



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



<div>Form 990</div> <div></div> <div>Department of the Treasury Internal Revenue Service</div>	<div>Return of Organization Exempt From Income Tax</div> <div>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</div> <div>The organization may have to use a copy of this return to satisfy state reporting requirements</div>	<div>OMB No 1545-0047</div> <div>2011</div> <div>Open to Public Inspection</div>
---	---	--

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011		
<div>B</div> <div>Check if applicable</div> <div><input type="checkbox"/> Address change</div> <div><input type="checkbox"/> Name change</div> <div><input type="checkbox"/> Initial return</div> <div><input type="checkbox"/> Terminated</div> <div><input type="checkbox"/> Amended return</div> <div><input type="checkbox"/> Application pending</div>	<div>C</div> <div>Name of organization HUDSON HOSPITAL INC</div> <div>Doing Business As</div> <div>Number and street (or P O box if mail is not delivered to street address)Room/suite 405 STAGELINE ROAD</div> <div>City or town, state or country, and ZIP + 4 HUDSON, WI 54016</div>	<div>D</div> <div>Employer identification number</div> <div>39-0804125</div> <div>E Telephone number</div> <div>(715) 531-6000</div> <div>G Gross receipts \$ 53,105,736</div>
	<div>F</div> <div>Name and address of principal officer DOUGLAS E JOHNSON 405 STAGELINE ROAD HUDSON, WI 54016</div>	<div>H(a)</div> <div>Is this a group return for affiliates?</div> <div><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div>
	<div>I</div> <div>Tax-exempt status</div> <div><input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527</div>	<div>H(b)</div> <div>Are all affiliates included?</div> <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> <div>If "No," attach a list (see instructions)</div>
	<div>J</div> <div>Website: WWW HUDSONHOSPITAL ORG</div>	<div>H(c)</div> <div>Group exemption number</div> <div></div>
	<div>K</div> <div>Form of organization</div> <div><input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other</div>	
<div>M</div> <div>State of legal domicile</div> <div>WI</div>		

K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/>				L Year of formation 1950		M State of legal domicile WI		
Part I		Summary						
Activities & Governance	1 Briefly describe the organization's mission or most significant activities SEE SCHEDULE O - EXEMPT PURPOSE AND ACHIEVEMENTS							
	2 Check this box <input checked="" 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	10	
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)					5	410	
	6 Total number of volunteers (estimate if necessary)					6	176	
	7a Total unrelated business revenue from Part VIII, column (C), line 12					7a	0	
b Net unrelated business taxable income from Form 990-T, line 34					7b	0		
Revenue					Prior Year		Current Year	
	8	Contributions and grants (Part VIII, line 1h)				0	1,067,367	
	9	Program service revenue (Part VIII, line 2g)				47,125,935	50,844,141	
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)				136,835	114,033	
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)				750,000	798,099	
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)				48,012,770	52,823,640	
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)				0	9,712	
	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)				25,392,047	27,375,409	
	16a	Professional fundraising fees (Part IX, column (A), line 11e)				0	0	
	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="text" value="0"/>						
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)				19,920,540	22,065,650	
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)				45,312,587	49,450,771	
	19	Revenue less expenses Subtract line 18 from line 12				2,700,183	3,372,869	
Net Assets or Fund Balances					Beginning of Current Year		End of Year	
	20	Total assets (Part X, line 16)				63,839,334	66,786,396	
	21	Total liabilities (Part X, line 26)				30,724,453	30,259,967	
	22	Net assets or fund balances Subtract line 21 from line 20				33,114,881	36,526,429	

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	<div>Signature of officer</div>		<div>2012-11-14</div> <div>Date</div>	
	<div>MARIAN M FURLONG CFO</div> <div>Type or print name and title</div>			
Paid Preparer's Use Only	<div>Preparer's signature</div> <div>JASON DIVINE</div>	<div>Date</div>	<div>Check if self-employed</div> <div><input type="checkbox"/></div>	<div>Preparer's taxpayer identification number (see instructions)</div> <div>P01076050</div>
	<div>Firm's name (or yours if self-employed), address, and ZIP + 4</div> <div>KPMG LLP 4200 WELLS FARGO CTR 90 S 7TH STREE MINNEAPOLIS, MN 55402</div>			<div>EIN</div> <div>13-5665207</div>
				<div>Phone no</div> <div>(612) 305-5000</div>

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

CARING FOR THE HEALTH OF OUR COMMUNITY

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

YesNo

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?

YesNo

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured 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 \$ 43,333,727 including grants of \$ 9,712) (Revenue \$ 51,642,240)

SEE SCHEDULE O - EXEMPT PURPOSE AND ACHIEVEMENTS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)





















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

4e

Total program service expenses \$ 43,333,727

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> 	1	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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> 	6	Yes	
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> 	7		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> 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f		No
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> 	12a		No
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> 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18		No
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>	19		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		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 questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	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>	35b		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		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? 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 <input type="checkbox"/>				
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	0	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	410	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b		
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 or securities account)?	4a		No
b	If "Yes," enter the name of the foreign country <input type="text"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		No
9	Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a		No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		No
10	Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11	Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c	Enter the aggregate amount of reserves on hand	13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> WI
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 made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made 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 <input checked="" type="checkbox"/> DOUGLAS E JOHNSON - CHIEF FINANCIAL OFFICER 405 STAGELINE ROAD HUDSON, WI 54016 (715) 531-6013

Part VII

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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) JOHN CLYMER DIRECTOR - VICE CHAIR	80	X						156	0	0
(2) SUSAN GILBERT DIRECTOR	50	X						156	0	0
(3) J GLASNAPP DIRECTOR	20	X						156	0	0
(4) BILL GOLD MD DIRECTOR - CHAIR	60	X						156	0	0
(5) DENNIS HARTUNG MD DIRECTOR	50	X						156	0	0
(6) RUTH MISENKO DIRECTOR	60	X						156	0	0
(7) MIKE SELLMAN DIRECTOR	40	X						156	0	0
(8) MARK STANNARD MD DIRECTOR	50	X						156	0	0
(9) GREG YOUNG MD DIRECTOR	50	X						156	0	0
(10) LINDA ZEITS DIRECTOR	60	X						156	0	0
(11) MARIAN M FURLONG DIRECTOR & PRESIDENT	51 00	X		X				156	287,810	52,714
(12) BURKE KEALEY MD DIRECTOR	45 00	X						156	389,143	85,951
(13) BROCK D NELSON DIRECTOR & SECRETARY	55 00	X						156	543,384	167,486
(14) SCOTT A SCHNUCKLE DIRECTOR	50 00	X						156	399,526	99,774
(15) STEVE MUELLERLEILE VP - PLANNING & DEVELOPMENT	45 00			X				214,208	0	27,759
(16) SHEILA PROEHL VP - CHIEF FINANCIAL OFFIC	50 00			X				0	203,229	35,436
(17) KATHRYN M ANDERSON REGISTERED NURSE	40 00					X		118,782	0	24,574

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	993,211	1,823,092	578,711

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 18

		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. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
WESTERN WISCONSIN ANESTHESIA ASSOCIATES 400 S 2ND STREET SUITE 2010 HUDSON, WI 54016	ANESTHESIOLOGIST SERVICES	1,035,460
COMPUTERIZED MEDICAL IMAGING 719 W HAMILTON AVE SUITE B EAU CLAIRE, WI 54701	RADIOLOGY SERVICES	279,743
SHARED MEDICAL TECHNOLOGY INC 202 W NEWTON ST RICE LAKE, WI 54868	DIAGNOSTIC SERVICES	236,608
HUDSON PHYSICIANS 403 STAGELINE ROAD HUDSON, WI 54016	PHYSICIAN SERVICES	219,723
ST CROIX SONOGRAPHY 424 RED BRICK ROAD HUDSON, WI 54016	ULTRASOUND SERVICES	194,842

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►11

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	83,799			
	e	Government grants (contributions)	1e	956,749			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	26,819			
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f					
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE	623990	50,421,486	50,421,486		
	b	DIETARY	722210	164,337	164,337		
	c	GIFT SHOP	453220	131,954	131,954		
	d	OTHER HEALTH CARE	623990	126,364	126,364		
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f			50,844,141		
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			114,033		114,033
	4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties					
	6a	(i) Real		(ii) Personal			
		1,080,195					
		282,096					
		798,099					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)			798,099	798,099	
	7a	(i) Securities		(ii) Other			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)					
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a			
	b	Less direct expenses		b			
	c	Net income or (loss) from fundraising events . .					
	9a	Gross income from gaming activities See Part IV, line 19		a			
	b	Less direct expenses		b			
c	Net income or (loss) from gaming activities . .						
10a	Gross sales of inventory, less returns and allowances		a				
b	Less cost of goods sold		b				
c	Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions			52,823,640	51,642,240	0	114,033

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

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 United States See Part IV, line 21	9,712	9,712		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	241,967		241,967	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	23,168,082	20,316,708	2,851,374	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits	3,965,360	3,492,809	472,551	
10	Payroll taxes				
11	Fees for services (non-employees)				
a	Management				
b	Legal	5,583		5,583	
c	Accounting	-43,000		-43,000	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	3,307,496	2,705,618	601,878	
12	Advertising and promotion	391,430	1,342	390,088	
13	Office expenses	361,251	76,136	285,115	
14	Information technology	270,027	200,337	69,690	
15	Royalties				
16	Occupancy	873,906	637,116	236,790	
17	Travel	40,310	15,576	24,734	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	4,367	589	3,778	
20	Interest	1,304,418	1,304,418		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,985,455	2,890,932	94,523	
23	Insurance	357,048		357,048	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL & OFFICE SUPPLY	8,119,260	8,022,104	97,156	
b	BAD DEBT	1,760,041	1,756,996	3,045	
c	EQUIPMENT & MAINTENANCE	1,683,504	1,531,847	151,657	
d	TAXES & ASSESSMENTS	281,512	281,512		
e					
f	All other expenses	363,042	89,975	273,067	
25	Total functional expenses. Add lines 1 through 24f	49,450,771	43,333,727	6,117,044	0
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				1	
	2	Savings and temporary cash investments			11,449,919	2	15,970,041
	3	Pledges and grants receivable, net				3	86,098
	4	Accounts receivable, net			8,054,963	4	6,778,385
	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)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			954,620	8	930,704
	9	Prepaid expenses and deferred charges			207,454	9	663,184
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	54,948,931	33,996,118	10c	32,565,023
	b	Less accumulated depreciation	10b	22,383,908			
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11			1,777,223	13	2,278,335
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			7,399,037	15	7,514,626
	16	Total assets. Add lines 1 through 15 (must equal line 34)			63,839,334	16	66,786,396
Liabilities	17	Accounts payable and accrued expenses			6,220,318	17	6,471,390
	18	Grants payable				18	
	19	Deferred revenue				19	16,871
	20	Tax-exempt bond liabilities			23,605,000	20	22,905,000
	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				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			899,135	25	866,706
	26	Total liabilities. Add lines 17 through 25			30,724,453	26	30,259,967
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			31,195,529	27	34,508,182
	28	Temporarily restricted net assets			1,837,662	28	1,936,557
	29	Permanently restricted net assets			81,690	29	81,690
	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			33,114,881	33	36,526,429
	34	Total liabilities and net assets/fund balances			63,839,334	34	66,786,396

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	52,823,640
2	Total expenses (must equal Part IX, column (A), line 25)	2	49,450,771
3	Revenue less expenses Subtract line 2 from line 1	3	3,372,869
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	33,114,881
5	Other changes in net assets or fund balances (explain in Schedule O)	5	38,679
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	36,526,429

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 checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

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 **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 Se**section 509(a)(4).**

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))	14					
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15					
16a 33 1/3% support test—2011. 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—2010. 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—2011. 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—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions						

Part IIIPart III

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15		
16 Public support percentage from 2010 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. 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—2010. 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 39-0804125
Name: HUDSON HOSPITAL INC

Form 990, Special Condition Description:

Special Condition Description

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization HUDSON HOSPITAL INC	Employer identification number 39-0804125
---	--

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 on behalf of or in opposition to candidates for public office in Part IV
- 2

Political expenditures ▶ \$
- 3

Volunteer hours

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

- 1

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

Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a

Was a correction made? ☐ Yes ☐ No
- b

If "Yes," describe in Part IV

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

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ \$
- 3

Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No
- 5

Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(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		
	j Total lines 1c through 1i			0
	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 1.
Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	HUDSON HOSPITAL, INC. PAYS FOR CERTAIN CORPORATE PROFESSIONAL ASSOCIATION MEMBERSHIPS. A PORTION OF SUCH MEMBERSHIP DUES POTENTIALLY COULD BE USED BY THE PROFESSIONAL ASSOCIATIONS FOR LOBBYING ACTIVITIES.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization HUDSON HOSPITAL INC	Employer identification number 39-0804125
---	--

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	3
2	Aggregate contributions to (during year)	350,634
3	Aggregate grants from (during year)	251,740
4	Aggregate value at end of year	2,018,247
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div>Yes No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit <div>Yes No</div>	

Part II

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

1

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

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

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
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

3

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

4

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

5

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

Yes No

6

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

7

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

8

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

Yes No

9

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

Part III

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

1a

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

b

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

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

► \$

(ii) Assets included in Form 990, Part X

► \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$

b

Assets included in Form 990, Part X

► \$

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

Cat No 52283D

Schedule D (Form 990) 2011

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	




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

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

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	81,690	81,690	81,690	81,690	
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	81,690	81,690	81,690	81,690	

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


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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		12,136,252		12,136,252
b Buildings		29,403,047	14,665,133	14,737,914
c Leasehold improvements				
d Equipment		12,571,649	7,212,701	5,358,948
e Other		837,983	506,074	331,909
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> 				32,565,023

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)	152,823,640
2	Total expenses (Form 990, Part IX, column (A), line 25)	249,450,771
3	Excess or (deficit) for the year Subtract line 2 from line 1	3,372,869
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	38,679
9	Total adjustments (net) Add lines 4 - 8	38,679
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	3,411,548

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	153,105,736
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e	0
3	Subtract line 2e from line 13	53,105,736
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	-282,096
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5	52,823,640

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	149,732,867
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e	282,096
3	Subtract line 2e from line 13	49,450,771
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5	49,450,771

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	PART V, LINE 4 HUDSON HOSPITAL, INC HOLDS \$81,690 OF PERMANENTLY RESTRICTED ASSETS RELATED TO HUDSON HOSPITAL, INC 'S BENEFICIAL INTEREST IN THE NET ASSETS OF HUDSON HOSPITAL FOUNDATION, INC , A RELATED ORGANIZATION OF HUDSON HOSPITAL, INC
PART XI, LINE 8 - OTHER ADJUSTMENTS		CONTRIBUTION OF LONG-LIVED ASSETS 18,673 INCREASE IN INTEREST IN NET ASSETS OF HUDSON HOSPITAL FOUNDATION 180,802 TRANSFER OF NET ASSETS TO HUDSON HOSPITAL FOUNDATION, INC - 160,796 TOTAL TO SCHEDULE D, PART XI, LINE 8 38,679
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL PROPERTY EXPENSE -282,096
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL PROPERTY EXPENSE 282,096

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

2011

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost						
Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)		284	128,109		128,109	0.260 %
b Medicaid (from Worksheet 3, column a)		4,902	4,798,040	4,156,641	641,399	1.290 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs		5,186	4,926,149	4,156,641	769,508	1.550 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	41	13,751	607,307	20,892	586,415	1.180 %
f Health professions education (from Worksheet 5)	2	120	188,660		188,660	0.380 %
g Subsidized health services (from Worksheet 6)	8	11,134	1,283,573		1,283,573	2.580 %
h Research (from Worksheet 7)	1	0	4,998		4,998	0.010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	15	0	48,817		48,817	0.100 %
j Total Other Benefits	67	25,005	2,133,355	20,892	2,112,463	4.250 %
k Total. Add lines 7d and 7j	67	30,191	7,059,504	4,177,533	2,881,971	5.800 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing	1	44	25,785	220	25,565	0 050 %
2Economic development	2	0	8,596	0	8,596	0 020 %
3Community support	1	0	937	0	937	0 %
4Environmental improvements	2	20	3,058	0	3,058	0 010 %
5Leadership development and training for community members	1	12	1,145	0	1,145	0 %
6Coalition building	2	0	28,853	0	28,853	0 060 %
7Community health improvement advocacy	0	0	0	0		0 %
8Workforce development	1	230	1,434	0	1,434	0 %
9Other	0	0	0	0		0 %
10Total	10	306	69,808	220	69,588	0 140 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	924,707	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	10,237,446	
6Enter Medicare allowable costs of care relating to payments on line 5	6	10,138,701	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	98,745	
8Describe 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 checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IVManagement Companies and Joint Ventures (see instructions)

(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 %
11 ST CROIX VALLEY SHARED SERVICES	HOME HEALTH AND HOSPICE CARE	25 000 %	0 %	0 %
22 WESTERN WISCONSIN CANCER CENTER	MEDICAL ONCOLOGY AND RADIATION	23 700 %	0 %	0 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

Name and address

Schedule H (Form 990) 2011

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

HUDSON HOSPITAL INC

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1 Yes	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 09		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4 Yes	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input checked="" type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input checked="" type="checkbox"/> Other (describe in Part VI)	5 Yes	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input checked="" type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input checked="" type="checkbox"/> Participation in community-wide community benefit plan e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in the community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	No
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8 Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9 Yes	

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input checked="" type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input checked="" type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

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 from largest to smallest)

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

Name and address		Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 USED WORKSHEETS PROVIDED IN SCHEDULE H INSTRUCTIONS TO CALCULATE COST TO CHARGE RATIOS

Identifier	ReturnReference	Explanation
		PART I, LINE 7G HUDSON HOSPITAL, INC (THE HOSPITAL) IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS IN 2011, LOSS ON SERVICES FOR HOSPITAL OUTPATIENT SERVICES INCLUDING RESPIRATORY THERAPY, PHYSICAL THERAPY, ONCOLOGY, EMERGENCY ROOM, OBSERVATION, REGIONAL BLOOD BANK, PROGRAMS FOR CHANGE, LABOR AND DELIVERY TOTALED \$1,283,573

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 1756996

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	SCHEDULE H - PART I - LINE 6A	AS A NOT-FOR-PROFIT ORGANIZATION, THE HOSPITAL NEEDS TO BE ACCOUNTABLE FOR ITS TAX EXEMPTION STATUS - ACCOUNTABLE TO ITS BOARD, STAFF, PHYSICIANS, DONORS, KEY STAKEHOLDERS, COMMUNITY PARTNERS, AND MOST OF ALL, TO THE COMMUNITIES IT SERVES THE 2011 REPORT TO COMMUNITY ("EACH DAY, HEALTHIER TOGETHER") MICRO SITE (HUDSONHOSPITAL.ORG/COMMUNITYREPORT) PLUS PRINT REPORT COMMUNICATES THE ACCOMPLISHMENTS AND CHARITABLE WORKS OF THE HOSPITAL IN SUPPORT OF ITS MISSION - "CARING FOR THE HEALTH OF OUR COMMUNITY" AND HUDSON HOSPITAL FOUNDATION, INC 'S COMMITMENT AND SUPPORT IN THESE EFFORTS THE ONLINE REPORT SUPPORTS THE HOSPITAL'S GREEN INITIATIVE AND SHARES HOSPITAL ACCOMPLISHMENTS, SUPPORT EFFORTS OF THE HUDSON HOSPITAL FOUNDATION, HEALTHIER TOGETHER UPDATES AND LIFE-CHANGING VIDEOS FROM MEMBERS OF THE COMMUNITY

