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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

C Name of organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Doing Business As
Providence St Patrick Hospital

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1801 Lind Avenue SW No 9016

City or town, state or country, and ZIP + 4
Renton, WA 980579016

D Employer identification number
81-0231793

E Telephone number
(425) 525-3985

G Gross receipts $ 280,588,166

F Name and address of principal officer
John F Koster MD
1801 Lind Avenue SW No 9016
Renton, WA 980579016

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www saintpatrick org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1991 | **M** State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Healthcare with special concern for the poor and vulnerable in Missoula, MT

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,988
6	Total number of volunteers (estimate if necessary)	**6**	250
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,549,836	560,335
	9 Program service revenue (Part VIII, line 2g)	246,088,910	249,465,667
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,563,405	7,614,660
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,595,733	4,764,135
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	254,797,884	262,404,797
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	728,409	7,052,927
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	103,862,142	109,974,663
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	134,419,077	138,624,037
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	239,009,628	255,651,627
	19 Revenue less expenses Subtract line 18 from line 12	15,788,256	6,753,170

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	213,565,446	219,934,546
	21 Total liabilities (Part X, line 26)	96,414,498	96,294,472
	22 Net assets or fund balances Subtract line 21 from line 20	117,150,948	123,640,074

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2012-11-12 Date

▶ Todd Hofheins VP/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Sara Elizabeth J Hyre CPA	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00235495
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Clark Nuber PS 10900 NE 4th Suite 1700 Bellevue, WA 98004			EIN ▶ 91-1194016 Phone no ▶ (425) 454-4919

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

As People of Providence, we reveal God's love for all, especially the poor and vulnerable, through our compassionate service Healthcare with special concern for the poor and vulnerable in Missoula, MT

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 89,103,762 including grants of $ 0) (Revenue $ 122,491,467)

Acute Care - InpatientTotal Admissions 7,908Total Patient Days 37,902HistorySt Patrick Hospital opened in 1873 under the sponsorship of the Sisters of Providence The present facility opened in 1984, the fourth St Pat's on this site above the Clark Fork River In May 2000, we changed our name from "St Patrick Hospital" to "St Patrick Hospital and Health Sciences Center" to reflect our increasing involvement with national medical research and education The hospital has 253 licensed beds Approximately 95% of our patients come from our 17-county service area In November 1999, after imploding the old hospital facility titled the Broadway Building, construction began for a new outpatient services building next to our present hospital facility The Broadway Building opened in March 2002, with two underground floors of parking and six stories of physician offices and outpatient services Physicians include but are not limited to those from the Western Montana Clinic, the Montana Neuroscience Institute, the Montana Cancer Center and the International Heart Institute We offer a variety of outpatient therapy services including physical, occupational, speech, diabetic, and cardiac rehabilitation Sponsorship In April 1873, the Sisters of Providence came to the Missoula valley to compassionately serve those in need, especially the poor and vulnerable They opened St Patrick Hospital, a not-for-profit mission, which quickly grew from a one-room structure to its current state-of-the-art medical center St Pat's continues to be sponsored by Providence Ministries, with a commitment to reveal God's healing presence to those who come to us for care HIGHLIGHTS * St Patrick Hospital received the Healthy Hospital Award for saving $352,293 and diverting 5,413 pounds of medical waste from landfills in 2010 The 'healthy hospital' designation is reserved for hospitals that demonstrate outstanding efforts to reduce the environmental footprint of healthcare delivery and improve hospital quality through medical device re-manufacturing and reprocessing * St Pat's is #1 in the nation for lowest heart failure readmission by making sure that we treat patients correctly the first time, in addition to preparing them for discharge, St Patrick Hospital has the lowest heart failure readmission rate in the nation * St Patrick Hospital's in-patient rehabilitation facility earned the Gold Standard Accreditation from The Commission on Accreditation of Rehabilitation Facilities, CARF, an independent, non-profit accreditor of health and human services * The hospital is a leader in the Best Place Project The project will unite the expertise of the City of Missoula with the experience and skills of some of our largestemployers to recruit businesses, retain existing businesses and redevelop facilities andinfrastructure to support businesses in Missoula As one of the larger employers in the area, this program provides much needed community benefit

4b (Code) (Expenses $ 69,765,732 including grants of $ 0) (Revenue $ 95,907,363)

Acute Care - OutpatientTotal Visits 154,272 See Line 4a Narrative

4c (Code) (Expenses $ 40,670,510 including grants of $ 0) (Revenue $ 26,983,914)

Primary CareTotal Visits 158,971In order to improve the health of our employees and dependents, St Pat's developed Home Base, an employee healthcare program Employees and dependents are connected with a primary care provider and a healthcare team to work with patients who have cardiometabolic risk factors to improve their health and wellness Grant Creek Family Medicine is Montana's First Patient-Centered MedicalHome A patient-centered medical home is a clinic staffed by healthcareproviders who work as a team Led by your primary care provider, your teammanages all of your healthcare needs, including routine and urgent care,preventive care and referrals to outside providers or specialists when necessary

(Code) (Expenses $ 7,052,927 including grants of $ 7,052,927) (Revenue $ 0)

Grants and Allocations See Schedule I

(Code) (Expenses $ 5,724,374 including grants of $ 0) (Revenue $ 7,869,331)

Healthcare Joint VenturesThrough partnerships, St Patrick's is able to provide additional healthcare services to the community

4d Other program services (Describe in Schedule O)

(Expenses $ 12,777,301 including grants of $ 7,052,927) (Revenue $ 7,869,331)

4e **Total program service expenses** ▶ $ 212,317,305

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,988		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?		**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		**8**		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		**9b**		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state		**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		**14b**		

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

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Renton, WA 980579016
(425) 525-3339

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								3,948,536	34,319,642	10,725,879

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 ▶ 116

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
Western MT Emergency Phys POBox 4506 Missoula, MT 59802	ER Physicians	5,731,746
Metro Aviation Inc PO Box 7008 Shreveport, LA 71137	Helicopter Maintenance	2,449,398
Health Services Northwest 2201 Lind Avenue SW Ste 300 Renton, WA 98057	AR Collections	1,406,914
McKesson Technologies in E1222 PO Box 98374 Chicago, IL 60693	Consulting Services	1,295,110
GE Healthcare PO Box 843553 Dallas, TX 75284	R&M Equipment	1,071,937

