clinical services offered to the community at large throughout the year include (but are not limited to): diabetes care free A1C screenings; annual flu shots and free blood pressure and cholesterol clinics provided by the Hospital's Homecare department, a subsidized service, to local seniors; free flu immunizations and TB testing offered to those who are unable to pay; and community-wide free screenings for blood pressure.

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Healthcare support services include all programs offered by the Hospital in order to increase access and quality of care to individuals, especially those living in poverty and/or other vulnerable populations. As these services represent targeted programs and interventions based on need, they are critical for assisting patients in achieving improved health and wellness. Given the intensity and duration of the initiatives, life-long positive impacts are often realized. Examples include (but are not limited to):

- *Center for Chronic Care Management (CCCM) Disease Management:* – Currently over 10 years of age, a combined 10,000+ patients have been served by CCCM’s various programs. The impetus for the center was an identified sub-set of repeat users of emergency department and inpatient services for asthma. A multidisciplinary team was tasked with examining notable resource gaps for this ambulatory care sensitive condition (that is, one that should be treated in the outpatient setting). A deficit of available outpatient services and coordination of care for asthmatics resulting in barriers for achievement of self-management was identified and in response, using the Chronic Care Model, an evidence-based, patient-centered outpatient asthma service for adults (AIRMiddlesex) and children (LittleAIR) was designed and implemented, offering a comprehensive and systematic approach to the management of asthma as a chronic illness. The asthma care program became the prototype for identifying and meeting community need for chronic care interventions by adding accessible and oftentimes free-of-charge outpatient services. Added services include diabetes disease management (provided since mid-1990, formalized in 2001) and its component medical nutrition therapy; smoking cessation (1999); chronic heart failure (2005); and childhood weight management (2008). The Center’s disease management programs have evolved as a critical part of the health delivery system in Middlesex County by filling unmet chronic care needs. Within the CCCM model, special attention is paid to those unable to access services elsewhere: patients who experience multiple social issues, are often uninsured, are unable to achieve and sustain improved health, and frequently encounter barriers to care. Most programs are offered at no cost to the patient and the program is therefore heavily underwritten by the Hospital. Each of CCCM’s initiatives cooperate with community agencies to provide chronic disease management education.
- *Cancer Care Management:* – the Cancer Care Program is a free program offered to patients with a breast, colon, lung, prostate or other cancer diagnosis. With compassion, reassurance and expert knowledge, the Nurse Navigators assist cancer patients in navigating the complex maze from diagnosis through the prescribed treatment and recovery phases of their illness. Additional support is given through education regarding medication and self-care requirements. The Navigators work with the network of specialists and technicians to ensure that the succession of tests and treatments are expedited in the best sequence with full consideration of the patient’s needs.
- *Transportation & Prescription Voucher Assistance:* – the Hospital provides a no-cost transportation service for patients requiring radiation oncology treatment who struggle with transportation – with a special emphasis on providing the service for the elderly. Transportation vouchers are supplied to patients in urgent situations and prescription vouchers are given to help to defray costs for patients who are unable to pay for medication.

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- *Financial Counseling*: – the Hospital provides information about its financial assistance program to all patients and makes this assistance available to individuals who meet established guidelines. Financial Counselors and social workers are available to answer questions and aid in the application process. In addition, the Hospital has an internal committee that monitors its financial assistance processes, reviews guidelines for appropriateness, and makes adjustments as needed to ensure optimal accessibility to the support.
- *Alternative to Hospitalization Program (ATH)*: – ATH is a collaborative system offered in the Hospital's Emergency Department where staff works with state behavioral health services to identify eligible individuals for linkage to community-based substance abuse treatment programs.
- *Women, Infants and Children (WIC) Program*: – WIC serves to safeguard the health of low-income women, infants, and children up to age five who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care. Middlesex Hospital recently became the local subcontractor for WIC when the City of Middletown Health Department, after 25 years, was unable to renew the contract. In addition, due to significant city budget cut-backs, the Middletown program had merged with another county, which made accessibility challenging for local WIC clients. When community members suggested the Hospital assume the program, the Hospital agreed with the importance of keeping the program local, improving accessibility of services, and responding to community need. The service currently resides under the Hospital's comprehensive Family Advocacy Maternal Child Health program which provides support and outreach to a segment of the community's at-risk population.