Identifier	ReturnReference	Explanation
		<p>PART II HUDSON HOSPITAL & CLINICS IS AN ENERGETIC MEMBER OF THE LOCAL, STATE AND REGIONAL COMMUNITIES AS THE HOSPITAL SUPPORTS INDIVIDUALS, ORGANIZATIONS, EVENTS AND PROGRAMS, IT LIVES OUT ITS COMMITMENT TO IMPROVE THE HEALTH OF THE COMMUNITY KNOWING MUCH MORE CAN BE ACCOMPLISHED TOGETHER, THE HOSPITAL CONTINUED ITS LEADERSHIP AND CO-FACILITATION OF HEALTHIER TOGETHER - ST CROIX COUNTY THROUGH THIS COUNTY-WIDE, COMMUNITY HEALTH IMPROVEMENT INITIATIVE, THE HOSPITAL BEGAN TO ALIGN ITS COMMUNITY BENEFIT PROGRAM WITH COMMUNITY HEALTH IMPROVEMENT EFFORTS AND CONTINUES TO BUILT VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS THE HOSPITAL PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTED ECONOMIC DEVELOPMENT, EMERGENCY PREPAREDNESS, LEADERSHIP DEVELOPMENT, COALITION BUILDING, HEALTH IMPROVEMENT ADVOCACY, AND WORKFORCE DEVELOPMENT INCLUDING THE TOBACCO COALITION, HEALTHWATCH OF ST CROIX COUNTY, WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), THE HEALING ARTS PROGRAM, HUDSON CHAMBER, ST CROIX COUNTY ECONOMIC DEVELOPMENT CORPORATION (EDC), SOMERSET MIDDLE SCHOOL CAREER ACADEMIC AND PERSONAL AND SOCIAL SKILLS (CAPS) CLASS, AND LEADERSHIP HUDSON - A PROGRAM DEDICATED TO PROMOTING AND DEVELOPING DYNAMIC BUSINESS AND COMMUNITY LEADERS THE HOSPITAL CONTINUED ON ITS ECO-FRIENDLY JOURNEY "HEALTH CARE WITHOUT HARM" (2008 COMMITMENT) USING SUSTAINABLE BUSINESS PRACTICES AND ESTABLISHING GREEN PURCHASING POLICIES IN ORDER TO PROVIDE HEALTH CARE THAT'S HEALTHY GREEN INITIATIVES INCLUDED THE RECYCLING PROGRAM, COMMUNITY SHARPS DISPOSAL SITE, REDUCTION OF ENERGY AND WATER CONSUMPTION, CREATION AND EXPANSION OF THE COMMUNITY GARDEN - HUDSON HOSPITAL & CLINICS IN SUPPORT OF HEALTHIER TOGETHER INITIATIVES, AND THE FOSTERING OF HEALING ENVIRONMENTS INCLUDING THE COMMUNITY LABYRINTH IMPLEMENTING SUSTAINABLE BUSINESS PRACTICES HAS MADE THE HUDSON HOSPITAL & CLINICS A MODEL WITHIN THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS HOSPITAL NUTRITION SERVICES CONTINUED ITS WORK IN SUPPORT OF THE HOSPITAL'S "HEALTHY FOOD IN HEALTH CARE" PLEDGE (2010) THE PLEDGE IS A COMMITMENT TO INCREASE OFFERINGS OF FRUITS AND VEGETABLES, REDUCE FATS AND SWEETENED FOODS, TAKE STEPS TO ENCOURAGE CURRENT VENDORS TO PROCURE LOCAL FOOD, AND WORK DIRECTLY WITH LOCAL FARMS THE HOSPITAL IS SHARING BEST PRACTICES AND ENCOURAGING OTHER HOSPITALS IN THE FAMILY TO INCREASE LOCAL PURCHASING THE HOSPITAL ALSO PARTICIPATES IN COMMUNITY SUPPORTED AGRICULTURE AND SERVES AS A DISTRIBUTION SITE FOR LOCALLY-GROWN FRESH, ORGANIC PRODUCE FOR STAFF AND COMMUNITY</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 4 "BAD DEBT" EXPENSE REPRESENTS THE UNPAID OBLIGATION FOR CARE PROVIDED TO PATIENTS WHO HAVE BEEN DETERMINED TO BE ABLE TO PAY, BUT HAVE NOT DEMONSTRATED A WILLINGNESS TO DO SO BAD DEBT INCLUDES ANY UNPAID PATIENT RESPONSIBILITY THAT MAY INCLUDE, BUT IS NOT LIMITED TO, DEDUCTIBLES, CO-INSURANCE, CO-PAYMENTS AND NON-COVERED SERVICES THE FOOTNOTE IN THE HOSPITAL'S FINANCIAL STATEMENTS READS AS FOLLOWS "THE HOSPITAL PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED ON MANAGEMENT'S JUDGMENT PATIENTS AND RESIDENTS ARE NOT REQUIRED TO PROVIDE COLLATERAL FOR SERVICES PROVIDED PAYMENT FOR SERVICES IS REQUIRED WITHIN 30 DAYS OF RECEIPT OF INVOICE PAST-DUE ACCOUNTS ARE INDIVIDUALLY ANALYZED FOR COLLECTABILITY AND THEN TURNED OVER TO COLLECTION AGENTS ACCOUNTS FOR WHICH NO PAYMENTS HAVE BEEN RECEIVED ARE ANALYZED AND, AFTER APPROVAL, ARE WRITTEN OFF IN ADDITION, AN ALLOWANCE IS ESTIMATED FOR OTHER ACCOUNTS BASED ON HISTORICAL EXPERIENCE OF THE HOSPITAL "BAD DEBT EXPENSE IS CALCULATED USING THE COST TO CHARGE RATIO FROM THE WORKSHEETS PROVIDED IN SCHEDULE H INSTRUCTIONS BAD DEBT EXPENSE IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION PER WISCONSIN HOSPITAL ASSOCIATION (WHA)

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE SURPLUS (SHORTFALL) IN LINE 7 REPRESENTS THE ADDITIONAL 1% OF ALLOWABLE COST THAT CRITICAL ACCESS HOSPITALS RECEIVE MEDICARE SHORTFALL IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION PER WISCONSIN HOSPITAL ASSOCIATION (WHA), BUT CAN BE INCLUDED IN OTHER FINANCIAL REPORTS HUDSON HOSPITAL & CLINICS BASES ITS MEDICARE COSTING METHODOLOGY ON THE CMS MEDICARE COST REPORT METHODOLOGY, COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 9B THE HOSPITAL DEBT COLLECTION POLICY CONTAINS PROVISIONS ON COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE THE HOSPITAL BELIEVES THAT DEBT COLLECTION POLICIES, WHETHER IMPLEMENTED BY HOSPITAL STAFF OR HOSPITAL'S AGENTS, SHOULD REFLECT THE HOSPITAL'S MISSION AND VALUES THE HOSPITAL WILL NOT TOLERATE ABUSIVE, HARASSING, OPPRESSIVE, FALSE, DECEPTIVE, OR MISLEADING LANGUAGE OR COLLECTIONS CONDUCT BY ITS DEBT COLLECTION, ATTORNEY AND AGENCY, AND THEIR AGENTS AND EMPLOYEES, AND HOSPITAL EMPLOYEES RESPONSIBLE FOR COLLECTING MEDICAL DEBT FROM PATIENTS HUDSON HOSPITAL & CLINICS WILL NOT REFER ANY ACCOUNT TO A THIRD-PARTY DEBT COLLECTION AGENCY UNLESS IT HAS CONFIRMED THAT - THERE IS REASONABLE BASIS TO BELIEVE THAT THE PATIENT OWES THE DEBT - ALL KNOWN THIRD-PARTY PAYERS HAVE BEEN PROPERLY BILLED, AND THE PATIENT IS RESPONSIBLE FOR THE REMAINING DEBT - IF THE PATIENT HAS INDICATED AN INABILITY TO PAY THE FULL AMOUNT, THE PATIENT HAS BEEN OFFERED A REASONABLE PAYMENT PLAN THE HOSPITAL WILL NOT REFER PATIENTS TO DEBT COLLECTION AGENCIES WHO ARE PERFORMING AS SPECIFIED IN THEIR PAYMENT PLANS - THE PATIENT HAS BEEN GIVEN AN OPPORTUNITY TO SUBMIT A FINANCIAL ASSISTANCE APPLICATION IF THE PATIENT HAS SUBMITTED AN APPLICATION FOR FINANCIAL ASSISTANCE, ALL COLLECTION ACTIVITY WILL BE SUSPENDED UNTIL THE APPLICATION HAS BEEN PROCESSED - THE LEVEL OF AUTHORITY REQUIRED TO MAKE DECISIONS REGARDING AUTHORIZING LITIGATION, PAYMENT PLANS, AND FINANCIAL ASSISTANCE IS - BALANCES OVER \$25,000 - CEO- BALANCES BETWEEN \$10,000 AND \$25,000 - CFO- BALANCES BETWEEN \$1 AND \$10,000 - DIRECTOR OF BUSINESS OPERATIONS</p>

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		<p>PART V, SECTION B, LINE 3 IN 2009, UNDER THE GUIDANCE OF THE ST CROIX COUNTY COMMUNITY HEALTH IMPROVEMENT PROCESS (CHIP) STEERING COMMITTEE (NOW HEALTHIER TOGETHER - ST CROIX COUNTY), A FORMAL COMMUNITY NEEDS ASSESSMENT COMPRISED OF QUALITATIVE AND QUANTITATIVE RESEARCH METHODOLOGIES WAS CONDUCTED AND RESULTS REPORTED THE REPORT USES THE STATE HEALTH PLAN, HEALTHIEST WISCONSIN 2010, AS ITS GUIDE FOR IMPROVEMENT CHIP PARTNERS ENGAGED IN THREE DIFFERENT ACTIVITIES* TO INFORM DECISIONS ABOUT SETTING PRIORITIES FOR THE COUNTY'S 2009 TO 2014 PLAN *PHOTOVOICE, AN INNOVATIVE RESEARCH METHOD DEVELOPED BY DR CAROLINE WANG DURING THE LATE 1990S WAS SELECTED AS THE QUALITATIVE RESEARCH COMPONENT OF THE ST CROIX COUNTY COMMUNITY HEALTH IMPROVEMENT PROCESS BECAUSE IT FOCUSES ON SOCIAL ACTION AND DEVELOPING PARTNERSHIPS FOR CHANGE THE RESEARCH WAS DONE IN PARTNERSHIP WITH WISCONSIN AREA HEALTH EDUCATION CENTERS (AHEC) AND APPROVED BY AND CONDUCTED IN ACCORDANCE WITH THE UNIVERSITY OF WISCONSIN-MADISON INSTITUTIONAL REVIEW BOARD PHOTOVOICE PLACES CAMERAS IN THE HANDS OF LOCAL RESIDENTS TO ENABLE THEM TO DEPICT THEIR EVERYDAY LIVES THROUGH VISUAL IMAGE PHOTOVOICE INTENTIONALLY SEEKS TO INCLUDE GROUPS WHO TYPICALLY DO NOT HAVE DIRECT ACCESS TO POLICY MAKERS IN ST CROIX COUNTY THREE GROUPS OF SIX WOMEN RAISING CHILDREN WERE RECRUITED (1) MOTHERS WHO ARE CONCERNED ABOUT MATERNAL AND CHILD HEALTH ISSUES, (2) MOTHERS WHO ARE OF HISPANIC ETHNICITY AND DO NOT SPEAK ENGLISH, AND (3) MOTHERS WHO ARE CONCERNED ABOUT HEALTHY EATING AND ACTIVE LIVING FOR THEIR CHILDREN CO-PRINCIPAL INVESTIGATOR FOR THE PROJECT, MAGGIE STEDMAN-SMITH, PHD, MPH, RN, COMPILED A FINAL REPORT, USING PHOTOVOICE TO HEAR THE VOICES OF MOTHERS RAISING CHILDREN IN ST CROIX COUNTY, AND PRESENTED THAT REPORT TO THE HEALTH IMPROVEMENT STEERING COMMITTEE THE PARTNERS ALSO DISPLAYED A PHOTOVOICE EXHIBIT AT THE PHIPPS CENTER FOR THE ARTS IN HUDSON AND AT OTHER PUBLIC VENUES PHOTOVOICE RESEARCH PROVIDED IMAGES, OVER 100 PHOTOS, AND ACCOMPANYING OBSERVATIONS FROM THE GROUPS OF MOTHERS ABOUT THEIR HEALTH CARE CONCERNS WHILE THE GROUPS OF MOTHERS DID NOT VOTE ON THE 11 HEALTH PRIORITIES OF HEALTHIEST WISCONSIN 2010, THEY DID, HOWEVER, ECHO MANY OF THE THEMES IDENTIFIED AS PART OF THOSE PRIORITIES THE PHOTOVOICE FINAL REPORT SUMMARIZED THE THEMES MOST OFTEN HIGHLIGHTED BY THE THREE GROUPS OF MOTHERS - ACCESS TO HEALTH CARE SERVICES- IMPROVED NUTRITION AND NUTRITION EDUCATION- ENVIRONMENTAL HEALTH AND SAFETY* CHIP SURVEY ("USE YOUR VOICE")THE ST CROIX COUNTY PARTNERS DISTRIBUTED SURVEYS BY MAIL TO (5000) ST CROIX COUNTY HOUSEHOLDS USING RANDOM RESIDENTIAL SORT SURVEYS WERE MAILED TO A PREDETERMINED NUMBER OF HOUSEHOLDS IN EACH OF THE (12) ZIP CODES INCLUDED AN EMAIL SURVEY WAS ALSO SENT TO 4,698 OPT-IN USERS IN CITIES SERVED BY AREA NEWSPAPERS (ONLINE SUBSCRIPTIONS) THE SURVEY ASKED RESPONDENTS TO 1) INDICATE THEIR LEVEL OF INTEREST IN EACH OF THE 11 HEALTH PRIORITIES IDENTIFIED BY THE WISCONSIN DEPARTMENT OF HEALTH SERVICES AND 2) RANK THEIR CHOICES FOR THE TOP 3 PRIORITIES WHEN RANKING THEIR TOP CHOICES, THEY WERE TO ASSUME THAT THEY WERE IN CHARGE OF ALLOCATING RESOURCES TO MAKE CHANGES THAT WILL MAKE A DIFFERENCE IN PEOPLE'S LIVES, THEY HAD LIMITED RESOURCES TO USE IN THIS EFFORT, AND THEY WOULD NEED TO GATHER THE SUPPORT OF THE COMMUNITY IN ORDER TO GET THE WORK DONE THE SURVEY ALSO GATHERED SOME BASIC DEMOGRAPHIC INFORMATION ABOUT THE 683 INDIVIDUALS WHO COMPLETED THE SURVEY AND ASKED ABOUT RESPONDENTS' OPINIONS ABOUT THE THEN UPCOMING LEGISLATION BANNING SMOKING AT CERTAIN ESTABLISHMENTS IN WISCONSIN THE SURVEY PRODUCED THE VOTING RESULTS DISPLAYED ON PAGES 8, 9, AND 10 OF THE FULL REPORT IN ADDITION TO THE PRIORITY RANKINGS, THE SURVEY RESPONDENTS ALSO OFFERED THEIR OPINIONS ABOUT SECONDHAND SMOKE AND ABOUT THE PROPOSED TOBACCO LEGISLATION- WHICH TOOK EFFECT IN JULY OF 2010 BY A WIDE MARGIN, RESPONDENTS FELT THAT SECONDHAND SMOKE IS A SERIOUS HEALTH HAZARD, AND NEARLY 75% OF THE RESPONDENTS SUPPORTED THE TOBACCO LEGISLATION QUOTATIONS DRAWN FROM COMMENTS OFFERED BY SURVEY RESPONDENTS APPEAR THROUGHOUT THIS REPORT, IDENTIFIED BY THE "USE YOUR VOICE" TAGLINE *STEERING COMMITTEE REVIEW OF QUANTITATIVE RESEARCHFOLLOWING A SERIES OF MEETINGS TO REVIEW AND DISCUSS DATA AND STATISTICS RELEVANT TO EACH OF THE 11 HEALTH PRIORITIES, THE CHIP STEERING COMMITTEE MET AT HUDSON HOSPITAL & CLINICS ON MAY 28, 2009 AT THAT MEETING, THE GROUP CIRCULATED THE ROOM IN SMALL GROUPS TO DISCUSS DATA DISPLAYS ABOUT EACH HEALTH PRIORITY, AND THEN VOTED ON PRIORITIES ACCORDING TO THREE MEASURES 1 SIZE AND PREVALENCE OF THE ISSUE- HOW MANY PEOPLE DOES THIS AFFECT?- HOW DOES THE PREVALENCE OF THIS ISSUE IN ST CROIX COUNTY COMPARE WITH ITS PREVALENCE IN OTHER COUNTIES, THE WESTERN REGION, AND THE STATE OF WISCONSIN?- HOW SERIOUS ARE THE CONSEQUENCES? (URGENCY, SEVERITY, ECONOMIC LOSS)2 EFFECTIVENESS OF INTERVENTIONS - HOW LIKELY IS IT THAT ACTIONS TAKEN WILL MAKE A</p>

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		DIFFERENCE?- HOW LIKELY IS IT THAT ACTIONS WILL IMPROVE QUALITY OF LIFE?- HOW LIKELY IS IT THAT PROGRESS CAN BE MADE IN BOTH THE SHORT-TERM AND THE LONG-TERM?- HOW LIKELY IS IT THA T THE COMMUNITY WILL EXPERIENCE REDUCTION OF LONG-TERM COST?3 COMMUNITY CAPACITY- ARE PEO PLE LIKELY TO SUPPORT ACTIONS AROUND THIS ISSUE? (READY)- WILL IT BE NECESSARY TO CHANGE B EHAVIORS AND ATTITUDES IN RELATION TO THIS ISSUE? (WILLING)- ARE THE NECESSARY RESOURCES A ND LEADERSHIP AVAILABLE TO US NOW? (ABLE)OF THE 11 HEALTH PRIORITIES REPRESENTED WITHIN TH E STATE HEALTH PLAN, ST CROIX COUNTY IS FOCUSING ON THE TOP FIVE IDENTIFIED PRIORITIES A CCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, OVERWEIGHT, OBESITY AND LACK OF PHYSICAL ACTIVITY, ADEQUATE & APPROPRIATE NUTRITION, ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION, AND TOBACCO USE AND EXPOSURE FOR PLAN YEARS 2009-2014

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 4 NEEDS ASSESSMENT IN CONJUNCTION WITH OTHER HOSPITALS IN ADDITION TO THE HOSPITAL, WESTFIELDS HOSPITAL (NEW RICHMOND), BALDWIN AREA MEDICAL CENTER (BALDWIN), AND RIVER FALLS AREA HOSPITAL (RIVER FALLS) ALL HAD REPRESENTATION ON THE STEERING COMMITTEE AT THE TIME THIS NEEDS ASSESSMENT WAS DONE THEY ALL CONTINUE TO BE ACTIVE MEMBERS OF HEALTHIER TOGETHER - ST CROIX COUNTY, AT VARIOUS LEVELS OF INVOLVEMENT

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 5C NEEDS ASSESSMENT REPORT AVAILABILITYTHE 2009 COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) RESULTS - BOTH EXECUTIVE SUMMARY AND FULL REPORT ARE PUBLICLY AVAILABLE ON THE HOSPITAL AND PUBLIC HEALTH WEB SITES AT WWW HUDSONHOSPITAL ORG/COMMUNITY AND WWW CO SAINT-CROIX WI US/PUBLICHEALTH, AVAILABLE IN PRINT FORM AND AVAILABLE UPON REQUEST RESULTS WERE ALSO SHARED THROUGH A PRESS RELEASE TO LOCAL PAPERS, E-BLAST TO KEY STAKEHOLDERS AND BUSINESS PARTNERS, AND AT A COMMUNITY FORUM HELD ON FEBRUARY 2010, AT WHICH 120 KEY STAKEHOLDERS FROM ACROSS THE COUNTY ATTENDED

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 7 UNADDRESSED IDENTIFIED NEEDS OF THE 11 HEALTH PRIORITIES REPRESENTED WITHIN THE STATE HEALTH PLAN, HEALTHIEST WISCONSIN 2010, ST CROIX COUNTY WILL FOCUS ON THE TOP FIVE IDENTIFIED PRIORITIES FOR THE COUNTY ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, OVERWEIGHT, OBESITY AND LACK OF PHYSICAL ACTIVITY, ADEQUATE & APPROPRIATE NUTRITION, ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION, AND TOBACCO USE AND EXPOSURE FOR PLAN YEARS 2009-2014 OF THESE FIVE, HUDSON HOSPITAL & CLINICS LEADERSHIP (WITH HOSPITAL BOARD SUPPORT) COMMITTED TO VARIOUS LEVELS OF INVOLVEMENT FOR EACH (LEAD, COLLABORATE, PARTICIPATE, ADVOCATE) - ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES - LEAD/COLLABORATE- OVERWEIGHT, OBESITY, LACK OF PHYSICAL ACTIVITY - LEAD/COLLABORATE- ADEQUATE & APPROPRIATE NUTRITION - LEAD/COLLABORATE- ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION - COLLABORATE/PARTICIPATE/ADVOCATE- TOBACCO USE AND EXPOSURE - PARTICIPATE/ADVOCATEWHILE THE HOSPITAL HAS CLINICAL EXPERTISE IN ALL THE IDENTIFIED HEALTH PRIORITIES, IT CHOSE TO LEAD/COLLABORATE ON THOSE TOPICS WHERE IT HAS THE GREATEST AMOUNT OF RESOURCES (BOTH STAFF AND MATERIALS), CAN BEST UTILIZE ITS CONTENT EXPERTS, AND HAVE THE GREATEST IMPACT ON OVERALL HEALTH IMPROVEMENT HOSPITAL STAFF MEMBERS SERVE AS TASK FORCE CHAMPIONS OR WORK GROUP LEADS ON ALL OF THE ABOVE PRIORITIES TO HELP ADVANCE THE PLAN

