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

BAPTIST HEALTH EXISTS TO PROVIDE QUALITY PATIENT CENTERED SERVICES, PROMOTE AND PROTECT THE VOLUNTARY NOT-FOR-PROFIT HEALTHCARE SYSTEM, PROVIDE QUALITY HEALTH EDUCATION, AND RESPOND TO THE CHANGING HEALTH NEEDS OF THE CITIZENS OF ARKANSAS WITH CHRISTIAN COMPASSION AND PERSONAL CONCERN CONSISTENT WITH OUR CHARITABLE PURPOSES

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

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.





















4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4e	Total program service expenses	\$ 668,479,078
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Part IV

Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	359			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	7,352			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		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?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		No
11b	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	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	Yes	
16b	If "Yes," 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?	Yes	

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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. BOB ROBERTS CFO 9601 I-630 EXIT 7 LITTLE ROCK, AR 72205 (501) 202-2000

Part VII

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

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

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

- 1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JACK BLACKSHEAR MD TRUSTEE	10	X						0	0	0
(2) JUDY HENRY TRUSTEE	10	X						0	0	0
(3) ED CHOATE TRUSTEE	10	X						0	0	0
(4) HERREN HICKINGBOTHAM TRUSTEE	10	X						0	0	0
(5) DR GLEN MILLNER TRUSTEE	10	X						0	0	0
(6) STEVEN COLLIER MD TRUSTEE	10	X						0	0	0
(7) DR REX M HORNE JR TRUSTEE	10	X						0	0	0
(8) MIKE COULSON TRUSTEE	10	X						0	0	0
(9) JIM JONES VICE CHAIRMAN	10	X		X				0	0	0
(10) MICHAEL SHELLEY TRUSTEE	10	X						0	0	0
(11) PHIL COX CHAIRMAN	10	X		X				0	0	0
(12) LOUIS LEE TRUSTEE	10	X						0	0	0
(13) SENATOR TRACY STEELE TRUSTEE	10	X						0	0	0
(14) BARBARA GRAVES SECRETARY	10	X		X				0	0	0
(15) KENT LOCKWOOD TRUSTEE	10	X						0	0	0
(16) BUDDY SUTTON COUNSEL	10	X		X				0	0	0
(17) JAMES E HARRIS TRUSTEE	10	X						0	0	0

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			
(18) TOMMY MAY TRUSTEE	1 0	X						0	0	0
(19) DR JOHN MCCALLUM TRUSTEE	1 0	X						0	0	0
(20) RUSSELL D HARRINGTON JR PRESIDENT & CEO	40 0				X			1,020,319	0	29,768
(21) DOUGLAS WEEKS SENIOR VP & ADMINISTRATOR	40 0				X			438,395	0	50,257
(22) ROBERT C ROBERTS SENIOR VP & CEO	40 0				X			494,128	0	43,494
(23) JILL MASSIET VICE PRESIDENT OF PATIENT CARE	40 0				X			259,211	0	17,655
(24) KATHRYN T MARTIN VICE PRESIDENT OF PATIENT CARE	40 0				X			190,766	0	25,351
(25) HARRISON DEAN SENIOR VP & ADMINSTRATOR	40 0				X			440,433	0	45,892
(26) SCOTT YOUNG MEDICAL DIR - TRANSPLANT SVCS	40 0					X		333,380	0	26,618
(27) JOHN H RANSOM MEDICAL DIR - TRANSPLANT SVCS	40 0					X		312,850	0	15,293
(28) FREDERICK A BENNETT JR CHIEF OF CLINICAL AFFAIRS	40 0					X		277,787	0	11,745
(29) DR PETER M MARVIN VICE PRESIDENT OF CLINICAL AFF	40 0					X		385,766	0	50,017
(30) DR GUY GARDNER CHIEF MEDICAL OFFICER	40 0					X		326,751	0	60,903
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,479,786	0	376,993

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▶233

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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
ACCRETIVE HEALTH 39918 TREASURY CENTER CHICAGO, IL 60694	CONSULTING	43,468,346
MEDICAL SERVICES GROUP 904 AUTUMN RD STE 500 LITTLE ROCK, AR 72211	MEDICAL SERVICES	6,168,102
STUTTGART MEDICAL CLINIC 1609 NORTH MEDICAL DRIVE STUTTGART, AR 72160	PHYSICIAN SERVICES	3,744,226
PATHOLOGY LAB OF ARKANSAS 1 LILE COURT STE 101 LITTLE ROCK, AR 72205	LABORATORY	2,554,118
ANESTHESIOLOGY SERVICES LTD 3805 MCCAIN PARK DR STE 105 NORTH LITTLE ROCK, AR 72116	ANESTHESIOLOGY	1,781,012

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 ▶411

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	6,895,099			
	e	Government grants (contributions)	1e	1,299,300			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	214,527			
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f		8,408,926			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 621990	749,894,129	749,894,129	0	0
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		749,894,129			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		8,535,372	0	129,845
4		Income from investment of tax-exempt bond proceeds . .		0			
5		Royalties		0			
6a		Gross rents	(i) Real 4,260,885	(ii) Personal 64,308			
b		Less rental expenses					
c		Rental income or (loss)	4,260,885	64,308			
d		Net rental income or (loss)		4,325,193		202,920	4,122,273
7a		Gross amount from sales of assets other than inventory	(i) Securities 29,777	(ii) Other 457,433			
b		Less cost or other basis and sales expenses					
c		Gain or (loss)	29,777	457,433			
d		Net gain or (loss)		487,210	0	0	487,210
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events . .		0			
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . .		0			
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold . . .	b				
c		Net income or (loss) from sales of inventory . .		0			
Miscellaneous Revenue		Business Code					
11a		CAFETERIA REVENUE	722210	5,394,214	0	690,597	4,703,617
b		DRUG STORE REVENUE	446110	3,822,215	0	3,104,357	717,858
c	SPRINGHILL SRGRY K-1	621400	841,352	0	841,352	0	
d	All other revenue		10,503,770	0		10,503,770	
e	Total. Add lines 11a-11d		20,561,551				
12	Total revenue. See Instructions		792,212,381	749,894,129	4,969,071	28,940,255	

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	1,504,322	1,504,322		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	3,055,669	0	3,055,669	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	251,013,503	211,937,221	39,076,282	0
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	25,164,987	21,247,452	3,917,535	0
9	Other employee benefits	25,682,682	21,684,556	3,998,126	0
10	Payroll taxes	19,787,881	16,707,422	3,080,459	0
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	1,410,737	1,191,122	219,615	0
c	Accounting	689,148	581,866	107,282	0
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	872,134	736,365	135,769	0
g	Other	40,989,110	34,608,170	6,380,940	0
12	Advertising and promotion	2,847,261	2,404,016	443,245	0
13	Office expenses	75,241,137	63,528,046	11,713,091	0
14	Information technology	5,368,839	4,533,050	835,789	0
15	Royalties	0			
16	Occupancy	8,928,958	7,538,951	1,390,007	0
17	Travel	3,575,719	3,019,072	556,647	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	78,709	66,456	12,253	0
20	Interest	3,862,656	3,261,341	601,315	0
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	35,680,422	30,125,907	5,554,515	0
23	Insurance	5,954,854	5,027,838	927,016	0
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	BAD DEBT EXPENSE	81,732,972	81,732,972	0	0
b	MEDICAL SUPPLIES & EXPENSES	90,743,592	90,743,592	0	0
c	PHARMACEUTICAL EXPENSE	26,130,335	22,062,521	4,067,814	0
d	DIETARY MEAL COSTS	7,008,410	5,917,383	1,091,027	0
e					
f	All other expenses	45,384,648	38,319,437	7,065,211	
25	Total functional expenses. Add lines 1 through 24f	762,708,685	668,479,078	94,229,607	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			84,902,310	1	52,909,865
	2	Savings and temporary cash investments			0	2	0
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			93,844,679	4	121,770,657
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			0	5	0
	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			0	6	0
	7	Notes and loans receivable, net			325,346	7	281,498
	8	Inventories for sale or use			9,414,341	8	9,932,365
	9	Prepaid expenses and deferred charges			21,251,827	9	27,009,288
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	744,432,270			
	b	Less accumulated depreciation	10b	439,359,561	287,315,485	10c	305,072,709
	11	Investments—publicly traded securities			0	11	0
	12	Investments—other securities See Part IV, line 11			0	12	0
	13	Investments—program-related See Part IV, line 11			0	13	0
	14	Intangible assets			0	14	0
	15	Other assets See Part IV, line 11			320,502,875	15	335,095,075
	16	Total assets. Add lines 1 through 15 (must equal line 34)			817,556,863	16	852,071,457
Liabilities	17	Accounts payable and accrued expenses			79,625,471	17	87,822,911
	18	Grants payable			0	18	0
	19	Deferred revenue			0	19	0
	20	Tax-exempt bond liabilities			112,100,071	20	105,793,713
	21	Escrow or custodial account liability Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			2,535,373	23	1,163,267
	24	Unsecured notes and loans payable to unrelated third parties			1,401,927	24	2,105,058
	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			133,455,190	25	156,810,407
	26	Total liabilities. Add lines 17 through 25			329,118,032	26	353,695,356
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			487,227,063	27	497,106,101
	28	Temporarily restricted net assets			1,211,768	28	1,270,000
	29	Permanently restricted net assets			0	29	0
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			488,438,831	33	498,376,101
	34	Total liabilities and net assets/fund balances			817,556,863	34	852,071,457

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	792,212,381
2	Total expenses (must equal Part IX, column (A), line 25)	2	762,708,685
3	Revenue less expenses Subtract line 2 from line 1	3	29,503,696
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	488,438,831
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-19,566,426
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	498,376,101

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization BAPTIST HEALTH	Employer identification number 71-0236856
--	--

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (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 IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 71-0236856
Name: BAPTIST HEALTH

Form 990, Special Condition Description:

Special Condition Description

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			
JACK BLACKSHEAR MD TRUSTEE	1 0	X						0	0	0
JUDY HENRY TRUSTEE	1 0	X						0	0	0
ED CHOATE TRUSTEE	1 0	X						0	0	0
HERREN HICKINGBOTHAM TRUSTEE	1 0	X						0	0	0
DR GLEN MILLNER TRUSTEE	1 0	X						0	0	0
STEVEN COLLIER MD TRUSTEE	1 0	X						0	0	0
DR REX M HORNE JR TRUSTEE	1 0	X						0	0	0
MIKE COULSON TRUSTEE	1 0	X						0	0	0
JIM JONES VICE CHAIRMAN	1 0	X		X				0	0	0
MICHAEL SHELLEY TRUSTEE	1 0	X						0	0	0
PHIL COX CHAIRMAN	1 0	X		X				0	0	0
LOUIS LEE TRUSTEE	1 0	X						0	0	0
SENATOR TRACY STEELE TRUSTEE	1 0	X						0	0	0
BARBARA GRAVES SECRETARY	1 0	X		X				0	0	0
KENT LOCKWOOD TRUSTEE	1 0	X						0	0	0
BUDDY SUTTON COUNSEL	1 0	X		X				0	0	0
JAMES E HARRIS TRUSTEE	1 0	X						0	0	0
TOMMY MAY TRUSTEE	1 0	X						0	0	0
DR JOHN MCCALLUM TRUSTEE	1 0	X						0	0	0
RUSSELL D HARRINGTON JR PRESIDENT & CEO	40 0				X			1,020,319	0	29,768
DOUGLAS WEEKS SENIOR VP & ADMINISTRATOR	40 0				X			438,395	0	50,257
ROBERT C ROBERTS SENIOR VP & CEO	40 0				X			494,128	0	43,494
JILL MASSIET VICE PRESIDENT OF PATIENT CARE	40 0				X			259,211	0	17,655
KATHRYN T MARTIN VICE PRESIDENT OF PATIENT CARE	40 0				X			190,766	0	25,351
HARRISON DEAN SENIOR VP & ADMINSTRATOR	40 0				X			440,433	0	45,892

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			
SCOTT YOUNG MEDICAL DIR - TRANSPLANT SVCS	40 0					X		333,380	0	26,618
JOHN H RANSOM MEDICAL DIR - TRANSPLANT SVCS	40 0					X		312,850	0	15,293
FREDERICK A BENNETT JR CHIEF OF CLINICAL AFFAIRS	40 0					X		277,787	0	11,745
DR PETER M MARVIN VICE PRESIDENT OF CLINICAL AFF	40 0					X		385,766	0	50,017
DR GUY GARDNER CHIEF MEDICAL OFFICER	40 0					X		326,751	0	60,903

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public
Inspection

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

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

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

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

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

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

Name of the organization BAPTIST HEALTH	Employer identification number 71-0236856
--	--

Part I-A

Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1

Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
- 2

Political expenditures ▶ \$
- 3

Volunteer hours

Part I-B

Complete if the organization is exempt under section 501(c)(3).

- 1

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

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

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

Was a correction made? ☐ Yes ☐ No
- b

If "Yes," describe in Part IV

Part I-C

Complete if the organization is exempt under section 501(c) except section 501(c)(3).

- 1

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

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

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

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

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

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

Part II-A

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

- A

Check

☒

if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)		3,427													
c Total lobbying expenditures (add lines 1a and 1b)		3,427													
d Other exempt purpose expenditures		637,517,672													
e Total exempt purpose expenditures (add lines 1c and 1d)		637,521,099													
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000													
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)		250,000													
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount	1,103	1,000,000	1,000,000	1,000,000	3,001,103
b Lobbying ceiling amount (150% of line 2a, column(e))					4,501,655
c Total lobbying expenditures	4,922	5,517	4,020	3,427	17,886
d Grassroots non-taxable amount	276	250,000	250,000	250,000	750,276
e Grassroots ceiling amount (150% of line 2d, column (e))					1,125,414
f Grassroots lobbying expenditures	0	0	0	0	0

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

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

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
BAPTIST HEALTH

Employer identification number
71-0236856

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area
☐ Protection of natural habitat☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	




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

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

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

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

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


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

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

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

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

Part VI 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		32,446,160		32,446,160
b Buildings		235,953,362	128,399,767	107,553,595
c Leasehold improvements		150,827,937	89,093,282	61,734,655
d Equipment		267,903,210	214,420,807	53,482,403
e Other		57,301,601	7,445,705	49,855,896
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> 				305,072,709

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)	1792,212,381
2	Total expenses (Form 990, Part IX, column (A), line 25)	2762,708,685
3	Excess or (deficit) for the year Subtract line 2 from line 1	329,503,696
4	Net unrealized gains (losses) on investments	4-4,147,554
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-15,420,330
9	Total adjustments (net) Add lines 4 - 8	9-19,567,884
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	109,935,812

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1706,278,525
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments	2a-4,147,554
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-4,147,554
3	Subtract line 2e from line 1	3710,426,079
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)	4b81,786,302
c	Add lines 4a and 4b	4c81,786,302
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5792,212,381

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1696,342,713
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)	2d15,367,000
e	Add lines 2a through 2d	2e15,367,000
3	Subtract line 2e from line 1	3680,975,713
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)	4b81,732,972
c	Add lines 4a and 4b	4c81,732,972
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5762,708,685

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
CHANGES IN NET ASSETS	FORM 990, SCHEDULE D, PART XI, LINE 8	CHANGE IN MINIMUM PENSION LIABILITY (15,367,000) SPRINGHILL SURGERY CENTER, LLC K-1 (53,330) ----- ----- TOTAL CHANGES IN NET ASSETS (15,420,330)
REVENUE INCLUDED ON RETURN BUT NOT ON AUDIT	FORM 990, SCHEDULE D, PART XII, LINE 4B	SPRINGHILL SURGERY CENTER, LLC K-1 53,330 BAD DEBT EXPENSE 81,732,972
FIN 48 FOOTNOTE	FORM 990, SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.
EXPENSES INCLUDED ON RETURN BUT NOT ON AUDIT	FORM 990, SCHEDULE D, PART XIII, LINE 4B	BAD DEBT EXPENSE 81,732,972
EXPENSES INCLUDED ON BOOKS BUT NOT ON RETURN	FORM 990, SCHEDULE D, PART XIII, LINE 2D	CHANGE IN DEFINED BENEFIT PLAN GAINS 15,367,000

Additional Data

Software ID:

Software Version:

EIN: 71-0236856

Name: BAPTIST HEALTH

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	(b) Book value
INVESTMENT UNCONSOL SUBS	4,139,576
OTHER ASSETS	8,510,346
ADVANCE TO AFFILIATES, NET	21,578,600
UNAMORTIZED BOND ISSUE COSTS	0
INTERNALLY DESIGNATED FUNDS	16,072,694
INDENTURED FUNDS	7,837,626
CAPITAL IMPROVEMENT INVESTMENT	275,740,233
INTEREST IN AFFILIATE	1,216,000

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
BAPTIST HEALTH

Employer identification number
71-0236856

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input type="checkbox"/> 200%<input checked="" type="checkbox"/> Other <u>300. %</u></div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input checked="" type="checkbox"/> 400%<input type="checkbox"/> Other <u>%</u></div> 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"?	3a	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 eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H				

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			20,377,506		20,377,506	2 990 %
b Medicaid (from Worksheet 3, column a)			67,381,861	58,833,348	8,548,513	1 260 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			87,759,367	58,833,348	28,926,019	4 250 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			10,906,361	8,102,948	2,803,413	0 410 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits			10,906,361	8,102,948	2,803,413	0 410 %
k Total. Add lines 7d and 7j			98,665,728	66,936,296	31,729,432	4 660 %