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 ▶ 62

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	17,162				
	b	Membership dues					
	c	Fundraising events					
	d	Related organizations	464,830				
	e	Government grants (contributions)	66,764				
	f	All other contributions, gifts, grants, and similar amounts not included above	11,579				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		560,335			
Program Service Revenue			Business Code				
	2a	Acute Care - Inpatient	622110	120,953,146	120,953,146		
	b	Acute Care -Outpatient	621400	94,702,900	94,702,900		
	c	Primary Care	621110	26,039,118	26,039,118		
	d	Joint Ventures	900099	7,770,503	7,770,503		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		249,465,667			
	3	Investment income (including dividends, interest and other similar amounts)		1,146,774			1,146,774
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	3,105,974				
	b	Less rental expenses	3,721,847				
	c	Rental income or (loss)	-615,873				
	d	Net rental income or (loss)		-615,873			-615,873
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	13,548,454	7,200,000			
	b	Less cost or other basis and sales expenses	13,342,199	938,369			
	c	Gain or (loss)	206,255	6,261,631			
	d	Net gain or (loss)		6,467,886			6,467,886
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances a	204,280				
	b	Less cost of goods sold b	180,954				
	c	Net income or (loss) from sales of inventory		23,326			23,326
		Miscellaneous Revenue	Business Code				
	11a	BIC Outside Services	900099	1,362,542	1,362,542		
	b	Dialysis Maintenance	900099	676,014	676,014		
	c	Occupational Health Sv	900099	648,920	648,920		
	d	All other revenue		2,669,206	1,098,932		1,570,274
	e	**Total.** Add lines 11a–11d		5,356,682			
	12	**Total revenue.** See Instructions		262,404,797	253,252,075	0	8,592,387

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	7,042,487	7,042,487		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	10,440	10,440		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,529,553	359,544	1,170,009	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	85,527,234	75,403,945	10,123,289	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,749,684	5,100,493	649,191	
9	Other employee benefits	11,073,460	9,653,205	1,420,255	
10	Payroll taxes	6,094,732	5,087,783	1,006,949	
11	Fees for services (non-employees)				
a	Management				
b	Legal	368,632	79,392	289,240	
c	Accounting	1,310		1,310	
d	Lobbying	59,207		59,207	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	83,627		83,627	
g	Other	40,255,630	35,353,923	4,901,707	
12	Advertising and promotion	1,335,849	1,317,468	18,381	
13	Office expenses	3,978,015	3,235,035	742,980	
14	Information technology	1,432,686	444,099	988,587	
15	Royalties . .				
16	Occupancy	4,105,157	3,121,671	983,486	
17	Travel	569,165	439,450	129,715	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	153,330	124,304	29,026	
20	Interest	3,039,599	3,039,599		
21	Payments to affiliates	17,597,250		17,597,250	
22	Depreciation, depletion, and amortization	8,626,658	5,975,779	2,650,879	
23	Insurance	1,452,179	1,155,711	296,468	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	38,461,331	38,461,331		
b	Bad Debts	14,178,932	14,178,932		
c	License and Taxes	2,021,044	2,020,026	1,018	
d	Dues & Subscriptions	402,505	309,838	92,667	
e					
f	All other expenses	501,931	402,850	99,081	
25	**Total functional expenses.** Add lines 1 through 24f	255,651,627	212,317,305	43,334,322	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		2,876,903	1	2,648,766
	2	Savings and temporary cash investments		1,908,127	2	84,819
	3	Pledges and grants receivable, net		17,500	3	
	4	Accounts receivable, net		33,809,578	4	36,502,334
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		12,976,034	7	12,393,034
	8	Inventories for sale or use		5,447,484	8	5,346,671
	9	Prepaid expenses and deferred charges		2,558,040	9	2,763,834
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 209,314,835			
	b	Less accumulated depreciation	10b 124,405,593	86,676,816	10c	84,909,242
	11	Investments—publicly traded securities		29,333,719	11	31,305,095
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		12,380,653	13	12,268,871
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		25,580,592	15	31,711,880
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		213,565,446	16	219,934,546
Liabilities	17	Accounts payable and accrued expenses		19,951,612	17	19,503,598
	18	Grants payable			18	
	19	Deferred revenue		1,786,093	19	1,677,967
	20	Tax-exempt bond liabilities		58,178,662	20	58,178,662
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		16,498,131	25	16,934,245
	26	**Total liabilities.** Add lines 17 through 25		96,414,498	26	96,294,472
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		112,111,652	27	119,585,391
	28	Temporarily restricted net assets		3,836,140	28	2,780,296
	29	Permanently restricted net assets		1,203,156	29	1,274,387
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		117,150,948	33	123,640,074
	34	Total liabilities and net assets/fund balances		213,565,446	34	219,934,546

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	262,404,797
2	Total expenses (must equal Part IX, column (A), line 25)	2	255,651,627
3	Revenue less expenses Subtract line 2 from line 1	3	6,753,170
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	117,150,948
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-264,044
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	123,640,074

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 81-0231793
Name: PROVIDENCE HEALTH & SERVICES - MONTANA

Form 990, Special Condition Description:

Special Condition Description

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

4d. Other program services

(Code) (Expenses $ 7,052,927 including grants of $ 7,052,927) (Revenue $ 0)
Grants and Allocations See Schedule I

(Code) (Expenses $ 5,724,374 including grants of $ 0) (Revenue $ 7,869,331)
Healthcare Joint VenturesThrough partnerships, St Patrick's is able to provide additional healthcare services to the community

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			
Lucille Dean SP Chair of the Board	16 70	X		X				0	0	0
M Adrian Davis LCM Director	5 10	X						0	0	0
Mary Corita Heid RSM Director	4 70	X						0	0	0
Michael A Stein Director	6 40	X						0	19,271	0
Michael Holcomb Director	6 50	X						0	16,045	0
Dana A Rasmussen Director	5 50	X						0	16,420	0
James S Roberts MD Director	6 00	X						0	21,564	0
Peter J Snow Director	5 40	X						0	21,643	0
Jeffrey B Clode MD Director	7 40	X						0	21,545	0
Sallye Liner Director	2 60	X						0	19,893	0
Owen B Robinson Director	5 50	X						0	16,065	0
Cheryl M Scott Director	4 70	X						0	16,143	0
Ellen L Wolf Director	9 00	X						0	16,065	0
John F Koster MD President/CEO	54 00			X				0	4,776,573	1,602,882
Jeffrey W Rogers Corporate Secretary	50 00			X				0	1,614,579	524,852
Todd Hofheins VP/CFO	56 00			X				0	330,772	44,868
Michael L Butler Exec VP/COO/Treasurer	65 00			X				0	1,162,565	582,548
Jeffrey Fee President/CEO SPHHSC	50 00			X				0	473,328	128,412
Bruce E Whitfield CFO - SPHHSC	50 00			X				266,872	0	31,045
Gregory Van Pelt SVP/OR Region	55 00				X			0	3,311,411	947,178
Arnold R Schaffer SVP/Operations	60 00				X			0	2,709,303	779,042
John V Fletcher SVP/Chief Ops Int Ofc	55 00				X			0	1,825,505	613,859
Janice J Jones SVP/CAO	55 00				X			0	2,720,021	566,298
Eugene Al Parrish SVP/RCE Alaska Region	50 00				X			0	1,051,632	489,361
John O Mudd SVP/Mission Ldrship	55 00				X			0	860,943	408,169