(b) Health Professions Education

Helping to prepare future health care professionals is a long-standing commitment of Middlesex Hospital and distinguishing characteristic that constitutes a significant community benefit. Year round, the Hospital supports health professions education for medical students, nursing students and technicians. The nationally respected *Middlesex Hospital Family Medicine Residency Program* graduates an impressive number of Family Practice physicians, many of whom continue to practice in the Middlesex County area after their training is complete. For more than 35 years the Hospital's Family Medicine Residency Program has trained physicians for a future in family practice. The educational curriculum encompasses a balanced approach in the domains of practical experiences and academics; independent and supervised study; office practice and hospital care; biomedical and psychosocial issues; personal medical care and community health perspectives; and core requirements and self-directed learning. Specialty tracks include: maternal/child; palliative medicine/geriatric; international health; integrative medicine; academic and leadership. To strengthen commitment to community health, each resident is required to participate in a community project as a means of understanding the community's available resources and health needs. Many of the residency projects have developed into on-going support programs for community members.

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In addition to its Family Practice residents, the hospital welcomes medical and nursing student interns and provides on-site training during clinical rotations. Nursing students from local colleges and programs receive hands-on mentorship in the majority of clinical service lines year-round. For the nursing students, a good portion of the student-staff interaction is 1:1. The objective of the rotational format is to complement classroom learning with practical application; expose students to the integration of evidence based practice; train students in the care for patients with complex needs; and aid students in developing the organizational, interpersonal, and critical thinking skills needed to enter the field of nursing. Other healthcare professional education includes: the Hospital's Radiology School – a 50+ year old program that graduates radiologic technologists with an associates degree, prepares them to pass the national certification test for radiographers and quality for state licensure, and operates at a loss for the Hospital; and clinical educational student training in the fields of pharmacy, social work, hospice, behavioral health, nuclear medicine, rehabilitation and physical therapy, infection prevention, phlebotomy, emergency responders, surgical services, among other areas of healthcare. In addition to teaching within the walls of the hospital, staff members continuously work with non-Hospital employed health care providers and agencies in the community – topics have included (but are not limited to): stroke education, smoking cessation, chronic obstructive pulmonary disease, nutritional counseling, asthma, diabetes, chronic heart failure, childhood obesity, stress management, fall prevention, mammography, pain management, H1N1, elder care, health literacy, nurturing parenting training, child and adolescent behavioral health, and psychological testing. The Hospital's paramedics share their knowledge with health providers in the community on an on-going basis by providing regular EMS in-service training to volunteer emergency medical service organizations such as fire departments and ambulance associations.

(c) *Subsidized Health Services*

The Hospital's subsidized health services represent a significant portion of Middlesex Hospital's annual community benefit aggregate financials and numbers served. Subsidized services are particular clinical programs provided to the community despite a financial loss, with negative margins remaining after specific dollars (charity care and bad debt) and shortfalls (Medicaid) are removed. In order to qualify as a subsidized service, the program must meet certain health delivery criteria; meet an identified need in the community; and would become unavailable or the responsibility of a governmental or another not-for-profit agency to provide if the Hospital discontinued the service. Middlesex Hospital's subsidized services for include Family Practice Group, Behavioral Health (inpatient and outpatient), Homecare, Cardiac Rehabilitation, Paramedics, Hospice, Wound Care and Pulmonary Rehabilitation.