Part IICommunity Building Activities

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

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1		No
2Enter the amount of the organization's bad debt expense	2	81,069,562	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	20,267,391	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	277,607,499	
6Enter Medicare allowable costs of care relating to payments on line 5	6	258,845,974	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	18,761,525	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 ORTHOARKANSAS	ASC	51.000 %	0 %	49.000 %
2 SURGICAL PAVILLION	ASC	50.000 %	0 %	50.000 %
3 SPRINGHILL SURGERY	ASC	50.000 %	0 %	50.000 %
4 AUTUMN ROAD LLC	REAL ESTATE	59.720 %	0 %	37.080 %
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 5

Name and address

[illegible]

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)

BAPTIST HEALTH MED CTR ARKADELPHIA

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 300 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input checked="" type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

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)

BAPTIST HEALTH MED CTR HEBER SPRINGS

Name of Hospital Facility:_____

Line Number of Hospital Facility (from Schedule H, Part V, Section A):_____2_____

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1		No
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 300 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	Yes	
12	Explained the method for applying for financial assistance?	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input checked="" type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

BAPTIST HEALTH MED CTR LITTLE ROCK

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):3

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 300 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input checked="" type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

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)

BAPTIST HEALTH MED CTR NORTH LITTLE ROCK

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): _____ 4

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	No
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> 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 <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input checked="" type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

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)

BAPTIST HLTH REHAB INSTITUTE LITTLE ROCK

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):5

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 300 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input checked="" type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 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
INCOME BASED CRITERIA FOR DETERMINING ELIGIBILITY	PART I, LINE 3C	IN ADDITION TO INCOME CRITERIA BASED ON FPG, A 20% DISCOUNT IS PROVIDED TO ALL PATIENTS WITHOUT INSURANCE OR GOVERNMENTAL COVERAGE OR ASSISTANCE A 30 DAY PROMPT PAY ADDITIONAL DISCOUNT OF 25% OF THE REMAINING BALANCE IS ALSO PROVIDED

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	PART I, LINE 6A	A LIST OF ALL ORGANIZATIONS, HEALTH IMPROVEMENT INITIATIVES, AND COMMUNITY OUTREACH THAT IS SUPPORTED BY BAPTIST HEALTH ANNUALLY IS POSTED ON OUR WEBSITE, POSTED IN VARIOUS PRINT MEDIA OUTLETS AND A SUMMARY IS MAILED TO OVER 2,000 COMMUNITY LEADERS IN ARKANSAS

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	PART I, LINE 7, COLUMN F	BAD DEBT EXPENSE IN THE AMOUNT OF \$81,069,562 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) ("TOTAL FUNCTIONAL EXPENSES"), BUT IS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES IN THIS COLUMN

Identifier	ReturnReference	Explanation
FINANCIAL ASSISTANCE & CERTAIN OTHER COMMUNITY BENEFITS AT COST	PART I, LINE 7	BAPTIST HEALTH USES THE MEDICARE COST REPORT COST TO CHARGE RATIO METHODOLOGY

Identifier	ReturnReference	Explanation
BAD DEBT FOOTNOTE	PART III, LINE 4	THE CORPORATION REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS. THE CORPORATION PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS. PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED. ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT. BAPTIST HEALTH'S CHARITY CARE POLICY WAS REVISED DURING 2010 TO ALLOW THE CORPORATION TO AUTOMATICALLY APPLY CHARITY STATUS TO PATIENTS BASED ON THEIR MEDICAID ELIGIBILITY. DUE TO THESE CHANGES, THE HOSPITAL FACILITY HAS IMPROVED ITS ABILITY TO PROPERLY IDENTIFY THE CHARITY STATUS OF PATIENTS, AND BAD DEBT AS A PERCENTAGE OF GROSS CHARGES HAS DECREASED WHILE CHARITY CARE HAS INCREASED. SUBSEQUENT TO YEAR END, THE HOSPITAL FACILITY REVISED ITS CHARITY POLICY AND IMPLEMENTED THE USE OF SOFTWARE WHICH USES PUBLICLY AVAILABLE DEMOGRAPHIC INFORMATION TO DETERMINE PRESUMPTIVE ELIGIBILITY FOR PATIENTS WHO DO NOT RESPOND TO OFFERS OF FINANCIAL ASSISTANCE. THE HOSPITAL FACILITY HAS USED THIS SOFTWARE TO ESTIMATE THE AMOUNT OF BAD DEBT REPORTED IN 2011 THAT LIKELY WOULD HAVE QUALIFIED AS CHARITY HAD THE REVISED POLICY AND PROCESS BEEN IN PLACE.

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY	PART III, LINE 8	MEDICARE COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
DEBT COLLECTION POLICY	PART III, LINE 9B	EVERY UNINSURED PATIENT IS SEEN BY A FINANCIAL COUNSELOR WHO EDUCATES THE PATIENT AND FAMILY MEMBERS ABOUT OUR FINANCIAL ASSISTANCE POLICY, ASSISTS IN COMPLETION OF A FINANCIAL ASSISTANCE APPLICATION WHEN APPROPRIATE, AND PROVIDES ASSISTANCE IN DETERMINING ELIGIBILITY UNDER FEDERAL, STATE, OR LOCAL PROGRAMS SUCH AS MEDICAID CHARITY CARE AND OTHER FINANCIAL ASSISTANCE IS PROVIDED WHEN ELIGIBLE AND COLLECTION EFFORTS CEASE ONCE ELIGIBILITY IS DETERMINED

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI, LINE 2	THROUGH THE UTILIZATION AND ANALYSIS OF THIRD PARTY INFORMATION AVAILABLE TO US THROUGH NUMEROUS SOURCES SOME EXAMPLES INCLUDE ARKANSAS DEPARTMENT OF HEALTH, DEMOGRAPHIC INFORMATION AVAILABLE THROUGH UNIVERSITY OF ARKANSAS AT LITTLE ROCK CENSUS DATA CENTER, CLARITAS, THOMSON MEDSTAT ANNUAL PULSE HEALTHCARE SURVEY AS A PART OF THE MARKET EXPERT PRODUCT AND NATIONAL RESEARCH CORPORATION HEALTHCARE MARKET GUIDE WE ALSO UTILIZE QUANTITATIVE (SURVEYS) AND QUALITATIVE RESEARCH (FOCUS GROUPS) CONDUCTED ON A PERIODIC OR ON AN AS NEEDED BASIS WE ALSO UTILIZE INPUT FROM NUMEROUS COMMUNITY ADVISORY GROUPS, COMMUNITY OUTREACH ACTIVITIES AND ASSESSMENTS, PHYSICIAN INPUT, EMPLOYEE INPUT, AND ANALYSIS OF HISTORICAL INTERNAL DATA

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI, LINE 3	EVERY UNINSURED PATIENT IS SEEN BY A FINANCIAL COUNSELOR WHO EDUCATES THE PATIENT AND FAMILY MEMBERS ABOUT OUR FINANCIAL ASSISTANCE POLICY, ASSISTS IN COMPLETION OF A FINANCIAL ASSISTANCE APPLICATION WHEN APPROPRIATE, AND PROVIDES ASSISTANCE IN DETERMINING ELIGIBILITY UNDER FEDERAL, STATE, OR LOCAL PROGRAMS SUCH AS MEDICAID CHARITY CARE AND OTHER FINANCIAL ASSISTANCE IS PROVIDED WHEN ELIGIBLE AND COLLECTION EFFORTS CEASE ONCE ELIGIBILITY IS DETERMINED

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI, LINE 4	<p>IN THE UNITED HEALTH GROUP STATE HEALTH RANKING FOR 2011, ARKANSAS HOLDS THE 47TH WORST RANKING THROUGHOUT THE U S FOR THE GENERAL HEALTH OF ITS POPULATION, UP 1 RANKING FROM 2010 YEAR REPORT THE REPORT SHOWED SINCE 1990, ARKANSAS HAS FAILED TO MATCH OTHER STATES' IMPROVEMENT IN SMOKING, REDUCTION IN RISKS FOR HEART DISEASE, OR DECREASES IN INFANT MORTALITY CHALLENGES INCLUDE A HIGH PREVALENCE OF OBESITY AT 30 9 PERCENT OF THE POPULATION, A HIGH OCCUPATIONAL FATALITIES RATE AT 8 1 DEATHS PER 100,000 WORKERS AND LOW IMMUNIZATION COVERAGE WITH 89 7 PERCENT OF CHILDREN AGES 19 TO 35 MONTHS RECEIVING IMMUNIZATIONS CARDIOVASCULAR DISEASE IS THE LEADING CAUSE OF DEATH IN ARKANSAS AND RANKS 5TH IN THE NATION AS A PERCENTAGE OF THE STATE'S POPULATION, MORE PEOPLE IN ARKANSAS THAN THOSE IN THE GENERAL U S POPULATION HAVE HIGH BLOOD PRESSURE, SMOKE CIGARETTES, AND ARE COMPLETELY PHYSICALLY INACTIVE IN THE PAST YEAR, THE PERCENTAGE OF CHILDREN IN POVERTY DECREASED FROM 25 7% TO 21 8% OF PERSONS UNDER THE AGE OF 18 THE PER CAPITA PERSONAL INCOME HAS INCREASED FROM \$31,946 IN 2010 TO \$32,678 IN 2011 THE LACK OF HEALTH INSURANCE IS 18 9% OF THE 2010 POPULATION, AN INCREASE OF 0 4% OVER THE PREVIOUS YEAR THE U S PERCENT OF UNINSURED STANDS AT 16 2% COUPLED WITH THE LACK OF INSURANCE, DECLINING PERSONAL INCOME AND INCREASING PERCENTAGE OF CHILDREN IN POVERTY, THE VIABILITY OF ARKANSAS'S HEALTH SYSTEMS LIKE BAPTIST HEALTH ARE THREATENED THE LITTLE ROCK MARKET AREA IS SERVED BY THREE MAJOR MEDICAL CENTERS INCLUDING BAPTIST HEALTH MEDICAL CENTER LITTLE ROCK, ST VINCENT'S INFIRMARY, AND THE UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, THREE COMMUNITY HOSPITALS INCLUDING BAPTIST HEALTH MEDICAL CENTER NORTH LITTLE ROCK, ST VINCENT'S INFIRMARY NORTH AND NORTH METRO MEDICAL CENTER FIVE NICHE OR SPECIALTY HOSPITALS INCLUDING ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS HEART HOSPITAL, ARKANSAS SURGICAL HOSPITAL, ST VINCENT'S INFIRMARY REHABILITATION HOSPITAL, AND BAPTIST HEALTH REHABILITATION, FOUR PSYCHIATRIC OR DRUG REHABILITATION FACILITIES, THREE LONG TERM ACUTE CARE HOSPITALS AND TWO VETERANS HOSPITALS THERE ARE A TOTAL NUMBER OF 4,177 LICENSED BEDS IN THE LITTLE ROCK MARKET AND THIS INCLUDES 3,223 ACUTE INPATIENT BEDS (538 OF WHICH ARE A PART OF THE CENTRAL ARKANSAS VA HOSPITAL SYSTEM), 180 REHABILITATION BEDS, 608 PSYCHIATRIC AND 46 INPATIENT HOSPICE BEDS AT ARKANSAS HOSPICE INC FACILITY WHILE BAPTIST HEALTH SERVES PATIENTS FROM ALL 75 COUNTIES IN ARKANSAS, 85% OF OUR INPATIENT DISCHARGES ORIGINATE IN THE 13 COUNTY REGION IN CENTRAL ARKANSAS ACCORDING TO 2010 DATA FROM THE ARKANSAS DEPARTMENT OF HEALTH, BAPTIST HEALTH PROVIDES 12 9% OF STATE WIDE INPATIENT DISCHARGES THIS PERCENTAGE HAS SLOWLY INCREASED SINCE 2004 WHEN IT WAS 12 3% IN THE 13 COUNTY REGION IN CENTRAL ARKANSAS, BAPTIST HEALTH AVERAGED 29 8% OF INPATIENT DISCHARGES OVER THE 2007-2010 TIME PERIOD IN THE 13-COUNTY PRIMARY MARKET OF CENTRAL ARKANSAS, 69 2% OF THE POPULATION IS WHITE, 22 8% IS BLACK, 4 6% IS HISPANIC, 1 3% ARE ASIAN AND PACIFIC ISLANDERS AND 2 1% ARE OF OTHER RACIAL DESCENT THOSE DEMOGRAPHICS PERCENTAGES MIRROR OUR PATIENT PERCENTAGES</p>

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	PART VI, LINE 5	BAPTIST HEALTH PROMOTES COMMUNITY HEALTH THROUGH ACTIVELY SUPPORTING AN OPEN MEDICAL STAFF AND MAINTAINS A COMPLETELY COMMUNITY BASED BOARD THROUGH OUR CORPORATE MEMBERSHIP ALL SURPLUS FUNDS ARE REINVESTED BACK IN THE COMMUNITY THROUGH NEEDS BASED SERVICES, INVESTMENT IN NEW TECHNOLOGY, UPGRADED EQUIPMENT, AND NEW AND RENOVATED FACILITIES, FREE HEALTH SCREENINGS AND OUTREACH CLINICS THROUGHOUT CENTRAL ARKANSAS, HEALTH EDUCATION THROUGH OUR LITTLE ROCK SCHOOLS OF NURSING AND ALLIED HEALTH, CARE TO ALL WITHOUT REGARD FOR ABILITY TO PAY, AND DEVELOPMENT OF A FULL CONTINUUM OF CARE THROUGH ACUTE HOSPITAL CARE, REHABILITATION SERVICES, AND HOME HEALTH SERVICES BAPTIST HEALTH ALSO PROVIDES ELECTRONIC MONITORING OF ALL INTENSIVE CARE PATIENTS AT ITS ACUTE CARE HOSPITALS AND PROVIDES THESE SERVICES FOR OTHER HOSPITALS IN ARKANSAS AS WELL

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	PART VI, LINE 6	BAPTIST HEALTH EXISTS TO PROVIDE QUALITY PATIENT CENTERED SERVICES TO THE CITIZENS OF ARKANSAS WITH CHRISTIAN COMPASSION AND PERSONAL CONCERN CONSISTENT WITH OUR CHARITABLE PURPOSES BAPTIST HEALTH OFFERS FURTHER EXPANSION OF HEALTH SERVICES FOR ALL ARKANSANS THROUGH ITS RELATIONSHIP WITH ITS AFFILIATED ORGANIZATIONS BAPTIST HEALTH EXTENDED CARE HOSPITAL IS LOCATED ON THE CAMPUS OF BAPTIST HEALTH MEDICAL CENTER IN LITTLE ROCK AND PROVIDES LONG TERM ACUTE CARE SERVICES FOR PATIENTS COMING FROM THE GENERAL ACUTE CARE SETTING AT BAPTIST HEALTH HOSPITALS THIS ENABLES PATIENTS NEEDING LONG STAYS IN THE HOSPITAL TO REMAIN ON THE SAME CAMPUS AND OFTEN CAN RETAIN THE SAME PHYSICIANS IN THEIR CARE BAPTIST HEALTH HOSPITALS AKA BAPTIST HEALTH MEDICAL CENTER - STUTTGART IS AN INTEGRAL PART OF THE BAPTIST HEALTH FAMILY OF HOSPITALS PROVIDING CARE TO PATIENTS FROM EVERY COUNTY IN ARKANSAS THE STUTTGART FACILITY PROVIDES A SIGNIFICANT LINK TO MEETING HEALTH CARE NEEDS IN EASTERN ARKANSAS THROUGH ITS ACUTE CARE AND PHYSICIAN SERVICES, AND THEN FOR TERTIARY LEVEL HOSPITAL NEEDS THE PATIENTS CAN BE TRANSFERRED TO BAPTIST HEALTH FACILITIES IN LITTLE ROCK AND NORTH LITTLE ROCK ARKANSAS HEALTH GROUP PROVIDES PHYSICIAN CLINIC SERVICES TO PATIENTS IN RURAL AND URBAN COMMUNITIES IN MORE THAN 30 LOCATIONS WITH MORE THAN 150 PHYSICIANS THROUGHOUT ARKANSAS PARKWAY HEALTH CENTER PROVIDES LONG-TERM CARE SKILLED NURSING SERVICES TO RESIDENTS OF PULASKI COUNTY, ARKANSAS PARKWAY VILLAGE PROVIDES ASSISTED LIVING AND INDEPENDENT LIVING COMMUNITIES IN CENTRAL ARKANSAS FOR THE ELDERLY IN WHICH MEDICAL CARE, CULTURAL AND RECREATIONAL BENEFITS ARE EXTENDED TO RESIDENTS IN ADDITION TO HOUSING AND SHELTER THE VILLAGE ALSO INCLUDES AN ASSISTED LIVING CENTER DESIGNED SPECIFICALLY FOR ALZHEIMER'S PATIENTS

Identifier	ReturnReference	Explanation
EFFORTS MADE BEFORE INITIATING ACTION	PART V, LINE 17E	SUBSEQUENT TO YEAR END, THE HOSPITAL FACILITY HAD SOFTWARE WHICH USED PUBLICLY AVAILABLE DEMOGRAPHIC INFORMATION TO DETERMINE PRESUMPTIVE ELIGIBILITY FOR PATIENTS WHO DID NOT RESPOND TO OFFERS OF FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE	PART V, LINE 19D	DURING 2011, THE HOSPITAL FACILITY AUTOMATICALLY PROVIDED A SELF-PAY DISCOUNT FOR ALL UNINSURED PATIENTS THE HOSPITAL FACILITY IS IN THE PROCESS OF SELECTING A POLICY THAT DETERMINES THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
BAPTIST HEALTH

