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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
Methodist Medical Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1420 Centerpoint Blvd Bldg C

City or town, state or country, and ZIP + 4
Knoxville, TN 379321960

D Employer identification number
62-0636239

E Telephone number
(865) 374-6864

G Gross receipts $ 186,553,892

F Name and address of principal officer
Anthony L Spezia
100 Ft Sanders W Blvd
Knoxville, TN 37922

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

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

H(c) Group exemption number ▶

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

J Website: ▶ http //www mmcoakridge com

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

L Year of formation 1959

M State of legal domicile TN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Methodist Medical Center is a 301-bed full service, acute care hospital and regional referral center located in Oak Ridge, Tennessee It is a member of the Covenant Health system

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	21
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	16
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,349
6	Total number of volunteers (estimate if necessary)	**6**	234
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	-7,682
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	549,857	338,843
9	Program service revenue (Part VIII, line 2g)	180,792,612	180,076,014
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,490,750	2,069,750
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	827,009	823,816
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	183,660,228	183,308,423
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	51,985	92,001
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)	67,291,042	68,704,881
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	117,296,216	118,553,204
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	184,639,243	187,350,086
19	Revenue less expenses Subtract line 18 from line 12	-979,015	-4,041,663

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	198,347,611	190,559,810
21	Total liabilities (Part X, line 26)	29,166,548	28,829,392
22	Net assets or fund balances Subtract line 21 from line 20	169,181,063	161,730,418

Part II Signature Block

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

Sign Here

****** | 2012-11-07
Signature of officer | Date

JOHN T GEPPI EVP/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions)
Self Prepared			

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ | EIN ▶ | Phone no ▶

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

See Schedule O Methodist Medical Center provides quality healthcare, in alignment with Covenant Health's mission to serve the community by improving the quality of life through better health regardless of a patient's ability to pay

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the 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 $ 35,619,143 including grants of $) (Revenue $ 31,846,809)

Surgical Services See Schedule O Surgical Services Expenses-$35,619,143, Revenue-$31,846,809In 2011, surgeons at Methodist Medical Center performed procedures on 17,856 patients in several surgical specialty areas, including Neurology and Neurosurgery, and Vascular Surgery Under the clinical leadership of a board-certified neurosurgeon with a doctorate in neuroscience / anatomy, Methodist Medical Center's neurosurgery staff is committed to restoring quality of life to the fullest extent possible Surgery is performed on patients with malignant, benign and metastatic brain tumors, aneurysms and malformations of the blood vessels, head and spinal injuries, herniated discs, epilepsy, and other conditions of the head, neck and back Sophisticated imaging tools such as Methodist Medical Center's 3Tesla MRI provide detailed views of the central nervous system However, images of the brain, spinal cord, nerves and muscles alone are not always enough when medical problems occur The medical center's neurodiagnostic services include a full-range of studies including EEG's, somatosensory and visual response tests, and nerve conduction and transcranial Doppler studies These tests allow physicians to gather more data to better diagnose and treat problems such as stroke, Parkinson's disease, Alzheimer's, cerebral palsy, brain tumors, spinal cord function, headaches, vision loss and other conditions Vascular surgeons at Methodist perform procedures throughout the body to remove blockages in arteries, bypass diseased arteries, and replace vascular areas weakened by aneurysms Examples include life-saving surgery for patients with carotid artery disease or inadequate blood flow to the kidneys or digestive organs, angiography, prosthetic grafts, balloon angioplasty, stents and stent-grafts

4b (Code) (Expenses $ 30,560,091 including grants of $) (Revenue $ 30,843,574)

Cardiac Services See Schedule O Cardiac Services Expenses-$30,560,091, Revenue-$30,843,574Methodist Medical Center offers a complete continuum of heart care beginning with prevention efforts such as education, exercise programs, diet and stress management, early detection, diagnosis, treatment and rehabilitation, and advanced new treatments The hospital treated 12,296 cardiac patients in 2011 Diagnostics and treatment at Methodist Medical Center include electrophysiology studies Traditional tests of irregular heartbeats record only the irregular heartbeats that occur during testing With these tests, doctors may not obtain the detailed data they need to find the exact source of the problem Using sophisticated technology, a specially trained cardiologist causes the irregular heartbeats to occur during a test With information the doctor obtains, he or she can not only diagnose the source of the irregular heartbeats, but also - determine the effectiveness of certain medications in dealing with the condition, - predict a patient's risk for sudden cardiac death, and - determine whether the patient needs a pacemaker or other device implanted near the heart Methodist Medical Center's highly trained cardiologists, nurses and technicians combine their extensive skills with the latest technology in the areas of bypass surgery, procedures involving pacemakers, drug-eluting stents and cardiac defibrillators, angioplasty and emergency treatment They also perform echocardiograms, electrocardiograms and stress tests Telemetry monitoring is available for critical patients, and cardiac rehabilitation services, therapy, dietary consultation and congestive heart failure education classes are also provided at the facility In addition, the facility offers heart screenings to the community and promotes cardiac education and wellness through community health fairs and seminars The organization's goal is to provide excellent care to an increasing number of cardiac patients in its service area, as well as to promote cardiac education and wellness through community health fairs and educational seminars

4c (Code) (Expenses $ 24,806,617 including grants of $) (Revenue $ 22,447,175)

Orthopedic Services See Schedule O Orthopedic Surgery Services Expenses-$24,806,617, Revenue-$22,447,175Methodist Medical Center's board-certified orthopedic surgeons are skilled in diagnosing and treating bone, muscle and joint disorders Specialty areas include total hip and knee replacement, spinal surgeries, fractures, complex rotator cuff/shoulder repairs and hand reconstruction The hospital treated 5,808 orthopedic surgery patients in 2011 Intense inpatient rehabilitation begins after surgery in a group setting It is one way of maximizing the patient's chance for a full recovery Outpatient therapy may be continued at Methodist Therapy Center, which offers advanced physical, speech and occupational therapies for both adults and children The therapy staff specializes in treating a variety of orthopedic, neurologic, and medical problems, with an emphasis on helping individuals overcome disability caused by disease, injury, development abnormality, or amputation The physical therapy staff at Methodist Medical Center provides care for orthopedic, neurologic, and medical rehabilitation of individuals with neck, lower back, arm and leg injuries, sports and overuse injuries, arthritis, stroke, brain injury, and post-amputation needs Specialty programs include sports medicine, wound/burn care, and aquatic therapy

(Code) (Expenses $ 91,830,638 including grants of $ 92,001) (Revenue $ 95,163,889)

As a full-service acute care, regional medical center, Methodist Medical Center treats patients across a broad spectrum of medical specialties in addition to those highlighted above

4d Other program services (Describe in Schedule O)

(Expenses $ 91,830,638 including grants of $ 92,001) (Revenue $ 95,163,889)

4e **Total program service expenses** ▶ $ 182,816,489

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see 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? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part 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 ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** 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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		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? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		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? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	190		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,349			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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	21		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	16		
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		No
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		No
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		No
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	Yes	

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	Yes	
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		No

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☑ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization 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 ▶

Nancy Beck
1420 Centerpoint Blvd Bldg C
Knoxville, TN 37932
(865) 374-6864

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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								1,060,135	3,627,040	229,269

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 8

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
Cardinal Health 1330 Enclave Parkway Houston, TX 77077	Pharmacy Management	10,157,136
GE Healthcare POBox 402076 Atlanta, GA 303842076	Maintenance & Service contract	3,499,281
Sodexo Inc & Affiliates PO Box 536922 Atlanta, GA 303536922	Cafeteria Management	2,190,192
Covenant Medical Management 280 Ft Sanders W Blvd Ste 205 Knoxville, TN 37922	Physician Services	2,026,807
SE Emergency Physicians 1431 Centerpoint Blvd Ste 100 Knoxville, TN 37932	Hospitalist Services	1,688,995

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 ▶ 24

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	283,432			
	e	Government grants (contributions)	1e	52,411			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,000			
	g	Noncash contributions included in lines 1a-1f $ 17,444					
	h	**Total.** Add lines 1a-1f		338,843			
Program Service Revenue			Business Code				
	2a	Medical Services	622110	178,970,440	178,970,440		
	b	Rental Inc - Affiliate	531120	723,704	723,704		
	c	Community Health	900099	381,870	381,870		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		180,076,014			
	3	Investment income (including dividends, interest and other similar amounts)		2,224,001			2,224,001
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	2,396,636				
	b	Less rental expenses	2,981,158				
	c	Rental income or (loss)	-584,522				
	d	Net rental income or (loss)		-584,522		-7,682	-576,840
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses		154,251			
	c	Gain or (loss)		-154,251			
	d	Net gain or (loss)		-154,251			-154,251
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a	137,078			
	b	Less cost of goods sold	b	110,060			
	c	Net income or (loss) from sales of inventory		27,018			27,018
		Miscellaneous Revenue	Business Code				
	11a	Cafeteria Sales	722212	994,706			994,706
	b	Medical Records	561410	136,727	136,727		
	c	Volunteer Sales	541990	100,639			100,639
	d	All other revenue		149,248	88,706		60,542
	e	**Total.** Add lines 11a–11d		1,381,320			
	12	**Total revenue.** See Instructions		183,308,423	180,301,447	-7,682	2,675,815

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	66,759	66,759		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	25,242	25,242		
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	362,993		362,993	
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	54,670,182	53,640,461	1,029,721	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,254,513	1,244,370	10,143	
9	Other employee benefits	8,667,362	8,515,231	152,131	
10	Payroll taxes	3,749,831	3,680,539	69,292	
11	Fees for services (non-employees)				
a	Management	8,478,794	7,995,584	483,210	
b	Legal	69,906	51,721	18,185	
c	Accounting	34,693		34,693	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	15,256,561	15,139,668	116,893	
12	Advertising and promotion	661,711	42,491	619,220	
13	Office expenses	6,578,959	6,378,160	200,799	
14	Information technology				
15	Royalties . .				
16	Occupancy	5,052,349	4,272,694	779,655	
17	Travel	26,045	21,861	4,184	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	47,832	16,793	31,039	
20	Interest	151,462	151,462		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	10,569,978	10,164,035	405,943	
23	Insurance	406,117	402,701	3,416	
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	Hospital Supplies	38,209,951	38,209,951		
b	Charity Care	16,878,939	16,878,939		
c	Bad Debts	11,996,718	11,996,718		
d	Sponsorship Expense	1,886,846	1,886,846		
e					
f	All other expenses	2,246,343	2,034,263	212,080	
25	**Total functional expenses.** Add lines 1 through 24f	187,350,086	182,816,489	4,533,597	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		3,965	1	3,965
	2	Savings and temporary cash investments		-976,609	2	-672,568
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		16,061,099	4	15,162,008
	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		5,699,223	8	5,292,217
	9	Prepaid expenses and deferred charges		1,584,337	9	1,454,871
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 235,490,068			
	b	Less accumulated depreciation	10b 147,051,440	95,246,256	10c	88,438,628
	11	Investments—publicly traded securities		80,214,580	11	80,411,248
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		514,760	15	469,441
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		198,347,611	16	190,559,810
Liabilities	17	Accounts payable and accrued expenses		21,868,580	17	20,577,870
	18	Grants payable			18	
	19	Deferred revenue		269,143	19	206,630
	20	Tax-exempt bond liabilities			20	
	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		198,057	23	116,362
	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		6,830,768	25	7,928,530
	26	**Total liabilities.** Add lines 17 through 25		29,166,548	26	28,829,392
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		169,181,063	27	161,730,418
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		169,181,063	33	161,730,418
	34	Total liabilities and net assets/fund balances		198,347,611	34	190,559,810

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	183,308,423
2	Total expenses (must equal Part IX, column (A), line 25)	2	187,350,086
3	Revenue less expenses Subtract line 2 from line 1	3	-4,041,663
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	169,181,063
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-3,408,982
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	161,730,418

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Methodist Medical Center

Employer identification number
62-0636239

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

Part II **Support Schedule for Organizations Described in 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 (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 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 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 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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 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
Methodist Medical Center

Employer identification number
62-0636239

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

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

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

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

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

		(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	702,930	715,206	724,481	851,056	
b	Contributions	199,562	232,442	260,401	267,989	
c	Investment earnings or losses	12,167	7,606	4,744	10,291	
d	Grants or scholarships	249,832	249,656	269,842	400,497	
e	Other expenditures for facilities and programs	4,364	2,668	4,578	4,358	
f	Administrative expenses					
g	End of year balance	660,463	702,930	715,206	724,481	

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

- a Board designated or quasi-endowment ▶ 13 400 %
- b Permanent endowment ▶ 36 100 %
- c Term endowment ▶ 50 500 %

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		8,359,000		8,359,000
b Buildings		110,856,031	57,668,957	53,187,074
c Leasehold improvements		9,202,402	4,779,952	4,422,451
d Equipment		102,505,051	81,359,126	21,145,925
e Other		4,567,584	3,243,405	1,324,178
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				88,438,628

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Due to Affiliates, Net	778,139
Due to Third Party Payors	3,832,578
Long-term Deferred Compensation	404,156
Long-term Reserve for Workers Comp	2,913,657
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	7,928,530

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Methodist Hospital Foundation maintains four (4) permanent endowments for the purpose of providing a permanent source of income for the following programs at Methodist Medical Center The Hospitality Houses, The Wellness Place, and the Jane Manly Quiet Room The principal of all four permanent endowments will be kept intact in perpetuity Only the income generated will be distributed to Methodist Medical Center to provide support for the aforementioned programs
Description of Uncertain Tax Positions Under FIN 48	Part X	Note G to the consolidated audited financial statements of Covenant Health, the parent company of Methodist Medical Center, reads in part At December 31, 2011, tax returns for 2008 through 2011 are subject to examination by the Internal Revenue Service Covenant has no uncertain tax positions that would require financial statement recognition on disclosure under generally accepted accounting principles at December 31, 2011 or 2010