- *Family Practice Group:* – The Family Practice Group of Middlesex Hospital is made up of twelve faculty physicians and twenty-four resident physicians who are completing their four-year training in the specialty of Family Medicine (note: faculty and residency costs are captured under Health Professions Education). The group has been providing high-quality medical care to Middlesex County's community members since 1974. The practice serves patients of all ages with health care often coordinated for the entire family. Referrals to specialists are made when needed, with the Family Practice physician following patient care jointly with the specialist. In addition to caring for patients in the office, the Family Practice

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physicians follow the care of their patients when they in Middlesex Hospital and some local nursing and convalescent homes. If the need arises and patients are confined to their homes, house calls can also be arranged. The Family Practice Group is comprised of three locations: Middletown, East Hampton and Portland. Nurse health educators are available in the three family practice offices to provide counseling on health-related topics that promote a healthy lifestyle. The offices are equipped for comprehensive preventive health care procedures such as Pap smears, vision and hearing testing, pulmonary function testing, and electrocardiograms. Minor surgical procedures can also be performed in all three offices. As the Family Practice group is within the Middlesex Hospital Health System, it relies on the broad services offered by the system. Services include access to multiple laboratory facilities for routine tests, counseling among many other outpatient service lines. In addition, all faculty physicians and resident physicians are on the staff of Middlesex Hospital. Middlesex Hospital's Family Practice group is a critically important subsidized outpatient service as it fills a gap in primary care services and addresses access to care challenges. Middlesex County has been designated by the Health Resources and Services Administration (HRSA) to be a Medically Underserved Area experiencing a shortage of select health services which include too few primary care providers. In addition, HRSA reports that Middlesex County is a Health Professional Shortage Area (HPSA) for primary medical care.

- *Middlesex Hospital's Behavioral Health Program:* – provides a large spectrum of behavioral health services, including inpatient and outpatient therapy and support, child and adolescent services and a maternal child health program – and is heavily subsidized by the Hospital. The Hospital recognizes that the life disruptions caused by mental illness, severe behavioral problems, and addiction especially coupled with medical complexities can be devastating for patients and their families and is committed to providing the highest standard of care for both the physical and behavioral health needs of its psychiatric patients. Treatment is provided regardless of the patient's background and/or ability to pay. The behavioral health system at Middlesex Hospital is premised on guiding principles designed to empower each individual to attain optimal functioning in a compassionate, supportive, professional, collaborative environment. Each care plan is individualized with careful consideration of the patient's physical and mental needs and preferences. The Hospital has a 20 bed psychiatric unit for patients requiring inpatient stays; Day Treatment Program that provides intensive outpatient and partial hospital services for adolescents, adults and geriatric patients with psychiatric and co-occurring substance abuse/ psychiatric disorders; Outpatient Behavioral Health Clinic that offers treatment in individual, family, and group therapy to meet general adult and senior psychiatric needs; Family Advocacy Program (FAP) that offers comprehensive psychiatric services designed to improve the lives of children, adolescents and their families and improve access to critical resources; and FAP Maternal Child Health which provides primary prevention, case management and home-based parenting skill building wrap around and support services for at-risk first time families involved in Department of Children and Families (DCF)