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

Employer identification number
71-0236856

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) ARCARE INCPO BOX 497 AUGUSTA,AR 720060497	58-1666179	501(C)(3)	876,000	0	N/A	N/A	GENERAL SUPPORT
(2) BOSTON MOUNTAIN RURAL HEALTH CENTER INCPO BOX 1030 MARSHALL,AR 726501030	71-0717967	501(C)(3)	210,500	0	N/A	N/A	GENERAL SUPPORT
(3) MAINLINE HEALTH SYSTEMS INCPO BOX 100 PORTLAND,AR 71663	71-0623643	501(C)(3)	123,500	0	N/A	N/A	GENERAL SUPPORT
(4) JEFFERSON COMPREHENSIVE CARE CENTER INC1101 TENNESSEE STREET PINE BLUFF,AR 71601	71-0433902	501(C)(3)	250,000	0	N/A	N/A	GENERAL SUPPORT

2

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

4

3

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

0

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
MONITORING USE OF GRANT FUNDS	FORM 990, SCHEDULE I, PART I, LINE 2	GRANTS GIVEN BY BAPTIST HEALTH ARE FOR THE GENERAL SUPPORT OF THE GRANTEES THEREFORE, NO MONITORING OF THE USE OF GRANT FUNDS IS NECESSARY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization BAPTIST HEALTH	Employer identification number 71-0236856
--	--

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input checked="" type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain	1b Yes	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2 Yes	
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
<input checked="" type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> 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 Yes	
b Any related organization?	6b	
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

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) SCOTT YOUNG	(i)	333,380	0	0	15,584	11,034	359,998	0
	(ii)	0	0	0	0	0	0	0
(2) JOHN H RANSOM	(i)	312,850	0	0	13,047	2,246	328,143	0
	(ii)	0	0	0	0	0	0	0
(3) FREDERICK A BENNETT JR	(i)	277,787	0	0	0	11,745	289,532	0
	(ii)	0	0	0	0	0	0	0
(4) RUSSELL D HARRINGTON JR	(i)	705,671	96,759	217,889	16,872	12,896	1,050,087	0
	(ii)	0	0	0	0	0	0	0
(5) DOUGLAS WEEKS	(i)	288,593	120,256	29,546	38,156	12,101	488,652	23,685
	(ii)	0	0	0	0	0	0	0
(6) ROBERT C ROBERTS	(i)	272,922	189,963	31,243	29,713	13,781	537,622	18,873
	(ii)	0	0	0	0	0	0	0
(7) JILL MASSIET	(i)	173,794	76,939	8,478	6,040	11,615	276,866	8,704
	(ii)	0	0	0	0	0	0	0
(8) KATHRYN T MARTIN	(i)	144,972	23,711	22,083	16,208	9,143	216,117	10,836
	(ii)	0	0	0	0	0	0	0
(9) DR PETER M MARVIN	(i)	272,477	45,199	68,090	40,932	9,085	435,783	49,422
	(ii)	0	0	0	0	0	0	0
(10) DR GUY GARDNER	(i)	276,233	45,372	5,146	51,873	9,030	387,654	0
	(ii)	0	0	0	0	0	0	0
(11) HARRISON DEAN	(i)	267,455	41,289	131,689	34,515	11,377	486,325	17,753
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
NQ PLAN EXPLANATION	PART I QUESTION 4B	THE FOLLOWING INDIVIDUALS INCLUDED ON FORM 990, PART VII, SECTION A, PARTICIPATE IN A NONQUALIFIED SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP). BELOW ARE REPORTABLE AMOUNTS FOR 2011. NAME NOTE (A) NOTE (B) NOTE (C) ----- ----- HARRINGTON \$210,608 \$80,979 \$ 0 DEAN 108,643 41,773 0 MARTIN 10,661 4,099 0 MARVIN 0 0 5,328 GARDNER 0 0 12,840 (A) THIS IS TAXABLE PRESENT VALUE OF PAYMENTS VESTED IN 2011, BUT TO BE RECEIVED IN FUTURE YEARS AFTER RETIREMENT OVER EXECUTIVE'S LIFETIME. (B) THIS IS DISTRIBUTION FROM SERP TO COVER INCOME TAXES DUE FOR 2011. (C) THIS IS PLAN AMOUNT PRESENT VALUE EARNED IN 2011. IT IS NOT TAXABLE BECAUSE IT IS NOT VESTED.
COMPENSATION CONTINGENT ON NET EARNINGS	PART I QUESTION 6B	THE FOLLOWING INDIVIDUALS, PURSUANT TO A WRITTEN PLAN, WERE PAID COMPENSATION (INCLUDED IN FORM W-2 BOX 5) BASED IN PART ON NET EARNINGS FOR 2010 AND ALSO IN PART ON ACHIEVING CERTAIN OUTCOME GOALS FOR CLINICAL QUALITY, PATIENT SATISFACTION, AND EMPLOYEE SATISFACTION. THIS PAYMENT FOR 2010 RESULTS WAS APPROVED BY THE BOARD OF TRUSTEES AND PAID IN 2011. SCH J, COL (B)(II) DR. GUY GARDNER (AR HEALTH GROUP) \$45,372 JILL MASSIET 29,939 RUSSELL D. HARRINGTON JR 96,759 DOUGLAS WEEKS 45,256 ROBERT C. ROBERTS 42,963 KATHRYN T. MARTIN 23,711 DR. PETER M. MARVIN 45,199 HARRISON DEAN 41,289.
HEALTH CLUB DUES	PART I, LINE 1A	BAPTIST HEALTH PAID THE HEALTH CLUB DUES FOR RUSSELL HARRINGTON, ROBERT ROBERTS, HARRISON DEAN, AND DOUGLAS WEEKS. THE TAXABLE PORTION OF CLUB DUES THAT WAS PAID ON BEHALF OF THESE INDIVIDUALS WAS INCLUDED AS COMPENSATION ON THEIR FORMS W-2.
COUNTRY CLUB DUES	PART I, LINE 1A	BAPTIST HEALTH HAS A CORPORATE COUNTRY CLUB MEMBERSHIP LISTING RUSSELL HARRINGTON AS A MEMBER. HE PAYS THE CLUB DIRECTLY AND IS ONLY REIMBURSED FOR BUSINESS-RELATED EXPENSES SUBMITTED FOR REIMBURSEMENT.

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.										OMB No 1545-0047	
											2011	
	Department of the Treasury Internal Revenue Service Name of the organization BAPTIST HEALTH										Employer identification number 71-0236856	

Part I

Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CITY OF LITTLE ROCK AR HEALTH FACILITIES BOARD	52-1542297	537373CK6	07-17-2003	13,413,378	REFUNDED BONDS ISSUED 12/29/93		X		X		X
B	CITY OF N LITTLE ROCK AR HEALTH FACILITIES BOARD	71-0858262	660551DF6	03-31-2009	50,156,572	REFUNDED BONDS ISSUED 12/19/96		X		X		X
C	CITY OF N LITTLE ROCK AR HEALTH FACILITIES BOARD	71-0858262	660551CA8	06-14-2005	26,463,486	REFUNDED BONDS ISSUED 12/12/96		X		X		X
D	HEBER SPRINGS AR HOSPITAL & HEALTH CARE FACILITY	90-0628435	422500AU2	04-19-2006	20,974,191	CONSTRUCT HOSPITAL FACILITY		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	8,095,000		6,510,000		9,555,000		1,750,000	
2	Amount of bonds defeased	0		0		0		0	
3	Total proceeds of issue	13,417,470		50,424,965		27,652,285		21,785,563	
4	Gross proceeds in reserve funds	0		5,254,074		0		0	
5	Capitalized interest from proceeds	0		0		0		1,151,484	
6	Proceeds in refunding escrow	0		0		0		0	
7	Issuance costs from proceeds	273,200		168,017		513,486		692,618	
8	Credit enhancement from proceeds	0		0		236,147		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	0		0		0		19,941,461	
11	Other spent proceeds	0		0		0		0	
12	Other unspent proceeds	0		0		0		0	
13	Year of substantial completion	2003		2009		2006		2007	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
		X		X			X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X	X			X
16	Has the final allocation of proceeds been made?	X			X	X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part IIIPrivate Business Use (Continued)

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

Part IVArbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?		X		X		X		X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part VProcedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☐ Yes ☒ No

Part VISupplemental Information

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

Identifier	Return Reference	Explanation
BOND YEAR	FORM 990, SCHEDULE K, PART I, LINE C	THE BONDS ISSUED IN 2009 ARE REPORTED ON THE BOND YEAR ENDED 12/17/2011

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.										OMB No 1545-0047	
											2011	
	Department of the Treasury Internal Revenue Service Name of the organization BAPTIST HEALTH	Employer identification number 71-0236856										

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A PULASKI COUNTY PUBLIC FACILITIES BOARD	71-0721974	74539YFB1	10-27-2010	5,770,000	REFUNDED BONDS ISSUED 4/1/02		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	800,000							
2	Amount of bonds defeased	0							
3	Total proceeds of issue	5,808,371							
4	Gross proceeds in reserve funds	577,000							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrow	0							
7	Issuance costs from proceeds	195,696							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	0							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☐ Yes ☒ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
BAPTIST HEALTH

Employer identification number
71-0236856

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ED CHOATE	BOARD MEMBER/EXECUTIVE	226,756	BAPTIST PAID TO DELTA DENTAL		No

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
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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
BAPTIST HEALTH**Employer identification number**

71-0236856

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACTIVITY	FORM 990, PG 3, PART III, LINE a	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS - BAPTIST HEALTH PROVIDES ACCESS TO A FULL RANGE OF COMPREHENSIVE HEALTH CARE SERVICES TO INDIVIDUALS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, DISABILITY, AGE, OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS ESSENTIAL TO BAPTIST HEALTH FOR THE CONTINUED OPERATION, FINANCIAL STABILITY, AND ABILITY TO PROVIDE NEEDED NEW SERVICES AND TECHNOLOGY, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE HEALTH CARE AND ESSENTIAL MEDICAL SERVICES FURTHER, OUR MISSION IS TO SERVE THIS COMMUNITY WITH RESPECT TO PROVIDING COMPREHENSIVE HEALTH CARE SERVICES AND HEALTH EDUCATION THEREFORE, IN KEEPING WITH BAPTIST HEALTH'S COMMITMENT TO SERVE THE RESIDENTS OF ITS COMMUNITY, WE PROVIDE - SUBSIDIZED EDUCATION TO HEALTH CARE PROFESSIONALS, - FREE AND SUBSIDIZED CARE TO THOSE WHO CANNOT PAY, - CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT REIMBURSEMENT BELOW OUR REGULAR RATES PAID BY OTHER THIRD PARTIES, - HEALTH EDUCATION AND PROGRAMS/SERVICES TO ENHANCE THE HEALTH STATUS OF THE COMMUNITY, AND - IN-KIND DONATIONS TO NON-PROFIT COMMUNITY AGENCIES TO ENHANCE THEIR SERVICES TO THE COMMUNITY SUCH SERVICES AND PROGRAMS ARE PROVIDED WHERE THE NEED AND/OR INDIVIDUAL'S INABILITY TO PAY CO-EXISTS THESE ACTIVITIES INCLUDE WELLNESS AND PREVENTION EDUCATION PROGRAMS, COMMUNITY DIAGNOSTIC SCREENING PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, YOUTH AT RISK, HANDICAPPED, MEDICALLY UNDER SERVED, MEDICAL CARE FOR THE UNINSURED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES BAPTIST HEALTH SERVED 46,456 INPATIENTS AND PROVIDED FOR 476,888 OUTPATIENT AND EMERGENCY ROOM VISITS DURING 2011 ALSO SERVED WERE 6,263 HOME HEALTH AND HOSPICE PATIENTS

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PG 6, PART VI, LINE 12(c)	DIRECTORS AND ABOVE ANNUALLY SUBMIT A WRITTEN STATEMENT AND ANSWER A QUESTIONNAIRE THE DIRECTOR OF HUMAN RESOURCES INVESTIGATES ANY POTENTIAL CONFLICTS AND TAKES APPROPRIATE ACTION DEPENDING ON THE NATURE OF THE CONFLICT THE BOARD MEMBERS ARE REQUIRED TO ANNUALLY SUBMIT A WRITTEN STATEMENT AND ANSWER A QUESTIONNAIRE A SUBCOMMITTEE OF THE BOARD REVIEWS ANY CONFLICTS AND REPORTS THOSE TO THE EXECUTIVE COMMITTEE THE EXECUTIVE COMMITTEE DETERMINES THE APPROPRIATE ACTION DEPENDING ON THE NATURE OF THE CONFLICT

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION PROCESS	FORM 990, PG 6, PART VI, LINE 15 (A) & 15(B)	THE EXECUTIVE COMMITTEE OF THE BOARD APPOINTS DIRECTORS TO THE COMPENSATION COMMITTEE. THE COMPENSATION COMMITTEE APPROVES THE INITIAL SALARY AND ANY SUBSEQUENT SALARY ADJUSTMENTS OF ALL PERSONNEL AT THE LEVEL OF DIRECTOR AND ABOVE. THE COMPENSATION COMMITTEE OBTAINS AN INDEPENDENT SALARY SURVEY ON AN ANNUAL BASIS FOR USE IN DETERMINING THE APPROPRIATE RANGES OF ALL PERSONNEL AT THE LEVEL OF DIRECTOR AND ABOVE.

Identifier	Return Reference	Explanation
AVAILABILITY OF CERTAIN ORGANIZATION DOCUMENTS	FORM 990, PG 6, PART VI, LINE 19	COPIES OF THE ORGANIZATION'S POLICIES AND GOVERNING DOCUMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PG 6, PART VI, LINE 11B	FORM 990 IS REVIEWED BY THE VICE PRESIDENT OF FINANCE, THE CFO, THE CEO AND THE EXECUTIVE COMMITTEE OF THE BOARD

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OF THE ORGANIZATION	FORM 990, PG 6, PART VI, LINE 6	THE CORPORATION SHALL NOT HAVE OR ISSUE SHARES OF STOCK AND NO DIVIDENDS SHALL BE PAID, AND NO PART OF THE INCOME OF THE CORPORATION SHALL BE DISTRIBUTED TO ITS MEMBERS, DIRECTORS, OR OFFICERS THE CORPORATION SHALL HAVE ONE CLASS OF MEMBERS CONSISTING OF THOSE PERSONS RECOMMENDED BY THE BOARD OF TRUSTEES AND ELECTED BY THE MEMBERS AT THEIR ANNUAL MEETING IN THE MANNER SPECIFIED IN THE CORPORATION'S CONSTITUTION AND BY LAWS THERE SHALL BE NO MEMBERSHIP DUES OR FEES THE BUSINESS OF THE CORPORATION SHALL BE CONDUCTED BY THE BOARD OF DIRECTORS WHICH MAY ALSO BE REFERRED TO AS THE BOARD OF TRUSTEES THE NUMBER OF DIRECTORS OF THE CORPORATION SHALL BE NOT LESS THAN EIGHTEEN (18) AND NOT MORE THAN TWENTY-ONE (21) AND THEIR TERMS OF OFFICE SHALL BE THREE (3) YEARS EXCEPT AS OTHERWISE PROVIDED IN THE BY LAWS THE DIRECTORS SHALL BE PERMITTED TO HOLD OFFICE FOR MORE THAN ONE TERM BY RE-ELECTION EXCEPT AS OTHERWISE PROVIDED IN THE BY LAWS EACH MEMBER OF THE CORPORATION SHALL BE ENTITLED TO ONE VOTE THE VOTE FOR TRUSTEES SHALL BE BY BALLOT EXCEPT AS OTHERWISE MAY BE PROVIDED BY THE BYLAWS, ALL ELECTIONS SHALL BE DECIDED BY A MAJORITY VOTE OF THE MEMBERS PRESENT

Identifier	Return Reference	Explanation
ELECTION OF GOVERNING BODY	FORM 990, PG 6, PART VI, LINE 7(a)	<p>THE BUSINESS AND PROPERTY OF THE CORPORATION SHALL BE MANAGED AND CONTROLLED SOLELY BY A BOARD OF TRUSTEES, EACH MEMBER OF WHICH, SAVING THOSE ELECTED TO FILL A VACANCY OR UNEXPIRED TERM, SHALL BE ELECTED BY THE MEMBERSHIP OF THE CORPORATION, EACH FOR A TERM OF THREE YEARS, BEGINNING ON JANUARY 1 AND EXPIRING ON DECEMBER 31. NO TRUSTEE SHALL BE ELIGIBLE TO SERVE MORE THAN TWO SUCCESSIVE TERMS OF THREE YEARS EACH, BUT ANY FORMER TRUSTEE SHALL BE ELIGIBLE FOR ELECTION TO THE BOARD OF TRUSTEES AFTER AT LEAST ONE YEAR'S ABSENCE THEREFROM, HOWEVER, ANY TRUSTEE WHO IS ELECTED AS AN OFFICER FOR THE ENSURING CORPORATE YEAR SHALL BE ELIGIBLE FOR REELECTION AS A TRUSTEE FOR A TERM OF ONE YEAR. ANY TRUSTEE WHO IS SERVING, OR WHO HEREAFTER SHALL SERVE, AN UNEXPIRED TERM SHALL BE ELIGIBLE TO SUCCEED HIMSELF FOR TWO TERMS. ALL OFFICERS SHALL BE ELECTED FOR A TERM OF ONE YEAR, AND EACH SHALL BE ELIGIBLE TO SUCCEED HIMSELF. EACH OFFICER ELECTED AT A MEETING OF THE BOARD OF TRUSTEES SHALL SERVE FOR THE TERM BEGINNING JANUARY 1 AND EXPIRING DECEMBER 31, PROVIDED, VACANCIES IN OFFICE MAY BE FILLED AT ANY REGULAR OR SPECIAL MEETING OF THE BOARD OF TRUSTEES, AND THE HOLDERS OF ANY NEWLY CREATED OFFICE MAY LIKEWISE BE ELECTED AT ANY MEETING OF THE BOARD, AND EACH SHALL SERVE UNTIL THE TERM EXPIRES ON THE FOLLOWING 31ST DAY OF DECEMBER. THE RIGHT OF A MEMBER TO VOTE AND TO EXERCISE ANY OTHER PRIVILEGES OF MEMBERSHIP SHALL CEASE ON THE TERMINATION OF HIS MEMBERSHIP. THE RIGHT OF MEMBERSHIP IS NONTRANSFERABLE. ANY MEMBER MAY BE REMOVED FROM MEMBERSHIP AND FROM OFFICE BY THE AFFIRMATIVE VOTE OF TWO-THIRDS (2/3) OF THE MEMBERS PRESENT AT ANY LAWFUL REGULAR MEETING, OR AT ANY SPECIAL MEETING CALLED FOR THAT PURPOSE, BECAUSE OF PERSONAL, PROFESSIONAL, OR BUSINESS CONDUCT DEEMED DETRIMENTAL TO THE INTERESTS OF THE CORPORATION OR WHICH BRINGS THE MEMBER INTO DISREPUTE, FOR LACK OF SYMPATHY WITH THE PROCEDURES AND OBJECTIVES OF THE CORPORATION OR FOR REFUSAL TO RENDER REASONABLE ASSISTANCE IN CARRYING ON ITS PURPOSE.</p>