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			
Myron Berdischewsky MD SVP/CMQO	65 00				X			0	674,529	464,404
Claudia Haglund VP/Governance & Spons	50 00				X			0	1,909,927	456,179
Michael Hunn SVP/RCE So CA Region	60 00				X			0	1,319,956	257,022
Cindra R Syverson VP/CHRO	60 00				X			0	494,955	174,335
Joel S Gilbertson VP/Gov't & Public Affairs	50 00				X			0	455,568	74,143
David Brown VP/Strat & Bus Develop	55 00				X			0	364,226	120,281
Orest Holubec VP/ Communications	50 00				X			0	313,390	41,419
Terry L Smith SVP/Management Svcs	60 00				X			0	3,216,132	671,539
Craig L Wright MD CE/OR Amb Clin Svc	60 00				X			0	638,787	284,670
Bruce Lamoureux VP/ COO - AK Region	60 00				X			0	599,685	217,743
Andy Agwunobi MD Thru 1130 RCE/PHC	50 00				X			0	693,875	198,720
David T Brooks RCE/NWW Region	60 00				X			0	565,551	207,530
Medrice Coluccio RCE/SWW Region	55 00				X			0	583,584	380,601
Mark H Wakai Reg Chief Strategy Ops	50 00				X			337,814	0	34,065
Mark L Sanz MD Physician - Cardiology	50 00					X		858,854	0	74,962
James M Maxwell MD Physician - Surgical	50 00					X		669,247	0	84,264
James T Maddux MD Physician - Cardiology	50 00					X		662,256	0	63,218
William Hull Physician - Cardiology	50 00					X		581,838	0	24,505
George T Bandow MD Physician - Cardiology	50 00					X		571,655	0	20,687
Keith Marton Former VP/CMQO	0 00						X	0	1,234,802	157,078
Russell Danielson Former CEO - OR Region	0 00						X	0	233,389	0

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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	Employer identification number
PROVIDENCE HEALTH & SERVICES - MONTANA	81-0231793

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

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

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

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

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		56,863
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		2,344
j	Total lines 1c through 1i			59,207
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	The portion of monthly dues paid to the Montana Hospital Association designated for lobbying

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
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		10,594,524		10,594,524
b Buildings		97,505,399	53,534,078	43,971,321
c Leasehold improvements		2,260,959	1,893,996	366,963
d Equipment		98,815,712	68,977,519	29,838,193
e Other		138,241		138,241
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				84,909,242

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Invest in Prov Surgery Center, LLC	932,231	C
(2) Invest in Broadway Imaging, LLC	2,562,957	C
(3) Invest in Partners in Home Care, Inc	1,564,705	C
(4) Invest in Tamarack Management, Inc	3,030,675	C
(5) Invest in Foundation	4,178,303	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	12,268,871	

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

(a) Description	(b) Book value
(1) Unamortized Bond Financing Costs	467,384
(2) Cash Surrender Value of Life Insurance	130,486
(3) Due from Affiliates	31,000,316
(4) Other Receivables	16,694
(5) Due from Medicare 2011	97,000
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	31,711,880

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Other Payables	8,794
Due to Affiliates	5,129,246
Bond Premium Discount	1,390,579
Obligation for Financing Lease	6,142,500
Capitalized Lease Obligation	3,395,027
Third Party Settlements	868,099
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	16,934,245

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Uncertain Tax Positions Under FIN 48	Part X	The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized Changes in recognition or measurement are reflected in the period in which the change in judgment occurs

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)	0	0	10,179,813		10,179,813	4 220 %
b Medicaid (from Worksheet 3, column a)	0	0	15,838,372	10,911,344	4,927,028	2 040 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	0	0	140,250	115,272	24,978	0 010 %
d **Total** Charity Care and Means-Tested Government Programs			26,158,435	11,026,616	15,131,819	6 270 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	0	0	394,545		394,545	0 160 %
f Health professions education (from Worksheet 5)	0	0	197,380		197,380	0 080 %
g Subsidized health services (from Worksheet 6)	0	0	27,743,324	12,657,150	15,086,174	6 250 %
h Research (from Worksheet 7)	0	0	66,682		66,682	0 030 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	0	0	41,850		41,850	0 020 %
j **Total** Other Benefits			28,443,781	12,657,150	15,786,631	6 540 %
k **Total.** Add lines 7d and 7j			54,602,216	23,683,766	30,918,450	12 810 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support	0	0	1,000		1,000	0 %
4	Environmental improvements						
5	Leadership development and training for community members	0	0	4,224		4,224	0 %
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			5,224		5,224	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	14,178,932		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	85,106,392
6	Enter Medicare allowable costs of care relating to payments on line 5	6	106,818,645
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-21,712,253
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	1 NONE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Providence St Patrick Hospital 500 West Broadway Missoula, MT 59802	X	X		X			X		Rehab and Psych

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)

Name of Hospital Facility: Providence St Patrick Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☑ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
1	Broadway Building 500 West Broadway Missoula, MT 59802	Outpatient Services
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
		Part I, Line 6a In addition to providing its own smaller Community Benefit Report, St Patrick's Community Benefit information is included in the consolidated report for Providence Health & Services www saintpatrick org/index aspx/Serving_Our_Community/Community_Benefit_Reports

Identifier	ReturnReference	Explanation
		Part I, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 14178932