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		<p>PART V, SECTION B, LINE 13G THE HOSPITAL SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY IN 2011, THE HOSPITAL PROVIDED \$128,109 IN FINANCIAL ASSISTANCE THE HOSPITAL DEFINES FINANCIAL ASSISTANCE AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE, TO PAY FOR THE SERVICES THEY RECEIVE THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIALFINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION TO INFORM AND EDUCATE PATIENTS ON ITS FINANCIAL ASSISTANCE PROGRAM, FINANCIAL ASSISTANCE POLICY, AND GOVERNMENT PROGRAMS, THE HOSPITAL HAS DEVELOPED AN EXTENSIVE FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE HOSPITAL'S EMERGENCY DEPARTMENT OR IS ADMITTED TO THE HOSPITAL, BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE, PATIENT FINANCIAL SERVICES IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT ALL PATIENTS WITHOUT INSURANCE AUTOMATICALLY QUALIFY FOR A DISCOUNT OF 20%, REGARDLESS OF INCOME IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY ARE ELIGIBLE FOR FURTHER DISCOUNTS, THEY WILL BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION ENROLLMENT ASSISTANCE, INFORMATION, AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDER INSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS, EMPLOYS ONE PATIENT FINANCIAL SERVICES REPRESENTATIVE TO OVERSEE ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE IN 2011, THE HOSPITAL SPENT \$7,056 IN STAFF TIME TO ASSIST 170 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$23,409 IN STAFF TIME TO GUIDE OR REFER 1600 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$78,347 IN STAFF TIME TO GUIDE OR REFER 2,500 PATIENTS TO FINANCIAL ASSISTANCE FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON THE HOSPITAL'S WEB SITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS IN ADDITION TO FINANCIAL COUNSELING, THE HOSPITAL HAS STAFF SOCIAL WORKERS AND CASE MANAGERS TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE</p>

Identifier	ReturnReference	Explanation
HUDSON HOSPITAL, INC		PART V, SECTION B, LINE 19D AN UNINSURED DISCOUNT IS AVAILABLE TO ASSIST THOSE INDIVIDUALS WHO DO NOT HAVE HEALTH INSURANCE THE HOSPITAL OFFERS A STANDARDIZED AND UNIFORM APPROACH TO OFFERING A DISCOUNT FOR THE UNINSURED THE DISCOUNT IS 20% FOR ALL ELIGIBLE PATIENTS, REGARDLESS OF INCOME

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 NEEDS ASSESSMENTTHE MISSION OF THE HOSPITAL IS CARING FOR THE HEALTH OF OUR COMMUNITY TO BETTER UNDERSTAND AND ADDRESS THE NEEDS OF THOSE THE HOSPITAL SERVES, THE ORGANIZATION REMAINED COMMITTED TO ITS PARTNERSHIP WITH ST CROIX COUNTY PUBLIC HEALTH AND THE COMMUNITY HEALTH IMPROVEMENT PROCESS HEALTHIER TOGETHER - ST CROIX COUNTY (FORMERLY CHIP), FACILITATED BY BOTH ORGANIZATIONS, IS A STRATEGIC, ONGOING, COMMUNITY-BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES A STEERING COMMITTEE OF 25+ MEMBERS REPRESENTING DIVERSE ORGANIZATIONS AND AGENCIES FROM ACROSS THE COUNTY PROVIDES OVERSIGHT AND GUIDANCE TOGETHER, THE COMMITTEE REGULARLY ASSESSES THE STATE OF THE COUNTY'S HEALTH HAVING COMPLETED THE COMMUNITY HEALTH NEEDS ASSESSMENT IN THE FALL OF 2009, ACTION AND EVALUATION PLANNING ENSUED IN 2010 AND A FORMAL COMMUNITY HEALTH IMPROVEMENT PLAN WAS COMPLETED AND RELEASED IN JUNE 2011 PLAN IMPLEMENTATION HAS BEGUN AND THE HOSPITAL REMAINS COMMITTED TO PLAN SUCCESS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE THE HOSPITAL SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY IN 2010 ALONE, THE HOSPITAL PROVIDED \$278,373 IN CHARITY CARE THE HOSPITAL DEFINES CHARITY CARE AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE, TO PAY FOR THE SERVICES THEY RECEIVE THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION TO INFORM AND EDUCATE PATIENTS ON ITS FINANCIAL ASSISTANCE PROGRAM, CHARITY CARE POLICY, AND GOVERNMENT PROGRAMS, THE HOSPITAL HAS DEVELOPED AN EXTENSIVE FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE HOSPITAL'S EMERGENCY DEPARTMENT OR IS ADMITTED TO THE HOSPITAL, BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE, PATIENT FINANCIAL SERVICES IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT ALL PATIENTS WITHOUT INSURANCE AUTOMATICALLY QUALIFY FOR A DISCOUNT OF 20%, REGARDLESS OF INCOME IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY ARE ELIGIBLE FOR FURTHER DISCOUNTS, THEY WILL BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION ENROLLMENT ASSISTANCE, INFORMATION, AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDER INSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS, EMPLOYS ONE PATIENT FINANCIAL SERVICES REPRESENTATIVE TO OVERSEE ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE IN 2010, THE HOSPITAL SPENT \$4,185 IN STAFF TIME TO ASSIST 625 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$16,840 IN STAFF TIME TO GUIDE OR REFER 1710 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$67,146 IN STAFF TIME TO GUIDE OR REFER 4,869 PATIENTS TO FINANCIAL ASSISTANCE FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON THE HOSPITAL'S WEB SITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS IN ADDITION TO FINANCIAL COUNSELING, THE HOSPITAL HAS STAFF SOCIAL WORKERS AND CASE MANAGERS TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY INFORMATIONTHE HOSPITAL SERVES RESIDENTS FROM ST CROIX AND PIERCE COUNTIES IN WESTERN WISCONSIN AND AREAS OF NEIGHBORING MINNESOTA OUR PRIMARY SERVICE AREA IS HUDSON, WI 54016 (INCLUDES HUDSON, HUDSON TOWNSHIP, TROY, ST JOSEPH'S AND NORTH HUDSON) OUR SECONDARY SERVICE AREA INCLUDES WI (BALDWIN, HAMMOND, HOULTON, NEW RICHMOND, PRESCOTT, RIVER FALLS, ROBERTS AND SOMERSET) AND MN (BAYPORT, LAKE LAND, AND STILLWATER) 2010 CENSUS LISTS THE POPULATION OF ST CROIX COUNTY AT 84,345, A 33.6% POPULATION GROWTH SINCE 2000. RAPID GROWTH CONTINUES WITHIN ST CROIX COUNTY, MUCH IN PART DUE TO ITS CLOSE PROXIMITY TO THE TWIN CITIES (MINNEAPOLIS/ST PAUL) WHERE MANY RESIDENTS COMMUTE TO WORK. ST CROIX COUNTY'S POPULATION IS COMPRISED OF 7.4% UNDER 5 YEARS OLD, 26% UNDER 18, 10% 65 YEARS AND OVER, AND 50% FEMALE. THE POPULATION IS 95.9% WHITE, 0.7% BLACK, 0.4% AMERICAN INDIAN, 1.0% ASIAN AND 2.0% HISPANIC OR LATINO. ST CROIX COUNTY HAS A HIGH MEDIAN INCOME COMPARATIVELY WITHIN THE STATE - \$69,682 AND A POVERTY RATE APPROXIMATELY HALF THAT OF THE REST OF THE STATE - 6.3% ACCORDING TO THE 2011 COUNTY HEALTH RANKINGS REPORT, ST CROIX COUNTY RANKED AS THE 2ND HEALTHIEST COUNTY OVERALL IN THE STATE (OUT OF 72).

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 PROMOTION OF COMMUNITY HEALTHTHE HOSPITAL IS GOVERNED BY A COMMUNITY-BASED BOARD OF DIRECTORS AND THE MEDICAL STAFF IS ORGANIZED IN THE PUBLIC'S INTEREST THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUEST FOR HEALTH AND HAPPINESS WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTHPARTNERS FAMILY, HUDSON PHYSICIANS - WWMA, AND THE COMMUNITY, THE HOSPITAL ACCOMPLISHED A GREAT DEAL IN 2011 ADVANCEMENTS WERE MADE IN SUPPORT OF THE TRIPLE AIM TO ENSURE BETTER HEALTH FOR ALL, IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND SERVICE HIGHLIGHTS INCLUDE - EXPANDED PEDIATRIC SPECIALTY SERVICES TO INCLUDE HEMATOLOGY AND ONCOLOGY (IN PARTNERSHIP WITH CHILDREN'S HOSPITALS & CLINICS AND HUDSON PHYSICIANS PEDIATRICIANS)- NEW INTERNAL MEDICINE CLINIC AND A HOSPITALIST PROGRAM (ONLY HOSPITAL IN WESTERN WISCONSIN TO PROVIDE THIS MODEL OF CARE)- OPENING OF THE NEW HEALTHPARTNERS ROBERTS CLINIC (PRIMARY CARE)- OPENING OF THE CANCER CENTER OF WESTERN WISCONSIN (CCWW) IN COLLABORATION WITH FIVE OTHER HOSPITALS AND TWO MEDICAL PROVIDER GROUPS LOCATED ON THE WESTFIELDS HOSPITAL CAMPUS, CCWW PROVIDES COORDINATED CLINICAL CARE AND AFFORDS PATIENTS REGIONAL ACCESS TO THE AREA'S ONLY RADIATION THERAPY CENTER - CONTINUED OPTIMIZATION OF EPIC - ELECTRONIC HEALTH RECORD (EHR) SYSTEM TO IMPROVE HEALTHPARTNERS' REGIONAL NETWORK AND ADVANCE QUALITY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND REDUCE HEALTH CARE COSTS HEALTHPARTNERS WAS NAMED ONE OF THE "MOST WIRED" ORGANIZATIONS BY HOSPITAL & HEALTH NETWORKS MAGAZINE THE HOSPITAL, ONE OF THE FEW ITS SIZE NATIONALLY TO HAVE EPIC, TOGETHER WITH WESTFIELDS HOSPITAL WERE AMONG THE FIRST IN THE STATE OF WISCONSIN TO ATTEST TO MEANINGFUL USE - IMPLEMENTATION OF HEALTHPARTNERS ON-LINE PATIENT SERVICES FOR THE SPECIALTY CLINICS AND THE ROBERTS CLINIC TO GIVE PATIENTS THE OPTION OF ACCESSING TEST RESULTS OR IMMUNIZATION RECORDS, E-MAILING A PROVIDER, AND PAYING BILLS ON-LINE - INSTALLATION OF HIGH DEFINITION (HD) IMAGING TECHNOLOGY IN ALL THREE SURGERY AND PROCEDURE CENTER SURGICAL SUITES HD IMAGING CAPABILITIES OFFER GREATER PRECISION AND HIGHER QUALITY IMAGING FOR PERFORMING MINIMALLY INVASIVE SURGERY - HOSPITAL IMAGING CENTER OFFERS NEW ONSITE MOBILE PET/CT SCANNER FOR CANCER PATIENTS SCANNER PROVIDES BETTER IMAGE QUALITY AND INTERPRETATION MEANING PATIENTS EXPERIENCE LESS TIME ON THE TABLE, GREATER COMFORT AND FASTER RESULTS - CONTINUED SUCCESS WITH THE SURGICAL CARE IMPROVEMENT PROJECT (SCIP) IMPLEMENTED IN 2010 - NATIONAL PATIENT SAFETY INITIATIVE TO REDUCE PATIENT INFECTION RATES ACCORDING TO THE NATIONAL HEALTHCARE SAFETY NETWORK (NHSN), THE HOSPITAL REPORTS SOME OF THE LOWEST SURGICAL INFECTION RATES IN THE REGION - HOSPITAL RECEIVED THE JOINT COMMISSION'S SILVER AWARD CERTIFICATE OF ACHIEVEMENT FOR THE FLU VACCINATION CHALLENGE IN RECOGNITION OF VACCINATING BETWEEN 85-90 PERCENT OF EMPLOYEES IN THE 2010-2011 FLU SEASON - LAUNCH OF "WE I D " CAMPAIGN IN SUPPORT OF THE NATIONAL PATIENT SAFETY GOAL TO PROPERLY IDENTIFY PATIENTS USING TWO FORMS OF I D WHEN PROVIDING CARE, TREATMENT AND SERVICES TO HOSPITAL PATIENTS - MEDICATION WASTE PROGRAM CREATED TO ENSURE BEST PRACTICES FOR COLLECTION OF HAZARDOUS WASTE USED IN THE HOSPITAL IN SUPPORT OF A SUSTAINABLE AND ECO-FRIENDLY ENVIRONMENT - ADDITION OF MANY NEW HEALTH CARE PROVIDERS TO THE CAMPUS TEAM, INCLUDING SPECIALISTS IN ALLERGY AND IMMUNOLOGY, INTERNAL MEDICINE, PEDIATRIC HEMATOLOGY/ONCOLOGY, OPHTHALMOLOGY, GENERAL SURGERY, THE HOSPITALIST PROGRAM, AND FAMILY MEDICINE - RECORD-SETTING 624 BABIES WERE BORN IN THE BIRTH CENTER - MARKING THE HIGHEST NUMBER OF BIRTHS IN A SINGLE YEAR SINCE THE HOSPITAL'S FOUNDING IN 1953 BIRTH CENTER GROWTH 17 5% - HOSPITAL BIRTH CENTER NURSING STAFF CONTINUES TO RANK AMONG THE BEST IN THE NATION - 99TH PERCENTILE FOR FRIENDLINESS AND ATTITUDE ACCORDING TO PRESS GANEY SURVEY DATA (1800 HOSPITAL DATABASE) THE HOSPITAL'S DEVOTION TO THE HEALTH OF THE COMMUNITY STARTS WITH PROVIDING EXCEPTIONAL MEDICAL CARE TO EACH PATIENT AND EXTENDS TO FAMILIES AND ORGANIZATIONS THROUGHOUT THE REGION THROUGH ITS HEALTHIER TOGETHER LEADERSHIP AND COMMUNITY BENEFIT PROGRAM, BOTH INTEGRATED INTO THE ORGANIZATION PLAN, THE HOSPITAL OFFERED SPECIAL HELP AND SUPPORT - FOR INDIVIDUALS OR FAMILIES EXPERIENCING FINANCIAL HARDSHIP TO EFFORTS OR ORGANIZATIONS STRIVING TO IMPROVE THE QUALITY OF LIFE FOR ALL THE HOSPITAL ENGAGED IN COMMUNITY PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AGENCIES AND OTHER HEALTH PROVIDERS INVESTED IN COMMUNITY PROGRAMS AND SERVICES THAT POSITIVELY SUPPORT AND STRENGTHEN COMMUNITY HEALTH, EDUCATION, ECONOMIC DEVELOPMENT, AND CULTURE THESE PROGRAMS AND PARTNERSHIPS EMBODY THE HOSPITAL'S MISSION OF "CARING FOR THE HEALTH OF OUR COMMUNITY " TOTAL 2011 COMMUNITY BENEFIT CONTRIBUTION EQUALED \$2,951,559 WHICH REPRESENTS 5 6% OF NET REVENUE</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 AFFILIATED HEALTH CARE SYSTEMPLEASE SEE SCHEDULE O DISCUSSION OF EXEMPT PURPOSE AND ACHIEVEMENTS - "I CORPORATE STRUCTURE, PURPOSE, GOVERNANCE "

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

Identifier	ReturnReference	Explanation
HEALTH PROFESSIONS EDUCATION	SCHEDULE H - PART I, LINE 7F	THE HOSPITAL'S STAFF PROVIDED CLINICAL TRAINING FOR 83 NURSES AND NURSING STUDENTS AND 37 HEALTH PROFESSIONALS INCLUDING EMS FROM SEVENTEEN INSTITUTIONS AT A COST OF \$188,660 IN ADDITION, THE HOSPITAL VOLUNTARILY PARTICIPATED IN THE WISCONSIN NURSE RESIDENCY PROGRAM (WNRP) THE PROGRAM IS A STRUCTURED LEARNING EXPERIENCE FOR NEWLY LICENSED REGISTERED NURSES DESIGNED TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H - PART VI - LINE 2	THE MISSION OF THE HOSPITAL IS CARING FOR THE HEALTH OF OUR COMMUNITY TO BETTER UNDERSTAND AND ADDRESS THE NEEDS OF THOSE THE HOSPITAL SERVES, THE ORGANIZATION REMAINED COMMITTED TO ITS PARTNERSHIP WITH ST CROIX COUNTY PUBLIC HEALTH AND THE COMMUNITY HEALTH IMPROVEMENT PROCESS HEALTHIER TOGETHER - ST CROIX COUNTY (FORMERLY CHIP), FACILITATED BY BOTH ORGANIZATIONS, IS A STRATEGIC, ON-GOING, COMMUNITY-BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES A STEERING COMMITTEE OF 20+ MEMBERS REPRESENTING DIVERSE ORGANIZATIONS AND AGENCIES FROM ACROSS THE COUNTY PROVIDES OVERSIGHT AND GUIDANCE TOGETHER, THE COMMITTEE REGULARLY ASSESSES THE STATE OF THE COUNTY'S HEALTH HAVING COMPLETED THE CHNA IN THE FALL OF 2009, ACTION AND EVALUATION PLANNING ENSUED IN 2010 AND A FORMAL COMMUNITY HEALTH IMPROVEMENT PLAN WAS COMPLETED AND RELEASED IN JUNE 2011 PLAN IMPLEMENTATION IS UNDERWAY AND THE HOSPITAL REMAINS COMMITTED TO PLAN SUCCESS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H - PART VI - LINE 3	THE HOSPITAL SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY IN 2011, THE HOSPITAL PROVIDED \$128,109 IN FINANCIAL ASSISTANCE THE HOSPITAL DEFINES FINANCIAL ASSISTANCE AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE, TO PAY FOR THE SERVICES THEY RECEIVE THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION TO INFORM AND EDUCATE PATIENTS ON ITS FINANCIAL ASSISTANCE PROGRAM, FINANCIAL ASSISTANCE POLICY, AND GOVERNMENT PROGRAMS, THE HOSPITAL HAS DEVELOPED AN EXTENSIVE FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE HOSPITAL'S EMERGENCY DEPARTMENT OR IS ADMITTED TO THE HOSPITAL, BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE, PATIENT FINANCIAL SERVICES IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT ALL PATIENTS WITHOUT INSURANCE AUTOMATICALLY QUALIFY FOR A DISCOUNT OF 20%, REGARDLESS OF INCOME IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY ARE ELIGIBLE FOR FURTHER DISCOUNTS, THEY WILL BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION ENROLLMENT ASSISTANCE, INFORMATION, AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDER-INSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS, EMPLOYS ONE PATIENT FINANCIAL SERVICES REPRESENTATIVE TO OVERSEE ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE IN 2011, THE HOSPITAL SPENT \$7,056 IN STAFF TIME TO ASSIST 170 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$23,409 IN STAFF TIME TO GUIDE OR REFER 1600 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$78,347 IN STAFF TIME TO GUIDE OR REFER 2,500 PATIENTS TO FINANCIAL ASSISTANCE FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON THE HOSPITAL'S WEB SITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS IN ADDITION TO FINANCIAL COUNSELING, THE HOSPITAL HAS STAFF SOCIAL WORKERS AND CASE MANAGERS TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H - PART VI - LINE 4	THE HOSPITAL SERVES RESIDENTS FROM ST CROIX AND PIERCE COUNTIES IN WESTERN WISCONSIN AND AREAS OF NEIGHBORING MINNESOTA OUR PRIMARY SERVICE AREA IS HUDSON, WI 54016 (INCLUDES HUDSON, HUDSON TOWNSHIP, TROY, ST JOSEPH'S AND NORTH HUDSON) OUR SECONDARY SERVICE AREA INCLUDES WI (BALDWIN, HAMMOND, HOULTON, NEW RICHMOND, PRESCOTT, RIVER FALLS, ROBERTS AND SOMERSET) AND MN (BAYPORT, LAKE LAND, AND STILLWATER) 2010 CENSUS LISTS THE POPULATION OF ST CROIX COUNTY AT 84,345, A 33.6% POPULATION GROWTH SINCE 2000. RAPID GROWTH CONTINUES WITHIN ST CROIX COUNTY, MUCH IN PART DUE TO ITS CLOSE PROXIMITY TO THE TWIN CITIES (MINNEAPOLIS/ST PAUL) WHERE MANY RESIDENTS COMMUTE TO WORK. ST CROIX COUNTY'S POPULATION IS COMPRISED OF 7.4% UNDER 5 YEARS OLD, 26% UNDER 18, 10% 65 YEARS AND OVER, AND 50% FEMALE. THE POPULATION IS 95.9% WHITE, 0.7% BLACK, 0.4% AMERICAN INDIAN, 1.0% ASIAN AND 2.0% HISPANIC OR LATINO. ST CROIX COUNTY HAS A HIGH MEDIAN INCOME COMPARATIVELY WITHIN THE STATE - \$69,682 AND A POVERTY RATE APPROXIMATELY HALF THAT OF THE REST OF THE STATE - 6.3% ACCORDING TO THE 2011 COUNTY HEALTH RANKINGS REPORT, ST CROIX COUNTY RANKED AS THE 2ND HEALTHIEST COUNTY OVERALL IN THE STATE (OUT OF 72 COUNTIES).