Identifier	Return Reference	Explanation
DECISIONS OF THE GOVERNING BODY SUBJECT TO APPROVAL BY MEMBERS	FORM 990, PG 6, PART VI, LINE 7(b)	ANY AMENDMENT TO THESE ARTICLES OF INCORPORATION MUST BE ADOPTED BY BOTH THE BOARD OF DIRECTORS AND THE MEMBERSHIP OF THE CORPORATION IN THE FOLLOWING MANNER BY A VOTE OF A MAJORITY OF THE DIRECTORS THEN IN OFFICE, THE BOARD OF DIRECTORS MAY APPROVE AN AMENDMENT AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OR AT A SPECIAL MEETING CALLED FOR THAT PURPOSE ANY PROPOSED AMENDMENT SHALL BE PRESENTED IN WRITING TO EACH DIRECTOR AT LEAST TEN (10) DAY IN ADVANCE OF THE MEETING AT WHICH IT IS TO BE VOTED UPON THE MEMBERS MAY APPROVE AN AMENDMENT TO THESE ARTICLES OF INCORPORATION BY TWO-THIRDS OF THE VOTES CAST AT ANY REGULAR MEETING OF THE MEMBERSHIP OR AT ANY SPECIAL MEETING CALLED FOR THE PURPOSE OF CONSIDERING A PROPOSED AMENDMENT NOT LESS THAN (30) NOR MORE THAN SIXTY (60) DAYS BEFORE THE MEETING DATE, THE CORPORATION SHALL GIVE WRITTEN NOTICE OF THE MEETING TO ITS MEMBERS, AND THE NOTICE MUST STATE THAT THE PURPOSE, OR ONE OF THE PURPOSES, OF THE MEETING IS TO CONSIDER THE PROPOSED AMENDMENT AND THE NOTICE SHALL CONTAIN OR BE ACCOMPANIED BY A COPY OF THE PROPOSED AMENDMENT

Identifier	Return Reference	Explanation
DELEGATION OF MANAGEMENT DUTIES	FORM 990, PART VI, SECTION A, LINE 3	BAPTIST HEALTH HAS ENTERED INTO A MULTI-YEAR ENGAGEMENT WITH AN OUTSIDE COMPANY , ACCRETIVE HEALTH, THAT PROVIDES MANAGEMENT AND TECHNICAL SUPPORT FOR REVENUE CYCLE SERVICES THIS COMPANY REPORTS DIRECTLY TO THE SENIOR MANAGEMENT OF BAPTIST HEALTH AND FINAL APPROVAL AND RESPONSIBILITY FOR DECISIONS IN THESE AREAS REMAIN WITH BAPTIST HEALTH SENIOR MANAGEMENT

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	FORM 990, PART XI, LINE 5	UNREALIZED GAIN/(LOSS) ON INVESTMENTS (4,147,554) CHANGE IN DEFINED BENEFIT PLAN GAINS (15,367,000) OTHER CHANGES IN NET ASSETS 1,458 SPRINGHILL SURGERY CENTER, LLC K-1 (53,330) ----- OTHER CHANGES IN NET ASSETS (19,566,426)

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
BAPTIST HEALTH

Employer identification number
71-0236856

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) MEDICAL TOWERS COFFEE SHOP LLC 9601 I-630 EXIT 7 LITTLE ROCK, AR 72205 14-1865945	FOOD SERVICE	AR	442,841	186,077	NA
(2) BAPTIST IMAGING ASSOCIATES LLC HIGHWAY 10 PO BOX 55092 LITTLE ROCK, AR 72215 46-0510287	DIAGNOSTIC CT	AR	4,551,955	561,055	MULTIMANAGEM

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) Disproporportionate 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	
(1) ORTHOARKANSAS SURGERY CENTER LLC 10301 KANIS ROAD LITTLE ROCK, AR 72205 71-0818555	ORTHOPEDIC	AR	NA	RELATED	255,325	640,071		No	0		No	51 000 %
(2) BAPTIST IMAGING BENTON LLC 11001 EXECUTIVE CENTER DRIVE LITTLE ROCK, AR 72211 20-3962574	DIAGNOSTIC CT	AR	MULTIMANAGEMENT	RELATED	-270,088	2,264,600		No	0		No	51 000 %
(3) AUTUMN ROAD LLC PO BOX 3730 LITTLE ROCK, AR 72203 71-0786625	REAL ESTATE	AR	MULTIMANAGEMENT	EXCLUDED	340,571	2,927,175		No	0	Yes		59 720 %
(4) MAUMELLE FAMILY PRACTICE LLC 11001 EXECUTIVE CENTER DRIVE SUITE LITTLE ROCK, AR 72211 71-0824329	MEDICAL CARE	AR	BAPTIST MEDCARE	RELATED	20,708	461,868		No	0		No	51 000 %
(5) SPRINGHILL SURGERY CENTER LLC 3401 SPRINGHILL DRIVE SUITE 155 NORTH LITTLE ROCK, AR 72117 62-1712554	SURGICAL	AR	NA	UNRELATED	841,352	2,784,087		No			No	52 083 %
(6) AMERICAN DATA NETWORK LLC 10809 EXECUTIVE CENTER DRIVE STE 3 LITTLE ROCK, AR 72211 71-0849746	DATA SERVICES	AR	NA	RELATED	85,920	338,798		No		Yes		37 012 %

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
See Additional Data Table							

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

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

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

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

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

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

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a Yes

1b No

1c No

1d Yes

1e No

1f No

1g No

1h No

1i Yes

1j Yes

1k No

1l No

1m No

1n No

1o Yes

1p Yes

1q No

1r No

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

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

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 71-0236856
Name: BAPTIST HEALTH

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	
BAPTIST HEALTH FOUNDATION 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 23-7169407	SUPPORT	AR	501(C) (3)	7	BAPTIST HLTH	Yes	
PARKWAY HEALTH CENTER INC 14324 CHENAL PKWY LITTLE ROCK, AR 72211 71-0675933	LTC NURSING	AR	501(C) (3)	11A	BAPTIST HLTH	Yes	
PARKWAY VILLAGE INC 14300 CHENAL PARKWAY LITTLE ROCK, AR 72211 71-0574341	RETIREMENT	AR	501(C) (3)	9	BAPTIST HLTH	Yes	
ARKANSAS HEALTH GROUP 11001 EXECUTIVE CENTER DRIVE SUITE LITTLE ROCK, AR 72211 71-0781138	HEALTHCARE	AR	501(C) (3)	9	BAPTIST HLTH	Yes	
MULTI SERVICES MANAGEMENT 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0743531	SUPPORT	AR	501(C) (3)	11A	BAPTIST HLTH	Yes	
BAPTIST HEALTH EXTENDED CARE 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 26-1286647	MEDICAL CTR	AR	501(C) (3)	3	BAPTIST HLTH	Yes	
TWIN RIVERS MEDICAL CENTER 3050 TWIN RIVERS DR ARKADELPHIA, AR 71923 71-0541647	MEDICAL CTR	AR	501(C) (3)	3	BAPTIST HLTH	Yes	
BAPTIST HEALTH HOSPITALS 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 61-1570855	MEDICAL CTR	AR	501(C) (3)	3	BAPTIST HLTH	Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
MULTIMANAGEMENT SERVICES INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 722057299 71-0599194	MANAGEMENT	AR	NA	C CORPORATION	48,164,082	30,639,301	100 000 %
MEDICAL LABORATORIES OF ARKANSAS INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 33-1133952	MEDICAL LAB	AR	INTEGRATED	C CORPORATION	7,612,902	1,663,622	100 000 %
BAPTIST MEDCARE INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0678160	MEDICAL CARE	AR	MULTIMANAGEMENT	C CORPORATION	22,544,721	18,816,148	100 000 %
HOMELINK HOME HEALTH CARE SERVICE INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0599195	HOME CARE	AR	MULTIMANAGEMENT	C CORPORATION	526,982	1,582,805	100 000 %
HOTEL PROPERTIES INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0599188	HOTELS	AR	MULTIMANAGEMENT	C CORPORATION	732,961	2,763,203	100 000 %
SERVICE FINANCE CORPORATION 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0333251	FINANCE SERVI	AR	MULTIMANAGEMENT	C CORPORATION	26,096	588,398	100 000 %
SERVICE PROFESSIONALS INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0663406	HOUSEKEEPING	AR	MULTIMANAGEMENT	C CORPORATION	13,732,567	7,443,274	100 000 %
WESTSIDE PROPERTIES INC 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0532013	REAL ESTATE	AR	MULTIMANAGEMENT	C CORPORATION	180,851	511,792	100 000 %
INTEGRATED HEALTH RESOURCES LTD 9601 I-630 LITTLE ROCK, AR 72205 33-1133950	MEDICAL LAB	AR	NA	C CORPORATION	0	0	100 000 %
IMS-NET OF ARKANSAS 9601 INTERSTATE 630 EXIT 7 LITTLE ROCK, AR 72205 71-0703951	INFO NETWORK	AR	MULTIMANAGEMENT	C CORPORATION	0	0	51 000 %

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	MULTIMANAGEMENT SERVICES INC	A	129,845	FMV
(2)	PARKWAY VILLAGE	D	4,905,087	FMV
(3)	MULTIMANAGEMENT SERVICES INC	D	34,205,446	FMV
(4)	ARKANSAS HEALTH GROUP	I	122,762	FMV
(5)	BAPTIST HEALTH EXTENDED CARE HOSPITAL	I	462,312	FMV
(6)	MULTIMANAGEMENT SERVICES INC	I	202,920	FMV
(7)	AUTUMN ROAD LLC	J	480,533	FMV
(8)	ARKANSAS HEALTH GROUP	O	9,484,938	FMV
(9)	MULTIMANAGEMENT SERVICES INC	O	778,723	FMV
(10)	SERVICE PROFESSIONALS INC	O	10,428,323	FMV
(11)	BAPTIST HEALTH EXTENDED CARE HOSPITAL	P	2,293,282	FMV
(12)	BAPTIST HEALTH HOSPITALS	P	1,365,829	FMV
(13)	PARKWAY VILLAGE INC	P	70,239	FMV
(14)	SERVICE PROFESSIONALS INC	P	61,500	FMV
(15)	MEDICAL LABS OF ARKANSAS INC	P	1,162,143	FMV

**REPRESENTATION UNDER TREAS. REG. § 1.7872-15(D)(2)
REGARDING NONRECOURSE SPLIT-DOLLAR LOAN**

Employee

William L. Freeman

Name

708 Gillette Drive

Little Rock, AR 72205-

429-74-2264

Social Security Number

Employer

Baptist Health

Name

9601 Interstate 630, Exit 7

Little Rock, AR 72205

71-0236856

Employer Identification Number

The Employer has paid one or more premiums into a life insurance policy owned by the Employee. The premiums are split dollar loans under Treas. Reg. § 1.7872-15. The loans are nonrecourse.

The Employer and Employee represent that a reasonable person would expect that all payments under the loan(s) will be made.

Employee Signature:

William L. Freeman

Date: 1-5-2012

Employer Signature:

By Shy W K Hall
Its VP HR

Date: 12/29/11

SIGN TWO COPIES OF THIS FORM – SEE BELOW

Note: Current IRS regulations require the following:

1. The employer and the employee must each sign this representation not later than the last day (including extensions) for filing the Federal income tax return of the employer or the employee (whichever is earlier) for the taxable year in which the employer pays the first premium under the arrangement.
2. The employer and the employee must each keep an original signed copy of this representation as part of their books and records.
3. The employer and the employee must each attach a copy of this representation to their Federal income tax returns for any taxable year in which the employer pays a premium under the arrangement.

REPRESENTATION UNDER TREAS. REG. § 1.7872-15(D)(2)
REGARDING NONRECOURSE SPLIT-DOLLAR LOAN

Employee

William L. Freeman
Name
708 Gillette Drive

Little Rock, AR 72205-

429-74-2264
Social Security Number

Employer

Baptist Health
Name

9601 Interstate 630, Exit 7

Little Rock, AR 72205

71-0236856
Employer Identification Number

The Employer has paid one or more premiums into a life insurance policy owned by the Employee. The premiums are split dollar loans under Treas. Reg. § 1.7872-15. The loans are nonrecourse.

The Employer and Employee represent that a reasonable person would expect that all payments under the loan(s) will be made.

Employee Signature:

William L. Freeman

Date: 1-5-2012

Employer Signature:

By Jeff K. Dell
Its VP - HR

Date: 12/29/11

SIGN TWO COPIES OF THIS FORM – SEE BELOW

Note: Current IRS regulations require the following:

1. The employer and the employee must each sign this representation not later than the last day (including extensions) for filing the Federal income tax return of the employer or the employee (whichever is earlier) for the taxable year in which the employer pays the first premium under the arrangement.
2. The employer and the employee must each keep an original signed copy of this representation as part of their books and records.
3. The employer and the employee must each attach a copy of this representation to their Federal income tax returns for any taxable year in which the employer pays a premium under the arrangement.

Baptist Health

Accountants' Reports and Consolidated Financial Statements

December 31, 2011 and 2010



Baptist Health
December 31, 2011 and 2010

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Independent Accountants' Report

Board of Trustees
Baptist Health
Little Rock, Arkansas

We have audited the accompanying consolidated balance sheets of Baptist Health (the Corporation) 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 financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Baptist Health as of December 31, 2011 and 2010, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note 1*, in 2011, the Corporation changed its method of presentation and disclosure of patient service revenue, provision for bad debt and the allowance for uncollectible accounts in accordance with Accounting Standards Update 2011-07.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

May 2, 2012

Baptist Health
Consolidated Balance Sheets
December 31, 2011 and 2010
(In thousands)

Assets

	2011	2010
Current Assets		
Cash and cash equivalents	\$ 67,637	\$ 94,914
Short-term investments	838	1,166
Assets limited as to use – current	8,496	8,847
Patient accounts receivable, net of allowance		
2011 – \$136,473, 2010 – \$120,377	115,761	102,776
Estimated amounts due from third-party payers	12,726	4,709
Supplies	10,422	9,978
Prepaid expenses and other	32,242	24,340
	<hr/>	<hr/>
Total current assets	248,122	246,730
	<hr/>	<hr/>
Assets Limited As To Use		
Internally designated		
Capital improvements	275,740	261,934
Other uses	38,442	39,250
Under indenture agreements – held by trustee	9,582	10,548
Externally restricted by donors	14,395	15,088
Other arrangements	194	194
	<hr/>	<hr/>
	338,353	327,014
Less amount required to meet current obligations	8,496	8,847
	<hr/>	<hr/>
	329,857	318,167
	<hr/>	<hr/>
Property and Equipment, Net	383,887	370,055
	<hr/>	<hr/>
Other Assets		
Investments	17,895	16,347
Promises receivable	3,872	2,223
Investment in equity investees	60,243	56,866
Interest in net assets of affiliated foundations	2,088	2,021
Other assets	14,638	12,958
	<hr/>	<hr/>
	98,736	90,415
	<hr/>	<hr/>
Total assets	\$ 1,060,602	\$ 1,025,367
	<hr/>	<hr/>

Liabilities and Net Assets

	2011	2010
Current Liabilities		
Current maturities of long-term debt	\$ 12,673	\$ 13,597
Accounts payable	38,328	26,509
Accrued expenses	64,109	58,662
Estimated amounts due to third-party payers	5,058	12,564
Current portion of deposits by residents	1,845	1,640
	<hr/>	<hr/>
Total current liabilities	122,013	112,972
Other Liabilities		
Long-term debt	137,202	148,795
Pension liabilities	125,530	111,868
Deposits by residents	22,850	24,754
Asset retirement obligations	11,211	10,983
Liabilities under split interest agreements	2,528	2,716
Other liabilities	18,751	12,410
	<hr/>	<hr/>
Total liabilities	440,085	424,498
	<hr/>	<hr/>
Net Assets		
Unrestricted		
Baptist Health	576,526	559,880
Noncontrolling interest	25,569	23,776
	<hr/>	<hr/>
Total unrestricted net assets	602,095	583,656
Temporarily restricted	16,462	15,283
Permanently restricted	1,960	1,930
	<hr/>	<hr/>
Total net assets	620,517	600,869
	<hr/>	<hr/>
Total liabilities and net assets	\$ 1,060,602	\$ 1,025,367
	<hr/>	<hr/>

Baptist Health
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2011 and 2010
(In thousands)