Identifier	ReturnReference	Explanation
		Part II Physical Improvements/Housing Habitat for HumanityAnalysis of Need The 2009-2013 Consolidated Plan for the City's Community Development Block Grant indicates that the development of supportive housing initiatives for special populations, e g single income families, people with disabilities, seniors and persons with HIV/AIDS, present the greatest need in Missoula County In 2000, 25% of area owners and 51% of renters paid more than 30% of their incomes for housing, by 2007, 40% of homeowners and more than 59% of renters paid more than 30% of their incomes on housing in Missoula County In 2007, an estimated 23 3% of the city's residents were living at or below the federal poverty standard Half of all the single parent families headed by women live below the poverty threshold and more than 70% of the female headed families with children younger than six live in poverty Having a safe and affordable place to live is critical to the overall health of the individual, family and community, therefore supporting housing initiatives for vulnerable populations is enhancing public health The funding provided by St Patrick Hospital for the Habitat Home was for addressing the need of a family of three Additionally, St Patrick Hospital participates and supports other community-wide housing efforts, such as the At Risk Housing Coalition and the North Missoula Community Land Trust housing program Community Support Lowell Summer Reading Program and Kids Ride FreeAnalysis of Need Lowell Elementary School, the hospital's neighborhood school is located in the most vulnerable neighborhood in Missoula County Key statistics about this neighborhood include, 26% of children live in poverty, 48% of single head of households live in poverty and 27% of all individuals are uninsured The Summer Reading program provides critical academic support for those children in the Title 1 program and attempts to address the high percentage of neighborhood residents who don't have a high school diploma Additionally, St Patrick Hospital partners with the Kid's Cafe, a program of the Missoula Food Bank that provides a nutritious meal for children in this program The Kids Ride Free program is a community sponsored program of Mountain Line public transportation system that seeks to provide children transportation that removes barriers for participation in educational, summer feeding programs and other critical services in the community St Patrick Hospital also sees the Kids Ride Free program as an important part of our Green for Good environmental initiative as well The support of both of these programs is meeting a public health objective and not done for marketing purposes Community Support Leadership MissoulaAnalysis of Need The Missoula community needs to identify and motivate new leaders to sustain changes for creating a healthier community We want to identify and motivate potential leaders to address community needs and problems and offer them alternatives for dealing with these issues The participation of the hospital in this training is not for marketing, rather it is to benefit the larger community In fact, over 50% of those participating in Leadership Missoula are from the social service sector and this allows for greater collaboration amongst them Community Health Improvement/Advocacy Medication and Medical Coverage Assistance Analysis of Need Uninsured patients often do not fill critical prescriptions due to cost and forego care due to lack of coverage, which affects their long term health This program assists low income and self pay patients with the assistance they need to access patient assistance programs of pharmaceutical companies and state/federal coverage options With the high uninsured rate in Missoula County at 19%, the total number seniors living in poverty at 69% and the many patients with mental illness that St Patrick Hospital serves, we work to bridge patient needs with programs that can support them In addition to the free and discounted care that we provide, we also have State Health Insurance certified counselors trained to assist uninsured and underinsured residents in our community in securing options for both medical and pharmaceutical coverage This program is not done for marketing purposes and meets a necessary public health objective

Identifier	ReturnReference	Explanation
		Part III, Line 8 It is Providence's policy to exclude any Medicare shortfall from Community Benefit information The amount reported on Part III, Section B, line 6, was determined by applying the Cost-to-Charge Ratio to the Medicare revenue

Identifier	ReturnReference	Explanation
		Part III, Line 9b Billing and Collection PracticesProvidence has written policies about when and under whose authority patient debt is advanced for collection, and uses its best efforts to ensure that patient accounts are processed fairly and consistently Providence ensures that practices to be used by their outside (non-hospital) collection agencies conform to the standards set forth in this policy, and obtains written commitments from such agencies that they will adhere to those standards Providence also conducts an assessment of each collection agency's adherence to the policy Such assessments are conducted at least annually At time of billing, we provide to all low-income uninsured patients the same information concerning services and charges provided to all other patients who receive care at the hospital When sending a bill to a patient, Providence includes a) a statement that indicates that if the patient meets certain income requirements the patient may be eligible for a government-sponsored program or for financial assistance from the hospital, and b) a statement that provides the patient with the name and telephone number of a hospital employee or office from whom or which the patient may obtain information about Providence's financial assistance policies for patients and how to apply for such assistance Any patient seeking financial assistance from Providence (or the patient's legal representative) provides the individual facility with information concerning health benefits coverage, financial status (i e income, assets) and any other information that is necessary for the hospital to make a determination regarding the patient's status relative to Providence's financial assistance policy, discounted payment policy, or eligibility for government-sponsored programs For patients who have an application pending determination for either government-sponsored coverage or for the hospitals own financial assistance program, Providence will not knowingly send that patient's bill to a collection agency Eligibility for financial assistance will be determined as closely as possible to the date of service

Identifier	ReturnReference	Explanation
		PART III, SECTION A, LINE 1The reporting entity reports bad debt expense in accordance with HFMA Statement #15 with the exception of the following sections 8 1(b) and 9 1

Identifier	ReturnReference	Explanation
		PART III, SECTION A, LINE 4It is Providence's policy to exclude all bad debts from Community benefit information The Consolidated Audited Financial Statements do not contain a footnote specific to Bad Debt Expense Bad debt expense is reported in the audited financials as a separate line item within expenses from operations Bad debt expense represents the amount of gross charges for patients who do not have insurance and which Providence was unable to qualify for assistance under either government programs or our internal charity care policy

Identifier	ReturnReference	Explanation
Providence St Patrick Hospital		Part V, Section B, Line 13g Brochures and cards are available in all access points at our facilities telling a patient how to gain information and apply Also our statements provide information on how to apply by making contact with our business office

Identifier	ReturnReference	Explanation
Providence St Patrick Hospital		Part V, Section B, Line 17e Financial Assistance information along with payment options are given on each billing statement to the patient

Identifier	ReturnReference	Explanation
Providence St Patrick Hospital		Part V, Section B, Line 19d The hospital uses a sliding scale based on income levels of the federal poverty guidelines based on full billed charges and approves financial assistance based on the scale of the income of the family

Identifier	ReturnReference	Explanation
Providence St Patrick Hospital		Part V, Section B, Line 21 For non medically necessary services a patient may be charged full billed charges