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Methodist Medical Center

Employer identification number
62-0636239

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 ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
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 *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	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	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring 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)			13,492,620	3,858,416	9,634,204	5 490 %
b Medicaid (from Worksheet 3, column a)			37,247,690	25,723,381	11,524,309	6 570 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			105,023	52,416	52,607	0 030 %
d **Total** Charity Care and Means-Tested Government Programs			50,845,333	29,634,213	21,211,120	12 090 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			244,741	995	243,746	0 140 %
f Health professions education (from Worksheet 5)			20,032	0	20,032	0 010 %
g Subsidized health services (from Worksheet 6)			5,667,151	2,724,474	2,942,677	1 680 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			69,567	0	69,567	0 040 %
j **Total** Other Benefits			6,001,491	2,725,469	3,276,022	1 870 %
k **Total.** Add lines 7d and 7j			56,846,824	32,359,682	24,487,142	13 960 %

Part II Community 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
1	Physical improvements and housing			8,665	0	8,665	0 %
2	Economic development			6,710	0	6,710	0 %
3	Community support			39,020	0	39,020	0 020 %
4	Environmental improvements						
5	Leadership development and training for community members			3,421	0	3,421	0 %
6	Coalition building						
7	Community health improvement advocacy			2,151	0	2,151	0 %
8	Workforce development			1,630	0	1,630	0 %
9	Other			10,153	0	10,153	0 010 %
10	**Total**			71,750		71,750	0 030 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	11,996,718		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	3,275,104		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	54,291,896
6	Enter Medicare allowable costs of care relating to payments on line 5	6	54,890,704
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-598,808
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "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 IV Management 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 %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Methodist Medical Center 990 Oak Ridge Turnpike Oak Ridge, TN 37830	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Methodist Medical Center

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	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

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

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (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 ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ 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?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

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 ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ 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 ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
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?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
1	MMC Radiation Oncology Center 102 Vermont Avenue Oak Ridge, TN 37830	Radiation Therapy Center
2	Methodist Diagnostic Center 944 Oak Ridge Turnpike Oak Ridge, TN 37830	Diagnostic Imaging and Lab Services
3	Oak Ridge Breast Center 3rd Floor Cheyenne Ambulatory Center Oak Ridge, TN 37830	Breast Imaging Center
4	Methodist Therapy 991 Oak Ridge Turnpike Oak Ridge, TN 37830	Physical, Occupational & Speech Therapy
5	Methodist Sleep Diagnostic Center 990 Oak Ridge Turnpike Oak Ridge, TN 37830	Sleep Diagnostic Center
6	MMC Wound Treatment Center 160A West Tennessee Avenue Oak Ridge, TN 37830	Wound Care & Hyperbaric Oxygen Clinic
7	MMC Healthworks Suite L-50 988 Oak Ridge Turnpike Oak Ridge, TN 37830	Occupational Health Services
8	MMC Cardiac Rehab Center Suite 360 Westmall Medical Park Oak Ridge, TN 37830	Cardiac Rehabilitation
9	The Wellness Place at Methodist 160C West Tennessee Avenue Oak Ridge, TN 37830	Diabetes, Congestive Heart Failure, Chest Clinic
10	Methodist Physical Therapy-Lake City 110 Industrial Park Lane Lake City, TN 37769	Physical Therapy

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, 6i, 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 6a Covenant Health, the parent company of Methodist Medical Center and other affiliated acute care hospitals, prepares an annual Report to the Community on behalf of the entire system

Identifier	ReturnReference	Explanation
		Part I, Line 7 Amounts on Lines 7a-7c are from the hospital's cost accounting system, which addresses all patient segments Other community benefit expenses are at cost from the general ledger

Identifier	ReturnReference	Explanation
		Part I, Line 7g The organization has included $1,886,846 in physician sponsorship fees in total subsidized health services

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 $ 11996718

Identifier	ReturnReference	Explanation
		Part II Methodist Medical Center ("MMC") cares for the whole person and recognizes that improved social and economic conditions may lead to the improved health and well-being of the community The hospital's community building activities and those of its parent organization, Covenant Health, address many of the root causes of health problems, such as poverty and homelessness due to lack of education and jobs MMC gives of its time and finances to provide programs and support for the youth in and around Oak Ridge M*A*S*H Camp MMC is a free hands-on healthcare careers camp for high school-age teens held during the summer which features team building projects, job shadowing and hands-on lab activities Financial contributions support educational programs of the Oak Ridge Public Schools In addition, the hospital's administrator serves on the board of the Oak Ridge Public Schools Education Foundation In addition Methodist Medical Center supports the community building activities of its parent company An allocation of the Parent's community building expenditures has been made to each member hospital in proportion to the financial contribution of each to the health system Covenant Health is not a hospital and does not file Schedule H with its Form 990 Contributions made in 2011 were made to or designated for Children's group homes Temporary housing for the homeless Low-income housing projects Community support organizations Youth mentoring programs After-school programs Early childhood literacy projects Community leadership training Advocacy for health care improvements

Identifier	ReturnReference	Explanation
		Part III, Line 4 Note B to the 2011 Audited Consolidated Financial Statements of the Covenant Health system, of which Methodist Medical Center is a member, reads "Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third-party payment programs Operations for 2011 and 2010 include an estimated provision for bad debts, included in Supplies and Other in the Consolidated Statements of Operations and Changes in Net Assets The allowance for uncollectible accounts is estimated based upon the age of the patient accounts receivable, prior experience and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectability of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take Covenant's policy does not require collateral or other security for patient accounts receivable, and Covenant routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies "Bad debt expense on Part III, Line 2 is the amount recorded in the organization's financial statements In 2011, the hospital reviewed all self-pay accounts receivable to identify patients who might have qualified for financial assistance As of year end, the hospital could not make a final determination as to their qualification for financial assistance due to all information not yet being received but felt strongly that the patient was in need of some form of assistance Notes in the patient record were examined to see if a charity care application had been sent to the patient or guarantor or if the account was being analyzed by a business office employee for approval for charity care The percentage of patient accounts being analyzed as a percent of total self-pay accounts receivable has been applied to the current year total bad debt expense on Line 2 to arrive at the amount reported on Line 3

Identifier	ReturnReference	Explanation
		Part III, Line 8 Costing Methodology Methodist Medical Center used a combination of sources in calculating Medicare allowable costs on Part III, Line 6 including its cost accounting system, general ledger accounting system, and facility-specific analyses and calculations Community Benefit Methodist Medical Center is the sole hospital in Anderson County providing a full range of healthcare services Due to physician shortages, a diverse population, and a higher than average emergency service utilization in the community in which Methodist Medical Center is located, the Medicare shortfall should be treated as community benefit

Identifier	ReturnReference	Explanation
		Part III, Line 9b Self-pay patients automatically receive a minimum 46% discount on charges Federal poverty guidelines are utilized in the determination of charity care eligibility Patients who are unable to pay and have exhausted all sources of payment assistance may qualify for charity care A sliding scale is used for extending charity care utilizing the income levels reported under the federal poverty guidelines Patients/ guarantors with income that falls below 200% of the federal poverty guidelines receive 100% charity care Patients/ guarantors with income of 201-300% of the federal poverty guidelines receive 70% charity care For catastrophic illness, exceptions to income and asset limitations may be made on a case-by-case basis The amount considered for charity will be based upon the evaluation of the patient's/guarantor's ability to pay Patients/ guarantors who qualify for partial financial assistance are responsible for paying any balance remaining after the charity adjustment and third party payments Once an account has been processed through routine collection channels internally, it may be assigned to an attorney/agency for collection The patient/ guarantor will be billed for all collection costs as may be applicable Credit reports will be filed no earlier than 30 days following the assignment on all nonpaid balances

Identifier	ReturnReference	Explanation
Methodist Medical Center		Part V, Section B, Line 13g Please see the explanation to Part VI, Line 3

Identifier	ReturnReference	Explanation
Methodist Medical Center		Part V, Section B, Line 19d Please see the explanation to Part III, Line 9b

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Methodist Medical Center actively addresses a variety of identified needs in the community through its relationships with community based groups including the local health council, public health department, school systems, health coalitions, inter-agency council, and health-related not-for-profit organizations Additionally, the East Tennessee 2-1-1 Information and Referral system is able to provide a profile of the health and social services most requested by the citizens of each county This information serves as an ongoing assessment of basic health and human service needs and of what resources are lacking in each community

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Methodist Medical Center posts signs in its emergency room lobby, outpatient registration area, and Cheyenne Ambulatory Center registration area that state Methodist Medical Center, a member of Covenant Health, serves the community by improving the quality of life through better health It is our philosophy that no one shall be denied medically necessary services based upon an inability to pay for those services Applications for patients seeking financial assistance for medically necessary services are available during the registration process or in our Cashier's Office Please ask our registration staff or contact the business office if you wish to apply for financial assistance Cashier office hours are Monday through Friday, 8 a m to 4 30 p m Thank you for allowing us to serve your healthcare needs We trust you will be very satisfied with your care Methodist Medical Center Administration

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Methodist Medical Center defines its primary market as the counties of Anderson and Roane in East Tennessee Anderson is a bedroom community to the metropolitan Knoxville area but is itself a rural county Methodist is the only hospital in Anderson County but shares its primary market with Roane County Medical Center in bordering Roane County According to internal hospital data for 2011, about 43% of the inpatient discharges were Anderson County residents, and 22% were Roane County residents The following statistics are taken from 2008 data of the U S Census Bureau The combined two-county population totals about 129,000 people and is predominantly female (52%) and Caucasian (94%) Anderson County residents have a median age and income of 39 years and $35,483 per household, while the figures for Roane County residents are 40 years and $41,000 per household Anderson County has a higher percentage (17%) of its population over the age of 65 than many of its peer counties Twenty-two percent of the county's residents are under the age of 18 In 2009, the total percentage of persons living below the poverty level was 16%, and the unemployment rate was 10% According to a recently released study by the Robert Wood Johnson Foundation/ University of Wisconsin Population Health Institute, Anderson County residents have the following health indicators that are above the national benchmarks Anderson - TN - National Adult Smoking 23% - 24% - 15% Adult Obesity 30% - 31% - 25% Excessive Drinking 10% - 9% - 8% Teen Birthrate 53 - 55 - 22 of every 1,000 teenage girls Poor or Fair Health 16% - 19% - 10%

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Methodist Medical Center (MMC), in conjunction with its parent company, Covenant Health, uses any available surplus of receipts over disbursements to expand and modernize the facility and to support the education of healthcare professionals, both of which serve to improve patient care and serve the unmet needs of the community Covenant Health's Board of Directors serves as MMC's board It is comprised of independent community leaders with diverse educational and professional backgrounds The board sets policies and provides oversight of MMC MMC maintains an open medical staff, with privileges available to all qualified physicians Additionally, the hospital operates an active and accessible emergency department that accepts all patients regardless of ability to pay

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Methodist Medical Center of Oak Ridge (MMC), as a member of the Covenant Health system, benefits from the collaboration among all affiliated organizations to promo te quality improvement, patient safety and efficient delivery of care for the communities served Methodist is one of the first hospitals in East Tennessee to offer cutting-edge tre atments and technologies that benefit people with life-threatening aneurysms, severely dam aged knee, hip and shoulder joints, sudden heart failure, and non-healing wounds The medic al center is among the first hospitals in the nation to open comprehensive chest and breas t clinics that have reduced the waiting time between suspicion of cancer and beginning of treatment from weeks or months to days It was also the first hospital in the area to impl ement a hypothermia protocol which lowers a patient's body temperature after cardiac arres t to reduce the risk of brain damage Methodist is also the only medical center in East Te nnessee to offer left ventricular assist device support for cardio septic shock and in hig h-risk heart procedures A 301-bed regional medical center, Methodist serves an area that i ncludes nearly 200,000 people in Tennessee and Kentucky Doctors trained in more than 30 s pecialties ranging from open heart and neurosurgery to orthopedics and vascular care provi de care This staff represents one of the highest percentages of board-certified physician s in the region In 2011, Methodist Medical Center earned national recognition for its cli nical and service excellence In July 2011, Methodist was ranked by U S News & World Repo rt as No 1 hospital in Knoxville metro area The medical center was also one of only 28 o ut of 1,350 hospitals across the country to receive VHA, Inc 's Leadership Award for Clini cal Excellence held May 2011 The medical center was also awarded the 2011 Gold Performanc e Award from American College of Cardiology ACTION Registry for urgent heart care that is 25 minutes faster than the national benchmark Methodist ranks in the top 11% across the n ation for core measures, while its joint replacement and oncology services also rank in th e top 10% nationwide for overall quality of care by Professional Research Consulting (PRC) Unique Services -- New 30-bed ortho-neuro unit with specialty joint destination center for hip and knee replacement patients --New electrophysiology services for minimally invasive cardiac procedures and diagnostic technology such as a 64-slice CT which can capture imag es of the heart and coronary arteries in as little as five heartbeats --Emergency and card iac care collaboration yielding average door-to-balloon times which beat the national benc hmark of 90 minutes by more 25 minutes -- Fully-accredited sleep diagnostic center staffed with a multi-boarded and fellowship trained physician and a clinical team comprised 100% o f registered polysomnographic technicians -- The first dedicated wound treatment center in the greater Knoxville area to offer hyperbaric oxygen technology to treat chronic non-heal ing wounds --Fully-deployed surgical robotics program featuring the latest technology for heart, lung, gynecological and prostate procedures --Critical care program offering leadin g-edge and life-saving treatments for bloodstream infections and brain injuries associated with heart attacks --Hypothermia protocol which lowers a patient's body temperature after cardiac arrest to reduce the risk of brain damage --Left ventricular assist device suppor t for cardio septic shock and in high-risk heart procedures --O ne of the first comprehensi ve chest and breast clinics of its type in the nation--now reducing the time between disco very of possible cancer and treatment from weeks to days --Individualized occupational, ph ysical and speech therapies, including neurological, orthopedic, vestibular and pediatric rehab -- Regional cancer center offering image-guided radiation therapy, a nationally recog nized disease management program, access to clinical trials, personalized patient navigato r assistance and formal pain management program and the most experienced provider of high dose rate brachytherapy for women with cervical, uterine and vaginal cancer Integrated Ser vicesAs a system, Covenant Health assures that business processes are in place at each fac ility to measure and report quality, to increase the role of compliance, and to integrate risk management, utilization review, peer review, mandatory reporting and quality improvem ent into one cohesive function In this way the system is able to use analytic tools to he lp identify any systemic inability to satisfy the various requirements on the part of the facilities MMC patients benefit from the availability of and ease of access to Covenant He alth affiliated entities for services not provided by the hospital itself Transfer or ref erral to such services is expedited and coordinated to help create a seamless continuum of care A full range of community mental health and