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☒

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3

Enter total number of other organizations listed in the line 1 table ▶

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 HUDSON HOSPITAL, INC (HUDSON) MANAGEMENT STAFF REVIEW THE MISSION AND PURPOSE OF POTENTIAL GRANTEE ORGANIZATIONS TO ASSURE CONSISTENCY WITH HUDSON,S MISSION AND PURPOSE AMOUNTS SUBSEQUENTLY GRANTED ARE SUBJECT TO HUDSON'S FORMAL SPENDING APPROVAL AND DOCUMENTATION PROCESS BASED ON AMOUNT OF THE EXPENDITURE

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
HUDSON HOSPITAL INC

Employer identification number

39-0804125

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>1b</div><div>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</div></div>		
<div><div>2</div><div>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?</div></div>		
<div><div>3</div><div>Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply</div><div><div><div><input type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>4a</div><div>Receive a severance payment or change-of-control payment?</div></div>		No
<div><div>4b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	Yes	
<div><div>4c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>5a</div><div>The organization?</div></div>		No
<div><div>5b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div><div>6</div><div>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</div></div>		
<div><div>6a</div><div>The organization?</div></div>	Yes	
<div><div>6b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	Yes	
<div><div>7</div><div>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</div></div>		No
<div><div>8</div><div>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</div></div>		No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>		

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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

[illegible]

Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 4B	DEFERRED COMPENSATION IN COLUMN C OF SCHEDULE J, PART II INCLUDES AMOUNTS FROM A NONQUALIFIED 457(F) PLAN FOR THE FOLLOWING DIRECTORS: BROCK D NELSON \$ 34,781; SCOTT A SCHNUCKLE 9,050 ----- TOTAL \$ 43,831.
	PART I, LINE 6	HUDSON HOSPITAL, INC.'S (HOSPITAL) PRESIDENT AND CHIEF FINANCIAL OFFICER (CFO) ARE EMPLOYEES OF REGIONS HOSPITAL (REGIONS), A RELATED ORGANIZATION. THE HOSPITAL'S OTHER OFFICERS ARE EMPLOYEES OF THE HOSPITAL. BOTH REGIONS AND THE HOSPITAL HAVE MANAGEMENT INCENTIVE PROGRAMS WHICH INCENT AND REWARD BUSINESS LEADERS WHO HELP THE ORGANIZATION ACHIEVE STATED BUSINESS AND/OR HEALTH IMPROVEMENT GOALS FOR A SPECIFIC FISCAL YEAR. THE PROGRAM IS A KEY ELEMENT OF THE PARTICIPANT'S TOTAL COMPENSATION PACKAGE. THE MANAGEMENT INCENTIVE PROGRAM REWARDS ARE BASED ON POSITION IN THE ORGANIZATION (E.G., VICE PRESIDENT, DIRECTOR, MANAGER, OTHER SPECIFICALLY IDENTIFIED LEADERS) AND THE ACHIEVEMENT OF BUSINESS AND HEALTH IMPROVEMENT GOALS ESTABLISHED IN A VARIETY OF AREAS. GOALS WILL BE RELATED TO THE ORGANIZATION'S STRATEGIC PLAN AND WILL BE BALANCED. THESE AREAS MAY INCLUDE BUT ARE NOT LIMITED TO PATIENT SATISFACTION, EMPLOYEE SATISFACTION, WORK ENVIRONMENT, EMPLOYEE AND/OR LEADERSHIP DEVELOPMENT, CARE DELIVERY, PATIENT EDUCATION, SIX AIMS, MARKET SHARE, STRATEGIC CAPABILITIES, FINANCIAL PERFORMANCE (NET MARGIN), ETC., AND WILL BE DEFINED ANNUALLY FOR EACH YEAR'S PROGRAM. A NET MARGIN THRESHOLD MUST BE MET FOR ANY PAYMENT TO BE MADE FROM THE PROGRAM AND THERE IS A CAP ON THE MAXIMUM INCENTIVE POTENTIALLY AVAILABLE TO EACH PARTICIPANT.

2011

Open to Public
Inspection

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.

Name of the organization

HUDSON HOSPITAL INC

Employer identification number

39-0804125

Identifier	Return Reference	Explanation
EXEMPT PURPOSE AND ACHIEVEMENTS	FORM 990, PART III, LINE 4A	<p>I CORPORATE STRUCTURE, PURPOSE, GOVERNANCE HUDSON HOSPITAL, INC (HOSPITAL), A STATE LICENSED 25-BED, LEVEL IV CRITICAL ACCESS HOSPITAL (CAH), IS A WISCONSIN NON-PROFIT ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3) THE HOSPITAL IS THE SOLE CORPORATE MEMBER OF HUDSON HOSPITAL FOUNDATION, INC , A FOUNDATION WHOSE PURPOSE IS TO SUPPORT THE HOSPITAL GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC ARE CORPORATE MEMBERS OF THE HOSPITAL THE HOSPITAL IS PART OF THE HEALTHPARTNERS FAMILY OF CARE HEALTHPARTNERS, INC , A MINNESOTA NON-PROFIT CORPORATION AND LICENSED HEALTH MAINTENANCE ORGANIZATION (HMO) WHICH IS RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(4), IS THE SOLE CORPORATE MEMBER OF HPI-RAMSEY, A MINNESOTA NON-PROFIT CORPORATION RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) HPI-RAMSEY IS THE SOLE CORPORATE MEMBER OF REGIONS HOSPITAL AND REGIONS HOSPITAL'S SISTER ORGANIZATIONS, REGIONS HOSPITAL FOUNDATION, CAPITAL VIEW TRANSITIONAL CARE CENTER, STILLWATER HEALTH SYSTEM, AND RAMSEY INTEGRATED HEALTH SERVICES, ALL OF WHICH ARE MINNESOTA NON-PROFIT CORPORATIONS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) HPI-RAMSEY IS ALSO THE SOLE CORPORATE MEMBER OF RH-WISCONSIN, INC , A WISCONSIN NON-STOCK CORPORATION THAT IS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) HEALTHPARTNERS, INC IS ALSO THE SOLE CORPORATE MEMBER OF THE FOLLOWING ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) GROUP HEALTH PLAN, INC (A STAFF MODEL HMO) WHICH IS ITSELF THE SOLE CORPORATE MEMBER OF HEALTHPARTNERS RESEARCH FOUNDATION, PHYSICIANS NECK & BACK CLINICS AND HEALTHPARTNERS CENTRAL MINNESOTA CLINICS, INC (FORMERLY CENTRAL MINNESOTA GROUP HEALTH, INC), ALL OF WHICH ARE EXEMPT UNDER SECTION 501(C)(3), HEALTHPARTNERS INSTITUTE FOR MEDICAL EDUCATION, AND RHSC, INC RH-WISCONSIN, INC AND GROUP HEALTH PLAN, INC ARE CORPORATE MEMBERS OF THE HOSPITAL AND WESTFIELDS HOSPITAL, INC , BOTH OF WHICH ARE WISCONSIN NON-PROFIT CORPORATIONS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) RH-WISCONSIN, INC IS ALSO THE SOLE CORPORATE MEMBER OF WESTERN WISCONSIN EMERGENCY MEDICAL SERVICES COMPANY, AN AMBULANCE SERVICE WHICH IS A WISCONSIN NON-PROFIT CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) TOGETHER, ALL OF THESE RELATED ORGANIZATIONS COMPRISE THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS (HEALTHPARTNERS), WHICH IS AN INTEGRATED HEALTH CARE DELIVERY SYSTEM THAT COMBINES THE PROVISION AND FINANCING OF HEALTH CARE SERVICES, FOR THE PURPOSE OF IMPROVING THE HEALTH OF ITS VARIOUS ENTITIES' MEMBERS, PATIENTS, AND THE BROADER COMMUNITY HEALTHPARTNERS AND THE HOSPITAL ALSO PARTNER WITH OTHER PLANS, CARE PROVIDERS AND NON-PROFIT ORGANIZATIONS IN THE REGION AND THROUGHOUT THE NATION, TO INCREASE ACCESS, CREATE AND DISSEMINATE QUALITY MEASURES AND INITIATIVES, PARTICIPATE IN DEVELOPMENT OF PUBLIC POLICY AND COLLABORATE ON SYSTEM IMPROVEMENTS THE HOSPITAL CONTINUES TO WORK IN PARTNERSHIP WITH THE HEALTHPARTNERS FAMILY , HUDSON PHYSICIANS - WVMA, AND THE COMMUNITY TO ALSO PROMOTE COMMUNITY HEALTH THROUGH CLINICAL INITIATIVES, EDUCATION AND OUTREACH, AND COMMUNITY HEALTH IMPROVEMENT EFFORTS SUCH AS HEALTHIER TOGETHER - ST CROIX COUNTY THE HOSPITAL CONTINUES TO BE AN INTEGRAL PART OF THE HUDSON COMMUNITY AND SURROUNDING AREA - A VITAL AND NECESSARY COMMUNITY RESOURCE SINCE 1953 IN 2011, THE NATIONAL RURAL HEALTH ASSOCIATION RANKED HUDSON HOSPITAL IN THE TOP 100 CRITICAL ACCESS HOSPITALS IN AMERICA AND THE JOINT COMMISSION AWARDED THE HOSPITAL FULL ACCREDITATION THIS RECOGNITION IS A RESULT OF THE HOSPITAL'S ATTENTION TO QUALITY AND PATIENT SAFETY PROGRAMS AND SERVICES INCLUDE A REGIONALLY POPULAR BIRTH CENTER, RANKED IN THE TOP 3% OF BIRTHING UNITS (TOP 50 HOSPITALS) NATIONWIDE FOR EXCEPTIONAL CARE DELIVERY , 24/7 EMERGENCY CENTER (WITH MEDICAL HELICOPTER TRANSPORT SERVICE) STAFFED BY 20 FULL-TIME, BOARD-CERTIFIED EMERGENCY MEDICINE PHYSICIANS, GROWING SPECIALTY CLINICS (UP 23.6%) - INCLUDING EXPANDED PEDIATRIC SPECIALTY SERVICES TO INCLUDE HEMATOLOGY AND ONCOLOGY (IN PARTNERSHIP WITH CHILDREN'S HOSPITALS & CLINICS AND HUDSON PHYSICIANS PEDIATRICIANS), NEW INTERNAL MEDICINE CLINIC AND A HOSPITALIST PROGRAM (ONLY HOSPITAL IN WESTERN WISCONSIN TO PROVIDE THIS MODEL OF CARE), OPENING OF THE NEW HEALTHPARTNERS ROBERTS CLINIC (PRIMARY CARE), AND OPENING OF THE CANCER CENTER OF WESTERN WISCONSIN (CCWW) IN COLLABORATION WITH FIVE OTHER HOSPITALS AND TWO MEDICAL PROVIDER GROUPS LOCATED ON THE WESTFIELDS HOSPITAL CAMPUS, CCWW PROVIDES COORDINATED CLINICAL CARE AND AFFORDS PATIENTS REGIONAL ACCESS TO THE AREA'S ONLY RADIATION THERAPY CENTER HUDSON HOSPITAL PROVIDES CLINICAL ACCESS, INFUSION THERAPY , CANCER PREVENTION EDUCATION AND SUPPORT LOCALLY OTHER HOSPITAL SERVICES INCLUDE IMAGING CENTER, MEDICAL LABORATORY, PHARMACY, REHABILITATION</p>

Identifier	Return Reference	Explanation
EXEMPT PURPOSE AND ACHIEVEMENTS	FORM 990, PART III, LINE 4A	<p>N CENTER, SURGERY & PROCEDURE CENTER, CANCER CARE, HEART AND VASCULAR CARE, NEUROLOGY, ORTHOPAEDICS, SLEEP HEALTH, EYE CARE AND MORE. THE HOSPITAL CAMPUS IS DESIGNED WITH THE LATEST TECHNOLOGY AND AMENITIES TO SUPPORT WHOLE HEALTH AND HEALING FOR PATIENTS AND THEIR FAMILIES - INCLUDING A NATIONALLY ACCLAIMED AND INTERNATIONALLY RECOGNIZED HEALING ARTS PROGRAM. THE PROGRAM, LOCAL COLLABORATION BETWEEN THE HOSPITAL AND THE PHIPPS CENTER FOR THE ARTS, IS ONE OF THE MOST COMPREHENSIVE HOSPITAL ARTS PROGRAM IN THE REGION WITH OVER 200 ORIGINAL PIECES OF ART ON DISPLAY AT ANY GIVEN TIME. THE PROGRAM'S MISSION IS TO BRING THE CREATIVE AND VISUAL ARTS TO PATIENTS, GUESTS AND STAFF TO WELCOME DIVERSION FROM OFTENTIMES CHALLENGING HEALTH EXPERIENCES. BEST CARE, BEST EXPERIENCE ACTIVITIES, INCLUDING PROMISES TO PATIENTS AND PROMISES TO EACH OTHER CONTINUED IN SUPPORT OF A CULTURE OF EXCELLENCE - ONE OF RESPECT, ACCOUNTABILITY FOR EXCELLENCE, AND EMPLOYEE ENGAGEMENT AND INVOLVEMENT. THE HOSPITAL'S OVERALL "ENGAGEMENT INDEX" WAS 80%, AS REPORTED BY TOWERS WATSON, A GLOBAL ORGANIZATIONAL PERFORMANCE CONSULTING FIRM. "HIGH PERFORMING" COMPANIES HAVE ENGAGEMENT INDEXES BEGINNING AT 76%. A PATIENT'S WILLINGNESS TO RECOMMEND IS A LEADING INDICATOR OF SUCCESSFUL CUSTOMER SERVICE. THE HOSPITAL INPATIENT SCORES REMAIN HIGH AT THE 89TH PERCENTILE NATIONAL RANKING (TOP BOX "WOULD DEFINITELY RECOMMEND") AMONG PRESS GANEY HOSPITALS OF COMPARABLE SIZE. PRESS GANEY IS THE COUNTRY'S LARGEST HOSPITAL DATABASE OF PATIENT SATISFACTION SURVEY DATA. II BENEFITS TO PATIENTS AND THE COMMUNITY. IN 2011 THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUEST FOR HEALTH AND HAPPINESS. WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS, HUDSON PHYSICIANS (WWWMA), AND THE COMMUNITY, THE HOSPITAL ACCOMPLISHED A GREAT DEAL IN 2011. ADVANCEMENTS WERE MADE IN SUPPORT OF THE TRIPLE AIM TO ENSURE BETTER HEALTH FOR ALL, IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE.</p>

Identifier	Return Reference	Explanation
		<p>THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND SERVICE HIGHLIGHTS INCLUDE - CONTINUED OPTIMIZATION OF EPIC - ELECTRONIC HEALTH RECORD (EHR) SYSTEM TO IMPROVE HEALTHPARTNERS' REGIONAL NETWORK AND ADVANCE QUALITY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND REDUCE HEALTH CARE COSTS HEALTHPARTNERS WAS NAMED ONE OF THE "MOST WIRED" ORGANIZATIONS BY HOSPITAL & HEALTH NETWORKS MAGAZINE THE HOSPITAL, ONE OF THE FEW ITS SIZE NATIONALLY TO HAVE EPIC, TOGETHER WITH WESTFIELDS HOSPITAL WERE AMONG THE FIRST IN THE STATE OF WISCONSIN TO ATTEST TO MEANINGFUL USE - IMPLEMENTATION OF HEALTHPARTNERS ONLINE PATIENT SERVICES FOR THE SPECIALTY CLINICS AND THE ROBERTS CLINIC TO GIVE PATIENTS THE OPTION OF ACCESSING TEST RESULTS OR IMMUNIZATION RECORDS, EMAILING A PROVIDER, AND PAYING BILLS ONLINE - INSTALLATION OF HIGH DEFINITION (HD) IMAGING TECHNOLOGY IN ALL THREE SURGERY AND PROCEDURE CENTER SURGICAL SUITES HD IMAGING CAPABILITIES OFFER GREATER PRECISION AND HIGHER QUALITY IMAGING FOR PERFORMING MINIMALLY INVASIVE SURGERY - HOSPITAL IMAGING CENTER OFFERS NEW ONSITE MOBILE PET/CT SCANNER FOR CANCER PATIENTS SCANNER PROVIDES BETTER IMAGE QUALITY AND INTERPRETATION MEANING PATIENTS EXPERIENCE LESS TIME ON THE TABLE, GREATER COMFORT AND FASTER RESULTS - CONTINUED SUCCESS WITH THE SURGICAL CARE IMPROVEMENT PROJECT (SCIP) IMPLEMENTED IN 2010 - NATIONAL PATIENT SAFETY INITIATIVE TO REDUCE PATIENT INFECTION RATES ACCORDING TO THE NATIONAL HEALTHCARE SAFETY NETWORK (NHSN), THE HOSPITAL REPORTS SOME OF THE LOWEST SURGICAL INFECTION RATES IN THE REGION -HOSPITAL RECEIVED THE JOINT COMMISSION'S SILVER AWARD CERTIFICATE OF ACHIEVEMENT FOR THE FLU VACCINATION CHALLENGE IN RECOGNITION OF VACCINATING BETWEEN 85-90 PERCENT OF EMPLOYEES IN THE 2010-2011 FLU SEASON - LAUNCH OF "WE ID" CAMPAIGN IN SUPPORT OF THE NATIONAL PATIENT SAFETY GOAL TO PROPERLY IDENTIFY PATIENTS USING TWO FORMS OF ID WHEN PROVIDING CARE, TREATMENT AND SERVICES TO HOSPITAL PATIENTS - MEDICATION WASTE PROGRAM CREATED TO ENSURE BEST PRACTICES FOR COLLECTION OF HAZARDOUS WASTE USED IN THE HOSPITAL IN SUPPORT OF A SUSTAINABLE AND ECO-FRIENDLY ENVIRONMENT - ADDITION OF MANY NEW HEALTH CARE PROVIDERS TO THE CAMPUS TEAM, INCLUDING SPECIALISTS IN ALLERGY AND IMMUNOLOGY, INTERNAL MEDICINE, PEDIATRIC HEMATOLOGY/ONCOLOGY, OPHTHALMOLOGY, GENERAL SURGERY, THE HOSPITALIST PROGRAM, AND FAMILY MEDICINE - RECORD-SETTING 624 BABIES WERE BORN IN THE BIRTH CENTER - MARKING THE HIGHEST NUMBER OF BIRTHS IN A SINGLE YEAR SINCE THE HOSPITAL'S FOUNDING IN 1953 BIRTH CENTER GROWTH 17.5% - HOSPITAL BIRTH CENTER NURSING STAFF CONTINUES TO RANK AMONG THE BEST IN THE NATION - 99TH PERCENTILE FOR FRIENDLINESS AND ATTITUDE ACCORDING TO PRESS GANEY SURVEY DATA (1800 HOSPITAL DATABASE) WHILE 2011 BROUGHT NEW CHALLENGES, THE HOSPITAL PROACTIVELY IMPLEMENTED CHANGES TO ENSURE A SOUND FUTURE FOR THE ORGANIZATION IT WAS A YEAR FOCUSED ON GROWTH, EXCEPTIONAL PATIENT CARE, AND CLEAR ATTENTION TO QUALITY AND SAFETY THE HOSPITAL PROVIDED MORE SPECIALTIES AND RECRUITED ADDITIONAL PHYSICIANS TO MEET THE NEEDS OF ITS GROWING COMMUNITIES, IMPLEMENTED NEW TECHNOLOGIES, CONTINUED ITS SUSTAINABLE JOURNEY, AND DELIVERED SERVICES IN MORE EFFICIENT AND EFFECTIVE WAYS TO BRING GREATER VALUE TO PATIENTS AND THEIR FAMILIES CHARITABLE TRADITION CONTINUED AS THE HOSPITAL REACHED OUT TO THOSE IN NEED OF ITS SERVICES THE HOSPITAL ENGAGED IN COMMUNITY PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AGENCIES, AND OTHER HEALTH PROVIDERS INVESTED IN COMMUNITY PROGRAMS AND SERVICES THAT POSITIVELY SUPPORT AND STRENGTHEN COMMUNITY HEALTH, EDUCATION, ECONOMIC DEVELOPMENT, AND CULTURE THESE PROGRAMS AND PARTNERSHIPS EMBODY THE HOSPITAL'S MISSION OF "CARING FOR THE HEALTH OF OUR COMMUNITY " THE HOSPITAL AND ST CROIX COUNTY PUBLIC HEALTH CONTINUED TO CO-FACILITATE HEALTHIER TOGETHER - ST CROIX COUNTY, THE COUNTY-WIDE COMMUNITY HEALTH IMPROVEMENT INITIATIVE SINCE JUNE 2008, THEY HAVE WORKED TOGETHER TO BETTER UNDERSTAND CURRENT AND FUTURE HEALTH CARE NEEDS OF ST CROIX COUNTY THE PROCESS INVOLVES ASSESSING, PRIORITIZING AND ADDRESSING HEALTH NEEDS IN THE REGION HEALTHIER TOGETHER IS A STRATEGIC, COUNTY-WIDE, COMMUNITY-BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES A STEERING COMMITTEE OF 20+ MEMBERS REPRESENTING DIVERSE ORGANIZATIONS FROM ACROSS THE COUNTY PROVIDES OVERSIGHT AND GUIDANCE THEY WORK TOGETHER TO BETTER ALIGN EFFORTS AMONG COMMUNITY PARTNERS AND CREATE A MORE STRATEGIC FRAMEWORK FOR LOCAL HEALTH IMPROVEMENT ACTIVITIES FROM THE 2009 COUNTY-WIDE COMMUNITY NEEDS ASSESSMENT (EXECUTIVE SUMMARY AND FULL REPORT ARE PUBLICLY AVAILABLE ON THE HOSPITAL'S WEBSITE), THE TOP 5 HEALTH PRIORITIES WERE IDENTIFIED FOR THE PURPOSE OF EDUCATING AND MOBILIZING AREA ORGANIZATIONS, PLANNING ACTIONS TO IMPROVE PUBLIC HEALTH AND QUALITY OF LIFE, AND GARNERING RESOURCES FOR HEALTH IMPROVEMENT INITIATIVES THE TOP 5 HEALTH PRIORITIES FOR 2009-2014 ARE ACC</p>