Identifier	ReturnReference	Explanation
		Part VI, Line 2 We recognize that caring for the poor and vulnerable is not a task we can do on our own On a routine basis we conduct a formal community assessment to determine who in our communities is experiencing the greatest need This outreach connects us to many not-for-profits and social service agencies as well as care providers and their clients in the communities To ensure that we conduct a comprehensive assessment, our process includes research, meetings, interviews, focus groups and surveys Additionally, Providence ministries have community and foundation boards The civic leaders that serve on Providence Boards connect our Mission with a local perspective on community needs Our assessment findings are assembled to make certain we understand and respond to local and regional needs, which often vary from one city or county to another Identified areas of need not only guide our community benefit giving, but also guide our strategic planning We believe meaningful community needs assessment provides insight into the complete community benefit that is required, beyond just free and discounted care

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Communication to the Public Providence hospitals post notices regarding the availability of financial assistance to low-income uninsured patients These notices are posted in visible locations throughout the hospital such as admitting/registration, billing office, emergency department and other outpatient settings Every posted notice regarding financial assistance policies contains brief instructions on how to apply for financial assistance or a discounted payment The notices also include a contact telephone number that a patient or family member can call to obtain more information Providence ensures that appropriate staff members are knowledgeable about the existence of the hospital's financial assistance policies Training is provided to staff members (i e , billing office, financial department, etc) who directly interact with patients regarding their hospital bills When communicating to patients regarding their financial assistance policies, Providence attempts to do so in the primary language of the patient, or his/her family, if reasonably possible, and in a manner consistent with all applicable federal and state laws and regulations Providence shares their financial assistance policies with appropriate community health and human services agencies and other organizations that assist such patients

Identifier	ReturnReference	Explanation
		Part VI, Line 4 St Patrick Hospital is a Catholic, not-for-profit acute care tertiary medical center located in Missoula, Montana The hospital serves a primary service area of about 200,000 people in western Montana and 400,000 others in contiguous areas St Patrick Hospital provides cardiac and neurosurgical services along with other acute inpatient medical/surgical services and inpatient rehabilitation and neurobehavioral medicine St Patrick Hospital operates the only level 2 Trauma Center in Western Montana and has accredited chest pain, stroke and child advocacy programs (FirstSTEP) At St Patrick Hospital, 55% of patients are covered by Medicare, another 8% are covered by Medicaid and 8% are self-pay and uninsured St Patrick Hospital serves a higher percentage of older adults, with 15% of the primary service area's population over the age of 65 With approximately 19% of the population living in poverty, the community is characterized by lower income levels than the national average

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Providence Medical Group manages 32 primary care and specialty provider practices, employing 133 total providers St Patrick Hospital, St Joseph Medical Center and Providence Medical Group collectively build and support coordinated services across the continuum of care to meet regional residents' needs, while mutually supporting organizational, operational, and fiscal health Joint ventures include research collaborations (cardiac, neuroscience, and oncology) with the University of Montana, affiliations with long term care facilities, a federally qualified health center and a surgery center, among others The associated providers with Providence Medical Group ensured increased access to primary care with 154,709 patient encounters and have made those services affordable through a patient financial assistance program St Patrick Hospital management is directed by an independent governing board which helps direct the hospital in its Mission to serve the community The composition of the governing board represents the diversity of the community by having representatives from local government, social service agencies, medical providers, independent business representatives and interested community members The St Patrick Hospital Board reviews and develops the community benefit plan, providing information and insight into community needs and resources and helping set priorities for what community needs are to be addressed They also receive regular updates on the overall community benefit strategy and specific programs to assess whether the organization is having an impact on the health of the community The Institute of Medicine and Humanities is a joint program of The University of Montana and St Patrick Hospital The Institute fosters the human dimensions of health care by working at the interface of the humanities and medicine Since its inception in 1987, the Institute of Medicine and Humanities has employed both the traditional humanities and the fine arts to illuminate and understand major issues that confront health care in contemporary society As medicine has changed, the institute has also evolved its focus to look more broadly at opportunities to make a difference through education in the health care environment with an emphasis on health, as opposed to health care specifically This includes education of the public about important health care issues, education of undergraduates interested in the health care profession, and education of graduate level nursing, pharmacy and medical students in ethics, collaborative care and team building and conflict resolution

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Providence Health & Services owns and operates 27 general acute care hospitals, six long-term care facilities, seven homecare and hospice entities, five assisted living facilities, a children's nursing center and Montessori school, a high school, a university, 12 low-income housing projects, the Health Plan, a health services contractor, two programs of all inclusive care for the elderly, and 20 controlled fundraising foundations The Health System provides inpatient, outpatient, primary care, and home care services in Alaska, Washington, Montana, Oregon and Southern California The Health System operates these businesses primarily in the greater metropolitan areas of Anchorage, Alaska, Everett, Seattle, Spokane and Olympia, Washington, Missoula, Montana, Portland and Medford, Oregon, and Los Angeles, California As a ministry of Providence Health & Services, St Patrick Hospital is guided by a Mission and set of core values based on Catholic health care and inspired by the legacy of the Sisters of Providence As one Catholic health system committed to caring for the poor and vulnerable, Providence Health & Services has developed a single framework for consistently reporting charity care and community benefit Our responsibility to stewardship drives us to a standardized approach to supply chain so that we can deliver excellent patient care while reducing the cost of delivered supplies Our commitment to respect and fairness means Providence has a system-wide compensation policy Locally, Providence St Joseph Medical Center is empowered to apply these policies to meet the local needs of their community St Patrick Hospital has affiliate relationships with the following critical access hospitals in western Montana Community Medical Hospital in Anaconda, Clark Fork Valley Hospital in Plains and Granite County Hospital in Phillipsburg These critical access hospitals are limited service hospitals designed to provide essential services to rural communities St Patrick Hospital supports its rural community hospitals by allowing them to purchase supplies and medical equipment at a very low cost due to the purchasing abilities of the whole Providence system These critical access hospitals are able to maintain access to critical medical services in very rural counties by Providence's support, in fact, every one of these hospitals is located in a county that has the federal designation as health provider shortage areas St Patrick Hospital conducts local assessments to make sure the needs of the community are met The community board of directors oversees and approves the annual community benefit plan that addresses the health care disparities within the community The community benefit plan is developed and reviewed annually to ensure that the proposed outcomes are being met This plan is implemented in concert with others in the community to increase the accountability that we share with them to improve the health of our community and to not duplicate services