	2011	2010 – As Adjusted (Note 1)
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue (net of contractual discounts and allowances)	\$ 862,186	\$ 838,307
Provision for uncollectible accounts	(92,441)	(94,279)
Net patient service revenue less provision for uncollectible accounts	769,745	744,028
Management fees, lease income and other	73,005	69,039
Total unrestricted revenues, gains and other support	842,750	813,067
Operating Expenses		
Salaries and wages	368,709	352,468
Employee benefits	88,273	89,399
Supplies	174,750	172,661
Professional fees	56,082	40,786
Other operating expenses	87,770	81,896
Depreciation and amortization	43,533	48,194
Interest	5,761	7,780
Total operating expenses	824,878	793,184
Operating Income	17,872	19,883
Other Income (Expense)		
Investment return	3,399	20,439
Loss on extinguishment of debt	-	(124)
Equity in earnings of equity investees	6,130	8,387
Change in fair value of interest rate swap agreements	(237)	(142)
Total other income	9,292	28,560
Excess of Revenues Over Expenses	\$ 27,164	\$ 48,443

Baptist Health
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended December 31, 2011 and 2010
(In thousands)

	2011	2010
Unrestricted Net Assets		
Excess of revenues over expenses	\$ 27,164	\$ 48,443
Capital contributions and other	6,761	2,698
Change in defined benefit plans gains and losses	(15,224)	34,421
Distributions to noncontrolling interest	(262)	(347)
	<u>18,439</u>	<u>85,215</u>
Increase in unrestricted net assets		
Temporarily Restricted Net Assets		
Contributions	4,786	3,347
Investment return	305	393
Change in net unrealized gains (losses) on investments	(469)	763
Change in value of split-interest agreements	(41)	(24)
Change in interest in net assets of affiliated foundations	67	55
Assets released from restriction	(3,469)	(2,965)
	<u>1,179</u>	<u>1,569</u>
Increase in temporarily restricted net assets		
Permanently Restricted Net Assets		
Contributions	30	156
	<u>30</u>	<u>156</u>
Increase in permanently restricted net assets		
Increase in Net Assets	19,648	86,940
Net Assets, Beginning of Year	<u>600,869</u>	<u>513,929</u>
Net Assets, End of Year	<u><u>\$ 620,517</u></u>	<u><u>\$ 600,869</u></u>

Baptist Health
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010
(In thousands)

	2011	2010
Operating Activities		
Change in net assets	\$ 19,648	\$ 86,940
Change in net assets attributable to noncontrolling interest	1,793	3,038
Change in net assets attributable to Baptist Health	17,855	83,902
Items not requiring (providing) operating cash		
Depreciation and amortization	43,533	48,194
Amortization of entrance deposits	(914)	(965)
Gain on sale of assets	(238)	(134)
Donated property	(4,110)	-
Undistributed earnings of equity investees	(6,130)	(8,387)
Net gain on investments	5,595	(11,740)
Restricted contributions and investment income received	(4,481)	(3,740)
Change in beneficial interest in perpetual trusts	(37)	(762)
Change in interest in net assets of affiliated foundations	(67)	(55)
Change in pension liability	13,662	(36,057)
Change in fair value of interest rate swap agreements	237	142
Changes in		
Accounts receivable, net	(12,985)	9,069
Supplies and prepaid expenses and other	(7,459)	5,604
Accounts payable and accrued expenses	18,906	10,410
Estimated third-party payer settlements	(15,523)	8,779
Noncontrolling interest in net income of equity investees	1,793	3,038
Net cash provided by operating activities	49,637	107,298
Investing Activities		
Purchase of property and equipment	(51,554)	(36,374)
Net change in trading securities	(18,154)	(29,782)
Proceeds from sale of property and equipment	972	1,498
Other investing activities	643	2,078
Net cash used in investing activities	(68,093)	(62,580)

Baptist Health
Consolidated Statement of Cash Flows (Continued)
Years Ended December 31, 2011 and 2010
(In thousands)

	<u>2011</u>	<u>2010</u>
Financing Activities		
Principal payments on long-term debt	(13,677)	(49,056)
Proceeds from issuance of long-term debt	1,160	28,697
Proceeds from entrance deposits	851	2,189
Payments on refundable deposits	(1,636)	(2,024)
Proceeds from restricted contributions and investment income	4,481	3,740
Net cash used in financing activities	<u>(8,821)</u>	<u>(16,454)</u>
Increase (Decrease) in Cash and Cash Equivalents	(27,277)	28,264
Cash and Cash Equivalents, Beginning of Year	<u>94,914</u>	<u>66,650</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 67,637</u></u>	<u><u>\$ 94,914</u></u>
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	\$ 6,082	\$ 7,927

Baptist Health
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Baptist Health (the Corporation), is a not-for-profit charitable membership corporation that provides a wide range of health care related services in central Arkansas. The Corporation operates various divisions and companies providing these health care related services throughout Arkansas as described below.

Baptist Health Medical Center – Little Rock (LR), Baptist Health Rehabilitation Institute, Baptist Health Medical Center – North Little Rock (NLR), Baptist Health Medical Center – Arkadelphia (ARK) and Baptist Health Medical Center – Heber Springs (HS) are hospitals organized as divisions of the Corporation. Baptist Health Hospitals, Inc., a separate legal entity, operates Baptist Health Medical Center – Stuttgart (BHS). Baptist Health Extended Care Hospital – Little Rock (LTCH), Inc. is also a separate legal entity that independently operates a long-term acute care hospital. When consolidated, these hospitals aggregate approximately 1,300 beds for patient care. The hospitals earn revenue by providing inpatient, outpatient and emergency services to patients in Little Rock, Arkadelphia, Heber Springs, Stuttgart and surrounding areas in Arkansas. The Corporation owns 50% of Springhill Surgery Center, LLC.

Parkway Village, Inc. is a retirement community in Little Rock that provides residential and recreational facilities and certain medical services to residents under long-term rental agreements. Parkway Health Center, Inc. provides residential care nursing services to residents in and around Little Rock. Arkansas Health Group provides physician services from clinics located throughout the Corporation's service area. Integrated Health Resources, Ltd., which is owned 100% by the Corporation, owns 100% of Medical Laboratories of Arkansas, Inc. (MLA). MLA performs laboratory procedures throughout the Corporation's service area. Baptist Health Foundation conducts fund-raising activities for the Corporation. Medical Towers Coffee Shop, LLC is 100% owned by the Corporation.

Multi-Management Services, Inc. (MMS) is a diversified holding company whose consolidated and unconsolidated subsidiaries primarily provide physician management services and radiology services, as well as finance, collection and consulting services. MMS includes the accounts of the following consolidated subsidiaries:

Entity

Service Professionals, Inc.
Service Finance Corporation, Inc.
Homelink Home Health Care Services, Inc.
Hotel Properties, Inc.
Baptist Medical System HMO, Inc.
Baptist MedCare, Inc. d/b/a Practice Plus
Baptist Imaging Benton, LLC

Baptist Health
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Autumn Road, LLC
Baptist Health Westside Properties
Baptist Imaging Associates

MMS or its affiliates own investments in the following unconsolidated subsidiaries, which are accounted for using the equity method in as much as control rests with other parties

Entity

Alliance Homecare, Inc
American Data Network, LLC
HMO Partners, Inc d/b/a Health Advantage
BHC Corporation
Surgical Pavilion, LLC
Arkansas Medical Cyclotron, LLC

Noncontrolling Interest

Noncontrolling interest represents the following amounts not owned by the Corporation – a 50% interest in Baptist Medical System HMO, Inc and a 40% interest in Autumn Road, LLC. Losses attributable to the noncontrolling interest are allocated to the noncontrolling interest even if the carrying amount of the noncontrolling interest is reduced below zero. Any changes in ownership that do not result in a loss of control are prospectively accounted for as net asset transactions.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Changes in consolidated unrestricted net assets attributable to the controlling financial interest of the Corporation and the noncontrolling interest are

	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2010	\$ 498,441	\$ 477,703	\$ 20,738
Excess of revenues over expenses	48,443	45,058	3,385
Contributions and other	2,698	2,698	-
Change in defined benefit plans gains and losses	34,421	34,421	-
Distributions to noncontrolling interests	(347)	-	(347)
Increase in unrestricted net assets	85,215	82,177	3,038
Balance December 31, 2010	\$ 583,656	\$ 559,880	\$ 23,776
Excess of revenues over expenses	27,164	25,109	2,055
Contributions and other	6,761	6,761	-
Change in defined benefit plans gains and losses	(15,224)	(15,224)	-
Distributions to noncontrolling interests	(262)	-	(262)
Increase in unrestricted net assets	18,439	16,646	1,793
Balance December 31, 2011	\$ 602,095	\$ 576,526	\$ 25,569

The change in temporary restricted and permanently restricted net assets related only to the controlling interest

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation, its wholly owned subsidiary, Multi-Management Services, Inc., and membership corporations Baptist Health Hospitals, Inc., Baptist Health Extended Care Hospital – Little Rock, Inc., Parkway Village, Inc., Parkway Health Center, Inc., Arkansas Health Group, Integrated Health Resources, Ltd., Baptist Health Foundation (the Foundation) and Medical Towers Coffee Shop, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Cash and Cash Equivalents

The Corporation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2011 and 2010, cash equivalents consisted primarily of money market deposit accounts.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000 on interest-bearing cash and cash equivalent accounts. At December 31, 2011, the Corporation's interest-bearing cash accounts exceeded federally insured limits by approximately \$12,900,000.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in equity investees and joint ventures are reported using the equity method of accounting. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted based upon the existence and nature of any donor or legally imposed restrictions.

Investments also include alternative assets such as hedge funds structured as limited liability corporations and partnerships. The Corporation's carrying value of these alternative investments is based on the net asset value of the fund, and the investments are accounted for under the equity method. The amount at which the Corporation may be able to sell the investments may be different than the estimated carrying value.

Investments in other affiliates that are more than 20% and not more than 50% owned are recorded using the equity method. Other investments are reported at cost, as adjusted for permanent impairment in value, if any.

Split-interest Agreements

Funds held in trust by others are recorded at fair value based on the Corporation's share of the trust. Irrevocable charitable remainder trusts held by others are recorded as a contribution in the year the trust is established. The contribution is recorded at the fair value of the trust less the present value of the estimated future cash payments to the beneficiaries.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Asset Limited As to Use

Assets limited as to use include (1) assets held by trustees that are set aside for debt service requirements as set forth in the loan documents, (2) assets set aside by the Board of Trustees (the Board) for future capital improvements or other specific uses over which the Board retains control and may, at its discretion, subsequently use for other purposes, (3) unrestricted assets donated to the Foundation that the Board has designated for use in future operations or capital improvements but may subsequently use for other purposes, (4) assets restricted by donors to the Foundation, and (5) Parkway Village residents' funds held in escrow. Amounts required to meet current liabilities of the Corporation are included in current assets.

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible account. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	35–40 years
Leasehold improvements	5–10 years
Equipment	3–7 years

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

The Corporation capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was:

	<u>2011</u>	<u>2010</u>
Interest cost capitalized	\$ 704	\$ 161
Interest cost charged to expense	<u>5,761</u>	<u>7,780</u>
Total interest incurred	<u>\$ 6,465</u>	<u>\$ 7,941</u>

Long-lived Asset Impairment

The Corporation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2011 and 2010.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Interest in Net Assets of Affiliated Foundations

The Baptist Health Foundation Cleburne County and the Stuttgart Memorial Hospital Foundation (Foundations) and the Corporation are financially interrelated organizations. These Foundations seek private support for and holds net assets on behalf of the Corporation's facilities that are located in Heber Springs and Stuttgart, respectively. The Corporation accounts for its interest in the net assets of the Foundations (Interest) in a manner similar to the equity method. Changes in the Interest are included in change in net assets. Transfers of assets between the Foundations and the Corporation are recognized as increases or decreases in the Interest.

Unamortized Bond Issue Costs

Unamortized bond issue costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method.

Deposits by Residents

The nonrefundable portion of resident entrance deposits for Parkway Village, Inc. ranges from 5% to 15% during the first year of the residency agreement and increases by five percent each year thereafter until a maximum of 25% to 30% is reached. The maximum nonrefundable portion is dependent upon the residency agreement signed by each resident. The total nonrefundable portion is recorded as deferred revenue and amortized to income over the remaining life expectancy of the residents.

The resident entrance deposits are recorded as a long-term liability except for the portion expected to be refunded within one year. In the event that resident agreements are terminated, the nonrefundable portion is recognized as revenue in the year of termination.

Refundable deposits and deposits from residents who have not yet taken occupancy are also recorded as long-term liabilities.

Resident Service Revenue

Fees charged to residents for monthly maintenance fees and other additional services are recognized as revenue in the month the services are provided. Monthly maintenance fees are reviewed annually and adjusted at the sole discretion of the Board of Trustees of Parkway Village, Inc. These monthly maintenance fees are reported as other operating revenues.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Obligation to Provide Future Services

Parkway Village, Inc. annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue, located in deposits by residents on the balance sheet, from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No obligation has been recorded at December 31, 2011 and 2010.

Notes Receivable

Notes receivable are stated at their outstanding principal amount. Outstanding notes accrue interest based on the terms of the respective note agreements. All payments will be first applied to any late charges and second to accrued interest at the rate set forth in the note agreement. At maturity or default, at the election of the holder, the unpaid indebtedness bears interest until paid at a specified rate. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

Interest Rate Swap Agreements

The Corporation has entered into various interest rate swap agreements to reduce the effect of changes in cash flows related to interest rate fluctuations on certain debt. The swaps are recognized on the consolidated balance sheets at fair value. The net cash payments or receipts under the swaps are recorded as increases or decreases to interest expense.

Physician Guarantee Agreements

To enhance its physician recruitment efforts, the Corporation provides income guarantee agreements to certain physicians who agree to relocate to its service area to fill a community need and remain in practice there for a specified period of time. Under such agreements, the Corporation makes payments to the physicians in excess of the amounts they earn in their practices up to the amount of the income guarantee. The income guarantee periods are typically 12 to 48 months. Such payments are recoverable from the physicians on a prorated basis if they do not fulfill their commitment period to the community, which is typically three years subsequent to the guarantee period.

At December 31, 2011 and 2010, the maximum potential amount of future payments under the income guarantees was approximately \$2,550,000 and \$1,628,000, respectively. The payments are expensed at the inception of the agreements based on the expected payment over the length of the guarantee.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

The Corporation has agreements with third-party payers that provide for payments to the Corporation at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

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

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Estimated Malpractice Costs and Related Recoveries

An annual estimated provision is accrued for medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported. Amounts expected to be recovered from insurance companies are recorded as a receivable based on an analysis of the recoverability of the amount.

Income Taxes

The Corporation and its wholly owned or controlled not-for-profit companies are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. The Corporation and its tax-exempt subsidiaries are required to file IRS Form 990 on an annual basis and are subject to federal income tax on any unrelated business taxable income. The Corporation's taxable subsidiaries also file tax returns in the U.S. jurisdiction. The Corporation and its subsidiaries are generally no longer subject to U.S. federal and state income tax examinations by tax authorities for income tax returns filed for years before 2008.

The Corporation's taxable subsidiary, MMS, recognizes deferred tax liabilities and assets for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. There were no material deferred tax items or tax provisions for the years ended December 31, 2011 or 2010.

Excess of Revenues over Expenses

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purpose of acquiring such assets), distributions to noncontrolling interest, and changes in defined benefit plans.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR)

Prospective Payment System (PPS)

Payments to PPS hospitals under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospitals continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

Critical Access Hospitals

The Corporation's critical access hospitals are eligible to receive incentive payments for up to four years under the Medicare program for its reasonable costs of the purchase of certified EHR technology multiplied by the hospitals' Medicare utilization plus 20%, limited to 100% of the costs incurred. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS). Payment under both programs are contingent on the hospitals continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Corporation recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

In 2011, the Corporation completed the first-year requirements under the Medicaid program for their critical access and PPS hospitals and has recorded revenue of approximately \$2,005,000, which is included in other operating revenue in the statement of operations and changes in unrestricted net assets. The receivable is reported in estimated amounts due from third party payers on the 2011 balance sheet.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Change in Accounting Principle

In 2011, the Corporation changed its method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts related to patient service revenue to a deduction from patient service revenue and to provide enhanced disclosures around the Corporation's policies related to uncollectible accounts. The change had no effect on prior year change in net assets.

The change in net patient service revenue and total expenses for the period ended December 31, 2010, is presented below.

(In thousands)	As Originally Reported ⁽¹⁾	As Adjusted	Effect of Change
Net patient service revenue	\$ 838,307	\$ 744,028	\$ (94,279)
Total unrestricted revenues, gains and other support	\$ 907,346	\$ 813,067	\$ (94,279)
Total expenses and losses	\$ 887,463	\$ 793,184	\$ (94,279)

⁽¹⁾ This amount is net of discontinued operations described in more detail in *Note 21*.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were issued.

Baptist Health
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Note 2: Net Patient Service Revenue

The Corporation recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided less a 20% discount. On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.

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

Medicare – Most inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. HS and ARK are critical access hospitals whose services and defined medical education costs are paid based on a cost reimbursement methodology. The Corporation is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare administrative contractor.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology subject to certain cost limitations. Outpatient services are reimbursed based on defined allowable charges. The Corporation is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicaid fiscal intermediary.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

In December 2009, the Secretary of U S Department of Health and Human Services approved the inpatient and outpatient sections of an amendment to the Arkansas State Medicaid Plan that establishes a provider assessment program retroactive to July 1, 2009. This program, as initially enacted, assessed a fee of no more than 1% on the net patient service revenue of private hospitals and allocates the proceeds to supplement Medicaid payments. In February 2011, the program was amended to allow the assessed fee to be no more than 5.5% of net patient service revenue. The federal government matches the assessment amount at a rate of approximately 3 to 1, and these amounts are allocated to private hospitals in Arkansas based on each hospital's share of the total of these hospitals' Medicaid discharges and outpatient Medicaid payments. The Corporation participates in this program and records the payments to be received, net of assessed fees paid, in net patient service revenue in the period earned. Amounts recorded as provider assessment tax expenses under this program for the years ended December 31, 2011 and 2010, were approximately \$9,411,000 and \$6,261,000, respectively. Amounts recorded for provider assessment receipts under this program for the years ended December 31, 2011 and 2010, were approximately \$19,636,000 and \$18,184,000 respectively. The net amount received is reported as a component of net patient service revenue in the consolidated statements of operations for 2011 and 2010.