Identifier	Return Reference	Explanation
		<p>ESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY, ADEQUATE AND APPROPRIATE NUTRITION, ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION, AND TOBACCO USE AND EXPOSURE. IN SUPPORT OF THE COALITION WORK DONE IN 2010 (COMMUNITY FORUM, WORKSHOPS, LEADERSHIP ORIENTATION AND CONTINUED CAPACITY BUILDING), THE TASK FORCES AND WORK GROUPS COMPLETED THEIR ACTION, IMPLEMENTATION AND EVALUATION PLANNING AND THE HEALTHIER TOGETHER - ST. CROIX COUNTY COMMUNITY HEALTH IMPROVEMENT PLAN WAS RELEASED JUNE 2011. HEALTHIER TOGETHER CO-FACILITATORS, KAREN HANSEN, HUDSON HOSPITAL AND WENDY KRAMER, PUBLIC HEALTH WERE ASKED TO DO THEIR FIRST NATIONAL WEBINAR FOR THE ASSOCIATION FOR COMMUNITY HEALTH IMPROVEMENT (ACHI), AN AMERICAN HOSPITAL ASSOCIATION AFFILIATE, IN DECEMBER 2011. THERE WAS GROWING INTEREST IN OUR APPROACH AND HOSPITAL-PUBLIC HEALTH PARTNERSHIP. THE HOSPITAL HAS PROVIDED A SIGNIFICANT AMOUNT OF INTELLECTUAL, IN-KIND AND FINANCIAL RESOURCES TO THIS INITIATIVE SINCE IT BEGAN. TOTAL 2011 COMMUNITY BENEFIT CONTRIBUTIONS IN SUPPORT OF THE HEALTHIER TOGETHER INITIATIVE ARE VALUED AT \$107,030. THE HOSPITAL'S DEVOTION TO THE HEALTH OF THE COMMUNITY STARTS WITH PROVIDING EXCEPTIONAL MEDICAL CARE TO EACH PATIENT AND EXTENDS TO FAMILIES AND ORGANIZATIONS THROUGHOUT THE REGION. THROUGH ITS COMMUNITY BENEFIT PROGRAM, THE HOSPITAL OFFERED SPECIAL HELP AND SUPPORT - FOR INDIVIDUALS OR FAMILIES EXPERIENCING FINANCIAL HARDSHIP TO EFFORTS OR ORGANIZATIONS STRIVING TO IMPROVE THE QUALITY OF LIFE FOR ALL. TOTAL 2011 COMMUNITY BENEFIT CONTRIBUTION EQUALED \$2,951,559 WHICH REPRESENTS 5.6% OF NET REVENUE. THIS FIGURE IS REPORTED AT COST PER THE CATHOLIC HEALTH ASSOCIATION (CHA) COMMUNITY BENEFIT REPORTING GUIDELINES AND IN ACCORDANCE WITH WISCONSIN HOSPITAL ASSOCIATION (WHA) REPORTING REQUIREMENTS. FINANCIAL ASSISTANCE AND HEALTHCARE ACCESS FOR LOW-INCOME INDIVIDUALS - \$128,109. FINANCIAL ASSISTANCE IS DEFINED AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE TO PAY FOR THE SERVICES THEY RECEIVE. THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION. THE HOSPITAL PROVIDED \$128,109 IN FREE OR DISCOUNTED CARE TO 284 LOW INCOME AND UNINSURED PATIENTS. FINANCIAL ASSISTANCE REPRESENTS ABOUT 0.26% OF THE HOSPITAL'S TOTAL OPERATING EXPENSES. CARE FOR MEDICAID PATIENTS - \$641,399. THE HOSPITAL PROVIDES INPATIENT AND OUTPATIENT CARE, INCLUDING EMERGENCY DEPARTMENT SERVICES, TO MEDICAID PATIENTS. PAYMENTS RECEIVED FOR THESE SERVICES ARE BELOW THE COST OF CARE PROVIDED. THE HOSPITAL'S EXPENSE TO COVER UNREIMBURSED MEDICAID COSTS FOR 4,902 PATIENTS TOTALED \$641,399. SUBSIDIZED HEALTH SERVICES - \$1,283,573. THE HOSPITAL IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS. IN 2011, LOSS ON SERVICES FOR INPATIENT AND OUTPATIENT HEALTH SERVICES INCLUDING EMERGENCY AND TRAUMA - OBSTETRIC, EMERGENCY DEPARTMENT, LABOR & DELIVERY, INFUSION CLINIC - ONCOLOGY, PHYSICAL THERAPY, PROGRAMS FOR CHANGE, RESPIRATORY THERAPY, AND REGIONAL BLOOD BANK TOTALED \$1,283,573.</p>

Identifier	Return Reference	Explanation
		<p>COMMUNITY HEALTH IMPROVEMENT SERVICES - \$415,684 NEARLY 14,000 PEOPLE BENEFITED FROM THE FOLLOWING PROGRAMS OR ACTIVITIES WHICH WERE CARRIED OUT AND SUPPORTED BY THE HOSPITAL IN 2011 FOR THE EXPRESS PURPOSE OF IMPROVING COMMUNITY HEALTH - COMMUNITY HEALTH EDUCATION (\$232,451) OVER 6,000 PEOPLE ATTENDED EDUCATIONAL PROGRAMS, CLASSES, SPECIAL EVENTS, HEALTH FAIRS OR SUPPORT GROUPS TAUGHT OR HOSTED BY MEDICAL AND CLINICS STAFF AND CAMPUS PARTNERS OR WERE HOSPITAL FITNESS CENTER MEMBERS (11 EDUCATION AND FITNESS TRAINING) TOTAL COMMUNITY HEALTH EDUCATION EXPENSES TOTALED \$232,451 CLASSES INCLUDED ADVANCED DIRECTIVES, BREASTFEEDING, BABY SIGN LANGUAGE, BABYSITTING CLASSES, FAMILY/PARENTING/SIBLING EDUCATION, HEART DISEASE, MEDICATION SAFETY, MENTAL HEALTH AND DEPRESSION, NUTRITION/WEIGHT MANAGEMENT, SCHOOL-BASED HEALTH EDUCATION AND WORKFORCE DEVELOPMENT - HAND HYGIENE, EFFECTS OF SMOKING, HEALTHY EATING AND PORTION CONTROL, CAREER DAY, ETC, AND YMCA PRESCHOOL SAFETY PROGRAM - RISK WATCH IN ADDITION, OVER 340 PEOPLE ATTENDED 16 FREE HEALTH SEMINARS ON RELEVANT HEALTH TOPICS OVER 60 CPR/AED AND FIRST-AID TRAINING CLASSES WERE OFFERED TO 1262 PARTICIPANTS, AS YOUNG AS 6TH GRADE SPECIAL HEALTH EDUCATION PROGRAMS AND EVENTS WERE PRESENTED TO AREA YOUTH (ANNUAL BIKE SAFETY CLINIC, GIRL SCOUT LEARNING MODULES, ETC) OVER 150 PARTICIPANTS ENJOYED AN EVENING OF ZEN - A HOLISTIC APPROACH TO BETTER HEALTH (MEDITATION, YOGA AND NUTRITION TIPS) OFFERED THROUGHOUT THE YEAR A RECORD NUMBER OF COMMUNITY MEMBERS, 160, ATTENDED THE WOMEN'S HEART EVENT - CLOSE TO MY HEART, COLLABORATION BETWEEN THE HOSPITAL, HOSPITAL FOUNDATION, HUDSON PHYSICIANS, AND A LOCAL GROCERY STORE THE EVENT FEATURED WOMEN'S HEART EDUCATION (WOMEN PHYSICIAN TAG TEAM - 2 INTERNISTS AND 1 CARDIOLOGIST), A HEART-HEALTHY DINNER, AND A FREE INGREDIENT GRAB BAG WHICH INCLUDED FRESH PRODUCE, OLIVE OIL, ETC AND RECIPES COMMUNITY-BASED HEALTH FAIRS INCLUDING THE UNIVERSITY OF WISCONSIN STUDENT HEALTH FAIR AND THE YMCA SENIOR HEALTH FAIR ATTRACTED OVER 125 PEOPLE, WHO LEARNED ABOUT PROGRAM FOR CHANGE (EFFECTS OF ALCOHOL AND BINGE DRINKING - HOSPITAL ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAM), ADVANCED DIRECTIVES AND LIVING WILLS, RECREATION THERAPY - THE BENEFITS OF MOTION AND MOVEMENT, AND MEDICATION SAFETY SUPPORT GROUPS FACILITATED BY HOSPITAL STAFF INCLUDED CANCER, NEW PARENT, SMOKING CESSATION, CELIAC AND SPRUE, AND WEIGHT AND WELLNESS 135 PEOPLE PARTICIPATED OTHER SUPPORT GROUPS OFFERED ON CAMPUS BY COMMUNITY PARTNERS INCLUDED CARDIOVASCULAR DISEASE, DIABETES, AND PARKINSON'S DISEASE HEALTH RESOURCE CENTER (HRC) IS OPERATED BY THE HOSPITAL AT A COST OF \$18,485 OVER 1200 PEOPLE UTILIZED MATERIALS OR SERVICES THE HRC IS A LENDING LIBRARY WHERE PATIENTS, THEIR FAMILY AND FRIENDS, STAFF AND COMMUNITY MEMBERS CAN ACCESS HEALTH AND WELLNESS INFORMATION FROM PRINT RESOURCES, INTERNET SITES, ORGANIZED EVENTS, AND STAFF ASSISTANCE FROM A REGISTERED NURSE OVER 1200 BOOKS AND MAGAZINES ARE CHECKED OUT ANNUALLY WELLNESS CLASSES ARE COORDINATED BY THE HRC AND ARE OPEN TO THE COMMUNITY AT NO OR LOW COST THE HOSPITAL FITNESS CENTER, AN ON-SITE COMMUNITY FITNESS CENTER USED BY 128 COMMUNITY MEMBERS INCLUDING PHASE 3 CARDIAC REHAB PROGRAM PARTICIPANTS, WAS AVAILABLE FOR USE OPERATING COSTS OF \$44,753 INCLUDED DEDICATED STAFF TIME TO ADMINISTER FITNESS AND EDUCATION PROGRAMS, SPACE USAGE, AND REDUCED FACILITY MEMBERSHIP FEES - COMMUNITY BASED CLINICAL SERVICES (\$4,126) THE HOSPITAL HOSTED NUMEROUS BLOOD DRIVES (160 DONORS) IN SUPPORT OF THE AMERICAN RED CROSS THROUGHOUT THE YEAR AT A COST OF \$4,126 - HEALTH CARE SUPPORT SERVICES - (\$179,107) IN 2011, OVER 7,500 PEOPLE REALIZED THE BENEFIT OF HEALTH CARE SUPPORT SERVICES AVAILABLE INCLUDING TRANSLATION/INTERPRETER SERVICES, VAN TRANSPORTATION, CRISIS INTERVENTION AND COUNSELING SERVICES, AND LIFELINE HOME MONITORING SYSTEM, TO NAME A FEW MORE SPECIFICALLY INFORMATION SERVICES AND REFERRAL IS A COMMUNITY RESOURCE PROVIDED BY THE HRC A REGISTERED NURSE ASSISTS HRC VISITORS/CALLERS WITH FREE EDUCATION CONSULTS, CUSTOM-RESEARCHED HEALTH INFORMATION, AND REFERRAL TO COMMUNITY SERVICES THIS SERVICE AVERAGES 100 REQUESTS PER MONTH SERVICE WAS PROVIDED AT A COST OF \$11,788 THE HOSPITAL'S GOOD SAMARITAN FUND, SUPPORTED BY HUDSON HOSPITAL FOUNDATION AND EMPLOYEE GIVING, DONATED \$1,775 TO HELP 21 INDIVIDUALS RECEIVING CARE ON THE HEALTH CAMPUS FUNDS PROVIDED WERE FOR URGENT AND EMERGENT NEEDS RELATED TO THEIR HEALTH INCLUDING DURABLE EQUIPMENT, NON-NARCOTIC PRESCRIPTION DRUGS, GAS CARDS, CLOTHING, ETC ENROLLMENT ASSISTANCE, INFORMATION AND REFERRAL SERVICES WERE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDERINSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS, EMPLOY ONE PATIENT FINANCIAL SERVICES REPRESENTATIVE TO OVERSEE ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS</p>

Identifier	Return Reference	Explanation
		<p>OGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE. IN 2011, THE HOSPITAL SPENT \$7,056 IN STAFF TIME TO ASSIST 170 PATIENTS ENROLL IN PUBLIC MEDICAL PROGRAMS, \$23,409 IN STAFF TIME TO GUIDE OR REFER 1,600 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$78,347 IN STAFF TIME TO GUIDE OR REFER 2,500 PATIENTS TO FINANCIAL ASSISTANCE PROGRAMS. FOR CHANGE, THE HOSPITAL'S OUTPATIENT CHEMICAL ADDICTION TREATMENT AND RECOVERY CARE PROGRAM, OFFERED PARENTS AND FAMILY MEMBERS THE OPPORTUNITY TO PARTICIPATE IN EDUCATIONAL LECTURES, GROUP DISCUSSION, AND FAMILY TREATMENT GROUPS FREE OF CHARGE IN SUPPORT OF THEIR LOVED ONE. THE HOSPITAL PROVIDED \$35,509 IN STAFF TIME TO SUPPORT THE 334 ATTENDEES. VAN TRANSPORTATION AND PHARMACY DELIVERY SERVICES WERE AVAILABLE TO COMMUNITY RESIDENTS WITHIN A 15-MILE RADIUS UPON REQUEST. OPERATING COSTS FOR THE PROGRAM TOTALED \$5,920. OVER 1,551 RESIDENTS TOOK ADVANTAGE OF THE SERVICES.</p> <p>HEALTH PROFESSIONS EDUCATION - \$188,660. THE HOSPITAL'S STAFF PROVIDED CLINICAL TRAINING FOR 83 NURSES AND NURSING STUDENTS AND 37 HEALTH PROFESSIONALS INCLUDING EMS FROM SEVENTEEN INSTITUTIONS AT A COST OF \$188,660. IN ADDITION, THE HOSPITAL VOLUNTARILY PARTICIPATED IN THE WISCONSIN NURSE RESIDENCY PROGRAM (WNRP). THE PROGRAM IS A STRUCTURED LEARNING EXPERIENCE FOR NEWLY LICENSED REGISTERED NURSES DESIGNED TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE. THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM.</p> <p>COMMUNITY HEALTH RESEARCH - \$4,998. HOSPITAL PARTICIPATED IN A GERIATRIC FALLS PREVENTION RESEARCH PROJECT IN COLLABORATION WITH REGIONS AND WESTFIELD'S HOSPITALS. THE PROJECT, FUNDED BY A HEALTHPARTNERS RESEARCH FOUNDATION GRANT, WILL CONTINUE INTO 2012. STAFF PARTICIPATED FROM OCTOBER - DECEMBER 2011 AT A COST OF \$4,998.</p> <p>CASH DONATIONS & GRANTS - \$8,240. THE HOSPITAL'S FINANCIAL CONTRIBUTION IN THE FORM OF CASH DONATIONS AND GRANTS TO OTHER TAX-EXEMPT COMMUNITY ORGANIZATIONS FOR SPONSORSHIPS OR MEMBERSHIP DUES INCLUDING HUDSON RELAY FOR LIFE, HUDSON ROTARY, HUDSON CHAMBER, TWIN CITIES HEART WALK, ETC. TOTALED \$8,240.</p> <p>IN-KIND DONATIONS - \$40,577. IN-KIND SERVICES PROVIDED INCLUDED STAFF HOURS SPENT IN SUPPORT OF BOARD OR COMMITTEE WORK (HUDSON ROTARY CLUB, ST. CROIX ECONOMIC DEVELOPMENT CORPORATION, ST. CROIX COUNTY SUBSTANCE ABUSE ADVISORY COMMITTEE, UW-RIVER FALLS CHANCELLOR ADVISORY COUNCIL, ST. CROIX VALLEY VISUAL ARTS COUNCIL, CANCER CENTER OF WESTERN WISCONSIN, ST. CROIX VALLEY YMCA, AND WISCONSIN HOSPITAL ASSOCIATION), MISSION TRIP SUPPLIES, SPECIAL EVENTS PLANNING (HEARTWALK, NAMM WALK, HUDSON RELAY FOR LIFE), AND OVERHEAD EXPENSES OF SPACE PROVIDED TO NOT-FOR-PROFIT COMMUNITY GROUPS FOR MEETINGS.</p>