Identifier	ReturnReference	Explanation
		psychiatric hospital services are available within the system which help support the hosp ital's emergency room as well as provide an accessible and efficient pathway for those pat ients who require such services post discharge Other specialized services such as inpatie nt rehabilitation, cancer treatment, home health and hospice services are provided by affi liated entities The Covenant Health system also enhances the patient's access to care thr ough the provision of outpatient services in a variety of settings located throughout the service area --A majority of Roane Medical Center's ER patients requiring transfer are sen t to Methodist --Methodist transfers over 50% of its patients who need home health care to Covenant Homecare --Fortress Corporation manages Methodist's physician office buildings - -Covenant Medical Managements manages the hospital's employed physicians -- Covenant Health 's corporate finance department completes the medical center's tax returns and cost report s and reports financials to the Board, etc --Covenant Health's corporate billing office bi lls the medical center's services to patients and insurance companies --Methodist's labora tory performs certain lab testing for other Covenant facilities --Methodist's Capacity Man agement Center takes calls for the Covenant Rapid Access Center for the system at night Fo undation Support Methodist Medical Center Foundation was established in 1990 to acquire an d accept charitable gifts for Methodist Medical Center to help all those in need receive t he highest quality of care regardless of the ability to pay The Foundation is a separate, non-profit corporation which is governed by a volunteer Board of Directors, each of whom is a recognized leader in the communities MMC serves Signature Foundation events such as Casino Night, Diva Day, Acorn Classic Golf Tournament and Holiday Lights for Health make i t possible for the medical center to provide many important services and technologies to t he community including --Free lodging through the Hospitality Houses for patients and fami lies far from home,--Assistance to patients, families or employees who find themselves in desperate situations, --Support of cancer and palliative care programs, advanced cardiac a nd robotics technology-- Education and scholarship support for medical center employees, an d--A special fund for the greatest area of need Through this combination of resources and the collective development, implementation and monitoring clinical protocols and other imp rovement initiatives, the affiliated entities of Covenant Health are able to deliver highe r quality care in a more efficient manner than could be achieved working independently

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Methodist Medical Center

Employer identification number
62-0636239

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
(1) Oak Ridge Chamber of Commerce1400 Oak Ridge Turnpike Oak Ridge,TN 37830	62-0572006	501(c)(6)	10,000				Millenium Partnership Program

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 0

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

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
(1) Educational Scholarships	28	20,000		n/a	

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 Scholarship recipients must be graduating high school seniors pursuing a health-related career Applicants are required to provide a personal letter of objectives, provide ACT/SAT scores and a current GPA on a 4 0 scale, two letters of recommendation and be accepted by an accredited college Students are then required to remain enrolled in school during the scholarship period All requests for scholarships and contributions are monitored and approved by a Steering Committee (President and Vice-Presidents)

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

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Name of the organization
Methodist Medical Center

Employer identification number
62-0636239

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) 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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Anthony L Spezia	(i)	0	0	0	0	0	0	0
	(ii)	924,445	326,250	1,241,947	9,800	15,907	2,518,349	759,468
(2) John T Geppi	(i)	0	0	0	0	0	0	0
	(ii)	393,584	237,900	73,983	9,800	19,248	734,515	0
(3) Michael R Belbeck Jr	(i)	0	0	0	0	0	0	0
	(ii)	275,817	104,450	33,042	9,800	24,152	447,261	0
(4) Julie G Utterback	(i)	130,333	14,000	9,323	6,273	23,238	183,167	0
	(ii)	0	0	0	0	0	0	0
(5) Stephen E Ellis	(i)	179,947	20,000	3,268	12,213	13,668	229,096	0
	(ii)	0	0	0	0	0	0	0
(6) Shane West	(i)	171,655	0	7,316	11,024	16,159	206,154	0
	(ii)	0	0	0	0	0	0	0
(7) Susan K Harris	(i)	125,335	16,350	18,301	6,349	13,491	179,826	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	Part I, Line 1a Tax gross-up payments are provided to certain executives and managers These are treated as taxable compensation to the recipient
	Part I, Line 4b	Part II, Anthony L Spezia (compensated by Covenant Health, parent organization) - Column (B)(iii) Other reportable compensation $1,010,702 of the total amount reported as "other reportable compensation" under Column (B)(iii) is the total amount accrued during years 2007, 2008, 2009, 2010 and 2011 under a 457(f) deferred compensation plan established for Mr Spezia in year 2000 Amounts accrued in years 2007 through 2010 have been previously reported and included in compensation on Form 990 for the applicable year Although all deferred amounts became fully vested and taxable in 2011, only 2007 accruals were distributed to Mr Spezia in 2011 Accruals for 2008-2011 are distributable in future years Consequently, the $1,103,451 is comprised of the following $586,516 accrued and previously reported as income on Form 990 for years 2008, 2009, and 2010, which is fully vested but has not been distributed $235,299 distributed in 2011, of which $172,952 was previously reported as income on Form 990 for year 2007, the remainder representing earnings on the deferred amount distributed $188,887 accrued in 2011, which is fully vested but has not been distributed
Supplemental Information	Part III	Part I, Line 3 Covenant Health, the parent company of Methodist Medical Center, used one or more of the methods listed in establishing the compensation of Anthony L Spezia Please see the statement to Core, Part VI, Section B, Line 15a on Schedule O

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
Methodist Medical Center	62-0636239

Identifier	Return Reference	Explanation
Organization Mission Statement	Form 990, Part III, Line 1	In 1996 two healthcare systems - Fort Sanders Alliance and MMC Healthcare System of Oak Ridge consolidated to form what is known today as Covenant Health The two organizations, which had a combined legacy of more than 100 years of service in East Tennessee, united with the strong belief that by working together, they could do more for their communities than they could alone Nearly two decades later, the connections Covenant Health has forged with East Tennessee communities have strengthened as the health system has worked in tandem with area leaders, businesses and organizations to provide excellent local healthcare In recent years Covenant Health has opened replacement hospitals, outpatient centers and clinics, made innovative technology and medical advances available, and achieved national recognition for quality care and service excellence As a tax-exempt health system, Covenant Health reinvests every dollar for the benefit of the community, not profitability or shareholder interests As the largest private employer in the greater Knoxville area, Covenant Health's staff of more than 10,000 supports local communities by purchasing goods and services, participating in local activities, and contributing volunteer time and leadership in local organizations Covenant Health is both committed to and connected to the communities it serves, as it lives out the health system's mission COVENANT HEALTH'S MISSION We serve the community by improving the quality of life through better health COVENANT HEALTH'S VALUES In service to God and community, we value Integrity, Quality, Service, Caring, Developing People, and Using Resources Wisely COVENANT HEALTH'S VISION Covenant Health's clinical and service excellence will make us the first and best choice for patients, employees, physicians, employers, volunteers, and the community COVENANT HEALTH MEMBER ORGANIZATIONS AND SERVICES The Covenant Health System ("the System") provides comprehensive health care services throughout East Tennessee Headquartered in Knoxville, Tennessee, Covenant Health and its affiliates seek to provide affordable, superior healthcare to patients through continued operation of both acute care and non-hospital programs The System includes seven acute care hospitals with a total of more than 1,700 licensed beds, a behavioral health hospital, and numerous outpatient services and clinics The System also includes specialty providers of behavioral, oncology and rehabilitation services, along with home health care, physician clinics, community wellness programs and managed care products and services Member organizations and programs are listed by name below Hospitals and Other Healthcare Providers Covenant Homecare and Hospice Fort Loudoun Medical Center Fort Sanders Perinatal Center Fort Sanders Regional Medical Center LeConte Medical Center Methodist Medical Center of Oak Ridge Morristown-Hamblen Healthcare System Parkwest Medical Center Peninsula Hospital, a Division of Parkwest Medical Center Roane County Medical Center Thompson Cancer Survival Center Thompson Oncology Group Outpatient and Specialty Care Departments, and Joint Ventures Fort Sanders Sevier Nursing Home Fort Sanders West Diagnostic Center Fort Sanders West Outpatient Surgery Center Morristown Regional Diagnostic Center Patricia Neal Rehabilitation Center Peninsula Outpatient Centers Surgery-Endoscopy Center of Morristown Foundations Fort Sanders Foundation Methodist Medical Center Foundation Morristown-Hamblen Hospital Foundation Thompson Cancer Survival Center Foundation CONNECTING WITH OUR COMMUNITIES THROUGH QUALITY CARE Covenant Health delivers quality care in local settings, with services designed to meet the needs of our communities The acute care hospitals located in Knoxville and surrounding areas comprise the foundation of the health system They offer comprehensive care provided by board certified medical staffs, including emergency care, specialty services, and a full range of diagnostics and treatment When specialty care is needed, Covenant Health provides * Innovative cancer care and technologies to deliver radiation therapy and other cancer treatment at facilities affiliated with Thompson Cancer Survival Center in Knox and surrounding counties * Nationally recognized care for patients suffering from physical disabilities, stroke and traumatic brain injury at Fort Sanders Regional Medical Center's Patricia Neal Rehabilitation Center * Rehabilitation services including physical therapy, speech therapy, sports medicine, and specialized therapy such as hand therapy and vestibular (balance) rehabilitation are offered at a dozen Covenant Therapy Centers locations In addition, more than 30 affiliated physician clinics throughout the region offer convenient access to primary and specialty care BEHAVIORAL HEALTH - A COMMITMENT TO ESSENTIAL SERVICES Covenant Health provides comprehensive behavioral health services under the auspices of Peninsula, a Division

Identifier	Return Reference	Explanation
Organization Mission Statement	Form 990, Part III, Line 1	of Parkwest Medical Center ("Peninsula") Peninsula operates a behavioral health hospital and outpatient centers for treatment of addictive behaviors, depression, and other mental health issues With 75 years of combined experience, Peninsula organizations have helped t housands of people recover from disorders and dependencies and lead healthy, positive and productive lives In 2012 the State of Tennessee announced the closing of Lakeshore Mental Health Institute in Knoxville, as Tennessee moves toward more community-based mental heal th services In response, Covenant Health announced that Peninsula would do everything it could to help the vulnerable population Lakeshore served Peninsula pledged to take as man y Lakeshore patients as it feasibly could, adding staff (including some former Lakeshore e mployees) and expanding facilities to handle the expected influx It is not the first time the State has sought Peninsula's help When Lakeshore closed its child and adolescent pro gram in 2004, Peninsula became the only child and adolescent inpatient psychiatric facilit y between Chattanooga and Johnson City, Tennessee COMMUNITY CELEBRATES PROGRESS FOR NEW R OANE COUNTY MEDICAL CENTER "One Community One Hospital" is the theme of progress for the new Roane County Medical Center, a replacement hospital for the current facility in Harrim an The new facility is under construction near the Midtown exit off I-40, and scheduled t o open in February 2013 About 200 people attended a mid-progress celebration in Spring 20 12 at the hospital construction site Covenant Health President Tony Spezia welcomed guest s and introduced dignitaries, including legislative representatives, Roane County leaders, Covenant Health board members, and others The celebration included a time capsule where speakers could place items that represent the legacy and future of Roane County Medical Ce nter Items will be placed in the time capsule until it is sealed in February 2013 Gaye J olly, the President and CAO of Roane County Medical Center, said employees and physicians look forward to continuing recent quality accomplishments and the hospital's tradition of excellent care for every patient in the new facility Key features of the new hospital inc lude all private, modern patient rooms with large natural light windows, 15 emergency suit es, technologically-advanced surgery suites, and enlarged and modern nursing units Patien t drop-off and pick-up areas will be available, as well as free parking in more than 500 p arking spots Patients and visitors can enjoy freshly prepared meals in the new Three Rive rs Cafe The new medical center campus will be wired with new and innovative technologies including computer systems, information technologies and hardware for transition to electr onic medical records Adjacent to the hospital will be a new professional office building, which will be home to medical professionals including Thompson Oncology Group, Roane Medi cal Patricia Neal Outpatient Center, and Roane Medical Cardiopulmonary Rehabilitation Tho mpson Oncology Group will be staffed with board-certified oncology physicians, who will ha ve access to nationally-acclaimed multidisciplinary cancer care through Thompson Cancer Su rvival Center Roane Patricia Neal Outpatient Center will feature an in-ground therapy poo l complete with a built-in treadmill, and Roane Cardiopulmonary Rehabilitation will offer a new, state-of-the-art telemetry monitoring system