The Corporation also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the year ended December 31, 2011, was approximately

Medicare	\$ 363,865
Medicaid	59,860
Other third party payers	343,184
Patients	<u>95,277</u>
	<u><u>\$ 862,186</u></u>

The 2011 net patient service revenue increased approximately \$7,940,000 due to removal of previously estimated reserves related to certain governmental recovery programs that are no longer considered necessary due to updated information. The increase is attributed to information available during the current period that was not present in the prior year.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Note 3: Concentration of Credit Risk

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at December 31 was

	2011	2010
Medicare	43 %	42 %
Medicaid	5	7
Other third-party payers	41	40
Patients	11	11
	100 %	100 %

Note 4: Investment and Investment Return

Total investments at December 31, 2011 and 2010 include the following

Total Investments

(In thousands)

	2011	2010
Cash and cash equivalents	\$ 21.023	\$ 15.071
Money market mutual funds	18.606	38.394
Repurchase agreements	577	577
Marketable equity securities	85.213	87.120
Mutual funds	20.756	16.139
Alternative investments – hedge funds ^(A)	16.698	20.009
Alternative investments – fund of funds ^(B)	23.798	3.938
U S government and agency obligations	66.167	63.444
State and municipal obligations	42.818	34.485
Corporate debt obligations	29.640	29.562
Mortgage-backed securities	26.264	29.494
Held under split-interest agreements	3.899	4.592
Interest receivable	1.627	1.702
	\$ 357.086	\$ 344.527

The Corporation does not consider any of its investments in marketable equity securities, mutual funds or corporate debt obligations to be concentrated in any individual or aggregated industry sub-groups

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Total investments are reported on the consolidated balance sheet under the following captions at December 31, 2011 and 2010

(In thousands)	<u>2011</u>	<u>2010</u>
Current Assets		
Short-term investments	\$ 838	\$ 1,166
Assets Limited as to Use		
Internally designated		
Capital improvements	275,740	261,934
Other uses	38,442	39,250
Under indenture agreements – held by trustee	9,582	10,548
Externally restricted by donor	14,395	15,088
Other arrangements	194	194
	<u>338,353</u>	<u>327,014</u>
Other Assets		
Investments	17,895	16,347
Total Investments	<u>\$ 357,086</u>	<u>\$ 344,527</u>

Alternative Investments

Alternative investments held at December 31, 2011 and 2010, were carried under the equity method and consist of the following

(In thousands)	<u>Carrying Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>2011</u>				
Hedge funds ^(A)	\$ 16,698	\$ -	Quarterly	30 days
Fund of funds ^(B)	\$ 23,798	\$ -	Monthly	30 days
<u>2010</u>				
Hedge funds ^(A)	\$ 20,009	\$ -	Quarterly	30 days
Fund of funds ^(B)	\$ 3,938	\$ -	Monthly	30 days

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Notes to Consolidated Financial Statements

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- (A) This category includes investments in a hedge fund limited partnership that pursues multiple strategies to diversify risks and reduce volatility. The fund's composite portfolio includes investments in U.S. common stocks, international stocks, U.S. fixed income securities and international fixed income securities.
- (B) This category includes an investment in a fund of funds limited partnership. The fund's composite portfolio includes investments in hedge funds and absolute return funds based in the United States, the Cayman Islands, the British Virgin Islands and Ireland.

Investment Return

Total investment return is comprised of the following:

(In thousands)	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 8,830	\$ 9,855
Net unrealized gains (losses) on trading securities	(2,595)	16,450
Net losses on alternative investments accounted for using the equity method	(4,066)	(1,061)
Net realized gains (losses) on sales of securities	<u>1,066</u>	<u>(3,649)</u>
	<u><u>\$ 3,235</u></u>	<u><u>\$ 21,595</u></u>

Total investment return is reflected in the statements of operations and changes in net assets as follows:

(In thousands)	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Other nonoperating income	\$ 3,399	\$ 20,439
Temporarily restricted net assets		
Change in unrealized gains (losses) on investments	(469)	763
Investment return	<u>305</u>	<u>393</u>
	<u><u>\$ 3,235</u></u>	<u><u>\$ 21,595</u></u>

Baptist Health
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Note 5: Deposits By Residents

Deposits by residents of Parkway Village, Inc consist of the following

(In thousands)	2011	2010
Nonrefundable deposits	\$ 11,615	\$ 11,407
Accumulated amortization	(7,574)	(6,711)
Net nonrefundable deposits	4,041	4,696
Refundable deposits	20,316	21,648
Deposits from future residents	338	50
	24,695	26,394
Less current maturities	1,845	1,640
	<u>\$ 22,850</u>	<u>\$ 24,754</u>

Note 6: Property and Equipment

Property and equipment are stated at cost and are summarized at December 31 as follows

(In thousands)	2011	2010
Land and land improvements	\$ 58,038	\$ 45,763
Buildings	503,403	501,012
Equipment	299,394	289,381
Capital projects in progress	45,544	17,407
	906,379	853,563
Less accumulated depreciation	522,492	483,508
	<u>\$ 383,887</u>	<u>\$ 370,055</u>

Capital projects in progress represent various miscellaneous projects that will be completed with funds generated from operations. See *Note 18* for a discussion of a capital project commitment.

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Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Note 7: Investments in Equity Investees

The investments in equity investees relate to ownership interests in the following entities

Springhill Surgery Center, LLC	50%
Alliance Homecare, Inc	50%
BHWC Corporation	50%
HMO Partners, Inc	50%
Surgical Pavilion, LLC	50%
American Data Network, LLC	36%
Arkansas Medical Cyclotron, LLC	17%

The financial positions of the investees are summarized below

(In thousands)

	2011	2010
Current assets	\$ 166,308	\$ 152,273
Property and other long-term assets, net	<u>9,989</u>	<u>11,020</u>
Total assets	<u>176,296</u>	<u>163,293</u>
Current liabilities	59,217	50,808
Long-term liabilities	<u>745</u>	<u>840</u>
Total liabilities	<u>59,962</u>	<u>51,648</u>
Equity	<u>\$ 116,335</u>	<u>\$ 111,645</u>
Net revenues	<u>\$ 181,902</u>	<u>\$ 174,969</u>
Net income	<u>\$ 14,138</u>	<u>\$ 13,830</u>
Comprehensive income	<u>\$ 12,136</u>	<u>\$ 17,233</u>

Note 8: Promises Receivable

Total promises receivable at December 31, 2011 and 2010, were \$4,902,000 and \$2,223,000 respectively. Included in these amounts are amounts due under split-interest agreements of \$1,224,000 and \$1,156,000 at December 31, 2011 and 2010, respectively.

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Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Note 9: Professional and General Liability Claims

The Corporation was self-insured for the first \$1,000,000 per occurrence and \$4,500,000 in aggregate of medical malpractice risks for substantially all hospital operations until December 15, 2010. Effective December 16, 2010, the Corporation became self-insured for the first \$1,000,000 per occurrence and \$5,000,000 in aggregate of medical malpractice risks for substantially all hospital operations. Arkansas Health Group (AHG), a wholly owned subsidiary of the Corporation, has obtained a separate professional and general liability claims-made insurance policy on a fixed premium basis, which is used in conjunction with the excess umbrella policy of the Corporation. AHG has a \$1,000,000 per claim and \$3,000,000 in aggregate policy for each employed physician and \$1,000,000 per claim and \$3,000,000 in aggregate policy for AHG. This policy has no deductible. In the event any claims exceed the AHG individual coverage, the remaining excess reserve would be covered by the Corporation's excess umbrella policy. The Corporation purchases commercial insurance coverage above the self-insurance limits. Professional liability reserve estimates represent the estimated ultimate cost of all reported and unreported losses incurred through the respective consolidated balance sheet dates. The reserve for unpaid losses and loss expenses are estimated using individual case-basis valuations and actuarial analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are continually reviewed, and adjustments are recorded as experience develops or new information becomes known. The time period required to resolve these claims can vary depending upon whether the claim is settled or litigated. The estimation of the timing of payments beyond a year can vary significantly. Although considerable variability is inherent in professional liability reserve estimates, management believes the reserves for losses and loss expenses are adequate based on information currently known. It is reasonably possible that this estimate could change materially in the near term.

In 2011, the System adopted the provisions of Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*. This ASU eliminates the practice of netting claim liabilities with expected related insurance recoveries for balance sheet presentation. Claim liabilities are to be determined without regard for recoveries and presented gross at December 31, 2011.

The expected current and non-current insurance recoveries are approximately \$1,247,000 and \$2,994,000, respectively, and are located in the current assets and other long-term assets on the consolidated balance sheet at December 31, 2011. The expected current and non-current liabilities are located in the accrued expenses and other liabilities on the consolidated balance sheets. There was no material impact to the Corporation's results of operations or cash flows for the year ended December 31, 2011, as a result of the adoption of this guidance.

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Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Activity in the Corporation's accrued professional and general claims liability during 2011 and 2010 is summarized as follows

	2011	2010
Balance, beginning of year	\$ 7,717	\$ 6,695
Current year claims incurred and changes for claims incurred in prior years	4,637	2,764
Adoption of ASU 2010-24 insurance liability	4,787	-
Claims and expenses paid	(2,490)	(1,742)
Balance, end of year	14,651	7,717
Less Current portion	3,171	2,072
Noncurrent portion	<u>\$ 11,480</u>	<u>\$ 5,645</u>

Note 10: Long-term Debt

Long-term debt consists of the following

(In thousands)	2011	2010
Revenue Bonds (A)	\$ 43,490	\$ 46,825
Revenue Bonds (B)	19,330	19,935
Revenue Bonds (C)	16,706	18,287
Revenue Bonds (D)	10,926	11,642
Revenue Bonds (E)	7,540	7,825
Revenue Bonds (F)	4,905	5,693
Revenue Bonds (G)	5,098	6,259
Revenue Bonds (H)	1,430	2,085
Note payable (I)	18,510	18,342
Other obligations (J)	21,940	25,499
	149,875	162,392
Less current maturities	12,673	13,597
	<u>\$ 137,202</u>	<u>\$ 148,795</u>

- (A) Revenue Bonds, Baptist Health, North Little Rock Health Facilities Board, Series 1996B, maturing serially through 2021, fixed interest rates ranging from 3.0% to 5.8%, secured by first mortgage on Baptist Health Medical Center – NLR and substantially all revenues of the Corporation

Baptist Health
Notes to Consolidated Financial Statements
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- (B) Revenue Bonds, Baptist Health Medical Center – Heber Springs, Series 2006, maturing serially at varying amounts through May 1, 2031, semi-annual interest payments at fixed interest rates ranging from 3.8% to 5.0%, secured by first mortgage on Baptist Health Medical Center – Heber Springs and substantially all equipment and fixtures and revenues, payments guaranteed by Baptist Health
- (C) Revenue Bonds, Baptist Health, North Little Rock Health Facilities Board, Series 2005, maturing through December 1, 2021, fixed interest rates ranging from 3.5% to 5.0%, secured by first mortgage on Baptist Health Medical Center – NLR and substantially all revenues of the Corporation
- (D) Revenue Bonds, Baptist Health, North Little Rock Health Facilities Board, Series 2001, maturing through July 1, 2022, fixed interest rates ranging from 5.0% to 5.7%, secured by first mortgage on Baptist Health Medical Center – NLR and substantially all revenues of the Corporation
- (E) Revenue Bonds, assumed by Baptist Health Medical Center – Stuttgart, pursuant to the terms of the long-term lease agreement for the Stuttgart facility effective on January 1, 2009, Series 2006, maturing through October 1, 2028, fixed interest rates ranging from 3.5% to 5.1%, secured by a first mortgage on Baptist Health Medical Center – Stuttgart facilities and substantially all of Stuttgart's revenues
- (F) \$5,770,000 Series 2010, Pulaski County Public Facilities Board, Revenue Refunding Bonds dated October 2010, maturing serially at varying amounts through October 2017, semi-annual fixed interest payments of 2%, secured by real and personal property and a pledge of gross receipts of Parkway Village, Inc., payments guaranteed by Baptist Health

Upon issuance and delivery of the 2010 Revenue Refunding Bonds (the Refunding Bonds), Parkway Village, Inc. used the proceeds to extinguish its outstanding 2001 bonds with a total principal of \$6,825,000. This refunding of the bonds resulted in a loss on refunding of \$124,115.
- (G) Revenue Bonds, Baptist Health Rehabilitation Institute, Series 2003, maturing through September 1, 2015, fixed interest rates ranging from 2.0% to 5.0%, secured by first mortgage on Baptist Health Rehabilitation Institute and Baptist Health Medical Center – LR facilities and substantially all of the Corporation's revenues
- (H) Revenue Bonds, Baptist Health Medical Center – Arkadelphia, Series 1999A, maturing through July 1, 2013, fixed interest rates ranging from 5.0% to 6.5%, secured by first mortgage on Baptist Health Medical Center – Arkadelphia facilities and substantially all of the Corporation's revenues

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Notes to Consolidated Financial Statements

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- (I) In October, 2010, the Company entered an agreement for two notes payable totaling \$18,500,000 to refinance existing notes payable of the Corporation. The first note is for \$18,000,000, due October 1, 2017, payable in 84 monthly installments, bearing interest at a fixed rate of 3.02%, balloon payment of approximately \$11,020,000 due at maturity. The second note is for \$500,000, due October 1, 2017, payable in 84 monthly installments, bearing interest at a daily BBA LIBOR floating rate of 0.15% plus a rate based on the Standards & Poor rating of its guarantor and parent, Baptist Health. As of December 31, 2011, the applicable rate based on the current hospital Standards & Poor rating of A+ is 1.15%. The notes are secured by real property.
- (J) Primarily comprised of notes payable to banks and capital lease obligations, maturing at various dates through May 1, 2021, variable and fixed interest rates, currently ranging from 3.3% to 7.5%, secured primarily by real estate.

Under the terms of the revenue bond indentures, the Corporation is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the consolidated financial statements. The revenue bond indentures also place limits on the incurrence of additional borrowings and require that the Corporation satisfy certain measures of financial performance as long as the bonds are outstanding, including maintaining an annual debt-service coverage ratio of at least 1.20.

During 2009, the Corporation, through Baptist Health Medical Center – Stuttgart (the Medical Center), assumed the obligation for the revenue bonds of Stuttgart Regional Medical Center, Inc. through the terms of a long-term lease arrangement. The trust indenture related to these bonds requires that certain funds be established with the trustee. Accordingly, these funds are included as assets limited as to use held by the trustee in the financial statements. The indenture agreement also requires that the Medical Center, as a stand-alone entity, satisfy certain measures of financial performance, as well as to comply with certain restrictive covenants including maintaining a debt-service coverage ratio of at least 1.15.

Scheduled aggregate annual maturities of long-term debt at December 31, 2011, are

(In thousands)

2012	\$ 12.673
2013	13.284
2014	11.916
2015	11.975
2016	18.226
Thereafter	81.535
	<hr/> 149.609
Unamortized net bond premiums	266
	<hr/> <hr/> \$ 149.875

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Note 11: Hedging Activities and Derivative Financial Instruments

The Corporation's change in net assets and cash flows may be negatively impacted by fluctuating interest rates. To effectively manage market risks, the Corporation has entered into various interest rate swap agreements.

Fair Value Hedge

Fair value hedges are intended to reduce the exposure to changes in the fair value of the underlying hedged item and include interest rate swap agreements on fixed-rate debt. For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative is recognized in current earnings, which is generally offset by changes in the fair value of the hedged item.

During 2003, the Corporation entered into an interest rate swap agreement for a portion of its fixed rate debt as a strategy to maintain acceptable levels of exposure to the risk of fluctuation in the related debt. Management has designated the interest rate swap agreement as a fair value hedging instrument. Under the agreement, the Corporation receives interest payments from the counterparty at a fixed rate of 3.75% and pays interest to the counterparty at a variable rate equal to the weekly Securities Industry & Financial Markets Association (SIFMA) rate on notional amounts equal to the outstanding debt hedged. The change in fair value of both the hedge instrument and the underlying debt obligations are included in excess of revenues over expenses. The fair value hedges are considered to be highly effective, and any hedge ineffectiveness was deemed not material. The notional amounts of the debt obligations being hedged were \$15,240,000 and \$16,365,000 at December 31, 2011 and 2010, respectively. The swap agreement matures on December 1, 2021.

The table below presents certain information regarding the Company's interest rate swap agreement designated as a fair value hedge.

(In thousands)	2011	2010
Balance sheet location of fair value amount		
Other assets	\$ 2,104	\$ 1,400
Balance sheet location of related hedged item		
Long-term debt	\$ 2,104	\$ 1,400
Change in the value of the interest rate		
swap agreements	\$ 704	\$ 240
Change in the value of the hedged item	\$ (704)	\$ (240)

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Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Derivatives Not Designated as Hedging Instruments

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Corporation entered into interest rate swap agreements for a portion of its floating rate debt. The agreements provide for the Corporation to receive interest from the counterparty equal to the one-month LIBOR and to pay interest to the counterparty at an average fixed rate of 6.05% and 5.93% at December 31, 2011 and 2010, respectively, on notional amounts of \$7,480,000 and \$7,664,000 at December 31, 2011 and 2010, respectively. Swaps with notional amounts of approximately \$14,004,000 matured during 2010. Under the agreements, the Corporation pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The agreements are carried at fair value in the balance sheets, which was approximately \$1,452,000 and \$1,215,000 at December 31, 2011 and 2010, respectively. The swap agreement matures on December 22, 2016.