Identifier	Return Reference	Explanation
		<p>COMMUNITY-BUILDING ACTIVITIES - \$69,588 THE HOSPITAL IS AN ENERGETIC MEMBER OF THE LOCAL, STATE AND REGIONAL COMMUNITIES AS THE HOSPITAL SUPPORTS INDIVIDUALS, ORGANIZATIONS, EVENTS AND PROGRAMS, IT LIVES OUT ITS COMMITMENT TO IMPROVE THE HEALTH OF THE COMMUNITY KNOWING MUCH MORE CAN BE ACCOMPLISHED TOGETHER, THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM BUILT VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS THE HOSPITAL PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTED ECONOMIC DEVELOPMENT, EMERGENCY PREPAREDNESS, LEADERSHIP DEVELOPMENT, COALITION BUILDING, HEALTH IMPROVEMENT ADVOCACY, AND WORKFORCE DEVELOPMENT INCLUDING THE TOBACCO COALITION, HEALTHWATCH OF ST CROIX COUNTY, WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), THE HEALING ARTS PROGRAM, HUDSON CHAMBER, SOMERSET MIDDLE SCHOOL CAREER ACADEMIC AND PERSONAL AND SOCIAL SKILLS (CAPS) CLASS, AND LEADERSHIP HUDSON - A PROGRAM DEDICATED TO PROMOTING AND DEVELOPING DYNAMIC BUSINESS AND COMMUNITY LEADERS THE HOSPITAL CONTINUED ON ITS ECO-FRIENDLY JOURNEY "HEALTH CARE WITHOUT HARM" (2008 COMMITMENT) USING SUSTAINABLE BUSINESS PRACTICES AND ESTABLISHING GREEN PURCHASING POLICIES IN ORDER TO PROVIDE HEALTH CARE THAT'S HEALTHY GREEN INITIATIVES INCLUDED THE RECYCLING PROGRAM, COMMUNITY SHARPS DISPOSAL SITE, REDUCTION OF ENERGY AND WATER CONSUMPTION, CREATION AND EXPANSION OF THE COMMUNITY GARDEN - HUDSON HOSPITAL & CLINICS IN SUPPORT OF HEALTHIER TOGETHER INITIATIVES, AND THE FOSTERING OF HEALING ENVIRONMENTS INCLUDING THE COMMUNITY LABYRINTH IMPLEMENTING SUSTAINABLE BUSINESS PRACTICES HAS MADE THE HUDSON HOSPITAL & CLINICS A MODEL WITHIN THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS HOSPITAL NUTRITION SERVICES CONTINUED ITS WORK IN SUPPORT OF THE HOSPITAL'S "HEALTHY FOOD IN HEALTH CARE" PLEDGE (2010) THE PLEDGE IS A COMMITMENT TO INCREASE OFFERINGS OF FRUITS AND VEGETABLES, REDUCE FATS AND SWEETENED FOODS, TAKE STEPS TO ENCOURAGE CURRENT VENDORS TO PROCURE LOCAL FOOD, AND WORK DIRECTLY WITH LOCAL FARMS THE HOSPITAL IS SHARING BEST PRACTICES AND ENCOURAGING OTHER HOSPITALS IN THE FAMILY TO INCREASE LOCAL PURCHASING THE HOSPITAL ALSO PARTICIPATES IN COMMUNITY SUPPORTED AGRICULTURE AND SERVES AS A DISTRIBUTION SITE FOR LOCALLY-GROWN FRESH, ORGANIC PRODUCE FOR STAFF AND COMMUNITY COMMUNITY BENEFIT OPERATIONS - \$170,731 COSTS ASSOCIATED WITH DEDICATED STAFF, PROGRAM OPERATIONS, RESOURCE EXPENSES, TRAINING, TRAVEL, WHA SURVEY COMPLETION, HEALTHIER TOGETHER CO-FACILITATION AND PROCESS EXPENSES (I.E. PLAN CREATIVE AND PRODUCTION), COST OF FUNDRAISING FOR COMMUNITY BENEFIT PROGRAMS, 2010 REPORT TO COMMUNITY (ANNUAL COMMUNITY BENEFIT REPORT PUBLICALLY AVAILABLE ON THE HOSPITAL'S WEBSITE), AND OTHER PROGRAM EXPENSES TOTALED \$170,731 THIS INVESTMENT REFLECTS THE HOSPITAL'S COMMITMENT TO COMMUNITY HEALTH IMPROVEMENT AND ITS COMMUNITY BENEFIT PROGRAM AND REPORTING PROCESS THE HOSPITAL "TELLS ITS STORY" IN ITS ANNUAL REPORT TO COMMUNITY TITLED "EACH DAY, HEALTHIER TOGETHER" THE REPORT, NOW AN ONLINE MICRO SITE (LIMITED REPORT PRINT QUANTITIES AVAILABLE) SUPPORTS THE HOSPITAL'S GREEN INITIATIVE AND SHARES HOSPITAL ACCOMPLISHMENTS, SUPPORT EFFORTS OF THE HOSPITAL FOUNDATION, HEALTHIER TOGETHER UPDATES AND LIFE-CHANGING VIDEOS FROM MEMBERS OF THE COMMUNITY</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	AS OF JANUARY 1, 2009, THE CORPORATE MEMBERS OF THE HOSPITAL ARE GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC THESE SAME ENTITIES ARE ALSO THE CORPORATE MEMBERS OF WESTFIELDS HOSPITAL, INC , A CRITICAL ACCESS HOSPITAL IN NEW RICHMOND, WISCONSIN GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC ARE PART OF THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE HOSPITAL'S BOARD OF DIRECTORS IS COMPRISED OF NOT MORE THAN THIRTEEN (13) PERSONS APPOINTED AS FOLLOWS (AMENDED BY LAWS, ART II, SECT 2) - SEVEN (7) COMMUNITY DIRECTORS NOMINATED BY THE BOARD'S NOMINATING COMMITTEE AND APPOINTED BY RH-WISCONSIN, INC - THREE (3) DIRECTORS APPOINTED BY GROUP HEALTH PLAN, INC , ONE OF WHOM MAY BE A PHISICIAN AND ONE OF WHOM MAY BE THE CHIEF EXECUTIVE OFFICER OF REGIONS HOSPITAL - ONE (1) DIRECTOR WHO IS A MEMBER OF THE ACTIVE MEDICAL STAFF OF THE HOSPITAL AND APPOINTED BY WESTERN WISCONSIN MEDCIAL ASSOCIATES, S C OR BY THE LARGEST ACTIVE PRIMARY CARE PHY SICIAN GROUP SERVING THE HOSPITAL - ONE (1) DIRECTOR SHALL BE THE HOSPITAL'S CHIEF OF STAFF - ONE (1) DIRECTOR SHALL BE A PHY SICIAN NOMINATED BY THE BOARD'S NOMINATING COMMITTEE AND APPOINTED BY RH-WISCONSIN, INC

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	THE HOSPITAL'S CORPORATE MEMBERS - RH-WISCONSIN, INC AND GROUP HEALTH PLAN, INC - JOINTLY APPROVE THE FOLLOWING ACTIONS OF THE BOARD OF DIRECTORS OR INITIATE THESE ACTIONS DIRECTLY (AMENDED BY LAWS, ART III, SECT 1) - AMENDMENT OF THE ARTICLES, BYLAWS OR OTHER GOVERNING DOCUMENTS - APPROVAL OF THE ADDITION OR DELETION OF MAJOR SERVICE LINES - SALE, LEASE, MORTGAGE OR PLEDGE OF ANY REAL ESTATE OR INTEREST THEREIN, OR OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS - ADOPTION OF AMENDMENT OF A STRATEGIC PLAN, AND CAPITAL AND OPERATING BUDGETS - APPROVAL OF UNBUDGETED CAPITAL EXPENDITURES - APPROVAL OF BORROWING OR LENDING OF FUNDS IN EXCESS OF ONE MILLION DOLLARS - MERGER, CONSOLIDATION, AFFILIATION OR JOINT VENTURE WITH ANY OTHER ENTITY AND TRANSFER OR CONTRIBUTION OF ASSETS AND FUNDS TO SEPARATE ENTITIES - ESTABLISHMENT OR DIVESTITURE OF ENTITIES OF WHICH THE HOSPITAL HAS AN EQUITY OR MANAGEMENT INTEREST, OR ESTABLISHMENT OF ANY SIGNIFICANT AND CONTINUING RELATIONSHIP WITH ANY ENTITY - APPOINTMENT AND REMOVAL OF THE HOSPITAL'S PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS - DISSOLUTION AND DISTRIBUTION OF ASSETS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE HOSPITAL'S 990 RETURN HAS A COMPREHENSIVE REVIEW PROCESS THAT IS FOLLOWED BEFORE IT IS PRESENTED TO THE GOVERNING BODY OF THE HOSPITAL. THE REVIEW PROCESS INCLUDES A LAYERED REVIEW BY THE TAX DEPARTMENT OF GROUP HEALTH PLAN, INC. (GHI), THE MANAGEMENT TEAM OF THE HOSPITAL, GHI'S INTERNAL LEGAL DEPARTMENT AND HEALTHPARTNERS, INC.'S OUTSIDE INDEPENDENT ACCOUNTANTS. EACH ONE OF THOSE AREAS HAS AN OPPORTUNITY TO REVIEW, ASK QUESTIONS AND MAKE COMMENTS BACK TO THE TAX DEPARTMENT OF GHI BEFORE THE FORM 990 IS COMPLETED AND PRESENTED TO THE GOVERNING BODY OF THE HOSPITAL. ONCE THAT REVIEW PROCESS HAS BEEN COMPLETED, IT IS THE POLICY OF THE HOSPITAL TO MAKE AVAILABLE TO THE FINANCE AND AUDIT COMMITTEE OF IT'S BOARD OF DIRECTORS, AND TO IT'S BOARD OF DIRECTORS, A COPY OF THE 990 PRIOR TO THE FILING OF THE 990 RETURN. THIS COPY IS PROVIDED TO THE FINANCE AND AUDIT COMMITTEE AND THE FULL BOARD OF DIRECTORS IN A PRE-MEETING PACKET, AND IS AN AGENDA ITEM AT THE COMMITTEE MEETING. THIS PROCESS IS NOTED AND DOCUMENTED IN THE WRITTEN COMMITTEE MINUTES OF THE MEETING. THESE MINUTES ARE PRESENTED TO THE FULL BOARD OF DIRECTORS.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	AS REQUIRED BY THE BYLAWS OF THE HOSPITAL, THE BOARD MONITORS POTENTIAL CONFLICTS OF INTEREST ON THE PART OF ITS BOARD MEMBERS, OFFICERS AND KEY EMPLOYEES BY MAINTAINING A CONFLICT OF INTEREST POLICY UNDER THE POLICY, ALL BOARD MEMBERS, PRINCIPAL OFFICERS, MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS AND KEY EMPLOYEES ANNUALLY ARE PROVIDED WITH A COPY OF THE POLICY AND REQUESTED TO COMPLETE A QUESTIONNAIRE IDENTIFYING ANY POTENTIAL CONFLICTS OF INTEREST THE GENERAL COUNSEL WILL SUMMARIZE THE FINDINGS FOLLOWING REVIEW OF THE QUESTIONNAIRE AND SUBMIT A REPORT TO THE CHAIR AND HOSPITAL PRESIDENT BOARD AGENDAS AND EXECUTIVE DECISIONS ARE MONITORED IN RELATION TO THIS POLICY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE HOSPITAL'S PRESIDENT AND CHIEF FINANCIAL OFFICER (CFO) ARE EMPLOYEES OF REGIONS HOSPITAL (REGIONS), A RELATED ORGANIZATION WHICH HAS AN ANNUAL PROCESS TO REVIEW THE MARKET COMPARABILITY OF THE TOTAL COMPENSATION OF THE HOSPITAL'S PRESIDENT AND CFO EACH YEAR, UNDER THE DIRECTION OF THE REGIONS BOARD OF DIRECTORS' COMPENSATION COMMITTEE, AN ANNUAL TOTAL COMPENSATION MARKET REVIEW IS COMPLETED THE REVIEW INCLUDES ALL COMPONENTS OF COMPENSATION, BASE SALARY, ANNUAL INCENTIVES, BENEFITS AND PERQUISITES THE MARKET SURVEY RESULTS ARE PRESENTED TO, REVIEWED BY AND APPROVED BY THE COMPENSATION COMMITTEE OF REGIONS THE COMPENSATION COMMITTEE'S MARKET REVIEW PROCESS AND SUBSEQUENT DECISIONS INCLUDE THE FOLLOWING ELEMENTS - INDEPENDENT BODY - COMMITTEE MEMBERS COMPLETE AN ANNUAL CONFLICT OF INTEREST SURVEY TO ASSURE THE COMMITTEE MEMBERS' INDEPENDENCE - STAFF IS NOT IN ROOM DURING DELIBERATIONS OR VOTE INCLUDING EXECUTIVE SESSIONS - AUTHORIZED BODY - REGIONS' BOARD OF DIRECTORS HAS DELEGATED TO THE COMPENSATION COMMITTEE THE ACCOUNTABILITY AND AUTHORITY TO REVIEW AND APPROVE THE COMPARABILITY DATA OF ALL OFFICERS AND ASSOCIATE MEDICAL DIRECTORS - REGIONS' BOARD OF DIRECTORS HAS DELEGATED TO THE COMPENSATION COMMITTEE THE ACCOUNTABILITY TO CONDUCT AN ANNUAL PERFORMANCE EVALUATION AND TO DETERMINE THE COMPENSATION OF ALL OFFICERS BASED ON THE PERFORMANCE REVIEW AND THE MARKET COMPARABILITY DATA - COMPARABILITY DATA - EVERY THREE YEARS, THE COMPENSATION COMMITTEE RETAINS AN INDEPENDENT COMPENSATION EXPERT TO CONDUCT AN EXTENSIVE MARKET COMPARABILITY SURVEY FOR ALL OFFICERS OF THE ORGANIZATION WITH THE INPUT OF THE CONSULTANT, THE COMPENSATION COMMITTEE DETERMINES APPROPRIATE PEER GROUPS INCLUDING BOTH LOCAL AND NATIONAL PEER GROUPS THE SURVEY CONSIDERS EACH ELEMENT OF TOTAL COMPENSATION AND AGGREGATE TOTAL COMPENSATION BASED ON THIS DATA, THE COMPENSATION COMMITTEE DETERMINES MINIMUM AND MAXIMUM TOTAL COMPENSATION RANGES FOR EACH OFFICER IN INTERIM YEARS, THE REGIONS HR DEPARTMENT, UNDER THE COMPENSATION COMMITTEE'S DIRECTION USES THE SAME RECOGNIZED THIRD PARTY SALARY SURVEYS TO DETERMINE MEDIAN SALARY STRUCTURE CHANGES AND AVERAGE SALARY INCREASES BASED ON THIS UPDATED DATA, THE COMPENSATION COMMITTEE DETERMINES THE TOTAL COMPENSATION RANGES FOR EACH OFFICER - THE ELEMENTS OF TOTAL COMPENSATION ARE SALARY, INCENTIVES, BENEFITS AND PERQUISITES - PROPER CONTEMPORANEOUS DOCUMENTATION - MINUTES OF THE COMPENSATION COMMITTEE ARE PREPARED AFTER EACH MEETING AND APPROVED AT THE NEXT MEETING - TOTAL COMPENSATION IS APPROPRIATELY REPORTED ON THE FORM 990 AND ON THE EMPLOYEE'S W-2 THE HOSPITAL'S OTHER OFFICERS ARE EMPLOYEES OF THE HOSPITAL THE HOSPITAL COMPENSATION PROGRAM CONSISTS OF KEY POINTS - SALARY RANGES ARE DETERMINED BY UTILIZING PUBLISHED SALARY SURVEY DATA AND LOCAL JOB MARKET INFORMATION (TYPICALLY HRRAM'S ANNUAL SURVEY) - RANGES ARE UPDATED ANNUALLY DURING MAY BY THE HOSPITAL'S HR DEPARTMENT - RANGES ARE POSITION SPECIFIC AND ARE 95-100% OF THE TWIN CITY MARKET OR 100% OF THE WI DATA (THE HIGHER OF THE TWO) - REGIONS COMPENSATION DEPARTMENT IS REFERENCED FOR NON-MATCHING POSITIONS WITH HRRAM DATA - WISCONSIN HOSPITAL ASSOCIATION (WHA) SALARY SURVEY IS ALSO REFERENCED FOR SENIOR LEADERS AND EXECUTIVE POSITIONS - PLACEMENT IN THE RANGE IS DETERMINED BY JOB DESCRIPTION REQUIREMENTS, INCLUDING EDUCATION, TRAINING, EXPERIENCE, LENGTH OF TIME IN THE POSITION, AND PERFORMANCE IN THE POSITION - POSITIONS WITHIN MANAGEMENT COUNCIL UTILIZE THE COMPA-RATIO FOR REVIEW OF SALARY RANGES TYPICALLY MANAGERS WILL BE 0.90 OR GREATER, DEPENDING ON SKILLS, MANAGEMENT EXPERIENCE, ETC</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL FINANCIAL STATEMENTS AND 990 RETURNS ARE MADE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION FROM THE HOSPITAL THE HOSPITAL'S ARTICLES OF INCORPORATION ARE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION THROUGH THE WISCONSIN SECRETARY OF STATE'S OFFICE THE HOSPITAL'S CONFLICT OF INTEREST POLICY CAN BE VIEWED THROUGH THE HUDSON HOSPITAL.ORG WEBSITE

Identifier	Return Reference	Explanation
AVERAGE HOURS - RELATED ORGANIZATIONS	FORM 990, PART VII, SECTION A, LINE 1A, COLUMN (B)	DIRECTORS AND OFFICERS OF THE HOSPITAL ARE EMPLOYED AND COMPENSATED BY GROUP HEALTH PLAN, INC , REGIONS HOSPITAL, OR THE HOSPITAL REPORTED AVERAGE HOURS WORKED ARE BASED ON THEIR TOTAL COMPENSATION FROM ALL RELATED ORGANIZATIONS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	CONTRIBUTION OF LONG-LIVED ASSETS 18,673 INCREASE IN INTEREST IN NET ASSETS OF HUDSON HOSPITAL FOUNDATION 180,802 TRANSFER OF NET ASSETS TO HUDSON HOSPITAL FOUNDATION, INC -160,796 TOTAL TO FORM 990, PART XI, LINE 5 38,679

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HEALTHPARTNERS ADMINISTRATORS INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1629390	THIRD PARTY ADMINISTRATOR	MN	HEALTHPARTNERS INC	C			
(2) HEALTHPARTNERS ASSOCIATES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 52-2365151	MEDICAL CLINIC STAFFING AND ASSET MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			
(3) HEALTHPARTNERS SERVICES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1683568	MEDICAL CLINIC STAFFING AND ASSET MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			
(4) HEALTHPARTNERS VENTURES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1838197	DEVELOP HEALTHCARE BUSINESS OPPORTUNITIES	MN	HEALTHPARTNERS INC	C			
(5) HEALTHPARTNERS INSURANCE COMPANY 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1683523	MEDICAL AND DENTAL INSURANCE	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			
(6) DENTAL SPECIALTIES INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 45-1297583	PROFESSIONAL DENTAL SERVICES	MN	HEALTHPARTNERS ADMINISTRATORS INC	C			

Part V

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

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

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

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

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

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

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

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

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

m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

q Other transfer of cash or property to related organization(s)

r Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

No

No

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) HUDSON HOSPITAL FOUNDATION INC	B	160,796	CASH AMOUNT
(2) HUDSON HOSPITAL FOUNDATION INC	C	83,799	CASH AMOUNT
(3) HUDSON HOSPITAL FOUNDATION INC	L		
(4) HUDSON HOSPITAL FOUNDATION INC	M		
(5) HUDSON HOSPITAL FOUNDATION INC	N		
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

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

Software ID:

Software Version:

EIN: 39-0804125

Name: HUDSON HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	g Section 512 (b)(13) controlled organization	
HEALTHPARTNERS INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1693838	HYBRID STAFF MODEL/NETWORK MODEL HEALTH MAINTENANCE ORGANIZATION	MN	501(C) (4)		N/A		No
GROUP HEALTH PLAN INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-0797853	STAFF MODEL HEALTH MAINTENANCE ORGANIZATION	MN	501(C) (3)	170(B)(1) (A)(III)	HEALTHPARTNERS INC		No
HUDSON HOSPITAL FOUNDATION INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 39-1279567	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	WI	501(C) (3)	170(B)(1) (A)(VI)	HUDSON HOSPITAL INC		No
RH-WISCONSIN 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 20-2287016	CORPORATE PLANNING AND OVERSIGHT	WI	501(C) (3)	509(A)(3) TYPE II	HPI - RAMSEY		No
HEALTHPARTNERS CENTRAL MINNESOTA CLINICS INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1236798	PRIMARY AND SPECIALTY PATIENT CARE	MN	501(C) (3)	170(B)(1) (A)(III)	GROUP HEALTH PLAN INC		No
HPI - RAMSEY 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1793333	CORPORATE PLANNING AND OVERSIGHT	MN	501(C) (3)	509(A)(3) TYPE I	HEALTHPARTNERS INC		No
HEALTHPARTNERS INSTITUTE FOR MEDICAL EDUCATION 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1835843	MEDICAL EDUCATION	MN	501(C) (3)	509(A)(3) TYPE I	HEALTHPARTNERS INC		No
HEALTHPARTNERS RESEARCH FOUNDATION 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1670163	HEALTHCARE RESEARCH	MN	501(C) (3)	509(A)(3) TYPE I	GROUP HEALTH PLAN INC		No
CAPITAL VIEW TRANSITIONAL CARE CENTER 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-2011453	POST HOSPITALIZATION PATIENT CARE	MN	501(C) (3)	170(B)(1) (A)(III)	HPI - RAMSEY		No
RAMSEY INTEGRATED HEALTH SERVICES 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1503090	IN-HOME PATIENT CARE	MN	501(C) (3)	509(A)(2)	HPI - RAMSEY		No
REGIONS HOSPITAL 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-0956618	HOSPITAL	MN	501(C) (3)	170(B)(1) (A)(III)	HPI - RAMSEY		No
REGIONS HOSPITAL FOUNDATION 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1888902	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	MN	501(C) (3)	170(B)(1) (A)(VI)	HPI - RAMSEY		No
RHSC INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 41-1891928	HEALTHCARE STAFFING	MN	501(C) (3)	509(A)(3) TYPE II	HEALTHPARTNERS INC		No
WESTFIELDS HOSPITAL INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 39-0808442	HOSPITAL	WI	501(C) (3)	170(B)(1) (A)(III)	RH-WISCONSIN		No
WESTFIELDS HOSPITAL FOUNDATION INC 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 39-1770913	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	WI	501(C) (3)	509(A)(3) TYPE I	WESTFIELDS HOSPITAL INC		No
PHYSICIANS NECK AND BACK CLINICS 8170 33RD AVENUE SOUTH PO BOX 1309 MINNEAPOLIS, MN 554401309 27-0684883	SPECIALTY PATIENT CARE	MN	501(C) (3)	509(A)(3) TYPE II	GROUP HEALTH PLAN INC		No
WVWESTERN WISCONSIN EMERGENCY MEDICAL SERVICES COMPANY 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 26-3616590	PROVIDE MEDICAL TRANSPORT SERVICES	WI	501(C) (3)	509(A)(3) TYPE II	RH-WISCONSIN		No
LAKEVIEW MEMORIAL HOSPITAL FOUNDATION 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1386635	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	MN	501(C) (3)	509(A)(3) TYPE II	STILLWATER HEALTH SYSTEM		No
LAKEVIEW MEMORIAL HOSPITAL ASSOCIATION INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-0811697	HOSPITAL	MN	501(C) (3)	170(B)(1) (A)(III)	STILLWATER HEALTH SYSTEM		No
ST CROIX VALLEY HEALTHCARE & RESEARCH FOUNDATION 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1923524	FOUNDATION	MN	501(C) (3)	PF	STILLWATER HEALTH SYSTEM		No

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
STILLWATER MEDICAL GROUP 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 83-0379473	PHYSICIANS GROUP	MN	501(C)(3)	509(A)(2)	STILLWATER HEALTH SYSTEM		No
STILLWATER HEALTH SYSTEM 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 30-0221189	CORPORATE PLANNING AND OVERSIGHT	MN	501(C)(3)	509(A)(3) TYPE II	HPI - RAMSEY		No



HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Table of Contents

	Page(s)
Independent Auditors' Report	1 – 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position as of December 31, 2011 and 2010	3
Consolidated Statements of Activities for the years ended December 31, 2011 and 2010	4
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2011 and 2010	5
Consolidated Statements of Cash Flows for the years ended December 31, 2011 and 2010	6
Notes to Consolidated Financial Statements	7 – 21
Additional Consolidating Schedules	
Consolidating Schedules of Financial Position Information as of December 31, 2011 and 2010	22 – 23
Consolidating Schedules of Activities Information for the years ended December 31, 2011 and 2010	24 – 25
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 – 27
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	28 – 29
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32 – 33



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Directors
Hudson Hospital, Inc
Minneapolis, Minnesota

We have audited the accompanying consolidated statements of financial position of Hudson Hospital, Inc and subsidiary (Hudson Hospital) as of December 31, 2011 and 2010, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Hudson Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hudson 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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hudson Hospital, Inc and subsidiary as of December 31, 2011 and 2010, and the consolidated results of their operations, changes in their net assets, and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of Hudson Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



Our audits were conducted for the purpose of forming an opinion on the 2011 and 2010 consolidated financial statements taken as a whole. The 2011 and 2010 consolidating schedules and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the consolidated financials. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the 2011 and 2010 basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financials themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2011 and 2010 basic consolidated financial statements taken as a whole.