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

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) St Patrick Hospital Foundation900 N Orange Suite 201 Missoula, MT 59801	23-7056976	501 (C)(3)	6,855,095				Contribution for Operational Support
(2) Partnership Health Care 323 W Alder Missoula, MT 59802	36-3843543	501 (C)(3)	38,046				Support basic primary care for low income & uninsured residents
(3) Catholic Social Services Of MontanaPO Box 907 Helena, MT 59624	92-0037322	501 (C)(3)	35,000				Serving Catholic social services across Montana
(4) Missoula Aging Service 337 Stephens Ave Missoula, MT 59801	81-0379543	501 (C)(3)	25,000				Support community services for the aging
(5) United Way of Missoula County534 North Higgins Ave Missoula, MT 59802	81-0287854	501 (C)(3)	20,800				Support community of Missoula
(6) Brian Grant Foundation PO Box 82270 Portland, OR 97282	27-1628944	501 (C)(3)	10,000				Sponsorship - Summit for Parkinson's
(7) Missoula City County Health Department301 West Alder Missoula, MT 59802	81-6001397	Government	7,469				Community support for reducing childhood obesity

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 7

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
(1) Medication Assistance to low income patients	120		10,440	Cost	Medication Assistance to low income patients

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 In the application for support, we request a detailed explanation of the kind of services provided to the community along with specific financial data If the application for support is approved, we send a letter indicating the amount of the support along with a request for documentation of how the funds were used

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	The reporting organization did not provide any of the benefits listed in Part I, Line 1a However, as part of Providence's philosophy of transparency, the narrative that follows relates to the compensation and benefits provided by the related organization Providence Health & Services Expense Reimbursement Procedures include the following policies First Class Travel or Charter Travel or Travel of Companions Air travel is reimbursable for tourist or economy class and should be at the least expensive airfare, which permits departures and arrivals at reasonable times and reasonable distance traveled Employees are encouraged to plan in advance to get available discounts Airline frequent flyer upgrades will never be reimbursed First class air travel will only be reimbursed when tourist or economy class air travel is not available and business travel is mandated by a supervisor In the rare circumstance that an executive must fly on a first class full fare ticket, their senior level supervisor must approve this expense Companion travel will only be reimbursed by the organization for travel related to relocation, and should not exceed two relocation-related visits, unless approval by the VP/Chief Human Resources Officer During 2011, a total of three first-class tickets were purchased for disclosed personnel Tax Indemnifications or Gross-Up Payments Providence Health & Services follows the federal and state taxation laws related to relocation expenses paid to the employee or to a third party on the employee's behalf They are considered income and are therefore subject to payroll taxes Based on the way Providence has chosen to pay the relocation expenses, Providence reports reimbursements and payments to vendors as income and these expense payments are reflected on the executive's Form W-2 Providence will gross-up the relocation benefits to offset the personal tax burden to the employee for IRS allowable expenses During 2011, the following Key Employees received gross-up payments Arnold R Schaffer Myron Berdischewsky Terry L Smith Orest Holubec The amounts reported for these gross-up payments are included on Schedule J, Part II, Column B (iii) - Other Reportable Compensation Discretionary Spending Account Providence Health & Services provides an executive flex spending allowance per year (paid bi-weekly) This benefit is provided as discretionary spending because the organization does not reimburse for or provide additional executive benefits, such as a car allowance, additional executive life or disability insurance, or other market-based executive benefits practices Housing Allowance or Residence for Personal Use Providence Health & Services provides housing allowances for purposes of relocation assistance only Providence may pay temporary living expenses for the employee up to a maximum of 90 calendar days Covered expenses are rent (excluding "rent" which may be paid in order to occupy a new permanent residence until the title clears) and utilities, including heat, electricity, gas, water, local internet and local telephone and garbage services The VP/Chief Human Resources Officer may approve temporary housing assistance for up to six months when family relocation is delayed to accommodate the school year or equivalent circumstances Only in extenuating circumstances is housing extended beyond this six month period During 2011, the following Key Employees received relocation payments Arnold R Schaffer Myron Berdischewsky Terry L Smith Orest Holubec The amounts reported for these relocation payments are included on Schedule J, Part II, Column B (iii) - Other Reportable Compensation