The table below presents certain information regarding the Company's other swap agreements:

(In thousands)	<u>2011</u>	<u>2010</u>
Balance sheet location of fair value amount		
Other liabilities	\$ 1,452	\$ 1,215
Change in fair value of the interest rate swap agreement recognized in income	\$ (237)	\$ (142)

Note 12: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 and 2010, consisted of promises receivable and trust assets that are available for the general support of the Corporation in future periods. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

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Notes to Consolidated Financial Statements

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Note 13: Charity Care

In support of its mission, the Corporation voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue. In addition, the Corporation provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts that are less than established charges for the services provided to the recipients and many times the payments are less than the cost of rendering the services provided. Uncompensated charges relating to these services were \$83,775,000 and \$57,051,000 for the years ended December 31, 2011 and 2010, respectively. Management estimates that costs relating to these services were approximately \$19,821,000 and \$14,987,000 for the years ended December 31, 2011 and 2010, respectively, using a cost-to-charge ratio methodology.

In addition to uncompensated charges, the Corporation also commits significant time and resources to endeavors and critical services that meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable.

Note 14: Functional Expenses

The Corporation provides a wide range of general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

(In thousands)	<u>2011</u>	<u>2010</u>
Health care services	\$ 710,736	\$ 685,952
General and administrative	<u>114,142</u>	<u>107,232</u>
	<u>\$ 824,878</u>	<u>\$ 793,184</u>

Baptist Health

Notes to Consolidated Financial Statements

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Note 15: Operating Leases

The Corporation has entered into multiple noncancellable operating leases, primarily for clinical office space and equipment. These leases expire in various years through 2017. Future minimum lease payments at December 31, 2011, were

(In thousands)

2012	\$ 7,510
2013	3,967
2014	2,717
2015	685
2016	509
Thereafter	<u>174</u>
Future minimum lease payments	<u>\$ 15,562</u>

Rental expense for all operating leases was approximately \$11,555,000 and \$12,734,000 for 2011 and 2010, respectively.

Note 16: Pension Plans

Defined Benefit Plans

The Corporation has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. The Corporation's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Corporation may determine to be appropriate from time to time. The plan was frozen to future benefit accruals effective January 1, 2009. The Corporation expects to contribute \$17,000,000 to the plan in 2012.

On January 1, 2009, the Corporation assumed the obligation related to the Stuttgart Regional Medical Center, Inc. defined benefit pension plan through a long-term lease arrangement. The Corporation's funding policy related to this plan is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Corporation may determine to be appropriate from time to time. The plan was frozen prior to the Corporation assuming the obligation. The Corporation expects to contribute \$400,000 to the plan in 2012.

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Notes to Consolidated Financial Statements

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The Corporation uses a December 31 measurement date for the plans. Information about the plans' funded status follows:

	2011		2010	
	Baptist Health	Baptist Health – Stuttgart	Baptist Health	Baptist Health – Stuttgart
(In thousands)				
Change in benefit obligation				
Beginning of year	\$ 433.052	\$ 8.115	\$ 422.682	\$ 9.143
Interest cost	20.353	384	19.870	427
Actuarial (gain) loss	132	(7)	(758)	172
Benefits paid	(9.951)	(504)	(8.742)	(1.627)
End of year	443.586	7.988	433.052	8.115
Change in fair value of plan assets				
Beginning of year	322.687	6.612	276.699	7.201
Actual return on plan assets	(4.732)	132	38.955	638
Employer contribution	11.800	-	15.775	400
Benefits paid	(9.951)	(504)	(8.742)	(1.627)
End of year	319.804	6.240	322.687	6.612
Funded status at end of year	<u>\$ (123.782)</u>	<u>\$ (1.748)</u>	<u>\$ (110.365)</u>	<u>\$ (1.503)</u>

Liabilities recognized in the balance sheet

	2011		2010	
	Baptist Health	Baptist Health – Stuttgart	Baptist Health	Baptist Health – Stuttgart
(In thousands)				
Noncurrent liabilities	\$ 123.782	\$ 1.748	\$ 110.365	\$ 1.503

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Notes to Consolidated Financial Statements

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Information for pension plans with an accumulated benefit obligation in excess of plan assets

(In thousands)	2011		2010	
	Baptist Health	Baptist Health – Stuttgart	Baptist Health	Baptist Health – Stuttgart
Projected benefit obligation	\$ 443,586	\$ 7,988	\$ 433,052	\$ 8,115
Accumulated benefit obligation	\$ 443,586	\$ 7,988	\$ 433,052	\$ 8,115
Fair value of plan assets	\$ 319,804	\$ 6,240	\$ 322,687	\$ 6,612
Components of net periodic benefit cost				
Interest cost	20,353	384	\$ 19,870	\$ 427
Expected return on plan assets	(20,994)	(398)	(18,239)	(423)
Amortization of net loss	10,619	401	12,677	425
Net periodic benefit cost	\$ 9,978	\$ 387	\$ 14,308	\$ 429

Other changes in plan assets and benefit obligations recognized in other changes in net assets

(In thousands)	2011		2010	
	Baptist Health	Baptist Health – Stuttgart	Baptist Health	Baptist Health – Stuttgart
Net loss (gain)	\$ 25,858	\$ 386	\$ (21,304)	\$ (15)
Amortization of net gain (loss)	(10,619)	(401)	(12,677)	(425)
Total recognized in other changes in net assets	15,239	(15)	(33,981)	(440)
Total recognized in net periodic benefit cost and other changes in net assets	\$ 25,217	\$ 372	\$ (19,673)	\$ (11)

The estimated net loss for the defined benefit pension plans that will be amortized from other changes in net assets into net periodic benefit cost over the next fiscal year is approximately \$14,000,000

Amounts recognized in other changes in net assets not yet recognized as components of net periodic benefit cost consist of

(In thousands)	2011		2010	
	Baptist Health	Baptist Health – Stuttgart	Baptist Health	Baptist Health – Stuttgart
Net loss	\$ 121,295	\$ 3,073	\$ 106,056	\$ 3,215

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Notes to Consolidated Financial Statements

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Significant assumptions include

	2011		2010	
	Baptist Health –		Baptist Health –	
	Baptist Health	Stuttgart	Baptist Health	Stuttgart
Weighted average assumptions used to determine benefit obligation				
Discount rate	4.75%	4.75%	4.75%	4.75%
Weighted-average assumptions used to determine benefit cost				
Discount rate	4.75%	4.75%	4.75%	4.75%
Expected return on plan assets	6.50%	6.50%	6.50%	6.50%

The Corporation has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2011:

(In thousands)	Baptist Health –	
	Baptist Health	Stuttgart
2012	\$ 11,300	\$ 320
2013	12,000	680
2014	12,900	770
2015	14,000	460
2016	15,500	1,260
2017–2021	96,000	3,610

Plan assets are held by bank-administered trust funds which invest the plans' assets in accordance with the provisions of the plan agreements. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.

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Notes to Consolidated Financial Statements

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The Corporation's overall investment strategy is to achieve a rate of return of approximately 6.5% from a mix of investments allocated for long-term growth with a wide diversification of asset types, fund strategies and fund managers. Management may revise the target percentages as the financial needs of the plan and the outlook for capital markets changes. The target asset allocation percentages for Baptist Health – Stuttgart in 2010 were approximately 65% equity securities and 35% domestic fixed income securities. In 2011, the Corporation began to move Baptist Health – Stuttgart's portfolio to more liquid assets due to the current freeze of benefits. At December 31, 2011, the asset allocation percentages were 32% equity securities, 23% fixed income securities and 45% cash and cash equivalents.

The target asset allocation percentages for Baptist Health for 2011 and 2010 are as follows:

	2011	2010
Domestic equity securities	35%	35%
International equity securities	20%	20%
Alternative investments (equities and real estate)	15%	15%
Domestic fixed income	30%	30%
	<u>100%</u>	<u>100%</u>

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities, mutual funds, corporate obligations and others. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include money market funds, mutual funds, mortgage-backed securities, U.S. Treasury obligations, corporate bonds and others. For Level 2 investments, inputs include maturity, coupon rates and/or closing prices of similar securities from comparable industry financial data. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include alternative investments in real estate trusts and private investment funds. Alternative investments are accounted for using the net asset value per share of the investments.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

The fair values of the Corporation's pension plans assets at December 31, 2011 and 2010, by asset class are as follows

(In thousands)	2011			
	Fair Value Measurements Using			
	Quoted Prices			
	in Active Markets for Identical Assets (Level 1) Significant Other Observable Inputs (Level 2) Significant Unobservable Inputs (Level 3)			
	Fair Value			
For the year ended December 31, 2011				
Money market accounts	\$ 15,355	\$ -	\$ 15,355	\$ -
U S Treasury and federal obligations	4,893	-	4,893	-
Corporate obligations	19,045	1,596	17,449	-
Municipal obligations	12,190	-	12,190	-
Corporate stocks	92,679	92,679	-	-
Foreign stocks	17,409	17,409	-	-
Mortgage-back securities	15,341	-	15,341	-
Real estate trust ^(A)	25,298	-	-	25,298
Mutual funds	8,197	2,501	5,696	-
Private investment funds ^(B)	114,951	-	30,981	83,970
	<u>\$ 325,358</u>	<u>\$ 114,185</u>	<u>\$ 101,905</u>	<u>\$ 109,268</u>

As of December 31, 2011, the fair value of plan assets for both Baptist Health and Baptist Health – Stuttgart includes accrued interest not included in the disclosure above of approximately \$686,000

The Corporation does not consider any of its investments in marketable equity securities, mutual funds or corporate debt obligations to be concentrated in any individual or aggregated industry sub-groups

Baptist Health
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

2010				
Fair Value Measurements Using				
	Fair Value	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
For the year ended December 31, 2010				
Money market accounts	\$ 16,998	\$ -	\$ 16,998	\$ -
U S Treasury and federal obligations	7,730	-	7,730	-
Corporate obligations	18,515	2,058	16,457	-
Municipal obligations	9,315	-	9,315	-
Corporate stocks	91,520	91,520	-	-
Foreign stocks	2,465	2,465	-	-
Mortgage-back securities	14,499	-	14,499	-
Real estate trust ^(A)	21,688	-	-	21,688
Mutual funds	8,125	2,673	5,452	-
Private investment funds ^(B)	137,930	-	51,367	86,563
	<u>\$ 328,785</u>	<u>\$ 98,716</u>	<u>\$ 121,818</u>	<u>\$ 108,251</u>

As of December 31, 2010, the fair value of plan assets for both Baptist Health and Baptist Health – Stuttgart includes accrued interest not included in the disclosure above of approximately \$514,000

The Corporation does not consider any of its investments in marketable equity securities, mutual funds or corporate debt obligations to be concentrated in any individual or aggregated industry sub-groups

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Alternative Investments

Except as described below, the fair value of alternative investments in real estate funds and private investment funds has been estimated using the net asset value per share of the investments. Alternative investments held at December 31, 2011 and 2010 consist of the following:

(In thousands)	December 31, 2011			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate funds ^(A)	\$ 25,298	\$ -	Quarterly	30 days
Private investment funds ^(B)	\$ 114,951	\$ -	Quarterly	60 to 90 days

	December 31, 2010			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate funds ^(A)	\$ 21,688	\$ -	Quarterly	30 days
Private investment funds ^(B)	\$ 137,930	\$ -	Quarterly	60 to 90 days

- (A) This class includes an investment in a real estate trust that invests in publicly owned securities and privately owned real estate investments. The fund has postponed the funding of all outstanding redemption requests.
- (B) This class includes investments in funds that are invested in equity securities of companies located in any country other than the United States and Canada. This class also includes investments in hedge funds and absolute return funds based in the United States, the Cayman Islands, British Virgin Islands and Ireland. Lastly, a separate fund is included in this class that invests in private investment companies based in the Cayman Islands, British Virgin Islands, Bahamas and Bermuda.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

2011			
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
(In thousands)	Private Investment Funds	Real Estate Trust	Total
Balance at December 31, 2010	\$ 86,563	\$ 21,688	\$ 108,251
Actual return on plan assets			
Relating to assets still held at the reporting date	(1,430)	4,349	2,919
Relating to assets sold during the period	(693)	(1,583)	(2,276)
Purchases, sales and settlements	(470)	844	374
Balance at December 31, 2011	<u>\$ 83,970</u>	<u>\$ 25,298</u>	<u>\$ 109,268</u>

2010			
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
(In thousands)	Private Investment Funds	Real Estate Trust	Total
Balance at December 31, 2009	\$ 73,534	\$ 18,798	\$ 92,332
Actual return on plan assets			
Relating to assets still held at the reporting date	5,013	1,703	6,716
Relating to assets sold during the period	1,422	186	1,608
Purchases, sales and settlements	6,594	1,001	7,595
Balance at December 31, 2010	<u>\$ 86,563</u>	<u>\$ 21,688</u>	<u>\$ 108,251</u>

Defined Contribution Plans

The Corporation has a 403(b) defined contribution plan that covers substantially all eligible employees. Contributions from the Corporation to the plan were approximately \$17,330,000 and \$16,766,000, for 2011 and 2010, respectively.

Arkansas Health Group (AHG) has a defined contribution plan that covers substantially all employees. AHG's contributions to the plan are determined annually by the Board of Directors. Contributions from AHG to the plan were approximately \$2,324,000 and \$2,370,000 for 2011 and 2010, respectively.

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Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Baptist MedCare, Inc. d/b/a Practice Plus has a defined contribution plan covering substantially all employees. Practice Plus' contributions to the plan are determined annually by the Board of Directors. Contributions to the plan were approximately \$379,000 and \$338,000 for 2011 and 2010, respectively.

Deferred Compensation Plan

The Corporation has a deferred compensation agreement with employees meeting certain criteria as defined in Title 1 of ERISA. The agreement provides for employer contributions that are in sole and absolute discretion of the Board. There were no employer contributions made during 2011 and 2010.

The Corporation also has a retirement plan for other qualified management who meet certain requirements. At December 31, 2011 and 2010, the total liability recorded in other liabilities on the balance sheet was approximately \$5,818,000 and \$5,472,000, respectively. The Corporation has designated funds for the future payments of this liability of approximately \$5,144,000 and \$5,318,065 for the years ended December 31, 2011 and 2010, respectively. These funds are in other uses in the assets limited as to use on the balance sheet.

Note 17: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities, money market funds and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include mortgage-backed securities, U.S. Treasury obligations, corporate bonds, and others. For Level 2 investments, inputs include maturity, coupon rates, and/or closing prices of similar securities from comparable industry financial data. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2011 and 2010, the Corporation did not hold any Level 3 securities.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Long-term Debt

The fair value is estimated using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy. Inputs used to determine fair value of long-term debt include borrowing rates currently available to the Corporation for bank loans with similar terms and maturities.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the ASC Topic 820 fair value hierarchy in which the fair value measurements fall at December 31, 2011 and 2010

		2011			
		Fair Value Measurements Using			
		Quoted Prices			
		in Active Markets for Identical Assets (Level 1)			
		Significant Other Observable Inputs (Level 2)			
		Significant Unobservable Inputs (Level 3)			
(In thousands)	Fair Value				
Investments					
Money markets mutual funds	\$ 18,606	\$ 18,606	\$ -	\$ -	
Marketable equity securities	85,213	85,213	-	-	
Mutual funds	20,756	13,141	7,615	-	
U S government and agency obligations	66,167	-	66,167	-	
State and municipal obligations	42,818	-	42,818	-	
Corporate debt obligations	29,640	-	29,640	-	
Mortgage-backed securities	26,264	-	26,264	-	
Repurchase agreement	577	-	577	-	
Beneficial interest in perpetual trusts	3,899	-	3,899	-	
	293,940				
Financial instruments not measured at fair value					
Alternative investments	40,496				
Cash and cash equivalents	21,023				
Interest receivable	1,627				
Total investments (Note 4)	\$ 357,086				
Other assets and liabilities					
Interest rate swap agreements	\$ 652	\$ -	\$ 652	\$ -	
Long-term debt subject to fair value swap	\$ (16,471)	\$ -	\$ (16,471)	\$ -	

Baptist Health
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

		2010			
		Fair Value Measurements Using			
		Quoted Prices			
		in Active Markets for Identical Assets (Level 1) Significant Other Observable Inputs (Level 2) Significant Unobservable Inputs (Level 3)			
(In thousands)	Fair Value				
Investments					
Money market mutual funds	\$ 38,394	\$ 38,394	\$ -	\$ -	
Marketable equity securities	87,120	87,120	-	-	
Mutual funds	16,139	8,311	7,828	-	
U S government and agency obligations	63,444	-	63,444	-	
State and municipal obligations	34,485	-	34,485	-	
Corporate debt obligations	29,562	-	29,562	-	
Mortgage-backed securities	29,494	-	29,494	-	
Repurchase agreement	577	-	577	-	
Beneficial interest in perpetual trusts	4,592	-	4,592	-	
	303,807				
Financial instruments not measured at fair value					
Alternative investments	23,947				
Cash and cash equivalents	15,071				
Interest receivable	1,702				
Total investments (Note 4)	\$ 344,527				
Other assets and liabilities measured at fair value					
Interest rate swap agreements	\$ 185	\$ -	\$ 185	\$ -	
Long-term debt subject to fair value swap	\$ (17,926)	\$ -	\$ (17,926)	\$ -	

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value

Cash and Cash Equivalents

The carrying amount approximates fair value

Long-term Debt

The fair value of long-term debt not subject to fair-value swap agreements is estimated using discounted cash flow analysis based on the Corporation's current incremental borrowing rates for similar types of borrowing arrangements

Interest in Net Assets of Affiliated Foundations

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. The carrying amount does not differ materially from the fair value

Promises Receivable

Fair value is estimated at the present value of the future payments expected to be received

The following table presents estimated fair values of the Corporation's financial instruments at December 31, 2011 and 2010

(In thousands)

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash	\$ 67.637	\$ 67.637	\$ 94.914	\$ 94.914
Promises receivable	\$ 3.872	\$ 3.872	\$ 2.223	\$ 2.223
Interest in net assets of affiliated foundations	\$ 2.088	\$ 2.088	\$ 2.021	\$ 2.021
Financial liabilities				
Long-term debt, net of capital leases	\$ 146.673	\$ 147.271	\$ 157.221	\$ 155.085

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Note 18: Commitments

In 2010 and 2011, the Corporation committed to a plan for development of a health information software system and a revenue cycle software system (the Systems) for the Corporation's internal use. The Corporation began development during 2010 and plans to complete the installation in several phases through 2013. The total cost of the Systems is estimated at approximately \$50,220,000, which includes approximately \$27,170,000 of labor that is expected to be capitalized through 2013. The ultimate amount of the project costs could differ materially from this estimate. Approximately \$31,800,000 has been capitalized and reported in capital projects in progress at December 31, 2011. The Centers for Medicare and Medicaid Services (CMS) and Arkansas Medicaid will reimburse facilities that become meaningful users of health information technology by certain dates according to CMS and Arkansas Medicaid regulations. The Corporation expects to receive reimbursements from CMS and Arkansas Medicaid between approximately \$24,000,000 and \$26,000,000, through December 31, 2016. The receipt of this revenue is contingent upon the Corporation achieving meaningful user status within the timeframe required by CMS and Arkansas Medicaid.