Identifier	Return Reference	Explanation
		CARDIAC INNOVATIONS FOR THE HEARTS OF EAST TENNESSEE Innovative Valve Centers Offer Specia lty Cardiac Care The most complex cardiovascular problems can now be treated in Knoxville Covenant Health is debuting Valve Centers at Parkwest, Fort Sanders Regional, and Methodi st Medical Centers Valve centers are staffed by experienced cardiovascular surgeons, card iologists, nurses and other professional medical staff w ho are educated in the latest prot ocols The coordination of care made possible by the Valve Centers w ill help Covenant Heal th hospitals deliver better outcomes, w ith fewer complications and higher survival rates A new $2 6 million "hybrid" operating room opened this spring at Parkwest Medical Center a nd is used by Covenant Health physicians primarily for cardiac and vascular procedures A hybrid operating room combines the best of a traditional surgical suite w ith large imaging equipment such as real-time X-ray and CT in a sterile setting Hybrid operating rooms all ow surgeons to perform combined open, minimally invasive, image-guided and/or catheter-bas ed procedures in the same operating room Patients facing aortic aneurysm surgery or aorti c valve replacement may have a less invasive option and a quicker recovery COVENANT HEALT H PERFORMS REGION'S FIRST BREAKTHROUGH TAVR PROCEDURE What if a heart valve could be repla ced w ithout surgically opening the chest cavity? That is now a reality for some patients Parkwest Medical Center is one of only 140 sites in the nation and the first Knoxville hos pital to offer Trans Aortic Valve Replacement (TAVR), an innovative procedure to replace d iseased aortic valves TAVR is appropriate for some high-risk patients w ith severe aortic stenosis (narrow ing of the aortic valve opening) w ho are not candidates for surgery In th e United States, TAVR continues to be studied as part of the PARTNER (Placement of Aortic Transcatheter Valves) trial w hich studied inoperable patients w ith severe symptomatic aort ic stenosis Covenant Health has been selected by Edw ards Lifesciences as the only entity in Knoxville to have surgeons trained in the TAVR procedure STANDING STRONG FOR THE COMMU NITIES WE SERVE As a tax-exempt organization governed by a voluntary Board of Directors, C ovenant Health reinvests excess revenues after expenses in improving patient care Since 2 000 Covenant Health has invested nearly $1 billion in facilities, technologies, programs a nd services No other health system in East Tennessee in this decade has approached Covena nt Health's investment in clinical and medical information technology, and new, renovated and expanded hospitals and services The current economic environment has been particularl y difficult and challenging for healthcare organizations, and has included cuts in reimbur sement for services and the sale or closure of hospitals in our region Covenant Health is committed to standing strong, and to the w ise use of the health system's resources Despi te operating results at roughly a break-even level over the last five years, a strong bala nce sheet has allow ed Covenant Health to continue providing substantial care to those w ith limited resources In 2011 Covenant Health provided more than $150 million in charity and uncompensated care CONNECTING MEDICAL COMMUNITIES WITH ADVANCED TECHNOLOGY When one thin ks of technology, machines are often thought of - not only imposing-looking diagnostic equ ipment, but smaller electronic tools such as computers and hand-held devices Often the co ncept of technology revolves around the hardw are seen in healthcare settings Using Techno logy to Achieve Quality Covenant Health's data center includes over 850 servers and 200 te rabytes of storage capacity that are available to each hospital across the system via a hi gh-speed gigabit netw ork. The system is progressing tow ard a national meaningful use manda te, w here healthcare organizations are challenged to use data in w ays that improve patient safety and outcomes w hile paying close attention to information security Some Covenant H ealth meaningful use initiatives include computerized patient order entry, real-time medic ation alerts to prevent allergy or drug interactions, and automated evidence-based care pr ocesses so that physicians and caregivers have immediate access to information about best practices Other initiatives include computer-generated review and reconciliation of the p atient's medications upon admission to the hospital, and delivery of relevant clinical inf ormation to the case management system in order to plan appropriate post-discharge care B eyond Health System Boundaries Covenant Health is also leading the charge to expand techno logy benefits by participants beyond the system The East Tennessee Health Information Net w ork is a collaboration of leaders at other tax exempt health systems to create w hat w ill eventually be an electronic community of care that w ill encompass 17 counties in East Tenn essee The local initiative supports national effo

Identifier	Return Reference	Explanation
		rts to move to electronic health records and create secure networks for sharing information through a health information exchange REACHING OUT TO CREATE A HEALTHIER EAST TENNESSEE To improve the health of the community, Covenant Health reaches beyond hospital walls Local initiatives and partnerships create opportunities to interact with people of all ages and encourage healthier lifestyles * In Knoxville nearly 7,000 people participated in the 2012 Covenant Health Knoxville Marathon, which attracted local runners and hand cyclists, as well as competitors from throughout the U S and other countries * The Covenant Kids Run attracted over 1,000 children who participated in a "marathon" of activities over a period of several weeks, culminating in a run to Neyland Stadium on the day before the Coven ant Health Knoxville Marathon * Covenant Health's Body Works program makes community fitness classes convenient, affordable, and fun With more than 80 classes offered weekly throughout East Tennessee, Body Works offers a variety of exercise options for adults of all ages and fitness levels * Covenant Health was the fitness sponsor of the Dogwood Arts Festival, held annually in April Fitness activities included several outdoor walks, Bikes and Blooms bike rides on local dogwood trails, and a Dogwood Mile run and Kids Race held in d owntown Knoxville * Covenant Passport is a free membership program for adults age 50 and older The program encourages healthy, active lifestyles through a newsletter, community p resentations, health screenings, and travel/recreation opportunities Nearly 25,000 member s are currently enrolled * Covenant Health annually sponsors M*A*S*H* Camp at Methodist Medical Center to give high school students a sneak preview of healthcare career options an d a chance to job shadow professionals in several hospital departments * Covenant HomeCar e Hospice helps children grieving the loss of a loved one through Katerpillar Kids Camp, o ffered with the support of Variety-The Children's Charity The camp is staffed by health s ystem volunteers and helps children in grades 1-12 express their feelings in a supportive environment while enjoying camp activities * Morristown-Hamblen's Wellness of Women is de dicated to improving the lives of area women and their families The program sponsors even ts such as an annual Girls' Night Out, which offers free health screenings and encourages women to have fun while learning to stay healthy * Fort Sanders Regional Medical Center's Patricia Neal Rehabilitation Center leads the Innovation Recreation Cooperative, a collab oration of groups and individuals who help disabled persons enjoy leisure and recreation a ctivities such as water skiing and cycling * Fort Loudoun Medical Center sponsors "Let's Move Day" for area children and their families, featuring a day of games and activities, h ealthy snacks, and fitness checks

Identifier	Return Reference	Explanation
		HEARTFELT CONNECTIONS INCREASE AWARENESS OF WOMEN AND HEART DISEASE The latest advancement in reducing heart disease in women is not a new test or treatment Women can dramatically reduce their risks of developing heart disease by doing just four things - eating right, being physically active, not smoking, and maintaining a healthy weight According to the most current research 62 percent of women are aware that heart disease is the number one killer of women But many women still fail to take their risks personally or seriously The Heart Truth Champions of Covenant Health are reaching out to help women understand that heart disease risk is a personal thing Covenant Health was selected by the National Heart Lung and Blood Institute and the Office on Women's Health as one of a handful of sites across the United States to initiate a Heart Truth Champions program Twelve Heart Truth Champion volunteers were selected based on their involvement in community health education activities, and their willingness to create and participate in local events to raise awareness of women and heart disease SIX NUMBERS AT THE HEART OF GOOD HEALTH What you measure, you improve That was the goal of Know Your Six, Chicks, a year-long community campaign to help women fight heart disease through awareness of six measures of heart health blood pressure, cholesterol, fasting glucose, body mass index (BMI), physical activity and sleep habits The campaign included heart health information, Lunch and Learns, community screenings, an interactive website and online health assessment, and mobile blood pressure screening units placed at local businesses Know Your Six, Chicks is estimated to have directly reached just over 10,000 participants Local businesses played an important role in Know Your Six, Chicks, providing locations for mobile Heart Centers and even providing spokespersons for the initiative In addition to business participation, Know Your Six, Chicks also reached out to community centers, church locations, cultural events and trade shows - and expanded to include men in its outreach efforts CONNECTING TO THE FUTURE THROUGH EDUCATION Covenant Health actively supports education programs for future nurses and other healthcare professionals One example is the health system's partnership with Tennessee Wesleyan College-Fort Sanders Nursing, (''TWC'') The program offers a bachelor's degree in nursing through TWC in Athens, Tennessee, with classroom and clinical training opportunities at the school's Knoxville campus and at Covenant Health organizations The collaboration has been in place for more than 10 years This past Spring of 2012, more than 70 nursing students graduated from TWC In summer 2012 the program launched an online RN-to-BSN degree designed especially for professional nurses who want to earn a baccalaureate degree while still continuing their nursing responsibilities In addition to the TWC partnership, Covenant Health provides clinical training opportunities for students in health career programs at other area universities, community colleges and post-secondary schools, and has affiliation agreements with more than 100 schools across the country COMMUNITY LEADERS PLAY KEY ROLES IN FOUNDATIONS' EVENTS AND PROGRAMS The Covenant Health Office of Philanthropy coordinates the philanthropic contributions of individuals and businesses throughout East Tennessee and beyond Fund raising efforts are coordinated by four foundations Fort Sanders Foundation, Methodist Medical Center Foundation, Morristown-Hamblen Hospital Foundation, and Thompson Cancer Survival Center Foundation During the past year these foundations received contributions of about $4 million to help provide new equipment and facilities at the hospitals, staff training, and provide assistance to patients While the Foundations coordinate community events and fund raisers, local community involvement is critical to the success of the events CARING FOR THOSE UNABLE TO PAY One of the most tangible expressions of the charitable purpose of Covenant Health is providing care to people in need As a tax-exempt system, Covenant Health provides medically necessary services to people with limited resources Covenant Health actively participates in the state's TennCare program, and collaborates with other area providers to identify and support efforts to make community healthcare resources available for those in need 2011 Summary of Community Benefit Totals for Uncompensated Care* Charity Care $44 million TennCare $52 million Medicare $60 million Total Uncompensated Care $156 million *Care which costs more to provide than reimbursements from state and national programs cover Covenant Health provides community benefit that far exceeds the value of its tax-exempt status

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	Covenant Health is a large, integrated health system which files twelve Forms 990 Methodist Medical Center is one of those twelve entitites Annually, at the September Finance Committee meeting, one of the twelve 990s is selected (a different entity each year) for distribution to each member of the Committee Management then reviews in detail each of the Form 990 schedules and describes variances between entities, if any The remaining eleven Forms are made available for review by any committee member The same presentation is made to the Covenant Health Board of Directors at the October meeting All twelve Forms 990 are then made available to all Board members for their review throughout the month of October

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Board members, officers and employees are required to adhere to rules and policies regarding conflicts of interest Covenant Health, the parent company of the organization, distributes a Board-approved employee handbook to all employees The handbook covers among other subjects, conflicts of interest Additionally managers are required to complete and sign an annual management certification that addresses conflicts of interest Board members' conflicts of interests are dealt with in the corporate bylaws and Board members are required to complete and sign a conflict of interest questionnaire on an annual basis The Integrity Compliance Office maintains records that contain conflict of interest information obtained from Board members, officers and employees These records are available to be queried prior to engaging in business transactions The Integrity Compliance Officer initially reviews all conflict of interest data Based on this information, the officer determines what conflicts of interest exist at that point in time Between times when surveys are collected Board members are expected to disclose any new conflicts that have arisen that affect pending Board decisions As well, managers and other employees are expected to report conflicts to the Integrity Compliance Officer as they arise Depending on the nature of the conflict and the circumstances surrounding the conflict and transaction, the Integrity Compliance Officer, Senior Leadership, or the Board of Directors may review the conflict of interest Where appropriate these bodies may also consult legal counsel Restrictions imposed on persons with a conflict of interest are determined on a case by case basis For Covenant Health employees, the Integrity Compliance Officer, in conjunction with Executive Leadership determines how to appropriately handle the conflict In any conflict involving a Board member, such member is expected to excuse himself or herself from voting on matters that give rise to the conflict

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	Form 990, Part VI, Section B, Line 15a Overall compensation policies for Methodist Medical Center, Covenant Health (Parent Company), and affiliates are set by the Compensation Committee of the Board of Directors, which is comprised of independent members of the Board The Committee is guided in its decision-making process by an independent, nationally-recognized executive compensation consultant experienced in advising nonprofit hospital boards Compensation policies for Anthony Spezia and John Geppi are reported on the 2011 Form 990 of Covenant Health, EIN 62-1646734, parent company of Methodist Medical Center Form 990, Part VI, Section B, Line 15b Base salary and annual bonus opportunities for Michael Belbeck, President/CAO, are set by the Covenant Health CEO or Executive Vice President-Human Resources, subject to approval of the Compensation Committee of the Covenant Health Board of Directors ("the Committee"), after review by and discussion with the executive compensation consultant ("the consultant") to insure that total compensation for each executive is reasonable and within a fair market value range Salary ranges are based upon the recommendations of the consultant made after comparison with similar jobs in similar size health systems across the nation Bonuses are recommended by the CEO and approved by the Committee conditioned upon receipt of a written opinion from the consultant that total compensation for the President/CAO is reasonable and consistent with fair market value Base salaries are initially targeted at midpoint and vary according to the individual's experience, market conditions and competition Annual bonuses are designed to award 0-35% of base salary based upon system performance and accomplishment of certain targets established by the CEO Base salary and annual bonus opportunities for Julie Utterback, VP-Financial Services, are based on established targets to insure that total compensation for is reasonable and within a fair market value range Salary ranges are based upon comparison with similar jobs in similar size health systems across the nation Base salaries and bonuses are approved by Executive Leadership predicated upon performance, and are reasonable and consistent with fair market value Base salaries are initially targeted at midpoint and vary according to the individual's experience, market conditions and competition Annual bonuses are designed to award 0 - 20% of base salary based upon system performance and accomplishment of certain targets established by Executive Leadership

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	Form 990, Part VI, Section C, Line 19 Per its tax exempt bond provisions, the parent company, Covenant Health, is required to file quarterly and annual consolidated and obligated group financial statements in addition to other documentation, with various bond insurers and other agencies, including the Electronic Municipal Market Access (EMMA) web site Any member of such a repository has access to these financial statements In addition, Methodist Medical Center files a Joint Annual Report containing financial information with the Tennessee Department of Health

Identifier	Return Reference	Explanation
Contact addresses for Officers, Directors, etc	Form 990, Part VI,Section A, Line 9 and Part VII	Anthony L Spezia Covenant Health 100 Fort Sanders West Blvd Knoxville, TN 37922 John T Geppi, Larry Mauldin and all Directors Covenant Health 1420 Centerpoint Blvd, Bldg C Knoxville, TN 37932 All other persons listed in Part VII, Section A may be contacted at the organization's address, which is Methodist Medical Center 990 Oak Ridge Turnpike Oak Ridge, TN 37830

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Line 16b	Methodist Medical Center (MMC) entered into a partnership agreement with Oak Ridge Healthcare Associates, LLC (ORHA) on October 15, 2010 for the purpose of developing, owning, and operating an assisted living community in Oak Ridge, TN When complete, ORHA will be the managing partner of the assisted living community This joint venture is insignificant when compared to MMC's overall operations The transaction, as well as any joint venture entered into by the hospital, is reviewed by executive management and legal counsel Additionally, all revenue is monitored to determine whether it creates unrelated business income for the hospital and will be reported accordingly

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A, Column B	The President/CEO, EVP/CFO and Board of Directors serve Covenant Health (EIN 62-1646734), parent company of an integrated health care delivery system, of which Methodist Medical Center is a member, as a whole The hours these individuals devoted to the system in 2011 are reported on Covenant Health's Form 990, Part VII