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- *Middlesex Hospital Homecare:* – Recognizing the need for medical services for patients who are homebound, the Hospital’s Homecare department, founded in 1900, makes over 160,000 visits per year to community residents with services available 7 days/week, 24 hours/day. While the program requires subsidy from the Hospital, it meets a vital need in community health. Staffing includes specialty nurses, home health aides, physical therapists, occupational therapists, speech therapists, medical social workers and nutritionists. The broad array of comprehensive services offered to meet the needs of the homecare patient encompass: 1) behavioral; 2) diabetes care and education; 3) specialized cardiac care; 4) geriatric care which focuses on the special needs of senior patients and includes management of conditions, complex medications and/or long-term illness; 5) infusion therapy; 6) the emergency response Lifeline program; 7) maternal/child health services; 8) hospice and palliative care services; 9) psychiatric nursing for patients with primary psychiatric illness living in the community; 10) medical rehabilitation; 11) respiratory/pulmonary care; 12) wound/ostomy care; and 13) various community health services including flu shots and health fairs.
- *Middlesex Hospital Cardiac Rehabilitation:* – Cardiac Rehabilitation is a service offered by Middlesex Hospital due to community request. In response, the Hospital makes this comprehensive program available to its community members despite a financial loss. The service includes progressive cardiac-monitored exercise plans customized per individual, risk-factor education, and is designed to assist patients who have had a recent heart attack, cardiac bypass, cardiac valve surgery, coronary angioplasty, or newly stabilized angina symptoms in achieving a speedy recovery and a healthy, productive lifestyle. Services for patients (and often their caregivers) include education on diagnosis, plan of care, and the requirements necessary to best manage their condition; discussion regarding appropriate lifestyle modifications given the new diagnosis; support to help diminish the fear of appropriate exercise and guidance on level of exertion and pulse rate monitoring; and symptom management education and recognition.
- *Middlesex Hospital Paramedics Service:* – provides 24 hours/day, 7 days/week skilled emergency care and critical treatment to patients prior to arrival at the hospital. Paramedics work alongside fire and EMS personnel and are an important adjunct to emergency transport services, often administering care and providing advanced life support to the patient in the ambulance en route to the hospital – having care begin at the earliest opportunity is vital for best outcomes, particularly in cases of stroke and cardiac emergencies. Middlesex Hospital’s paramedic program is one of three such hospital-based services in the State – its mission is to provide high quality, cost-effective, community focused emergency medical services to those who require immediate response. Patients receive the best possible paramedic level of care, regardless of their ability to pay or condition. Since inception of the service, the Hospital has covered the program’s annual financial shortfalls.
- *Middlesex Hospital’s Hospice Program:* – is committed to caring for the terminally ill and their families by enhancing quality of life for the patient. Services include comfort care with relief of physical symptoms, the provision of emotional and spiritual support, and the desire to support the patient’s right to make choices and remain as autonomous as possible during this phase of life. As terminal illness brings a host of new and difficult challenges for both patient

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and family, the Hospital's Hospice program views patient and family as a single unit of care. Care is delivered through an interdisciplinary team that includes physicians, nurses, social workers, physical therapists, occupational therapists, nutritionists, home health aides, spiritual support, pharmacists, bereavement counselors, and specially trained volunteers. The care setting includes home hospice as well as an inpatient unit designed to provide short-term care for patients requiring pain and symptom control as well as respite care during the last days of life. This vital community program functions at a loss for the Hospital. The Hospital also offers outpatient Palliative Care services which assist patients and families with critical decisions while providing maximum physical comfort and emotional support. Outpatient Palliative care services include pain and symptom control, psychosocial support, patient education about self-determination and advance directives, negotiating end-of-life decisions, and helping patients and loved ones understand and cope with the process of dying.

- *Middlesex Hospital Wound Care:* – The Hospital performed a study and found that there was a gap in outpatient services for those experiencing complex and chronic wounds. In response, the Hospital created the Wound Care Center where a full range of services for effective wound treatment is provided. Clinical providers at both of the Hospital's Wound Care Center locations aid in determining what local or systemic factors are impeding the healing process, and assist in developing a specialized and individualized treatment care plan. Using a planned, systematic approach which includes consideration of all factors that affect wound healing, the Center treats four primary wound types: venous stasis ulcers, diabetic foot ulcers, ischemic ulcers and stage III and IV pressure ulcers. The Wound Care Center functions at a loss for the hospital and requires subsidy.
- *Pulmonary Rehabilitation:* – The Hospital's Pulmonary Rehabilitation program was developed in direct response to the health assessment findings which identified half the adult population in Middlesex County to be at risk for COPD (18% are current smokers and 33% are former smokers). The study recommended development of a COPD pathway and program. In response, an inpatient COPD pathway was generated in conjunction with a supporting outpatient pulmonary rehabilitation program. The program is one of both education and exercise classes – it teaches patients about their lungs, how to exercise and do activities with less shortness of breath, and how to live better with a lung condition. Pulmonary Rehabilitation is offered to any patient with impaired pulmonary endurance. The Pulmonary Rehab program offers the Better Breather's Club, an adjunct service formed to help patients with respiratory diseases cope with their difficulties. The free support group is for community members with COPD, asthma and other chronic lung disease and is run by a respiratory therapist and invites pertinent guest speakers to enhance the education of the patient and their families about the respiratory illness from which they suffer. Pulmonary Rehab functions at a loss and requires Hospital subsidy in order to continue to be available to the community.