KPMG LLP

March 29, 2012

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

December 31, 2011 and 2010

Assets	2011	2010
Current assets		
Cash and cash equivalents	\$ 16,363,161	11,568,578
Investments	1,300,044	1,327,427
Assets limited as to use required for current liabilities	986,435	984,721
Patient receivables, less allowance for uncollectible accounts (\$9,463,993 in 2011 and \$8,783,694 in 2010)	6,778,385	8,235,625
Pledges receivable – capital campaign	136,098	—
Intercompany receivables	173,741	—
Affiliate receivables	49,491	70,814
Other receivables	654,932	51,049
Inventories	930,704	954,620
Prepaid expenses	180,032	207,454
Total current assets	27,553,023	23,400,288
Assets limited as to use	5,637,443	5,248,157
Property, plant, and equipment, net	32,591,645	33,999,008
Other assets		
Pledges receivable – capital campaign, net of current portion	185,635	353,640
Deferred financing costs, net of accumulated amortization of \$228,157 in 2011 and \$201,315 in 2010	483,152	509,994
Investment in joint ventures	531,821	211,511
Total other assets	1,200,608	1,075,145
Total assets	\$ 66,982,719	63,722,598
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ 740,000	702,780
Accounts payable		
Trade	1,157,869	580,302
Intercompany	1,827,323	2,043,009
Accrued expenses		
Salaries, wages, and benefits	2,782,832	2,703,157
Real estate taxes	156,716	146,844
Interest	592,973	610,916
Deferred revenue	16,871	19,354
Other	150,000	—
Due to third-party payors	866,706	896,355
Total current liabilities	8,291,290	7,702,717
Long-term debt, less current maturities	22,165,000	22,905,000
Total liabilities	30,456,290	30,607,717
Net assets		
Unrestricted	35,886,437	32,425,222
Temporarily restricted	558,302	607,969
Permanently restricted	81,690	81,690
Total net assets	36,526,429	33,114,881
Total liabilities and net assets	\$ 66,982,719	63,722,598

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Statements of Activities

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue		
Net patient service revenue	\$ 50,421,486	46,532,308
Other revenue	<u>2,719,857</u>	<u>1,720,836</u>
Total revenue	<u>53,141,343</u>	<u>48,253,144</u>
Expenses		
Salaries and employee benefits	27,443,543	25,442,904
Supplies, drugs, and minor equipment	8,571,744	7,637,551
Purchased services and other	6,585,792	5,697,078
Facility rent, utilities, and maintenance	1,249,025	1,200,045
Depreciation and amortization	2,988,816	2,913,270
Provision for bad debts	1,756,996	1,481,522
Interest	<u>1,304,418</u>	<u>1,342,164</u>
Total expenses	<u>49,900,334</u>	<u>45,714,534</u>
Net operating gain	<u>3,241,009</u>	<u>2,538,610</u>
Nonoperating gains (losses)		
Investment income	85,048	294,345
Loss on sale or disposal of equipment	—	(16,498)
Equity in earnings of investment in joint ventures	15,310	15,541
Unrestricted contributions	<u>—</u>	<u>26,052</u>
Total nonoperating gains	<u>100,358</u>	<u>319,440</u>
Excess of revenue over expenses	3,341,367	2,858,050
Net assets released from restrictions	119,848	23,236
Other	<u>—</u>	<u>18,903</u>
Increase in unrestricted net assets	<u>\$ 3,461,215</u>	<u>2,900,189</u>

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY**Consolidated Statements of Changes in Net Assets**

Years ended December 31, 2011 and 2010

	2011	2010
Unrestricted net assets – beginning balance	\$ 32,425,222	29,525,033
Excess of revenue over expenses	3,341,367	2,858,050
Net assets released from restrictions	119,848	23,236
Other	—	18,903
Unrestricted net assets – ending balance	35,886,437	32,425,222
Temporarily restricted net assets – beginning balance	607,969	571,537
Contributions, pledges, and grants, net of expenses	70,181	78,571
Net assets released from restrictions	(119,848)	(23,236)
Other	—	(18,903)
Temporarily restricted net assets – ending balance	558,302	607,969
Permanently restricted net assets	81,690	81,690
Total beginning net assets	33,114,881	30,178,260
Increase in net assets	3,411,548	2,936,621
Total ending net assets	\$ 36,526,429	33,114,881

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 3,411,548	2,936,621
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	2,961,974	2,886,428
Provision for bad debts	1,756,996	1,481,522
Loss on sale or disposal of property and equipment	—	16,498
Change in net realized gains and losses on investments	42,421	(142,592)
Equity in earnings of joint venture	(15,310)	(15,541)
Amortization of deferred financing costs	26,842	26,842
Net change in pledge discounts and pledges written off	(18,093)	—
(Increase) decrease in		
Patient receivables – net	(299,756)	(3,850,384)
Intercompany receivables	(173,741)	68,692
Affiliate receivables	21,323	13,939
Other receivables	(603,883)	(34,776)
Inventories	23,916	(90,180)
Prepaid expenses	27,422	867,549
Increase (decrease) in		
Trade accounts payable	577,567	(871,614)
Intercompany accounts payable	(215,686)	1,594,261
Affiliate accounts payable	—	(3,600)
Accrued expenses	237,064	372,567
Accrued interest payable	(17,943)	(13,693)
Third-party pay or settlement payable	(29,649)	544,111
Net cash provided by operating activities	<u>7,713,012</u>	<u>5,786,650</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,554,611)	(2,375,533)
Purchase interest in Cancer Center of Western Wisconsin	(305,000)	(40,000)
Purchase of investments	(14,154)	(132,564)
Purchase of assets limited as to use	(391,884)	(346,074)
Net cash used in investing activities	<u>(2,265,649)</u>	<u>(2,894,171)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(702,780)	(697,186)
Change in pledges receivable	50,000	—
Net cash used in financing activities	<u>(652,780)</u>	<u>(697,186)</u>
Increase in cash and cash equivalents	4,794,583	2,195,293
Cash and cash equivalents – beginning	<u>11,568,578</u>	<u>9,373,285</u>
Cash and cash equivalents – ending	<u>\$ 16,363,161</u>	<u>11,568,578</u>
Supplemental disclosure of cash flow information		
Cash payments for interest	\$ 1,322,361	1,355,587

See accompanying notes to consolidated financial statements

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(1) Summary of Significant Accounting Policies

(a) Organization and Purpose

The Hudson Hospital, Inc. and subsidiary consolidated financial statements include the consolidated operations of Hudson Hospital, Inc. (the Hospital) and Hudson Hospital Foundation, Inc. (the Foundation), collectively referred to herein as Hudson Hospital. The Hospital is a not-for-profit corporation, incorporated under the laws of the state of Wisconsin. The Hospital is licensed as a 25-bed critical access acute care hospital located in Hudson, Wisconsin. The Foundation was established to provide financial support and assistance to Hudson area health facilities, community health education programs, education activities of students in healthcare fields, and for such other charitable purposes as determined by the Foundation's board of directors.

(b) Basis of Accounting

The consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, including contractual allowances, allowances for doubtful accounts receivable and charity care, due to third-party payors, and general and professional liability reserves that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Hudson Hospital considers investments with a maturity of three months or less to be cash and cash equivalents, and is carried at cost, which approximates fair value. Cash and cash equivalents held for long term or restricted as to use are classified as investments and are excluded from cash and cash equivalents.

(e) Patient Receivables

The Hospital provides an allowance for uncollectible accounts based on management's judgment. Patients and residents are not required to provide collateral for services provided. Payment for services is required within 30 days of receipt of invoice. Past-due accounts are individually analyzed for collectibility and then turned over to collection agents. Accounts for which no payments have been received are analyzed and after approval are written off. In addition, an allowance is estimated for other accounts based on historical experience of the Hospital.

(f) Inventories

The inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(g) Investments

Hudson Hospital has classified its entire investment portfolio as trading, with unrealized gains and losses included in investment income. Unrealized gains and losses on temporarily restricted and permanently restricted investments are reported as temporary or permanently restricted, if the use of investment income is restricted by donors.

(h) Assets Limited as to Use

Held by Trustee under Bond Agreement

Consists of funds of the Hospital held by the Trustee under the bond indenture agreements for bond reserves and debt sinking funds.

Donor Restricted

Consists of deposits and investments at fair value set aside by the Foundation's board of directors for an endowment and for capital expenditures, and restricted by donors for capital and other expenditures.

(i) Unamortized Bond Issuance Costs

Unamortized bond issuance costs of the Hospital are being amortized over the period the obligation is outstanding, using the straight-line method, which approximates the effective-interest rate method.

(j) Impairment of Long-Lived Assets

Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related, expected future net cash flows be less than the carrying value, an impairment loss could be recognized dependent upon other considerations. There were no impairments taken in 2011 and 2010.

(k) Property, Plant, and Equipment, Net

Property, plant, and equipment, net is recorded at cost and depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Land improvements	5 – 40 years
Buildings and building service equipment	10 – 40 years
Equipment	3 – 15 years

Equipment under capital lease is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(l) *Pledges Receivable*

Pledges, less an allowance for estimated uncollectible amounts and discounts on pledges, are recorded as receivables and temporarily restricted net assets in the year the pledge is made

(m) *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those assets whose use by Hudson Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Hudson Hospital in perpetuity.

(n) *Excess of Revenue over Expenses*

The consolidated statements of activities include excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

(o) *Net Patient Service Revenue*

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. 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.

(p) *Uncompensated Care*

The Hospital provides care to patients without regard to the patient's ability to pay. Upon determining that a patient meets the Hospital's established charity care criteria, the charges for services provided are determined to qualify as uncompensated care and are not reported as revenue. The cost associated with providing uncompensated care was \$134,122 and \$248,534 for the years ended December 31, 2011 and 2010, respectively.

(q) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to Hudson Hospital are reported at fair value at the date the promise is received. Conditional payments to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

received are reported as unrestricted contributions in the accompanying consolidated financial statements

Hudson Hospital reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Hudson Hospital reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(r) Tax-Exempt Status

The Hospital and the Foundation are Wisconsin nonprofit corporations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Hudson Hospital's accounting policy provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Hudson Hospital recorded no liabilities in 2011 or 2010 for unrecognized tax benefits.

(s) Recent Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2010-23, *Health Care Entities – Measuring Charity Care for Disclosure*, which requires a standardized process be used by healthcare entities that provide charity care to determine the measurement basis. Cost will be used as the measurement basis for disclosure purposes and should be broken down between direct and indirect costs for providing charity care. The Hospital adopted this policy in 2011.

(2) Net Patient Service Revenue

Third-Party Reimbursement Agreements

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

(a) Medicare

The Hospital has been designated a Critical Access Hospital (CAH) for Medicare reimbursement purposes. As a CAH, the Hospital is reimbursed for inpatient, swing bed, and outpatient services to Medicare patients on a reasonable cost basis. Medicare reimburses the Hospital for these services using interim rates, with a final settlement determined based on an annual cost report that is filed by the Hospital. This cost report is subject to audits by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through December 31, 2008.

(b) Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon reasonable cost subject to certain limits.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 28% and 8%, respectively, of the Hospital's net patient service revenue for the year ended 2011, and 26% and 7%, respectively, of the Hospital's net patient service revenue for the year ended 2010. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The 2011 and 2010 net patient service revenue increased by \$616,567 and \$567,578, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

A summary of patient service revenue and contractual adjustments is as follows for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Gross patient service revenue	\$ 83,435,952	74,356,248
Contractual adjustments		
Medicare	(12,330,649)	(10,156,899)
Medicaid	(4,565,070)	(4,190,829)
Other allowances and adjustments	<u>(16,118,747)</u>	<u>(13,476,212)</u>
Total contractual adjustments	<u>(33,014,466)</u>	<u>(27,823,940)</u>
Net patient service revenue	<u>\$ 50,421,486</u>	<u>46,532,308</u>

(3) Investments and Assets Limited as to Use

Investments, stated at fair value, at December 31, 2011 and 2010 include the following:

	<u>2011</u>	<u>2010</u>
Mutual funds	\$ 1,229,491	1,255,947
Beneficial interest in St. Croix Valley Foundation	70,553	71,480

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Assets limited as to use, stated at fair value, at December 31, 2011 and 2010 follow

	<u>2011</u>	<u>2010</u>
Under bond agreement		
Cash and cash equivalents	\$ 3,851,282	3,461,922
U S Treasury obligations	1,412,787	1,412,977
Debt securities	986,435	984,721
	<u>6,250,504</u>	<u>5,859,620</u>
Less amounts shown as current	<u>(986,435)</u>	<u>(984,721)</u>
Total under bond agreement	<u>5,264,069</u>	<u>4,874,899</u>
Unemployment reserve and other		
Cash and cash equivalents	58,035	57,919
Certificates of deposit	315,339	315,339
Total unemployment reserve and other	<u>373,374</u>	<u>373,258</u>
Total assets limited as to use, net of current portion	<u>\$ 5,637,443</u>	<u>5,248,157</u>

Investment Income

Investment income and unrealized gains and losses for investments and assets limited as to use and cash and cash equivalents comprise the following for the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Interest income	\$ 127,469	151,753
Unrealized (losses) gains, net	<u>(42,421)</u>	<u>142,592</u>
Total	<u>\$ 85,048</u>	<u>294,345</u>

(4) Fair Value of Financial Instruments

All financial instruments are carried at fair value, with the exception of long-term debt, which had a carrying value of \$22,905,000 and \$23,605,000 and a fair value of \$23,347,601 and \$24,157,000 at December 31, 2011 and 2010, respectively

The following methods and assumptions were used to estimate the fair value of each class of financial instruments

(a) Cash and Cash Equivalents

The carrying amount approximates fair value because due to the short duration of these investments

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(b) Investments and Assets Limited as to Use

The fair values are based on quoted market prices at the reporting date where available. For securities not actively traded, fair value is estimated based on investments with similar interest rates, credit quality, yield, and maturity.

(c) Pledges receivable

The fair values are determined by using the income approach by estimating the present value of the expected future cash flows based on the best information available.

(d) Long-Term Debt

The fair value of the Hospital's long-term debt is estimated based on quoted market prices for similar issues, as advised by the Hospital's investment bankers.

Hudson Hospital established a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The determination of the level within the hierarchy is based on the lower level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities |
| Level 2 | Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly |
| Level 3 | Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. The unobservable inputs reflect the Hudson Hospital's own assumptions |

Hudson Hospital has developed the following guidelines to report investments into the three-level hierarchy for establishing fair market measurements:

- | | |
|---------|---|
| Level 1 | Active markets
Observable and highly liquid securities
Vendor-based evaluation
Last trade price for identical securities
Dollar price quotes from broker/dealers for identical securities |
| Level 2 | Active but impaired markets
Quoted prices for similar assets
Observable inputs other than quoted prices |
| Level 3 | Illiquid or distressed markets
Unobservable inputs
Hudson Hospital designed models to calculate fair value |

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Hudson Hospital has classified its investments as cash equivalents, U S Treasury obligations, debt securities, equity securities, and mutual funds

The following is a description of the valuation methodologies used for investments held and carried at fair value

The fair value of equity securities is based on quoted prices from national exchanges. The fair value of mutual funds prices is derived from the underlying security values and is based on quoted prices from national exchanges and commonly used third-party pricing services. Hudson Hospital obtains one price for each mutual fund primarily from a national exchange or third-party pricing service, which generally uses Level 1 and Level 2 inputs for the determination of fair value.

The following table presents the level within the fair value hierarchy at which the Hudson Hospital's invested are measured on a recurring basis at December 31, 2011 and 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2011				
Cash equivalents	\$ 4,224,656	—	—	4,224,656
U S Treasury obligations	1,412,787	—	—	1,412,787
Debt securities	—	986,435	—	986,435
Mutual funds	1,229,491	—	—	1,229,491
Beneficial interest in St. Croix Valley Fund	—	70,553	—	70,553
Total cash equivalents and investments at fair value	<u>\$ 6,866,934</u>	<u>1,056,988</u>	<u>—</u>	<u>7,923,922</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2010				
Cash equivalents	\$ 3,835,180	—	—	3,835,180
U S Treasury obligations	1,412,977	—	—	1,412,977
Debt securities	—	984,721	—	984,721
Mutual funds	1,255,947	—	—	1,255,947
Beneficial interest in St. Croix Valley Fund	—	71,480	—	71,480
Total cash equivalents and investments at fair value	<u>\$ 6,504,104</u>	<u>1,056,201</u>	<u>—</u>	<u>7,560,305</u>

Hudson Hospital did not have significant transfers between Levels 1 and 2 during the years ended December 31, 2011 and 2010

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(5) Pledges Receivable – Capital Campaign

Hudson Hospital received pledges from corporations and individuals in the community to raise funds for the construction of the campus. Unconditional promises to give at December 31, 2011 and 2010 are as detailed in the following schedule:

		<u>2011</u>	<u>2010</u>
The St. Paul Foundation	\$	300,000	400,000
Other		50,000	—
		<u>350,000</u>	<u>400,000</u>
Less:			
Discount on pledges		<u>(28,267)</u>	<u>(46,360)</u>
Net pledges receivable		321,733	353,640
Less current portion		<u>136,098</u>	<u>—</u>
Pledges receivable, net of current portion	\$	<u><u>185,635</u></u>	<u><u>353,640</u></u>

(6) Property, Plant, and Equipment, Net

A summary of the costs and the related accumulated depreciation at December 31, 2011 and 2010 is as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Accumulated depreciation and amortization</u>	<u>Cost</u>	<u>Accumulated depreciation and amortization</u>
Land	\$ 12,136,252	—	12,136,252	—
Land improvements	837,983	506,074	744,187	445,088
Buildings	29,403,047	14,665,133	29,388,511	12,949,212
Fixed equipment	12,699,956	7,314,386	11,263,546	6,139,188
	<u>\$ 55,077,238</u>	<u>22,485,593</u>	<u>53,532,496</u>	<u>19,533,488</u>
Property, plant, and equipment, net		\$ 32,591,645		\$ 33,999,008

(7) Investment in Joint Venture

The Hospital holds a 25% interest in St. Croix Valley Shared Services, Inc. d/b/a Adoray Home Health and Hospice. The Hospital accounts for its investment using the equity method.