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -3,408,982

Identifier	Return Reference	Explanation
	Form 990, Part XII, Line 2C	The Finance Committee of the Board of Directors assumes responsibility for oversight of the audit of the consolidated financial statements and selection of an independent accountant

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Methodist Medical Center

Employer identification number
62-0636239

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
(1) MMC Healthworks LLC 988 Oak Ridge Turnpike Ste L-50 Oak Ridge, TN 37830 02-0712412	Occupational health	TN	1,123,114	1,680,953	Methodist Medical Center

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Endoscopy Center of Oak Ridge LLC 988 Oak Ridge Turnpike Ste 200 Oak Ridge, TN 37830 62-1667358	Outpatient medical facility	TN	N/A									
(2) Fort Sanders West OP Surgery Center LLC 210 Fort Sanders West Blvd Ste 106 Knoxville, TN 37922 62-1366907	Outpatient surgery center	TN	N/A									
(3) Fort Sanders West Associates 280 Fort Sanders West Blvd Ste 214 Knoxville, TN 37922 62-1384171	Building ownership	TN	N/A									
(4) Assc of the Meridian Health OP Surgery Ctr LLC 908 W 4th North St Morristown, TN 37814 86-1167487	Outpatient surgery center	TN	N/A									
(5) Tellico Senior Living LLC PO Box 308 Caryville, TN 37714 36-4353505	Retirement village	TN	N/A									
(6) KOSC Properties LLC 260 Ft Sanders W Blvd Ste 200 Knoxville, TN 37922 26-2444076	Building ownership	TN	N/A									
(7) Knoxville Orthopaedic Surgery Center LLC 260 Ft Sanders W Blvd Ste 200 Knoxville, TN 37922 26-2437385	Orthopaedic surgery	TN	N/A									

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) Fortress Corporation 280 Ft Sanders West Blvd Ste 214 Knoxville, TN 37922 62-1308885	Management company	TN	N/A	C			
(2) Covenant Medical Management Inc 280 Ft Sanders West Blvd Ste 205 Knoxville, TN 37922 62-1282917	Physician practice management	TN	N/A	C			
(3) KASC Acquisition Company Inc 1420 Centerpoint Blvd Bldg C Knoxville, TN 37932 26-3400984	Real estate holdings	TN	N/A	C			
(4) Knoxville Heart Group 1819 Clinch Ave Ste 108 Knoxville, TN 37916 27-1528941	Cardiology medical practice	TN	N/A	C			
(5) Morristown-Hamblen Health Services Inc 908 W 4th North St Morristown, TN 37814 62-1588521	Inactive-Dissolved 2/5/2011	TN	N/A	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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g	Yes	
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Endoscopy Center of Oak Ridge LLC	A	84,478	FMV
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 62-0636239
Name: Methodist Medical Center

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	
Covenant Health 1420 Centerpoint Blvd Bldg C Knoxville, TN 37932 62-1646734	Supporting organization	TN	501(c)(3)	Line 11b, II	N/A		No
Covenant Homecare 3001 Lake Brook Blvd Ste 101 Knoxville, TN 37909 62-1623114	Home health services	TN	501(c)(3)	Line 9	Covenant Health		No
Fort Loudoun Medical Center 550 Fort Loudoun Medical Ctr Dr Lenoir City, TN 37772 62-1373691	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health		No
Fort Sanders Regional Medical Center 1901 W Clinch Ave Knoxville, TN 37916 62-0528340	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health		No
Fort Sanders Foundation 280 Ft Sanders West Blvd Ste 100 Knoxville, TN 37922 62-1748601	Fundraising and patient outreach	TN	501(c)(3)	Line 11a, I	Covenant Health		No
Fort Sanders Perinatal Center Trustees Tower Ste 304 501 19th St Knoxville, TN 37916 04-3760551	High risk obstetrical services	TN	501(c)(3)	Line 3	Covenant Health		No
LeConte Medical Center 742 Middle Creek Road Sevierville, TN 37862 62-1114867	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health		No
Morristown-Hamblen Hospital Assc dba M-H Healthcare System 908 W 4th North Street Morristown, TN 37814 62-0545814	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health		No
Parkwest Medical Center 9352 Park West Blvd Knoxville, TN 37923 58-1897274	Acute care hospital and behavioral health services	TN	501(c)(3)	Line 3	Covenant Health		No
Roane Co Medical Ctr dba Roane Medical Center 412 Devonia St Harriman, TN 377482009 68-0673354	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health		No
Thompson Cancer Survival Center 1915 White Ave Knoxville, TN 37916 62-1250943	Cancer treatment facility	TN	501(c)(3)	Line 3	Covenant Health		No
Thompson Oncology Group 1915 White Ave Knoxville, TN 37916 62-1619239	Oncology services	TN	501(c)(3)	Line 3	Covenant Health		No
Methodist Medical Center Foundation 990 Oak Ridge Turnpike Oak Ridge, TN 37830 62-1414205	Fundraising and patient outreach	TN	501(c)(3)	Line 11a, I	N/A		No
Thompson Cancer Survival Center Foundation 1915 White Ave Knoxville, TN 37916 58-2130450	Fundraising and patient outreach	TN	501(c)(3)	Line 11a, I	Thompson Cancer Survival Center		No
Morristown Regional Cancer Center LLC 908 W 4th North Street Morristown, TN 37814 20-0916364	Cancer treatment facility	TN	501(c)(3)	Line 3	Morristown-Hamblen Hospital Association		No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Endoscopy Center of Oak Ridge LLC 988 Oak Ridge Turnpike Ste 200 Oak Ridge, TN 37830 62-1667358	Outpatient medical facility	TN	N/A									
Fort Sanders West OP Surgery Center LLC 210 Fort Sanders West Blvd Ste 106 Knoxville, TN 37922 62-1366907	Outpatient surgery center	TN	N/A									
Fort Sanders West Associates 280 Fort Sanders West Blvd Ste 214 Knoxville, TN 37922 62-1384171	Building ownership	TN	N/A									
Assc of the Meridian Health OP Surgery Ctr LLC 908 W 4th North St Morristown, TN 37814 86-1167487	Outpatient surgery center	TN	N/A									
Tellico Senior Living LLC PO Box 308 Caryville, TN 37714 36-4353505	Retirement village	TN	N/A									
KOSC Properties LLC 260 Ft Sanders W Blvd Ste 200 Knoxville, TN 37922 26-2444076	Building ownership	TN	N/A									
Knoxville Orthopaedic Surgery Center LLC 260 Ft Sanders W Blvd Ste 200 Knoxville, TN 37922 26-2437385	Orthopaedic surgery	TN	N/A									

COVENANT HEALTH

Audited Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

PYA

Certified Public Accountants

PYA
Certified Public Accountants

PERSHING YOAKLEY & ASSOCIATES, P.C.
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Knoxville, TN 37919
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Covenant Health:

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Covenant'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 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 financial position of Covenant Health as of December 31, 2011 and 2010 and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pershing Yoakley & Associates PC

Knoxville, Tennessee
April 9, 2012

COVENANT HEALTH

Audited Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

Audited Consolidated Financial Statements

COVENANT HEALTH

Consolidated Balance Sheets
(Dollars in Thousands)

	December 31, 2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 30,549	$ 28,541
Short-term investments	519	1,319
Assets limited as to use	24,604	23,603
Patient accounts receivable, less estimated allowances for uncollectible accounts of approximately $53,400 in 2011 and $57,300 in 2010	98,585	95,376
Other current assets	44,123	42,069
TOTAL CURRENT ASSETS	198,380	190,908
ASSETS LIMITED AS TO USE, less amounts required to meet current obligations	74,027	70,481
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation and amortization	642,070	634,859
OTHER ASSETS		
Long-term investments	904,751	820,767
Bond and note issuance costs, net of accumulated amortization of $11,698 in 2011 and $11,816 in 2010	14,997	21,168
Other assets	13,844	13,699
TOTAL OTHER ASSETS	933,592	855,634
	$ 1,848,069	$ 1,751,882

	December 31, 2011	2010
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Trade accounts payable, accrued expenses and other liabilities	$ 134,502	$ 134,791
Accrued salaries, wages, compensated absences and amounts withheld	47,764	42,356
Estimated third-party payor settlements	12,048	11,875
Current portion of long-term debt and capital lease obligations	20,633	20,425
TOTAL CURRENT LIABILITIES	214,947	209,447
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	737,462	666,890
OTHER LONG-TERM LIABILITIES	73,326	80,563
TOTAL LIABILITIES	1,025,735	956,900
COMMITMENTS AND CONTINGENCIES - Notes I and M		
NET ASSETS		
Unrestricted	813,378	786,218
Temporarily restricted	8,956	8,764
TOTAL NET ASSETS	822,334	794,982
	$ 1,848,069	$ 1,751,882

See notes to consolidated financial statements.

COVENANT HEALTH

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

	Year Ended December 31,	
	2011	***2010***
Change in unrestricted net assets:		
Unrestricted revenue and support:		
Net patient service revenue	**$ 1,080,665**	$ 999,364
Other operating revenue	**44,450**	40,761
Net assets released from restrictions used for operations	**2,576**	2,593
TOTAL REVENUE AND SUPPORT	**1,127,691**	1,042,718
Expenses:		
Salaries and benefits	**500,978**	460,505
Supplies and other	**535,073**	491,730
Provision for depreciation and amortization	**70,152**	67,716
Interest	**19,015**	16,987
TOTAL OPERATING EXPENSES	**1,125,218**	1,036,938
INCOME FROM OPERATIONS	**2,473**	5,780
Non-operating gains:		
Investment income	**43,223**	21,898
Gain on early extinguishment of debt - Note F	**11,631**	-
NON-OPERATING GAINS	**54,854**	21,898
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES FROM CONTINUING OPERATIONS	**57,327**	27,678
Additional recognized gain on sale of previously discontinued operations - Note N	-	24,923
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES BEFORE CHANGE IN ACCOUNTING PRINCIPLE	**57,327**	52,601
Change in accounting principle - Note B	-	(4,434)
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	**57,327**	48,167
Change in net unrealized gains on investments	**(32,965)**	23,207
Excess of assets acquired over liabilities assumed - Note M	-	37,726
Contributions of property	**2,297**	1,669
Net assets released from restrictions for capital additions	**501**	1,988
INCREASE IN UNRESTRICTED NET ASSETS	**27,160**	112,757

	Year Ended December 31, 2011	2010
Change in temporarily restricted net assets:		
Restricted gifts and bequests	3,265	2,939
Investment income and realized/unrealized net losses on investments	4	(35)
Net assets released from restrictions	(3,077)	(4,581)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	192	(1,677)
INCREASE IN NET ASSETS	27,352	111,080
NET ASSETS, BEGINNING OF YEAR	794,982	683,902
NET ASSETS, END OF YEAR	$ 822,334	$ 794,982

See notes to consolidated financial statements.

COVENANT HEALTH

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	**$ 27,352**	$ 111,080
Adjustments to reconcile increase in net assets to net cash provided by operating activities from continuing operations		
Provision for depreciation and amortization	**70,152**	67,716
Net realized and unrealized (gains) losses on and assets limited as to use	**7,375**	(30,584)
Discount amortization on capital appreciation bonds	**10,392**	9,842
Property contributions	**(2,297)**	(1,669)
Gain on early extinguishment of debt	**(11,631)**	-
Change in accounting principle	**-**	4,434
Gain on sale of previously discontinued operations	**-**	(24,923)
Excess of assets acquired over liabilities assumed	**-**	(37,726)
Increase (decrease) in cash due to changes in:		
Net patient accounts receivable	**(3,209)**	4,414
Other current assets	**(2,054)**	278
Other assets	**(2,182)**	(1,806)
Trade accounts payable, accrued expenses and other liabilities	**4,168**	4,711
Accrued salaries, wages, compensated absences and amounts withheld	**5,408**	9,801
Estimated third-party payor settlements	**173**	(4,852)
Other long-term liabilities	**(7,237)**	(9,881)
Total adjustments	**69,058**	(10,245)
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**96,410**	100,835
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(78,359)**	(101,090)
Purchases of investments	**(443,146)**	(315,170)
Proceeds from redemption or maturities of investments	**264,312**	268,754
Decrease in assets limited as to use	**83,727**	41,001
Investment in unconsolidated affiliates	**(1,397)**	(1,594)
Distributions from unconsolidated affiliates	**3,593**	5,215
NET CASH USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	**(171,270)**	(102,884)

	Year Ended December 31, 2011	2010
Proceeds from sale of previously discontinued operations	-	34,923
NET CASH USED IN INVESTING ACTIVITIES	**(171,270)**	(67,961)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	**240,700**	-
Redemption of debt	**(139,200)**	-
Payment of acquisition and financing costs	**(2,124)**	-
Repayment of debt and capital lease obligations	**(22,508)**	(20,132)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**76,868**	(20,132)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,008**	12,742
CASH AND CASH EQUIVALENTS, beginning of year	**28,541**	15,799
CASH AND CASH EQUIVALENTS, end of year	**$ 30,549**	$ 28,541
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	**$ 9,179**	$ 10,374
Cash paid for income taxes	**$ 120**	$ 85
Capital additions in accounts payable	**$ 1,950**	$ 6,407
Investments transferred to assets limited as to use	**$ 88,559**	$ -

NOTE A--ORGANIZATION AND OPERATIONS

Covenant Health (Covenant) is a tax-exempt entity as described under Section 501(c)(3) of the Internal Revenue Code. The operations of Covenant and its subsidiaries consist predominantly of the delivery of healthcare and healthcare related services in East Tennessee. Covenant provides management services to, and is the sole member or majority shareholder of, numerous controlled or subsidiary entities, the most significant of which are:

Fort Sanders Regional Medical Center (FSRMC) operates a 541-bed acute care facility located in Knoxville, Tennessee.

Parkwest Medical Center (PMC) operates 462 acute care beds, consisting of a 307-bed acute care facility located in Knoxville, Tennessee, and a 155-bed inpatient behavior health facility located in Louisville, Tennessee and outpatient behavioral medicine facilities in various locations in East Tennessee.