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(d) Research

Middlesex Hospital conducts research in the domains of clinical and community health. Clinical examples include national trials by the Hospital's Cancer Center for breast, lung, prostate, colorectal, among others.

The Hospital's Behavioral Health Department conducts clinical trials for a variety of health diagnoses with its outpatient clinic undergoing a major depressive disorder in adults study and with Family Advocacy continuing its participation in studies for major depression in children and adolescents. The Hospital continues to participate in the 5 year Physician Group Demonstration Project, a national community health initiative with The Centers for Medicare and Medicaid Services (CMS) designed to determine the feasibility of working with physician groups to improve the quality of care, patient outcomes and the cost efficiency of health care services. Middlesex is one of ten groups throughout the U.S. to participate.

(e) Financial and In-Kind Contributions

Middlesex Hospital supports the community in the form of financial and in-kind contributions. The Hospital's in-kind contributions include equipment, food, linens and medical supplies that are donated both locally and globally. The Hospital regularly donates collected medical supplies to an international organization as well as to the Sayaxche Hospital in Guatemala, as part of the Middlesex-Sayaxche Project, an initiative linking Middlesex Community with a sister health system in Guatemala intended to bolster the healthcare infrastructure in one of the poorest regions of the country. Other in-kind donations include absorption of costs of copies of health information records for patients who cannot afford to pay for them, cafeteria discounts for YMCA residents, and staff coordination of community support drives including the United Way, Adopt-A-Family holiday gift program, American Cancer Society Daffodil Days, Families Feeding Families, Lions' Club eyeglasses and hearing aid collection, Cell Phones for Soldiers, Light One Little Candle and Reach Out and Read childhood readership. The Hospital's main campus and satellite locations make meeting space available, free-of-charge and on an on-going basis, for many community groups that would otherwise struggle to pay for space. Examples of community programs that utilize hospital space include (but are not limited to): CT Parkinson's meeting group, CT Unity, Asperger Spouse & Family Support Group, Face Forward Peer to Peer Support Group with Schizophrenia and Schizoaffective Disorder, National Alliance Mentally Ill, and local nursing school programs. In addition, each year the Hospital makes substantial cash donations to carefully selected mission-driven community organizations throughout its service area. Examples include (but are not limited to): transportation for the elderly and continuation of a large annual contribution to the Middlesex Chamber of Commerce AskMe3 health literacy initiative designed to promote awareness and working solutions for low literacy and its direct health impact by providing essential skills for patients and providers during any patient-provider interaction/conversation. Support of the global community is exemplified by the Hospital's annual sponsorship of a delegation from Sayaxche, Guatemala to spend a week of education and training at the Hospital, covering airfare and all related expenses.