Note 19: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1 and 2*.

Professional and General Liability Claims

Estimates related to the accrual for professional and general liability claims are described in *Notes 1 and 9*.

Agreement with HMO

The Corporation is a participant in a risk-sharing contract with HMO Partners, Inc. (HMO). Pursuant to its contract with the physicians and hospitals, the HMO will deposit an amount monthly into a Health Service Fund to be used as payment for all covered health benefits for HMO members.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

The total of the HMO's payments to the Health Service Fund may or may not be sufficient to pay for all of the covered health services consumed by the HMO membership. After the end of each fiscal year, an accounting of the financial disposition of the Fund will occur. Any surplus or deficit in the Fund will be allocated one-half to the physician providers and one-half to the hospital providers.

HMO Partners, Inc. is a joint venture between Baptist Medical System HMO, Inc. and Blue Cross/Blue Shield of Arkansas.

Self Insured Employee Health and Workers' Compensation Costs

Under the Corporation's insurance programs, coverage is obtained for catastrophic exposures as well as those risks required to be insured by law or contract. The Corporation retains a significant portion of certain expected losses related to employee health care costs and workers' compensation costs. Provisions for losses expected under these programs are recorded based upon the Corporation's estimates of the aggregate liability for claims incurred. The amount of actual losses incurred could differ materially from the estimates reflected in these financial statements.

Litigation

In the normal course of business, the Corporation is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Corporation's self-insurance program (described elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Corporation evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Loss Contingency

The Corporation is the subject of investigations regarding specific third-party payer program billing issues. Management has accrued an estimated amount that they believe approximates the probable liability associated with these issues based on information currently available. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Asset Retirement Obligation

As discussed in *Note 20*, the Corporation has recorded a liability for its conditional asset retirement obligations related to asbestos contained in buildings that the Corporation owns.

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Pension and Other Postretirement Benefit Obligations

The Corporation has a noncontributory defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Corporation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, deposit, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

Note 20: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Corporation's conditional asset retirement obligations primarily relate to asbestos contained in buildings that the Corporation owns. Environmental regulations exist in Arkansas, where the Corporation operates, that require the Corporation to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished.

A summary of changes in asset retirement obligations since the date of adoption is included in the table below.

(In thousands)	2011	2010
Liability, beginning of year	\$ 10,983	\$ 10,360
Liabilities settled	(432)	-
Accretion expense	660	623
Liability, end of year	<u>\$ 11,211</u>	<u>\$ 10,983</u>

Baptist Health

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Note 21: Discontinued Operations

On December 31, 2011, certain clinics that were subsidized by White County Medical Center, Inc (WCMC) terminated its management services agreement with the Corporation. Under the original management services agreement, the Corporation billed for all revenues generated by these clinics and employed all physicians and other personnel. The termination agreement requires the termination of all physician employment agreements, requires WCMC to assume full responsibility for all accrued and unpaid employee benefits for any employees of the clinics as of December 31, 2011, and requires the physicians to obtain professional liability insurance coverage retroactive to the initial agreement the physician held with the Corporation. Based on the termination agreement, the Corporation will have no continuing involvement in the operations of the clinics.

Revenues and expenses for the discontinued operations have been removed from these financial statement captions in the statement of operations. Since WCMC subsidized the operations, the discontinued operations had no impact on the increase in net assets during the year. There were no significant assets or liabilities related to the discontinued operations at December 31, 2011. The amount of revenues and expenses related to the discontinued operations that are not included in the statement of operations as of December 31, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted Revenues, Gains and Other Support	\$ 26,255	\$ 19,952
Operating Expenses	<u>26,255</u>	<u>19,952</u>
Impact from discontinued operations	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Supplementary Information

Baptist Health
Consolidating Schedule – Balance Sheet Information
Year Ended December 31, 2011
(In thousands)

	Baptist Health	Baptist Health Medical Center – LR	Baptist Health Rehabilitation Institute	Baptist Health Medical Center – NLR	Baptist Health Medical Center – Arkadelphia	Baptist Health Medical Center – Stuttgart
Assets						
Current Assets						
Cash and cash equivalents	\$ 2 602	\$ 31 885	\$ 12 231	\$ 3 655	\$ 1 362	\$ 602
Short-term investments	-	-	-	-	-	-
Assets limited as to use – current	5 254	-	608	305	732	415
Patient accounts receivable – net of allowance	3 310	67 264	5 508	22 081	2 351	2 723
Estimated amounts due from third-party payers	-	7 803	248	1 779	1 191	1 110
Accounts receivable – affiliates	3 394	2 997	27	214	469	55
Supplies	1 341	5 577	-	2 374	32	387
Prepaid expenses and other	17 980	7 037	239	1 294	287	262
Total current assets	33 881	122 563	18 861	31 702	6 424	5 554
Assets Limited As To Use						
Internally designated						
Capital improvements	81 029	153 607	23 169	17 935	-	-
Other uses	16 073	-	-	-	-	-
Under indenture agreements – held by trustee	5 254	-	608	305	1 670	816
Externally restricted by donors	-	-	-	-	-	-
Other arrangements	-	-	-	-	-	-
	102 356	153 607	23 777	18 240	1 670	816
Less amounts required to meet current obligations	5 254	-	608	305	732	415
	97 102	153 607	23 169	17 935	938	401
Property and Equipment, At Cost						
Land and improvements	16 679	7 344	147	16 378	290	329
Buildings	52 034	185 119	20 658	105 331	8 166	14 097
Equipment	53 842	143 760	5 722	48 689	7 823	7 417
Capital projects in progress	34 783	8 209	10	1 521	130	418
	157 338	344 432	26 537	171 919	16 409	22 261
Less accumulated depreciation	74 224	243 060	20 891	75 988	13 464	15 647
	83 114	101 372	5 646	95 931	2 945	6 614
Other Assets						
Advances to affiliates	21 079	500	-	-	-	-
Investments	-	-	-	-	-	-
Promises receivable	-	-	-	-	-	-
Investment in equity investees	165	1 320	-	2 654	-	-
Interest in net assets of affiliated foundations	-	-	-	-	-	872
Other assets	4 730	-	85	3 358	19	374
	25 974	1 820	85	6 012	19	1 246
Total assets	\$ 240 071	\$ 379 362	\$ 47 761	\$ 151 580	\$ 10 326	\$ 13 815

Baptist Health Medical Center – Heber Springs	Baptist Health Extended Care Hospital – LR	Total Hospitals	Parkway Entities	Other Companies	Eliminations	Consolidated
\$ 1 175	\$ 781	\$ 54 293	\$ 855	\$ 12 489	\$ -	\$ 67 637
-	-	0	838	-	-	838
-	-	7 314	824	358	-	8 496
2 363	2 629	108 229	270	7 262	-	115 761
559	36	12 726	-	-	-	12 726
211	-	7 367	-	1 294	(8 661)	0
608	71	10 390	-	32	-	10 422
175	48	27 322	2	5 448	(530)	32 242
5 091	3 565	227 641	2 789	26 883	(9 191)	248 122
-	-	275 740	-	-	-	275 740
-	-	16 073	-	22 369	-	38 442
-	-	8 653	929	-	-	9 582
-	-	0	-	14 395	-	14 395
-	-	0	194	-	-	194
0	0	300 466	1 123	36 764	0	338 353
-	-	7 314	824	358	-	8 496
0	0	293 152	299	36 406	0	329 857
4 257	-	45 424	3 665	8 949	-	58 038
15 473	98	400 976	48 169	54 258	-	503 403
8 067	412	275 732	2 527	21 135	-	299 394
-	4	45 075	212	257	-	45 544
27 797	514	767 207	54 573	84 599	0	906 379
11 733	122	455 129	31 283	36 080	-	522 492
16 064	392	312 078	23 290	48 519	0	383 887
-	-	21 579	-	-	(21 579)	0
-	-	0	17 895	-	-	17 895
-	-	0	-	3 872	-	3 872
-	-	4 139	-	56 104	-	60 243
1 216	-	2 088	-	-	-	2 088
600	-	9 166	69	5 403	-	14 638
1 816	0	36 972	17 964	65 379	(21 579)	98 736
\$ 22 971	\$ 3 957	\$ 869 843	\$ 44 342	\$ 177 187	\$ (30 770)	\$ 1 060 602

Baptist Health
Consolidating Schedule – Balance Sheet Information
Year Ended December 31, 2011
(in thousands)

	Baptist Health	Baptist Health Medical Center – LR	Baptist Health Rehabilitation Institute	Baptist Health Medical Center – NLR	Baptist Health Medical Center – Arkadelphia	Baptist Health Medical Center – Stuttgart
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$ 3 305	\$ 17	\$ 1 180	\$ 2 886	\$ 783	\$ 329
Advances from affiliates – current	-	-	-	-	-	-
Accounts payable	30 618	2 343	342	624	145	208
Accounts payable – affiliates	61	-	-	-	-	-
Accrued expenses	30 912	14 877	1 467	5 008	737	1 109
Estimated amounts due to third-party payers	-	-	-	1 723	1 676	-
Current portion of deposits by residents	-	-	-	-	-	-
Total current liabilities	64 896	17 237	2 989	10 241	3 341	1 646
Other Liabilities						
Advances from affiliates	5 558	-	-	-	5 850	1 955
Long-term debt	40 205	33	3 918	29 018	820	7 612
Pension liabilities	123 782	-	-	-	-	1 748
Deposits by residents	-	-	-	-	-	-
Asset retirement obligations	-	10 928	-	-	-	283
Liabilities under split-interest agreements	-	-	-	-	-	-
Other liabilities	14 441	-	-	-	-	-
Total liabilities	248 882	28 198	6 907	39 259	10 011	13 244
Net Assets						
Unrestricted						
Baptist Health	(8 811)	351 096	40 854	112 339	311	(301)
Noncontrolling interest	-	-	-	-	-	-
Total unrestricted net assets	(8 811)	351 096	40 854	112 339	311	(301)
Temporarily restricted	-	68	-	(18)	4	872
Permanently restricted	-	-	-	-	-	-
Total net assets	(8 811)	351 164	40 854	112 321	315	571
Total liabilities and net assets	\$ 240 071	\$ 379 362	\$ 47 761	\$ 151 580	\$ 10 326	\$ 13 815

Baptist Health Medical Center – Heber Springs	Baptist Health Extended Care Hospital – LR	Total Hospitals	Parkway Entities	Other Companies	Eliminations	Consolidated
\$ 679	\$ -	\$ 9 179	\$ 790	\$ 2 704	\$ -	\$ 12 673
-	-	0	-	4 153	(4 153)	0
30	147	34 457	241	3 630	-	38 328
-	-	61	-	5 688	(5 749)	0
656	347	55 113	465	9 684	(1 153)	64 109
393	1 266	5 058	-	-	-	5 058
-	-	0	1 845	-	-	1 845
1 758	1 760	103 868	3 341	25 859	(11 055)	122 013
-	2 530	15 893	645	3 123	(19 661)	0
18 678	-	100 284	4 115	32 803	-	137 202
-	-	125 530	-	-	-	125 530
-	-	0	22 850	-	-	22 850
-	-	11 211	-	-	-	11 211
-	-	0	-	2 528	-	2 528
-	-	14 441	-	4 310	-	18 751
20 436	4 290	371 227	30 951	68 623	(30 716)	440 085
1 319	(333)	496 474	13 391	66 715	(54)	576 526
-	-	0	-	25 569	-	25 569
1 319	(333)	496 474	13 391	92 284	(54)	602 095
1 216	-	2 142	-	14 320	-	16 462
-	-	0	-	1 960	-	1 960
2 535	(333)	498 616	13 391	108 564	(54)	620 517
\$ 22 971	\$ 3 957	\$ 869 843	\$ 44 342	\$ 177 187	\$ (30 770)	\$ 1 060 602

Baptist Health
Consolidating Schedule – Statement of Operations Information
Year Ended December 31, 2011
(In thousands)

	Baptist Health	Baptist Health Medical Center – LR	Baptist Health Rehabilitation Institute	Baptist Health Medical Center – NLR	Baptist Health Medical Center – Arkadelphia	Baptist Health Medical Center – Stuttgart
Unrestricted Revenues, Gains and Other Support						
Net patient service revenue (net of contractual discounts and allowances)	\$ 25 876	\$ 468 267	\$ 34 677	\$ 181 487	\$ 20 090	\$ 26 865
Provision for uncollectible accounts	(357)	(46 859)	(1 927)	(26 212)	(2 742)	(2 730)
Net patient service revenue less provision for uncollectible accounts	25 519	421 408	32 750	155 275	17 348	24 135
Management fees, lease income and other	8 306	15 156	113	3 419	1 742	617
Net assets released from restrictions used for operations	-	-	-	-	-	-
Total unrestricted revenues, gains and other support	33 825	436 564	32 863	158 694	19 090	24 752
Operating Expenses						
Salaries and wages	45 311	143 856	14 361	53 883	8 001	8 916
Employee benefits	13 243	36 703	3 590	13 653	2 213	2 436
Supplies	9 500	111 002	1 329	38 205	2 451	2 198
Professional fees	23 990	12 771	120	5 585	1 099	4 040
Other operating expenses	22 148	101 370	10 593	35 777	3 496	4 506
Depreciation and amortization	7 084	17 479	691	8 050	713	972
Interest	1 797	4	238	817	105	418
Amounts allocated to affiliates	(87 357)	-	-	-	-	-
Total operating expenses	35 716	423 185	30 922	155 970	18 078	23 486
Operating Income (Loss)	(1 891)	13 379	1 941	2 724	1 012	1 266
Other Income (Expense)						
Investment return	(60)	1 271	296	101	114	8
Loss on extinguishment of debt	-	-	-	-	-	-
Equity in earnings of equity investees	-	339	-	788	-	-
Change in fair value of interest rate swap agreements	-	-	-	-	-	-
Total other income (expense)	(60)	1 610	296	889	114	8
Excess (Deficiency) of Revenues Over Expenses	<u>\$ (1 951)</u>	<u>\$ 14 989</u>	<u>\$ 2 237</u>	<u>\$ 3 613</u>	<u>\$ 1 126</u>	<u>\$ 1 274</u>

Baptist Health Medical Center – Heber Springs	Baptist Health Extended Care Hospital – LR	Total Hospitals	Parkway Entities	Other Companies	Eliminations	Consolidated
\$ 19 496 (3 636)	\$ 13 003 (217)	\$ 789 761 (84 680)	\$ - -	\$ 83 903 (7 761)	\$ (11 478) -	\$ 862 186 (92 441)
15 860 404	12 786 (2)	705 081 29 755	- 12 151	76 142 44 797	(11 478) (13 698)	769 745 73 005
-	-	0	-	3 469	(3 469)	0
16 264	12 784	734 836	12 151	124 408	(28 645)	842 750
6 791 1 645 1 909 1 076 2 413 2 364 902 -	4 730 1 047 1 415 28 3 980 56 - -	285 849 74 530 168 009 48 709 184 283 37 409 4 281 (87 357)	4 204 1 156 1 037 45 3 172 2 266 116 -	78 656 12 587 5 704 7 328 16 184 3 858 1 497 -	- - - - (115 869) - (133) 87 357	368 709 88 273 174 750 56 082 87 770 43 533 5 761 0
17 100	11 256	715 713	11 996	125 814	(28 645)	824 878
(836)	1 528	19 123	155	(1 406)	0	17 872
- - -	- - -	1 730 - 1 127	1 229 - -	440 - 5 003	- - -	3 399 0 6 130
-	-	-	-	(237)	-	(237)
0	0	2 857	1 229	5 206	-	9 292
\$ (836)	\$ 1 528	\$ 21 980	\$ 1 384	\$ 3 800	\$ 0	\$ 27 164