Methodist Medical Center of Oak Ridge (MMC) operates a 301-bed acute care facility located in Oak Ridge, Tennessee, and sponsors *Methodist Medical Center Foundation* which was formed primarily to raise funds on behalf of MMC.

Morristown-Hamblen HealthCare System (MHHS), which was acquired by Covenant during 2010 (Note M), operates a 167-bed acute care hospital located in Morristown, Tennessee. MHHS owns an interest in joint ventures of an ambulatory surgery center and cancer treatment center. MHHS is the sole member of *Morristown-Hamblen Health Foundation* whose purpose is primarily to raise funds on behalf of MHHS.

LeConte Medical Center (LMC) operates a 133-bed acute care and extended care facility located in Sevierville, Tennessee.

Roane Medical Center (RMC) leases and operates a 105-bed acute care facility located in Harriman, Tennessee (See Note I).

Fort Loudoun Medical Center (FLMC) leases and operates a 50-bed acute care facility located in Lenoir City, Tennessee (see Note I).

The Thompson Cancer Survival Center (TCSC) *and Subsidiary* is located in Knoxville, Tennessee, and operates specialty cancer treatment facilities and oncology physician practices.

(Dollars in Thousands)

NOTE A--ORGANIZATION AND OPERATIONS - Continued

The Thompson Cancer Survival Center Foundation (TCSCF) has been established to support TCSC's operations.

Covenant Medical Management (CMM) is a for-profit entity whose major operations include ownership of physician practices in East Tennessee and the provision of physician management and support services. CMM also has an ownership in three surgery center joint ventures.

Fortress Corporation (Fortress) is a for-profit entity located in Knoxville, Tennessee, whose operations include a daycare center, health and fitness facility and real estate services. Fortress also holds an interest in a long-term care facility and has an ownership in other joint ventures and partnerships.

Covenant HomeCare (CHC) is a not-for-profit entity which provides home health and hospice services in East Tennessee.

Fort Sanders Foundation (FSF) is a not-for-profit foundation formed to coordinate the fundraising and development activities of Covenant.

Covenant, FSRMC, PMC, MMC, FLMC, LMC, TCSC and CHC collectively comprise the Covenant Obligated Group (see Note F).

Covenant (or its subsidiaries) is a partner in numerous partnerships or joint ventures which are accounted for under the equity method of accounting. Covenant's ownership in the equity of these entities is included as part of Other Assets and Covenant's equity in the income of these entities totaled $2,660 and $2,568 for the years ended December 31, 2011 and 2010, respectively, and is included in Other Operating Revenue in the accompanying consolidated financial statements. Certain partners in these joint ventures are physicians that practice at Covenant facilities.

The following is combined, condensed, unaudited financial information related to these entities as of and for the years ended December 31, 2011 and 2010:

	2011	*2010*
Total assets	$ 37,914	$ 36,380
Partner's capital/equity	14,322	14,618
Net income	4,814	6,878

NOTE A--ORGANIZATION AND OPERATIONS - Continued

Additionally, certain of Covenant's subsidiaries are obligated on all or a portion of the outstanding debt of several of these joint ventures totaling approximately $3,700 at December 31, 2011. Management believes it is unlikely Covenant or its subsidiaries will be required to fund any guarantees.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Covenant and its subsidiaries after elimination of all significant intercompany accounts and transactions.

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

Cash and Cash Equivalents: Cash and cash equivalents includes cash on-hand and in bank deposit accounts, as well as investments with original terms to maturity of less than ninety days, except amounts designated as assets limited as to use or amounts included in investment portfolios. Covenant has cash deposits significantly in excess of Federal Deposit Insurance Corporation limits at December 31, 2011. Management believes that credit risk related to these deposits is minimal.

Investments and Assets Limited as to Use: All debt securities and marketable equity securities with readily determinable fair values are valued at fair value based on quoted market prices of identical or similar securities as of the date of the Consolidated Balance Sheets. Investments in collective trust funds are also valued at estimated fair value as determined by the fund manager, based on quoted market prices of the underlying investments which have readily determinable market values. Investments in alternative investments do not have a readily determinable fair value and are stated at cost or estimated fair value if determined to be other than temporarily impaired.

Investment portfolios are classified as current or long-term assets dependent upon the objectives of the portfolio relative to current operations. Assets limited as to use are primarily those held by bond trustees and consist generally of bond proceeds designated for capital projects as well as amounts designated for debt service as required by bond indentures. Amounts required to meet current liabilities are shown as current assets in the Consolidated Balance Sheets.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Investment income, including realized gains or losses and any other-than-temporary unrealized losses, is reported as non-operating gains in the Consolidated Statements of Operations and Changes in Net Assets. Realized gains and losses are computed using the specific-identification method of cost determination. The change in unrealized gains and losses for other-than-trading securities is excluded from "Excess of Revenue, Gains and Support Over Expenses and Losses from Continuing Operations" except for any other-than-temporary impairment losses.

Inventories: Inventories of medical supplies are stated at the lower of cost (average cost method) or market and are reported as Other Current Assets in the Consolidated Balance Sheets.

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost or, if donated, at fair market value on the date of gift. Depreciation is provided over the estimated useful lives of the related assets principally under the straight-line method. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Such amortization is included in the provision for depreciation and amortization in the consolidated financial statements.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets. Costs of maintenance and repairs are expensed as incurred. Covenant periodically reviews property for indicators of potential impairment. If this review indicates that the carrying amount of these assets may not be recoverable, Covenant estimates the future cash flows expected to result from the operations of the asset and its eventual disposition. If the sum of these future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, a write-down to estimated fair value is recorded.

Goodwill: Goodwill, included in Other Assets in the Consolidated Balance Sheets, represents the difference between the costs of net tangible assets and separately identifiable assets acquired and estimated fair value, at purchase date, and prior to 2010 was amortized under the straight-line method over various estimated useful lives. In 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2010-07, *Not-For-Profit Entities*, which eliminates the amortization of goodwill and requires a transitional and an annual impairment test. Management evaluated the remaining net book value of goodwill as of January 1, 2010 and determined that $4,434 of goodwill was impaired based on analysis of future operations of the respective reporting units. This transitional impairment loss has been reported as a change in accounting principle in the Consolidated Statement of Operations and Changes in Net Assets for 2010. There are no remaining amounts of goodwill at December 31, 2011 and 2010.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Bond and Note Issuance Costs: Bond and note issuance costs are amortized over the terms of the related debt issues under the straight-line method.

Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. The majority of temporarily restricted net assets are restricted to programs of specific Covenant entities.

Net Patient Service Revenue/Receivables: Net patient service revenue is reported on the accrual basis in the period in which services are provided at estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are reported on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or additional information is obtained.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third-party payment programs. Operations for 2011 and 2010 include an estimated provision for bad debts of approximately $76,800 and $67,000, respectively, included in Supplies and Other in the Consolidated Statements of Operations and Changes in Net Assets. The allowance for uncollectible accounts is estimated based upon the age of the patient accounts receivable, prior experience and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectability of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take. Covenant's policy does not require collateral or other security for patient accounts receivable and Covenant routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Uncompensated Care: Covenant provides care without charge to patients who meet certain criteria under its charity care policy. Because Covenant does not pursue collection of amounts determined to qualify as charity care, or other standardized discounts, they are not reported as net patient revenue. Charges foregone, based on established rates, totaled approximately $98,700 and $89,000 in 2011 and 2010, respectively, including standardized discounts for certain uninsured patients. The estimated direct and indirect cost of providing these services totaled approximately $27,500 and $24,900 for the years ended December 31, 2011 and 2010, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated under a reasonable and systematic approach.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Estimated Malpractice Costs: The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and includes an estimate for claims incurred but not reported (See Note I).

Income Taxes: Covenant and certain of its subsidiaries or controlled entities are exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes on qualifying activities has been made for these entities in the accompanying consolidated financial statements. However, certain entities and operations are subject to income taxes which are accounted for in accordance with FASB Accounting Standards Codification (ASC) 740, *Income Taxes* (See Note G).

Excess of Revenue, Gains and Support Over Expenses and Losses from Continuing Operations: The Consolidated Statements of Operations and Changes in Net Assets includes the caption "Excess of Revenue, Gains and Support Over Expenses and Losses from Continuing Operations." Consistent with industry practice, changes in unrestricted net assets which are excluded from this caption include, but are not limited to, unrealized gains and losses (except losses which are determined to be other-than-temporary and on trading securities) and capital contributions. The excess of assets acquired over liabilities assumed related to hospital acquisitions are also excluded from "Excess of Revenue, Gains and Support Over Expenses and Losses from Continuing Operations."

Fair Value of Financial Instruments: The fair value of Covenant's financial instruments, other than certain investments which are discussed in Note D and long-term debt discussed in Note F, approximates their carrying value due to the nature and terms of these assets and liabilities. Patient accounts receivable; other assets; accounts payable, accrued expenses and other liabilities; accrued salaries, wages, compensated absences and other amounts withheld have short maturities or will otherwise be settled within a short period of time. The fair value of financial instruments reported as part of other long-term liabilities is not estimable, due to the unpredictable timing of the payments and the nature of the estimates involved (primarily estimated professional and worker's compensation liabilities and deferred revenue from a provider agreement discussed in Note N.)

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events: Covenant has evaluated all events or transactions that occurred after December 31, 2011 through April 9, 2012, the date the consolidated financial statements were available to be issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the December 31, 2011 consolidated financial statements.

New Accounting Pronouncements: In July 2011, the FASB issued ASU 2011-07, *Healthcare Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Healthcare Entities,* which will require certain healthcare entities to reclassify the estimated provision for bad debts associated with providing patient care from an operating expense to a deduction from net patient service revenue in the Statement of Operations and Changes in Net Assets. Additionally, ASU 2011-07 requires enhanced disclosures about an entity's policies for recognizing revenue and assessing bad debts and qualitative and quantitative information about changes in the allowance for doubtful accounts. Covenant will be required to adopt ASU 2011-07 in 2012.

NOTE C--NET PATIENT SERVICE REVENUE/RECEIVABLES

Covenant has agreements with various third-party payors that provide for payments at amounts different from established rates. The difference between the rates charged and the estimated payments from third-party payors is recorded as a reduction of gross patient charges. Amounts recorded under certain of these contractual arrangements are subject to review and final determination by various program intermediaries. Management believes that adequate provision has been made for any adjustments which may result from such reviews. However, due to uncertainties in the estimates, it is at least reasonably possible that management's estimates will change in 2012, although the amount of the change cannot be estimated. Net patient service revenue for the years ended December 31, 2011 and 2010 increased by approximately $680 and $2,700, respectively, as a result of changes in adjustments of prior years' estimates or final settlements of prior periods. A summary of the payment arrangements with significant third-party payors follows:

Medicare: Services are rendered to patients under contractual arrangements with the Medicare program or its designated agents. At December 31, 2011 and 2010, approximately 45% and 47%, respectively, of Covenant's net patient accounts receivable were due from the Medicare program. The Medicare program pays for inpatient and most outpatient service on a prospective basis based upon the patient's clinical diagnosis and medical procedures utilized. Covenant also receives additional payments from Medicare based on the provision of services to a disproportionate share of TennCare and other low income patients, as well as

(Dollars in Thousands)

NOTE C--NET PATIENT SERVICE REVENUE/RECEIVABLES - Continued

other pass-through payments. The Medicare program continues to reimburse certain other services based on a percentage of cost up to predetermined cost limits. Certain other revenue, primarily from physician practices, is reimbursed based upon rate schedules. The Recovery Audit Contractors (RAC) program was created by legislation to detect and correct improper payments under the Medicare and Medicaid programs. Management believes that any amounts payable related to audits through the RAC programs will not have a significant impact on the consolidated financial statements. However, due to the uncertainties involved, management's estimate could change in the future.

TennCare: The State of Tennessee's Medicaid waiver program (TennCare) provides coverage through managed care organizations (MCOs) and Covenant has contracts with several of these MCOs. At December 31, 2011 and 2010, approximately 10% of Covenant's net patient accounts receivable were from the TennCare program. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diems. During 2011 and 2010, Covenant received additional distributions under the TennCare Essential Access program and other programs totaling approximately $9,040 and $4,540, respectively, designed to provide supplemental funding for services provided to TennCare patients. Future distributions under these programs are not guaranteed.

Other: Covenant has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. In addition, for uninsured patients, Covenant reduces charges from current rates based on average discounts provided to certain third-party payors.

NOTE D--INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments consist of the following at December 31:

	2011	*2010*
Short-Term Investment Portfolio		
Cash and cash equivalents	$ 26	$ 797
U.S. Government and Agency securities, including mortgage-backed securities	97	86
Corporate debt	63	95
Stock mutual funds	333	341
	519	1,319

(Dollars in Thousands)

NOTE D--INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

	2011	*2010*
Long-Term Investment Portfolio		
Cash and cash equivalents	23,107	7,180
U.S. Government and Agency securities, including mortgage-backed securities	102,589	111,618
U.S. Government inflation indexed securities	79,359	70,985
Municipal bonds	57,363	21,906
Corporate debt	339,901	299,087
Stock mutual funds	182,465	128,495
International equity securities	17,526	19,619
Collective trust funds	30,493	89,511
Alternative investments (cost)	71,948	72,366
	904,751	820,767
Assets Limited as to Use		
Cash, cash equivalents and commercial paper	21,830	29,864
U.S. Government and Agency securities, including mortgage-backed securities	64,647	23,378
Municipal bonds	-	6,938
Corporate debt	4,131	26,023
Other	8,023	7,881
	98,631	94,084
TOTAL INVESTMENTS AND ASSETS LIMITED AS TO USE	$ 1,003,901	$ 916,170

Collective trust funds and the alternative investments include ownership in various funds that are structured as limited liability companies, limited partnerships or offshore limited partnerships. The funds have a wide range of investment strategies with various levels of risk.

Certain investments are managed by a company, an officer of which is a member of Covenant's Board of Directors.