	Part I, Lines 4a-b	NONQUALIFIED RETIREMENT PLANS A) DBSERP = Defined Benefit Supplemental Executive Retirement Plan B) DCSERP = Defined Contribution Supplemental Executive Retirement Plan C) DBCBRP = Defined Benefit Cash Balance Restoration Plan D) DCRP = Defined Contribution Restoration Plan E) ESP = Elective Survivor Plan F) SOP = Share Option Plan 1) John F Koster, MD a) Taxable DBSERP Earned but not Paid- $3,063,813 b) Non-Taxable DBSERP Earned but not Paid - $781,587 c) Non-Taxable DCSERP Earned - $339,126 d) DBSERP Interest Credit - $439,580 2) Jeffrey W Rogers a) Taxable DBSERP Earned but not Paid - $1,005,741 b) Non-Taxable DBSERP Earned but not Paid - $135,144 c) Taxable DCSERP Earned but not Paid - $8,561 d) Non-Taxable DCSERP Earned - $48,099 e) ESP Interest Credit - $79,952 f) DBSERP Interest Credit - $202,199 3) Todd Hofheins a) Non-Taxable DCRP Earned - $9,603 4) Gregory Van Pelt a) Taxable DBSERP Earned but not Paid - $ 2,008,828 b) Non-Taxable DBSERP Earned but not Paid - $185,993 c) Taxable DCSERP Earned but not Paid - $276,749 d) Non-Taxable DCSERP Earned - $292,233 e) ESP Interest Credit - $88,256 f) DBSERP Interest Credit - $319,032 5) Terry L Smith a) Taxable DBSERP Earned but not Paid - $2,293,039 b) Non-Taxable DBSERP Earned but not Paid - $236,604 c) Taxable DCSERP Earned but not Paid - $21,722 d) Taxable DBCBRP Earned - $400 e) Non-Taxable DCSERP Earned - $69,165 f) ESP Interest Credit - $61,528 g) DBSERP Interest Credit - $231,388 6) Janice J Jones a) Taxable DBSERP Earned but not Paid - $ 1,844,829 b) Non-Taxable DBSERP Earned but not Paid - $189,772 c) Taxable DBCBRP Earned but not Paid - $ 142 d) Non-Taxable DCSERP Earned - $154,703 e) SOP Paid - $29,819 f) DBSERP Interest Credit - $184,939 7) Arnold R Schaffer a) Taxable DBSERP Earned but not Paid - $750,268 b) Non-Taxable DBSERP Earned but not Paid - $33,694 c) Taxable DCSERP Earned but not Paid - $832,896 d) Non-Taxable DCSERP Earned - $630,732 e) DBSERP Interest Credit - $82,122 8) Claudia Haglund a) Taxable DBSERP Earned but not Paid - $1,339,590 b) Non-Taxable DBSERP Earned but not Paid - $195,498 c) Taxable DCSERP Earned but not Paid - $29,245 d) Non-Taxable DCSERP Earned - $37,706 e) ESP Interest Credit - $22,834 f) SOP Paid - $ 69,768 g) DBSERP Interest Credit - $141,491 9) John V Fletcher a) Taxable DBSERP Earned but not Paid - $648,808 b) Non-Taxable DBSERP Earned but not Paid - $52,905 c) Taxable DCSERP Earned but not Paid - $290,961 d) Non-Taxable DCSERP Earned - $388,497 e) ESP Interest Credit - $46,196 f) SOP Paid - $104,155 g) DBSERP Interest Credit - $86,372 10) Michael Hunn a) Taxable DBSERP Earned but not Paid - $327,914 b) Taxable DCSERP Earned but not Paid - $370,385 c) Non-Taxable DCSERP Earned - $216,958 d) DBSERP Interest Credit - $20,014 11) Michael L Butler a) Non-Taxable DCSERP Earned - $435,962 b) DBSERP Interest Credit - $95,665 12) Eugene "Al" Parrish a) Taxable DBSERP Earned but not Paid - $346,852 b) Non-Taxable DBSERP Earned but not Paid - $268,971 c) Non-Taxable DCSERP Earned - $56,382 d) DBSERP Interest Credit - $128,312 13) John O Mudd a) Taxable DBSERP Earned but not Paid - $226,235 b) Non-Taxable DBSERP Earned but not Paid - $71,542 c) Taxable DCSERP Earned but not Paid - $125,304 d) Non-Taxable DCSERP Earned - $254,702 e) DBSERP Interest Credit - $53,501 14) Andrew Agwunobi, MD a) Non-Taxable DCSERP Earned - $158,816 b) DBSERP Interest Credit - $8,147 15) Myron Berdischewsky, MD a) Non-Taxable DCSERP Earned - $404,844 b) DBSERP Interest Credit - $12,137 16) Craig L Wright, MD a) Non-Taxable DCSERP Earned - $199,302 b) DBSERP Interest Credit - $38,604 17) Bruce Lamoureux a) Taxable DBCBRP Earned - $518 b) Non-Taxable DCSERP Earned - $166,650 c) DBSERP Interest Credit - $22,275 18) Medrice Coluccio a) Non-Taxable DCSERP Earned - $344,898 b) DBSERP Interest Credit - $4,529 19) David T Brooks a) Non-Taxable DCSERP Earned - $149,660 b) DBSERP Interest Credit - $21,641 20) Cindra R Syverson a) Non-Taxable DCSERP Earned - $130,173 b) DBSERP Interest Credit - $14,305 21) Joel S Gilbertson a) Non-Taxable DCSERP Earned - $48,086 22) David S Brown a) Non-Taxable DCSERP Earned - $74,666 23) Orest Holubec a) Non-Taxable DCSERP Earned - $9,236 24) Keith Marton, MD a) Taxable DBSERP Earned but not Paid - $501,372 b) Taxable DCSERP Earned but not Paid - $284,714 c) Non-Taxable DCSERP Earned - $114,423 d) DBSERP Interest Credit - $30,600 25) Russell Danielson a) Taxable DBSERP Paid - $ 108,402 b) ESP Paid - $57,407 26) Jeffrey Fee a) Non-Taxable DCSERP Earned - $86,619 b) DBSERP Interest Credit - $8,183 27) Bruce E Whitfield a) Non-Taxable DCRP Earned - $2,546 28) Mark H Wakai a) Non-Taxable DCRP Earned - $9,857
	Part I, Lines 4a-b	SEVERANCE 1) Keith Marton, MD - $428,716
Supplemental Information	Part III	FORM 990, SCHEDULE J, PART II - EXECUTIVE PERFORMANCE AWARDS PROGRAM The Providence Executive Performance Awards Program provides a lump sum award annually as a percent of the executive's base pay Percent opportunities are aligned with our total compensation philosophy as outlined in Part VI, Section B, Line 15 (Process for determining compensation of top management, officers & key employees) The performance award is based on the level of accomplishment of annual system objectives and personal objectives In 2011, 50 percent of the participant awards were based on pre-determined organizational goals consistent with Providence's five strategic priorities of mission driven, financially responsible, people centered, service oriented and quality focused In 2011 the percent allocation for each of these strategic priorities was Mission driven 10% Financially responsible 10% People centered 10% Service oriented 10% Quality focused 10% To ensure affordability of the program, the organization (system, region or entity) must meet a threshold of 50 percent of budgeted net operating income