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(f) Community Building Activities

Middlesex Hospital's participation in Community Building activities has a vital role in continuing to promote health and well-being for residents in its service area and, in some cases, the international community. The Hospital offers its resources and expertise to support and strengthen community assets in a variety of programs that fall under the scope of community building. Staff members are highly participative in community partnerships and coalitions, the success of which are greatly enhanced by Hospital collaboration – many community initiatives would not be as effective without the Hospital's administrative and clinical staff in-kind involvement, support and expertise. The Hospital's participation in all community building activities are solely to benefit the community's health and well-being by improving access to health services and enhancing overall public health and in no case is the motivation for marketing purposes. Examples include (but are not limited to) staff involvement in: the Middlesex Chamber of Commerce's Prevention Committee, Safety Committee and Healthcare Council; United Way School Readiness Community Impact Team; United Way Community Impact Council; Middlesex Community Council; Safe Kids; Interfaith Council of Middletown; Middletown's 10 Year Plan To End Homelessness; Middlesex Elderly Service Providers; St. Luke's Gatekeeper Program; Valley Shore YMCA; State of CT Stoke Committee; State of CT Childhood Obesity Group; Association For Ambulatory Behavioral Healthcare; Middlesex County Children's Coalition; Middlesex Community College Advisory Board For Human Services; CT Council for Child & Adolescent Psychology; Middletown School System Safety Committee; Community Flu Preparation Committee. The following four programs highlight the importance of the Hospital's involvement in community building activities:

- Opportunity Knocks (OK) was formed in 2003 when three Middletown community leaders specializing in early childhood development – Middlesex Hospital's Medical Director of Nurseries & Pediatric Faculty for the Family Practice Residency Program, Middlesex Hospital's Family Advocacy Maternal Child Health Program supervisor and Middletown's School Readiness coordinator – recognized that the health and developmental needs of Middletown's high-need young children could best be met through a coalition that crossed a variety of sectors. The multidisciplinary community coalition comprised of local health and social service agencies, early care and education providers, not-for-profit organizations and parents established goals that focused on the health and well-being of at-risk children ages 0-5. Since the inception of the program, Opportunity Knocks has served approximately 5,000 children ages 0-5 and countless family members. Middlesex Hospital provides OK's program planner, physician champion, grant-writing support and fiscal administration for the funding sources. In addition, staff members from multiple Hospital departments actively participate in the collaborative, including representatives from Family Advocacy Maternal Child Health, Diabetes Management, Asthma Management, Fit For Kids, Family Practice, the Family Medicine Residency program, and the Pregnancy & Birth Center.
- The Middlesex Hospital-Sayaxche Community Partnership extends the Hospital's involvement in community health to the global community. The goal of the project, started in 2008, is to establish a long-term, collaborative, mutually beneficial and ethically sound partnership between Middlesex Hospital and Middletown, CT community with the healthcare infrastructure of the Peten region in Guatemala, including Sayaxche Hospital, the Ministry of

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Health and the local health promoters. Based on a needs assessment conducted by Middlesex Hospital employees at the Sayaxche Hospital, the partnership has focused on addressing multiple areas of priority. Annual visits by delegations from Sayaxche to Middlesex Hospital, with the purpose of education and training in key areas, are underwritten by the Hospital. The Hospital contributes funding earmarked for the project; in-kind staff hours; donated supplies; and hosts a local community collaborative committee comprised interested agencies. The committee's objective is to set achievable goals that will improve access to health services by strengthening the health care infrastructure of the target population in the Peten region.