Unrestricted investment income, gains and losses on assets limited as to use, cash equivalents and investments consists of the following for the years ended December 31, 2011 and 2010:

(Dollars in Thousands)

NOTE D--INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

	2011	2010
Investment Income:		
Interest and dividends	$ 19,303	$ 15,772
Net realized gains on sales of securities at fair value	22,558	4,686
Net realized gain on sales of securities at cost	2,879	3,068
	44,740	23,526
Less: Investment expenses	(1,517)	(1,628)
Investment income reported as non-operating	$ 43,223	$ 21,898
Other changes in unrestricted net assets:		
Change in net unrealized gains/losses on investments		
Debt and equity securities	$ (11,394)	$ 16,754
Other investments	(21,571)	6,453
	$ (32,965)	$ 23,207

The age of gross unrealized losses on investments and assets limited as to use that are not considered other-than-temporarily impaired as of December 31, 2011 and 2010 are as follows:

	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2011						
U.S. Government and Agency securities	$ 15,603	$ (23)	$ -	$ -	$ 15,603	$ (23)
Municipal bonds	14,170	(32)	-	-	14,170	(32)
Corporate debt	63,068	(1,202)	7,218	(769)	70,286	(1,971)
Equity mutual funds	62,068	(10,927)	-	-	62,068	(10,927)
International equity securities	3,867	(988)	3,216	(1,433)	7,083	(2,421)
Alternative investments	5,474	(537)	3,050	(1,370)	8,524	(1,907)
	$ 164,250	$ (13,709)	$ 13,484	$ (3,572)	$ 177,734	$ (17,281)

(Dollars in Thousands)

NOTE D--INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

	Less Than 12 Months		*Greater Than 12 Months*		*Total*	
	Fair Value	*Unrealized Losses*	*Fair Value*	*Unrealized Losses*	*Fair Value*	*Unrealized Losses*
December 31, 2010						
U.S. Government and Agency securities	$ 27,666	$ (764)	$ -	$ -	$ 27,666	$ (764)
Municipal bonds	7,471	(63)	-	-	7,471	(63)
Corporate debt	7,532	(163)	4,955	(38)	12,487	(201)
International equity securities	3,975	(637)	2,331	(470)	6,306	(1,107)
Alternative investments	-	-	5,512	(2,018)	5,512	(2,018)
	$ 46,644	$ (1,627)	$ 12,798	$ (2,526)	$ 59,442	$ (4,153)

Management believes, based on their analysis, that investments listed above with unrealized losses at December 31, 2011 are not other-than-temporarily impaired. Such analysis includes industry outlooks and input from investment consultants. Due to uncertainties in the financial market, it is at least reasonably possible that management's estimate may change in 2012.

NOTE E--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at December 31, 2011 and 2010:

	2011	*2010*
Land and land improvements	$ 58,203	$ 53,184
Buildings and leasehold improvements	683,866	615,194
Equipment	581,958	573,243
Equipment held under capital leases	5,467	5,580
	1,329,494	1,247,201
Less: allowances for depreciation and amortization	(731,424)	(694,053)
	598,070	553,148
Projects in progress - Note I	44,000	81,711
	$ 642,070	$ 634,859

During 2010, Covenant capitalized interest expense on construction projects totaling $1,765, net of investment earnings on acquisition fund assets of $912. No significant amount of interest expense was capitalized during 2011.

(Dollars in Thousands)

NOTE E--PROPERTY, PLANT AND EQUIPMENT - Continued

During 2011 and 2010, Covenant wrote off approximately $30,575 and $59,200, respectively, in substantially fully depreciated fixed assets which were no longer in service.

NOTE F--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-term debt and capital lease obligations consist of the following at December 31, 2011 and 2010:

Description	*Maturities (at December 2011)*	*Rates*	*Outstanding Balance 2011*	*2010*
2011 Bonds	$103,700 variable rate securities due through 2033	Variable	$ 103,700	$ -
2011 Note	$100,000 variable rate revenue note due through 2016	Variable	100,000	-
	$35,500 variable rate revenue note due through 2016 (refunding of 2006 Bonds)	Variable	35,500	-
2006 Bonds	$46,245 capital appreciation bonds due through 2042, net of discount of $257 in 2011 and $266 in 2010	5.01% to 5.08%	59,157	56,261
	$125,000 variable rate bank note, (variable rate demand bonds in 2010) final maturity in 2046, net of discount of $436 in 2011 and $576 in 2010	Variable	124,564	159,924
2002 Bonds	$14,855 term bonds due through 2026 net of premium of $346 and $378 and discount of $107 and $116 in 2011 and 2010, respectively	5% to 5.5%	15,094	15,432
	$82,617 capital appreciation bonds due through 2026	5.4% to 5.93%	137,376	129,871
	$97,950 auction rate securities, final maturity in 2023 and 2033	Variable	97,950	220,550
1993 Bonds	$78,125 serially through 2015, net of premium of $464 in 2011 and $767 in 2010	5.25% to 6.25%	78,589	95,797
Notes Payable	Maturing through 2018	3.75% to 6.4%	5,390	7,892
Capitalized lease obligations	Maturing through 2014	4.47% to 6.00%	775	1,588
			758,095	687,315
Less: Current portion of long-term debt and capital lease obligations			(20,633)	(20,425)
			$ 737,462	$ 666,890

During 2011, Covenant issued $103,700 of Hospital Revenue Refunding Bonds, Series 2011 (the 2011 Bonds) through The Health, Educational and Housing Facility Board of the County of Knox, Tennessee. The 2011 Bonds bear interest at a variable rate, initially adjusted weekly, as determined by the remarketing agent. The average weekly rate was approximately 0.2% during

NOTE F--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS - Continued

2011, exclusive of remarketing fees. Mandatory sinking fund redemptions are due annually on January 1 at varying amounts ranging from $640 to $14,830 through 2033. The 2011 Bonds are secured by an interest in the gross receipts of certain members of Covenant (the Obligated Group).

The 2011 Bonds are subject to tender for purchase on any business day and are secured by irrevocable direct pay letters of credit which permit an amount to be drawn equal to the outstanding principal plus 52 days of interest. The credit facilities expire on March 24, 2014, unless extended.

The proceeds of the 2011 Bonds were used to acquire $122,000 of the outstanding auction rate securities under Covenant's 2002 Hospital Revenue Refunding and Improvement Bonds (the 2002 Bonds). The tender price was 85% of the principal amount which totaled $103,700 and Covenant recognized a gain on early extinguishment of the 2002 Bonds of approximately $12,886 which is net of unamortized insurance premium and other bond issuance costs.

Additionally, during 2011 Covenant issued a revenue note in the amount of $135,500 through a lender with The Health, Educational and Housing Facility Board of the County of Knox, Tennessee (the 2011 Note). The 2011 Note bears interest, payable monthly, at the seven-day high grade market index of tax-exempt variable rate demand obligations as published by the Securities Industry & Financial Markets Association (the SIFMA Index Rate) plus a margin (currently 0.7%) based on the loan rating assigned by rating agencies. The average variable rate, including the margin, was approximately 0.8% during 2011. The 2011 Note is due on September 16, 2016 and is secured by an interest in the gross receipts of certain members of Covenant (the Obligated Group).

The proceeds of the 2011 Note were used to refund a portion of Covenant's 2006 Hospital Revenue Refunding and Improvement Bond (the 2006 Bonds) totaling $35,500 and to provide financing for facility and equipment improvements. Covenant recognized a loss on early extinguishment of the 2006 Bonds of approximately $1,255 which includes unamortized insurance premiums and other bond issuance costs.

During 2006, Covenant issued $206,745 of Hospital Revenue Refunding and Improvement Bonds (the 2006 Bonds) through The Health, Educational and Housing Facility Board of the County of Knox, Tennessee. The 2006 Bonds consisted of $46,245 of uninsured capital appreciation bonds maturing through January 2042 and $160,500 of insured auction rate securities with a final maturity date of January 1, 2046. A portion of the proceeds from these bonds were used to refund portions of certain maturities of Covenant's 2002 Bonds and were

NOTE F--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS - Continued

deposited into an irrevocable escrow fund in amounts sufficient to pay all applicable principal maturities refunded. The principal amounts outstanding on the advanced refunded 2002 Bonds total $18,075 at December 31, 2011.

Management believes that the escrow fund deposit relieves Covenant's responsibility as primary obligor on that portion of the 2002 Bonds and, accordingly, those obligations were derecognized in the Consolidated Balance Sheets. Activity in the irrevocable escrow account is restricted to transactions approved by the Trustee. The remaining portion of the 2006 Bonds proceeds were deposited into an acquisition fund for capital improvements of Covenant or used to pay issuance costs.

During 2008, the 2006 auction rate securities were converted to a variable rate determined daily by the remarketing agent based upon comparable tax-exempt obligations. The average daily interest rate during 2011 and 2010 was approximately 0.4% each year. On September 15, 2011, $125,000 of these variable rate securities were converted to a bank-held variable interest rate note with a lender. The bank-held bonds bear interest at a variable rate equal to 75% of the one-month LIBOR plus an additional margin (currently 0.6%) based on Covenant's credit rating. The rate may also increase if the Federal Corporate Tax rate decreases. The average variable interest rate after the conversion was 0.8%, including the margin, during 2011. The bank-held bonds interest rate period ends on September 16, 2016 at which point the bonds will be converted to another interest rate mode. The principal and interest payments are guaranteed by insurance policies.

With respect to the 2006 capital appreciation bonds, the maturity amount is $222,465. Covenant is accreting the difference between the principal amount and the maturity amount as interest expense over the term of the bonds using the bonds outstanding method. The capital appreciation bonds are subject to early redemption on or after January 1, 2017 at a redemption price equal to their compound accreted value as of the redemption date without premium. These 2006 capital appreciation bonds are secured by an interest in the gross receipts of the Obligated Group.

The 2006 Bonds are subject to extraordinary and early redemption. The 2006 Bonds are callable for redemption prior to maturity in the event of damage to or destruction of projects funded, as defined in the agreement. Covenant has requirements to make principal debt service payments on the outstanding 2006 Bonds ranging from $3,500 in 2026 to $28,755 in 2042.

During 2002, Covenant issued $374,957 of Hospital Revenue Refunding and Improvement Bonds (the 2002 Bonds) through The Health, Educational and Housing Facility Board of the

NOTE F--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS - Continued

County of Knox, Tennessee. The 2002 Bonds consisted of three issues of current interest bonds (both insured and uninsured) totaling $62,640, maturing through 2026; $82,617 of insured capital appreciation bonds maturing through January 1, 2026; and $229,700 of insured auction rate securities with final maturity dates of January 1, 2023 and 2033.

With respect to the remaining 2002 auction rate (variable rate) securities, Covenant may elect to convert these bonds to fixed rate debt at any interest payment date. The maximum bond interest rate for the 2002 auction rate securities is based on various published indices, not to exceed the maximum lawful rate and averaged approximately 0.3% and 0.5% for the years ended December 31, 2011 and 2010, respectively. In the event such conversion occurs, these bonds are subject to a mandatory tender to repurchase. Covenant refinanced a portion of these securities through the 2011 Bonds discussed earlier. With respect to the 2002 capital appreciation bonds, the maturity amount is $224,430 and Covenant is accreting the difference between the principal amount and the maturity amount as interest expense over the term of the bonds using the bonds outstanding method. The remaining 2002 auction rate securities are secured by an interest in the gross receipts of certain members of Covenant (the Obligated Group).

Certain of the 2002 bond issues described above are subject to early redemption. Those bond issues which are subject to early redemption require a premium be paid depending upon the timing of such redemption. Additionally, Covenant has requirements to make principal debt service fund payments related to the outstanding term bonds. Such principal payments relating to the 2002 Bonds continue through 2026 and range from a minimum of $535 in 2012 to a maximum of $5,080 in 2026.

Under the terms of the various bond indentures, Covenant is subject to a number of affirmative and negative covenants, including restrictions on the incurrence of additional debt, the maintenance of specific financial ratios, and restrictions on the transfer of assets. In the event such covenants are not met, Covenant may be required to fund a debt service reserve fund, pledge assets as collateral or take other actions as required under the Master Trust Indenture. Management believes Covenant is in compliance with all such requirements at December 31, 2011.

The scheduled maturities and mandatory principal debt service payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discounts and premiums, are as follows:

(Dollars in Thousands)

NOTE F--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS - Continued

Year Ending December 31,	
2012	$ 20,633
2013	21,107
2014	22,046
2015	22,948
2016	12,529
Thereafter	658,822
	758,085
Net premiums	10
	$ 758,095

NOTE G--INCOME TAXES

Fortress and CMM (the For-Profit Subsidiaries) file a group consolidated federal, and separate company state income tax returns and account for income taxes under the provisions of FASB ASC 740, *Income Taxes*. As of December 31, 2011 and 2010, the For-Profit Subsidiaries have net operating loss carryforwards for federal income tax purposes of approximately $27,800 and $29,900, respectively, and for state purposes, approximately $51,500 and $49,300, respectively. These carryforward amounts relate to operating losses generated in prior years which expire through 2031. The remaining net operating loss carryforward may be offset against the future taxable income of each respective group or company.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of combined deferred taxes at December 31, 2011 and 2010 include deferred tax assets of approximately $12,780 and $13,380, respectively, related to net operating loss carryforwards. Other deferred tax assets total approximately $3,800 and $5,700 at December 31, 2011 and 2010, respectively, and relate to other temporary differences; primarily deferred salaries and book/tax differences in income from partnership investments.

Deferred tax liabilities of approximately $159 and $92 at December 31, 2011 and 2010, respectively, relate primarily to book/tax differences in depreciation and amortization. Valuation allowances have been established for all net deferred tax assets as of December 31, 2011 and 2010.

Covenant had no unrecognized tax benefits at December 31, 2011 and 2010. As such, no interest or penalties were recognized in the Consolidated Statements of Operations related to

NOTE G--INCOME TAXES - Continued

unrecognized tax benefits. At December 31, 2011, tax returns for 2008 through 2011 are subject to examination by the Internal Revenue Service. Covenant has no uncertain tax positions that would require financial statement recognition on disclosure under generally accepted accounting principles at December 31, 2011 or 2010.

NOTE H--RETIREMENT PLANS

Covenant sponsors defined contribution plans (401(k) and 403(b) plans) for substantially all full-time employees meeting specified age and service requirements. Under these plans, during 2011 and 2010, Covenant made a matching contribution of up to 6% of participants' eligible wages. Additionally, Covenant sponsors a non-qualified retirement plan for certain members of management to defer a portion of their income. During 2011 and 2010, Covenant made a discretionary contribution of 4.5% of compensation, as defined, to this plan. Expenses related to all retirement plans totaled approximately $11,200 and $10,700 in 2011 and 2010, respectively.