In 2010, the Hospital entered into a joint venture with the Cancer Center of Western Wisconsin. At December 31, 2011, the Hospital holds a 23.68% interest in the Cancer Center of Western Wisconsin.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

The investment balance at December 31, 2011 and 2010 consists of the following

	2011	2010
Beginning balance equity in Adoray earnings	\$ 171,511	155,970
Hospital's share of net income	15,310	15,541
Ending balance equity in Adoray earnings	186,821	171,511
Investment in Cancer Center of Western Wisconsin	345,000	40,000
Total joint venture investment	\$ 531,821	211,511

(8) Long-Term Debt

Long-term debt at December 31, 2011 and 2010 consisted of the following

Description	2011	2010
Wisconsin Health and Educational Facilities Authority FHA-Insured Mortgage Revenue Bonds, Series 2002, 3.0% to 5.7%, due in varying semiannual installments through January 2029	\$ 22,905,000	23,605,000
Capital lease obligations	—	2,780
Total long-term debt	22,905,000	23,607,780
Less current portion	(740,000)	(702,780)
Long-term portion	\$ 22,165,000	22,905,000

Annual principal payments due on long-term debt are as follows

	Long-term debt
Year ending December 31	
2012	\$ 740,000
2013	780,000
2014	830,000
2015	875,000
2016	930,000
Thereafter	18,750,000
Total	\$ 22,905,000

(a) *FHA-Insured Mortgage Revenue Bonds Series 2002*

Wisconsin Health and Educational Facilities FHA-Insured Mortgage Revenue Bonds, Series 2002 were issued on behalf of the Hospital in the total original amount of \$27,475,000 in April 2002

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Substantially all of the mortgaged property of the Hospital campus is pledged as collateral on the FHA Revenue Bonds

Principal and interest payments on the bonds are due each January 15 and July 15 through maturity of January 15, 2029. Interest rates on bonds range from 3.00% to 5.70%.

(b) Leases

Hudson Hospital leases certain equipment under noncancelable long-term lease agreements. Certain leases have been recorded as capitalized leases and others as operating leases.

The total cost and accumulated amortization of assets under capital lease are as follows:

	<u>2011</u>	<u>2010</u>
Fixed equipment	\$ —	156,014
Less accumulated amortization (included as depreciation and amortization on the accompanying consolidated financial statements)	—	(93,608)
	<u>\$ —</u>	<u>62,406</u>

Total lease expense on long-term operating leases during 2011 and 2010 was \$337,277 and \$325,567, respectively. Minimum future lease payments for the operating leases are as follows:

	<u>Operating leases</u>
Year ending December 31	
2012	\$ 334,821
2013	302,291
2014	171,850
2015	141,437
2016	127,445
Thereafter	192,865
Total	<u>\$ 1,270,709</u>

(9) Temporarily and Permanently Restricted Net Assets

(a) Permanently Restricted Net Assets

The Foundation's endowment was established by the donor for which income is expendable to support the mission of the Foundation and is included in the investments account of the Foundation. As required by GAAP, net assets associated with endowment funds, including designated by the board of directors as to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Interpretation of Relevant Law

The State of Wisconsin's State Management of Institutional Funds Act (the Act) was effective in 1972, and amended through 1999. The board of directors of the Foundation has interpreted the Act 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. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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.

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for their investment funds, including the permanent endowments that attempt to provide a balance of long-term capital appreciation, preservation of capital, and income production to support additional resources for the continuation and expansion of the charitable mission of the Foundation. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that outperform the S&P 500 Index.

Strategies Employed for Achieving Results

To satisfy its long-term capital appreciation and expected results, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within the risk constraints.

Spending Policy

The Foundation has a policy, based upon the intent of the donor-restricted endowed assets, to spend the earnings from the endowment fund for current operations to support the mission of the Foundation.

Permanently restricted net assets of \$81,690 are investments in perpetuity, the income of which is available for nursing scholarships and capital expenditures.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(b) *Temporarily Restricted Net Assets*

Temporarily restricted net assets are available for the following purposes at December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Purchase of property and equipment	\$ 86,688	78,378
Nursing scholarships	9,959	6,298
Pledges	271,733	353,640
Other	189,922	169,653
	<u>\$ 558,302</u>	<u>607,969</u>

In 2011 and 2010, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose in the amounts of \$119,848 and \$23,236, respectively. These amounts are included in net assets released from restrictions in the consolidated financial statements.

(10) **Clinic Lease**

The Hospital has a Lease Agreement (Lease) with Western Wisconsin Medical Associates, S C (WWMA) for the buildings and equipment of the clinic facility located on the Hospital's campus. The Lease Agreement associated with the campus became effective on July 1, 2003 and extends until June 30, 2029. WWMA has the right to terminate the lease at the end of the 120th full-month of the term, the 180th full-month of the term, and the 240th full-month of the term, and at no other time, subject to certain termination fees as specified in the Lease.

The annual base rent for the subsequent five years of the Lease, from July 1 to June 30, is noted below.

	<u>Amount</u>
Year ending June 30	
2012	\$ 558,599
2013	558,599
2014	608,599
2015	608,599
2016	608,599

In addition to the annual base rent, WWMA is also responsible for additional rent payments for operating costs including, but not limited to, real estate taxes, utilities, building operating costs, property/casualty insurance, future capital improvements, and other expenses. Total revenue recognized by the Hospital for rent and operating costs was \$590,339 and \$538,867 for the years ended December 31, 2011 and 2010, respectively, and is included in the consolidated statements of activities as other revenue.

(11) **Affiliated Organizations**

Key management personnel of the Hospital, including the chief executive officer and chief financial officer, are employees of Regions Hospital (Regions), a related organization of the Hospital and a

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

subsidiary of HPI. The Hospital reimburses Regions for their salaries and benefits expenses. In addition, the Hospital also purchases certain emergency physician services, training services, and other items from HPI. The amounts paid to HPI in relation to these contracts and services amounted to \$23,153,501 and \$8,678,101 for the years ended December 31, 2011 and 2010, respectively. Amounts due to HPI as of December 31, 2011 and 2010 totaled \$1,653,582 and \$2,043,009, respectively. These amounts are reflected as intercompany payables and receivables on the accompanying consolidated statements of financial position.

(12) Pledged Assets

The State of Wisconsin allows organizations to invest in certificates of deposit to fund the State of Wisconsin unemployment reserve fund. At December 31, 2011 and 2010, the Hospital has a certificate of deposit at a local bank totaling \$315,339 to fund the unemployment reserve fund. As of December 31, 2011 and 2010, no amounts were drawn on the certificate of deposit.

(13) Defined Contribution Pension Plan

The Hospital has established a defined contribution plan for all its eligible employees. The Hospital contributes 3% of annual compensation for those plan participants contributing a minimum of 1% of their annual compensation. For those employees attaining 15 or more years of continuous service, the Hospital will contribute between 4% and 8% of the employees' annual compensation assuming the employee contributes an equal percentage. Pension expense for the years ended December 31, 2011 and 2010 was \$548,761 and \$392,280, respectively.

(14) Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured by third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2011 and 2010 was as follows:

	2011	2010
Medicare	23%	34%
Medicaid	9	9
HMO/PPO	38	33
Commercial insurance	13	10
Private pay	17	14
Accounts receivable, net	100%	100%

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(15) Commitments and Contingencies

(a) *Malpractice Insurance*

The Hospital has professional liability insurance with limits of \$1,000,000 per claim and \$3,000,000 in aggregate for claims made during a policy year (claims-made basis). Losses in excess of the professional liability insurance are fully covered through the Hospital's mandatory participation in the Wisconsin Injured Patients and Families Compensation Fund. No liability for claims incurred but not reported as of the balance sheet date has been provided based on management's assessment of hospital-specific claim incurred and reporting patterns.

(b) *Risk Management*

Hudson Hospital is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous year in any of the Hudson Hospital's policies.

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, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation 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.

(16) Functional Expenses

Hudson Hospital provides general healthcare services, program services, and fund-raising services within its geographic location. Expenses related to providing these services are as follows:

	2011	2010
Healthcare services	\$ 43,103,266	40,495,635
General and administrative	6,470,265	5,029,896
Fund-raising	45,291	37,998
Taxes and assessments	281,512	151,005
	<u>\$ 49,900,334</u>	<u>45,714,534</u>

(17) Subsequent Events

Hudson Hospital has evaluated subsequent events from the consolidated balance sheet date through March 29, 2012, the date at which the consolidated financial statements were issued, and determined there are no other items to disclose.

HUDSON HOSPITAL, INC. AND SUBSIDIARY
Consolidating Schedule of Financial Position Information
December 31, 2011

Assets	Hospital	Foundation	Elimination	Consolidated
Current assets				
Cash and cash equivalents	\$ 15,970,730	392,431	—	16,363,161
Investments held at Foundation	—	1,300,044	—	1,300,044
Assets limited as to use required for current liabilities	986,435	—	—	986,435
Patient receivables, less allowance for uncollectible accounts	6,778,385	—	—	6,778,385
Pledges receivable – capital campaign	86,098	50,000	—	136,098
Intercompany receivables	—	173,741	—	173,741
Affiliate receivables	49,491	—	—	49,491
Other receivables	654,932	—	—	654,932
Inventories	930,704	—	—	930,704
Prepaid expenses	180,032	—	—	180,032
Total current assets	<u>25,636,807</u>	<u>1,916,216</u>	<u>—</u>	<u>27,553,023</u>
Assets limited as to use	5,637,443	—	—	5,637,443
Property and equipment, net	32,565,024	26,621	—	32,591,645
Other assets				
Pledges receivable – capital campaign, net of current portion	185,635	—	—	185,635
Deferred financing costs, net of accumulated amortization	483,152	—	—	483,152
Interest in net assets of Hudson Hospital Foundation	1,746,514	—	(1,746,514)	—
Investment in joint venture	531,821	—	—	531,821
Total other assets	<u>2,947,122</u>	<u>—</u>	<u>(1,746,514)</u>	<u>1,200,608</u>
Total assets	<u>\$ 66,786,396</u>	<u>1,942,837</u>	<u>(1,746,514)</u>	<u>66,982,719</u>
Liabilities and Net Assets				
Current liabilities				
Current maturities of long-term debt	\$ 740,000	—	—	740,000
Accounts payable				
Trade	1,111,546	46,323	—	1,157,869
Intercompany	1,827,323	—	—	1,827,323
Affiliate	—	—	—	—
Accrued expenses				
Salaries, wages, and benefits	2,782,832	—	—	2,782,832
Real estate taxes	156,716	—	—	156,716
Interest	592,973	—	—	592,973
Deferred revenue	16,871	—	—	16,871
Other	—	150,000	—	150,000
Due to third-parties	866,706	—	—	866,706
Total current liabilities	<u>8,094,967</u>	<u>196,323</u>	<u>—</u>	<u>8,291,290</u>
Long-term debt, less current maturities	<u>22,165,000</u>	<u>—</u>	<u>—</u>	<u>22,165,000</u>
Total liabilities	<u>30,259,967</u>	<u>196,323</u>	<u>—</u>	<u>30,456,290</u>
Net assets				
Unrestricted	34,508,182	1,378,255	—	35,886,437
Temporarily restricted	1,936,557	286,569	(1,664,824)	558,302
Permanently restricted	81,690	81,690	(81,690)	81,690
Total net assets	<u>36,526,429</u>	<u>1,746,514</u>	<u>(1,746,514)</u>	<u>36,526,429</u>
Total liabilities and net assets	<u>\$ 66,786,396</u>	<u>1,942,837</u>	<u>(1,746,514)</u>	<u>66,982,719</u>

See accompanying independent auditors' report

HUDSON HOSPITAL, INC. AND SUBSIDIARY
Consolidating Schedule of Financial Position Information
December 31, 2010

Assets	Hospital	Foundation	Elimination	Consolidated
Current assets				
Cash and cash equivalents	\$ 11,449,919	118,659	—	11,568,578
Investments held at Foundation	—	1,327,427	—	1,327,427
Assets limited as to use required for current liabilities	984,721	—	—	984,721
Patient receivables, less allowance for uncollectible accounts	8,235,625	—	—	8,235,625
Affiliate receivables	70,814	128,112	(128,112)	70,814
Other receivables	51,049	—	—	51,049
Inventories	954,620	—	—	954,620
Prepaid expenses	207,454	—	—	207,454
Total current assets	21,954,202	1,574,198	(128,112)	23,400,288
Assets limited as to use	5,248,157	—	—	5,248,157
Property, plant, and equipment, net	33,996,118	2,890	—	33,999,008
Other assets				
Pledges receivable – capital campaign, net of current portion	353,640	—	—	353,640
Deferred financing costs, net of accumulated amortization	509,994	—	—	509,994
Interest in net assets of Hudson Hospital Foundation	1,565,712	—	(1,565,712)	—
Investment in joint venture	211,511	—	—	211,511
Total other assets	2,640,857	—	(1,565,712)	1,075,145
Total assets	\$ 63,839,334	1,577,088	(1,693,824)	63,722,598
Liabilities and Net Assets				
Current liabilities				
Current maturities of long-term debt	\$ 702,780	—	—	702,780
Accounts payable				
Trade	568,926	11,376	—	580,302
Intercompany	2,171,121	—	(128,112)	2,043,009
Affiliate	—	—	—	—
Accrued expenses				
Salaries, wages, and benefits	2,703,157	—	—	2,703,157
Real estate taxes	146,844	—	—	146,844
Interest	610,916	—	—	610,916
Deferred revenue	19,354	—	—	19,354
Due to third parties	896,355	—	—	896,355
Total current liabilities	7,819,453	11,376	(128,112)	7,702,717
Long-term debt, less current maturities	22,905,000	—	—	22,905,000
Total liabilities	30,724,453	11,376	(128,112)	30,607,717
Net assets				
Unrestricted	31,195,529	1,229,693	—	32,425,222
Temporarily restricted	1,837,662	254,329	(1,484,022)	607,969
Permanently restricted	81,690	81,690	(81,690)	81,690
Total net assets	33,114,881	1,565,712	(1,565,712)	33,114,881
Total liabilities and net assets	\$ 63,839,334	1,577,088	(1,693,824)	63,722,598

See accompanying independent auditors' report

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidating Schedule of Activities Information

Year ended December 31, 2011

	<u>Hospital</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenue				
Net patient service revenue	\$ 50,421,486	—	—	50,421,486
Other revenue	2,554,907	164,950	—	2,719,857
Total revenue	<u>52,976,393</u>	<u>164,950</u>	<u>—</u>	<u>53,141,343</u>
Expenses				
Salaries and employee benefits	27,375,410	68,133	—	27,443,543
Supplies, drugs, and minor equipment	8,565,916	5,828	—	8,571,744
Purchased services and other	6,495,646	90,146	—	6,585,792
Facility rent, utilities, and maintenance	1,249,025	—	—	1,249,025
Depreciation and amortization	2,985,457	3,359	—	2,988,816
Provision for bad debts	1,756,996	—	—	1,756,996
Interest, net	1,304,418	—	—	1,304,418
Total expenses	<u>49,732,868</u>	<u>167,466</u>	<u>—</u>	<u>49,900,334</u>
Net operating gain	<u>3,243,525</u>	<u>(2,516)</u>	<u>—</u>	<u>3,241,009</u>
Nonoperating gains (losses)				
Investment income (loss)	114,033	(28,985)	—	85,048
Loss on sale or disposal of equipment	—	—	—	—
Equity in earnings of investment in joint venture	15,310	—	—	15,310
Unrestricted contributions	—	—	—	—
Total nonoperating gains (losses)	<u>129,343</u>	<u>(28,985)</u>	<u>—</u>	<u>100,358</u>
Excess of revenue over expenses	<u>3,372,868</u>	<u>(31,501)</u>	<u>—</u>	<u>3,341,367</u>
Net assets released from restrictions	81,907	37,941	—	119,848
Other	—	—	—	—
Transfer of net assets to Hudson Hospital	18,673	(18,673)	—	—
Transfer of net assets to Hudson Hospital Foundation	(160,796)	160,796	—	—
Increase in unrestricted net assets	<u>\$ 3,312,652</u>	<u>148,563</u>	<u>—</u>	<u>3,461,215</u>

See accompanying independent auditors' report

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Consolidating Schedule of Activities Information

Year ended December 31, 2010

	<u>Hospital</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenue				
Net patient service revenue	\$ 46,532,308	—	—	46,532,308
Other revenue	1,587,593	133,243	—	1,720,836
Total revenue	<u>48,119,901</u>	<u>133,243</u>	<u>—</u>	<u>48,253,144</u>
Expenses				
Salaries and employee benefits	25,391,306	51,598	—	25,442,904
Supplies, drugs and minor equipment	7,635,603	1,948	—	7,637,551
Purchased services and other	5,619,713	77,365	—	5,697,078
Facility rent, utilities and maintenance	1,200,045	—	—	1,200,045
Depreciation and amortization	2,911,290	1,980	—	2,913,270
Provision for bad debts	1,481,522	—	—	1,481,522
Interest, net	1,342,164	—	—	1,342,164
Total expenses	<u>45,581,643</u>	<u>132,891</u>	<u>—</u>	<u>45,714,534</u>
Net operating gain	<u>2,538,258</u>	<u>352</u>	<u>—</u>	<u>2,538,610</u>
Nonoperating gains (losses)				
Investment income	136,834	157,511	—	294,345
Loss on sale or disposal of equipment	(16,498)	—	—	(16,498)
Equity in earnings of investment in joint venture	15,541	—	—	15,541
Unrestricted contributions	26,052	—	—	26,052
Total nonoperating gains	<u>161,929</u>	<u>157,511</u>	<u>—</u>	<u>319,440</u>
Excess of revenue over expenses	<u>2,700,187</u>	<u>157,863</u>	<u>—</u>	<u>2,858,050</u>
Net assets released from restrictions	—	23,236	—	23,236
Other	18,903	—	—	18,903
Transfer of net assets to Hudson Hospital	30,067	(30,067)	—	—
Transfer of net assets to Hudson Hospital Foundation	(129,455)	129,455	—	—
Change in net assets of Hudson Hospital Foundation	<u>335,820</u>	<u>—</u>	<u>(335,820)</u>	<u>—</u>
Increase (decrease) in unrestricted net assets	<u>\$ 2,955,522</u>	<u>280,487</u>	<u>(335,820)</u>	<u>2,900,189</u>

See accompanying independent auditors' report



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Directors
Hudson Hospital, Inc

We have audited the consolidated financial statements of Hudson Hospital, Inc and subsidiary (the Hospital) as of and for the year ended December 31, 2011, and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of the Hospital's management, the Board of Directors, others within the entity, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties

KPMG LLP

March 29, 2012



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

**Independent Auditors' Report on Compliance with Requirements That Could Have
a Direct and Material Effect on Each Major Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133**

The Board of Directors
Hudson Hospital, Inc

Compliance

We have audited the Hudson Hospital, Inc and subsidiary's (the Hospital) compliance with the types of compliance requirements described in the U S Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2011. The Hospital's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Hospital's management. Our responsibility is to express an opinion on the Hospital's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Hospital's compliance with those requirements.

In our opinion, the Hospital complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hospital's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned



functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Hospital's management, the Board of Directors, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 29, 2012

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Schedule of Expenditures of Federal Awards

Year ended December 31, 2011

Federal grantor/program title	CFDA number	Outstanding loan amount	Federal expenditures
U S Department of Housing and Urban Development FHA Insured 242 Loan Program	14 128	\$ 21,317,701	21,317,701

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2011

(1) Scope of Audit Pursuant to OMB Circular A-133

All federal grant operations of the Hospital are included in the scope of the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (revised March 2010, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted within the schedule of expenditures of federal awards.

(2) Summary of Significant Accounting Policies – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) is presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule includes all federal grants, contracts, and loans entered into by the Hospital that had activity during the fiscal year ended December 31, 2011.

Loans made to the Hospital by U.S. Department of Housing and Urban Development (HUD) are included as federal expenditures in the accompanying schedule of expenditures of federal awards. Loans outstanding with HUD total of \$21,317,701 as of December 31, 2011. For the year ended December 31, 2011, the Hospital had no subrecipients.

(3) Contingency

All federal financial assistance programs are subject to review and audit by the grantor agency. Such audits could lead to requests for reimbursements to the grantor agency for costs disallowed under the terms of the program. It is the opinion of management that all costs charged against the federal program are allowable under the regulations of the program.

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

A. Summary of Auditors' Results

Financial Statements

- | | | |
|-----|---|-------------|
| (1) | Type of auditors' report issued | Unqualified |
| (2) | Internal control over financial reporting | |
| | • Material weaknesses identified | No |
| | • Significant deficiencies identified that are not considered to be material weaknesses | No |
| (3) | Noncompliance material to financial statements noted | No |

Federal Awards

- | | | |
|-----|--|-------------|
| (4) | Internal control over major program | |
| | • Material weakness identified | No |
| | • Significant deficiencies identified that are not considered to be material weaknesses | No |
| (5) | Type of auditors' report issued on compliance for major programs | Unqualified |
| (6) | Any audit findings that are required to be reported under Section 0 510(a) of Circular A-133 | No |
| (7) | Identification of major federal programs | |

	<u>CFDA or contract no.</u>		<u>Amount</u>
FHA Insured 242 Loan Program	14 128	\$	21,317,701

- | | | |
|-----|---|------------|
| (8) | Dollar threshold used to distinguish between Type A and Type B programs | |
| | Federal | \$ 300,000 |

- | | | |
|-----|---|-----|
| (9) | Auditee qualified as a low-risk auditee under Section 0 530 of OMB Circular A-133 | Yes |
|-----|---|-----|

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

HUDSON HOSPITAL, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs

Year ended December 31, 2011

C. Findings and Questioned Costs Relating to Federal Awards

None