- The Hospital partakes in many good neighbor community activities outside of the scope of the healthcare delivery system; such participation often incurs significant expense to the Hospital. For Disaster Readiness, the Hospital plays a pivotal role by working in collaboration with key community partners to ensure the safety of the community at large during a potential disaster. Hospital employees participate on multiple community boards and initiatives designed specifically to address disaster preparedness, control and address the ongoing overall safety of the community. Only the activities and associated cost which exceed licensure and standard practice requirements are included in the Hospital's community benefit inventory. Disaster readiness requires a comprehensive, community-wide coordinated effort for coping with such emergencies as natural disasters, infectious disease outbreaks, bio terrorism, or acts of civil unrest. Hospital security staff, paramedics, infectious diseases specialists, nursing and medical staff are all involved in the continuing effort to be prepared for whatever community emergencies might arise. Examples include participation in community disaster preparation committees, community education and natural disaster drills; pandemic preparedness and stockpiling of supplies that exceeds regulatory standards; and hosting yearly radiation drills for the staff of a local nuclear power plant where Hospital staff train power plant workers (at no-cost) on protocols for internal contamination.
- Middlesex Hospital's Shoreline Medical Center (SMC) is committed to working with local schools to introduce the concept of a medical career in a full range of medical related professions and reinforce the importance of continuing one's education. Each year SMC hosts a multidisciplinary Career Day, World of Work, and oversees high school student mentorship. In response to a looming nursing shortage a dedicated nurse at SMC created Career Day, an annual event where students from the community can experience an emergency in real time and learn what it's like to be a health professional. An additional benefit of Career Day includes spurring many high school students to intern at SMC throughout the school year – the internship provides a unique opportunity for students to receive direct mentorship from health care professionals and exposure to a variety of health delivery disciplines. As a result, many have chosen to pursue careers in health post high school graduation. Yet another program designed specifically to encourage a career in health is SMC's World of Work where students from a local middle school spend half a day on-site learning about paramedics and emergency medical services, radiology, nursing and laboratory services. The idea is to foster an interest in health as a career at an early age.

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(g) Community Benefit Operations

Community Benefit Operations include activities and costs associated with community benefit strategic planning, administration, and health assessment production and execution. Middlesex Hospital has a dedicated manager of community benefit, along with a community benefit steering committee (comprised of hospital leadership) that oversees community benefit planning and operations. Within the past few years the Hospital completed, printed and distributed its Health Assessment to multiple community partners and affiliated medical staff. Three priority areas emerged from the study's findings: 1) access and coordination of geriatric services; 2) coordination of mental health/substance abuse (MH/SA) services with community providers; and, 3) development of an inpatient and outpatient service for chronic obstructive pulmonary disease (COPD). The results of the health assessment were immediately translated into direct changes in community benefit programming priorities – in response, a health assessment 3 year strategic plan was developed and a geriatrics sub-committee, MH/SA sub-committee and COPD workgroup were formed and tasked with developing short – and long-term solutions in partnership with community agencies and with meeting priority area-specific community benefit annual goals. Resulting program impacts include: the development of a Chronic Obstructive Pulmonary Disease

Pathway, development of the Pulmonary Rehabilitation program, and implementation of internal care maps for the priority area behavioral health and geriatric target populations.

(h) Financial Assistance (Charity Care)

Charity care includes free or discounted health services provided to persons who cannot afford to pay and who meet the Hospital's criteria for financial assistance. Great concern is taken to make sure that patients are informed of the availability of patient assistance funding programs. Signs (in English and Spanish) are posted in conspicuous places within the Hospital, including registration, administration, the emergency department, social services, billing, and waiting rooms. A Patient Guide is provided upon registration which outlines patient billing and financial services. The guide answers questions regarding available financial assistance qualifications and application processes. A financial assistance brochure is made widely available throughout the organization. Contact information is provided so that patients can easily reach a financial counselor to assist them. Applicants are screened for financial eligibility and assistance is provided to complete the paperwork. To ensure that the Hospital's generous financial assistance program is accessible, a Financial Assistance Workgroup was formed in 2008 to review all processes related to the financial assistance process, including user-friendliness of the application, expansion of charity care awards, and enhanced communication regarding the financial assistance availability. The Workgroup continues to meet to monitor and update, when needed, protocols related to charity care.

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(i) State Sponsored Health Care, Unpaid Costs

Community benefits related to government sponsored programs include the unpaid cost of specific public programs. In FY 2011 payments received for Medicaid services provided by the Hospital did not cover the actual cost of providing these services; these unpaid costs are reported in the financial statement.