NOTE I--COMMITMENTS, CONTINGENCIES AND OTHER

Professional Liability Insurance: Covenant and subsidiaries maintain an insurance policy to protect from catastrophic medical malpractice or general liability exposure. This policy obligates Covenant for the first $1,000 per occurrence for any claim (including claim expenses) made during the period per the Self-Insured Retention (SIR) policy. The total SIR obligation is $14,000 annually. Beyond the SIR obligation, Covenant's policy of insurance provides a $35,000 limit of insurance as protection for such insured liabilities. This limit of liability applies "per occurrence" and in the "annual aggregate" for any claims made during the policy period.

An estimated reserve for ultimate losses on claims reported and claims incurred but not reported is established (undiscounted) based upon an actuarial study and is included in accrued expenses or other long-term liabilities based on management's estimate of when such claims will be paid.

Covenant and its subsidiaries are named as defendants in various lawsuits and other actions claiming alleged damages. While the ultimate outcome of these proceedings is not presently determinable, it is the opinion of management that the claims will have no material adverse effect on the financial position or results of operations of Covenant.

Employee Benefits: Covenant is self-insured for worker's compensation claims and records estimated amounts for reported claims, as well as a reserve for claims incurred but not reported, based on an actuarial study. Management's estimate of the amount of claims that will be paid in any subsequent year is included in accrued expenses and the remaining liability is reported as

NOTE I--COMMITMENTS, CONTINGENCIES AND OTHER - Continued

other long-term liabilities. Covenant is required by the Tennessee Self-Insured Workers' Compensation Program to maintain an irrevocable $10,270 Letter of Credit as collateral for workers' compensation claims.

Covenant maintains a self-funded healthcare plan to provide reimbursement for covered expenses incurred by eligible employees and covered dependents. Covenant has recorded an estimated reserve for unpaid claims and claims incurred but not yet reported at December 31, 2011 and 2010.

Projects in Progress: Certain subsidiaries of Covenant were engaged in construction, renovation and information technology projects at December 31, 2011. Projects on which commitments or contracts have been signed have an estimated cost to complete of approximately $54,000 at December 31, 2011.

Physician Agreements: Covenant (or its subsidiaries) has entered into contractual relationships with physicians. These contracts include management services agreements, employment contracts, clinical scholar agreements and practice assistance agreements. These contracts have terms of varying lengths. Some contracts include certain base annual payments and may include additional incentives based on productivity levels.

Municipal Leases: FLMC leases its operating facility under a capital lease agreement with Loudon County, Tennessee (the County). This facility is included as a part of buildings and leasehold improvements. Under the terms of the agreement with the County, Covenant completed construction of a replacement facility for FLMC during 2004. Covenant acquired land and constructed the facility on behalf of the County and has transferred title to the County. However, FLMC is leasing the new facility from the County for twenty years (at a nominal annual amount) with two renewal options for five years each and has recognized this facility as an asset of Covenant. Additionally, Covenant committed to spend a minimum of $20,000 during the FLMC lease term on capital additions, physician recruitment or other community benefits.

Covenant also entered into an agreement with the City of Harriman, Tennessee, to lease and purchase certain assets, and assume certain liabilities, of Roane Medical Center. Under the terms of the agreement, Covenant has committed to invest a minimum of $50,000 in the acquisition, development, construction and equipping of a new hospital facility. The lease of the current facility will terminate 90 days after completion of the new facility. The new facility is expected to be completed in 2013.

(Dollars in Thousands)

NOTE I--COMMITMENTS, CONTINGENCIES AND OTHER - Continued

Operating Leases: Covenant has entered into certain non-cancelable leases for office space and equipment which require payments through 2016. Total rental expense for all operating leases was approximately $8,600 and $8,300 for the years ended December 31, 2011 and 2010, respectively. The following is a schedule of future minimum lease payments under non-cancelable lease agreements with remaining terms of at least one year, net of subleases, for the years ending December 31:

2012	$	1,836
2013		1,708
2014		1,541
2015		708
2016		21
	$	5,814

In addition, Covenant leases office space to physicians and others under various lease agreements with terms in excess of one year. Rental revenue recognized in each of the years 2011 and 2010 totaled approximately $12,600 and $10,700, respectively. The following is a schedule of future minimum lease payments to be received for the years ending December 31:

2012	$	9,488
2013		7,700
2014		7,296
2015		6,442
2016		5,439
Thereafter		31,068
	$	67,433

Union Service Agreements: MMC participates in two separate union service agreements, the "RN Unit" agreement and the "Service and Technical Unit" agreement, which were signed in August 2011. The agreements are for a three-year period through October 2014. Both agreements provide a no strike and no lockout provision to protect both parties to the agreement.

Healthcare Industry: 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

NOTE I--COMMITMENTS, CONTINGENCIES AND OTHER - Continued

requirements, reimbursement for patient services, Medicare fraud and abuse and under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

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

NOTE J--FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all financial instruments' carrying value approximates fair value due to the nature or term of the instruments, except as described below. The following methods and assumptions were used to estimate the fair value of these other financial instruments:

Investments in Alternative Investments: The fair value of investments in alternative investments is determined based on the fair value of the underlying assets as determined by the fund manager.

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

Other Long-term Liabilities: Other long-term liabilities consist of reserves for professional and workers' compensation liabilities and deferred gains related to the sale of a subsidiary (See Note N). The fair value of other long-term liabilities is not estimable, due to the uncertainties in determining the future payment date of liability claims and the unique nature of the deferred gains.

(Dollars in Thousands)

NOTE J--FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The estimated fair value of Covenant's significant financial instruments which have carrying values different from fair value is as follows at December 31, 2011 and 2010:

	2011		*2010*	
	Carrying Value	*Estimated Fair Value*	*Carrying Value*	*Estimated Fair Value*
Investments in alternative investments	$ 71,948	$ 84,026	$ 72,366	$ 84,983
Long-term debt (excluding capital leases)	757,320	751,381	685,728	675,305

NOTE K--FAIR VALUE MEASUREMENT

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

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents assets reported at fair value as of December 31, 2011 and 2010 and their respective classification under the valuation hierarchy:

	Carrying Value	*Quoted Prices in Active Markets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
Assets Measured at Fair Value on a Recurring Basis at December 31, 2011				
Investments in debt and equity securities	$ 856,497	$ 200,324	$ 656,173	$ -
Investments in collective trust funds	30,493	-	30,493	-

(Dollars in Thousands)

NOTE K--FAIR VALUE MEASUREMENT - Continued

	Carrying Value	*Quoted Prices in Active Markets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
Assets Measured at Fair Value on a Recurring Basis at December 31, 2010				
Investments in debt and equity securities	$ 716,452	$ 148,455	$ 567,997	$ -
Investments in collective trust funds	89,511	-	89,511	-

There were no liabilities requiring fair value measurement disclosure at December 31, 2011 or 2010.

NOTE L--EXPENSES BY FUNCTIONAL CLASSIFICATION

Expenses based upon functional classification are as follows for the year ended December 31, 2011 and 2010:

	2011	*2010*
Healthcare services	$ 897,039	$ 813,719
Administrative and general	175,395	169,710
Other	52,784	53,509
	$ 1,125,218	$ 1,036,938

NOTE M--HOSPITAL ACQUISITION

Under terms of an agreement with Morristown-Hamblen Hospital Association, Covenant became the sole member of and acquired MHHS effective July 1, 2010. All corporate powers are exercised by or under the authority of, and the affairs of MHHS are managed under the direction of, the Covenant Board of Directors. The acquisition was undertaken to accomplish the shared vision of Covenant and MHHS to establish MHHS as a regional healthcare hub and to enhance the reputation of MHHS as the best place in its area for patients to receive care, physicians to practice medicine and employees to work. Covenant and MHHS expect to undertake and realize additional physician recruiting, improvements in clinical quality and patient satisfaction and capital investments. As a part of the agreement, Covenant committed to invest $88,000 in capital and other projects, as defined, related to MHHS within seven years of the acquisition date.

(Dollars in Thousands)

NOTE M--HOSPITAL ACQUISITION - Continued

A condensed summary of the assets acquired and liabilities assumed, at their estimated fair value based on an independent valuation, and the excess of such assets over liabilities as reported in Covenant's 2010 Consolidated Statement of Operations and Changes in Net Assets, is as follows at July 1, 2010:

Current assets	$	13,455
Property, plant and equipment		36,323
Other assets		10,094
Total Assets		59,872
Current liabilities		15,290
Notes payable and capital leases		6,856
Total Assets		22,146
Excess of Assets Acquired Over Liabilities Assumed	$	37,726

Operations of MHHS are included in the 2010 Consolidated Statement of Operations and Changes in Net Assets since the acquisition date and consist of the following:

Revenue and support	$	47,932
Deficit of revenue, gains and support over expenses and losses and decreases in net assets		(410)

Supplemental, unaudited pro-forma information for MHHS for the year ended December 31, 2010 is as follows:

Revenue and support	$	96,635
Deficit of revenue, gains and support over expenses and losses		(972)
Change in net assets		55

NOTE N--DISCONTINUED OPERATIONS AND RELATED DEFERRED GAIN

In 2008, Covenant sold all of the outstanding Class A common stock and Class C common stock of PHP Companies, Inc. (PHP), a for-profit organization that operated an insurance corporation, as well as a licensed health maintenance organization for commercial health insurance products and Medicare risk products, and managed a health maintenance organization under the State of Tennessee's TennCare program, to Humana, Inc. (Humana).

The purchase price was subject to adjustments based on final settlement of estimates included in the consolidated balance sheet of PHP at October 31, 2008, including those related to future claims payments and audits thereof by governmental authorities or their agents and other parties. During 2010, Covenant received $34,923 as additional payment on these contingent settlements. Covenant recognized $24,923 of this amount as additional gain on the sale of discontinued operations with the balance deferred in other current liabilities pending the result of additional claims audits. Additional sale proceeds as a result of future adjustments may also be received but management is not able to estimate the amount and timing of any additional settlement. Due to the uncertainties involved related to final settlements, it is at least reasonably possible that management's estimates related to amounts recognized and amounts deferred could change in the future.

In conjunction with the sale of PHP, Covenant entered into a seven-year Hospital System Participation Agreement (the Provider Agreement) with Humana. Under the terms of the Provider Agreement, Covenant has agreed to reimbursement rates for individuals covered by Humana's commercial and Medicare plans below rates received from similar insurance programs, and has limits on future rate increases from Humana. As such, Covenant deferred the portion of the sale proceeds estimated to be compensation for entering into the Provider Agreement. Covenant estimated this deferral to be $71,000, which is being amortized as part of net patient service revenue over the term of the Provider Agreement. During 2011 and 2010, Covenant recognized net patient service revenue totaling $13,388 and $14,026, respectively, related to amortization of amounts deferred under this Provider Agreement.

Additionally, as part of the sale of PHP, Covenant entered into an Administrative Services Agreement (ASO) with Humana for third party health claims administration for Covenant employees under a self-insured health plan for a period of eight years beginning January 1, 2009. Under the terms of the ASO, Covenant agreed to pay a fixed rate for these services at a rate that was higher than the then current market rate. Covenant estimated the portion of the sale proceeds related to this agreement totaled $6,100 which is being amortized and reported as a reduction of health plan administration expenses over the term of the ASO Agreement. During 2011 and 2010, Covenant recognized $1,035 each year as a reduction of claims administration expense related to amortization of this ASO Agreement. No reduction of expenses related to the ASO was recognized during 2009 as the higher rates were not yet implemented.

Additional Data

Software ID:
Software Version:
EIN: 62-0636239
Name: Methodist Medical Center

Form 990, Special Condition Description:

Special Condition Description

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

4d. Other program services

(Code) (Expenses $ 91,830,638 including grants of $ 92,001) (Revenue $ 95,163,889)

As a full-service acute care, regional medical center, Methodist Medical Center treats patients across a broad spectrum of medical specialties in addition to those highlighted above

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Anthony L Spezia President & CEO	0 00	X		X				0	2,492,642	25,707
Dr Richard Brinner Director	0 00	X						0	0	0
Dr Mitchell Dickson Director	0 00	X						0	1,184	0
Pamela P Fansler Director	0 00	X						0	0	0
Homer Fisher Director	0 00	X						0	0	0
James Fitzsimmons Director	0 00	X						0	1,192	0
Dr William Hall Director	0 00	X						0	1,579	0
Wayne Heatherly Director	0 00	X						0	747	0
Jim Johnson Jr Director	0 00	X						0	1,184	0
Karla Lane Director	0 00	X						0	0	0
Eddie Mannis Director	0 00	X						0	0	0
Larry Mauldin Chairman	0 00	X						0	2,832	0
Dr Joseph Metcalf Director	0 00	X						0	0	0
George Miller Director	0 00	X						0	0	0
Alvin Nance Director	0 00	X						0	1,235	0
Linda Ogle Director	0 00	X						0	0	0
Francis H Olmstead Jr Director	0 00	X						0	0	0
Mitchell Steenrod Director	0 00	X						0	1,184	0
Carl Storms Director	0 00	X						0	769	0
Joseph E Sutter Director	0 00	X						0	1,273	0
Richard Swanson Director	0 00	X						0	0	0
Joe Ben Turner Director	0 00	X						0	1,192	0
David Verble Director	0 00	X						0	1,251	0
John T Geppi EVP / CFO	0 00			X				0	705,467	29,048
Michael R Belbeck Jr President & CAO	50 00			X				0	413,309	33,952

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Julie G Utterback VP - Financial Services	50 00			X				153,656	0	29,511
Stephen E Ellis Medical Director	50 00					X		203,215	0	25,881
Shane West Medical Physicist	50 00					X		178,971	0	27,183
Susan K Harris VP - Chief Nursing Officer	50 00				X			159,986	0	19,840
Connie B Martin VP - Support Services	50 00					X		123,689	0	18,594
Carolyn S Shipley Director of Nursing	50 00					X		121,490	0	18,022
Samuel L Price R N	60 00					X		119,128	0	1,531