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 81-0231793
Name: PROVIDENCE HEALTH & SERVICES - MONTANA

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
John F Koster MD	(I)	0	0	0	0	0	0	0
	(II)	1,128,700	3,611,373	36,500	1,585,488	17,394	6,379,455	0
Jeffrey W Rogers	(I)	0	0	0	0	0	0	0
	(II)	428,372	1,171,207	15,000	505,409	19,443	2,139,431	0
Todd Hofheins	(I)	0	0	0	0	0	0	0
	(II)	260,430	57,803	12,539	24,688	20,180	375,640	0
Michael L Butler	(I)	0	0	0	0	0	0	0
	(II)	775,091	367,474	20,000	556,768	25,780	1,745,113	0
Jeffrey Fee	(I)	0	0	0	0	0	0	0
	(II)	332,170	126,158	15,000	109,210	19,202	601,740	0
Bruce E Whitfield	(I)	194,617	55,655	16,600	14,419	16,626	297,917	0
	(II)	0	0	0	0	0	0	0
Gregory Van Pelt	(I)	0	0	0	0	0	0	0
	(II)	690,516	2,584,395	36,500	925,680	21,498	4,258,589	0
Arnold R Schaffer	(I)	0	0	0	0	0	0	0
	(II)	667,785	1,931,749	109,769	756,443	22,599	3,488,345	0
John V Fletcher	(I)	0	0	0	0	0	0	0
	(II)	534,720	1,150,130	140,655	593,141	20,718	2,439,364	0
Janice J Jones	(I)	0	0	0	0	0	0	0
	(II)	572,386	2,081,316	66,319	542,507	23,791	3,286,319	0
Eugene Al Parrish	(I)	0	0	0	0	0	0	0
	(II)	507,395	524,212	20,025	466,528	22,833	1,540,993	0
John O Mudd	(I)	0	0	0	0	0	0	0
	(II)	336,906	487,537	36,500	389,793	18,376	1,269,112	0
Myron Berdischewsky MD	(I)	0	0	0	0	0	0	0
	(II)	477,310	138,533	58,686	442,395	22,009	1,138,933	0
Claudia Haglund	(I)	0	0	0	0	0	0	0
	(II)	323,326	1,485,333	101,268	438,152	18,027	2,366,106	0
Michael Hunn	(I)	0	0	0	0	0	0	0
	(II)	470,781	829,175	20,000	239,155	17,867	1,576,978	0
Cindra R Syverson	(I)	0	0	0	0	0	0	0
	(II)	377,057	102,898	15,000	153,119	21,216	669,290	0
Joel S Gilbertson	(I)	0	0	0	0	0	0	0
	(II)	321,131	102,937	31,500	55,305	18,838	529,711	0
David Brown	(I)	0	0	0	0	0	0	0
	(II)	259,899	89,327	15,000	99,285	20,996	484,507	0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
Orest Holubec	(I)	0	0	0	0	0	0	0
	(II)	261,429	29,124	22,837	20,857	20,562	354,809	0
Terry L Smith	(I)	0	0	0	0	0	0	0
	(II)	597,366	2,544,661	74,105	649,540	21,999	3,887,671	0
Craig L Wright MD	(I)	0	0	0	0	0	0	0
	(II)	460,242	163,545	15,000	263,284	21,386	923,457	0
Bruce Lamoureux	(I)	0	0	0	0	0	0	0
	(II)	442,134	123,718	33,833	196,191	21,552	817,428	0
Andy Agwunobi MD Thru 1130	(I)	0	0	0	0	0	0	0
	(II)	473,492	128,430	91,953	178,836	19,884	892,595	0
David T Brooks	(I)	0	0	0	0	0	0	0
	(II)	407,789	142,762	15,000	186,874	20,656	773,081	0
Medrice Coluccio	(I)	0	0	0	0	0	0	0
	(II)	402,506	149,578	31,500	367,079	13,522	964,185	0
Mark H Wakai	(I)	260,369	72,416	5,029	21,730	12,335	371,879	0
	(II)	0	0	0	0	0	0	0
Mark L Sanz MD	(I)	638,161	204,168	16,525	59,539	15,423	933,816	0
	(II)	0	0	0	0	0	0	0
James M Maxwell MD	(I)	645,222	0	24,025	68,157	16,107	753,511	0
	(II)	0	0	0	0	0	0	0
James T Maddux MD	(I)	634,931	10,800	16,525	55,943	7,275	725,474	0
	(II)	0	0	0	0	0	0	0
William Hull	(I)	370,626	194,687	16,525	14,038	10,467	606,343	0
	(II)	0	0	0	0	0	0	0
George T Bandow MD	(I)	369,230	202,400	25	7,616	13,071	592,342	0
	(II)	0	0	0	0	0	0	0
Keith Marton	(I)	0	0	0	0	0	0	0
	(II)	0	786,086	448,716	146,314	10,764	1,391,880	0
Russell Danielson	(I)	0	0	0	0	0	0	0
	(II)	0	108,402	124,987	0	0	233,389	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

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	Montana Facility Finance Authority	81-0302402	61204KCB5	06-22-2006	60,083,957	Refunded Series 1999 Bonds - 7/20/99, Refunded Series 2002 Bonds - 8/7/02		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	60,083,957			
4	Gross proceeds in reserve funds	35			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow	26,960,973			
7	Issuance costs from proceeds	642,236			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2002			

		A		B		C		D	
		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?								
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								
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								
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
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

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	(c) Corrected? 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? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) 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) John F Koster MD	Officer	29,157,638	Purchase of supplies through cooperative on which Dr Koster is a Director		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
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	The sole Member of the Corporation is Providence Health & Services, a Washington not-for-profit corporation

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	The powers of the Corporate Member include the provision to appoint the number of Directors, appoint the Board of Directors and to remove such Directors at any time with or without cause Additionally, the Member may appoint and remove the President/CEO with or without cause, after requesting a recommendation for the Board of Directors

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	The following powers reside with the Member * To adopt or change the mission, philosophy, and values of the Corporation * To amend or repeal the Articles of Incorporation and the Bylaws of the Corporation * To approve the acquisition of assets, the incurrence of indebtedness or the lease, sale, transfer, assignment or encumbering of the assets, in excess of a specified amount * To approve the dissolution and/or liquidation or the consolidation or merger of the Corporation * To approve the annual operating and capital budget and approval any deviations from the budget exceeding a specified amount * To appoint the Corporation's certified public accountants after receiving recommendation of the Board of Directors * To approve the closure of any institution or major ministry or work within this Corporation

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The Form 990 is prepared internally by experienced staff and reviewed by the internal Director of Taxes and external tax advisors The Board of Directors reviewed the Form 990 prior to filing with the IRS

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Providence Health & Services maintains a conflict of interest policy that applies to board members and management of all Providence-related organizations The purpose of the policy is to guide and direct those serving the Providence Health & Services' corporations and other legal entities so they can (1) fulfill their fiduciary responsibilities and exercise stewardship in ways that promote and protect the best interests of Providence and, (2) avoid situations that create a conflict, or the appearance of a conflict, between the interests of an individual associated with Providence and Providence On an annual basis, each board member and management level employee must complete and submit an updated conflict of interest statement Conflict of interest disclosures are reviewed by the System Integrity Department working in conjunction with the Department of Legal Affairs If it is determined that an actual conflict exists, appropriate follow-up action is taken with the individual to rectify the conflict

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	It is Providence's intention to make financial information accessible and transparent Although the filing of Form 990 provides insight into how Providence achieves its Mission, delivers its programs and stewards its finances, deciphering the information directly from Form 990 can be challenging The following paragraphs provide further information about the process we use to determine compensation for top management, officers and key employees Providence has a single fiduciary Board, with responsibility for financial oversight associated with fulfillment of the Providence Mission, developing system policies, protecting the assets entrusted to the organization and overseeing the strategic and operational affairs of Providence's legal entities Providence also maintains a network of community ministry boards with responsibility for quality of care oversight, community relations, advocacy and community needs assessments Providence has a consistent compensation philosophy for all of its employees, including our senior executives Salaries for senior executives are determined by the Providence Board's Human Resources Committee and approved by the full Board of Directors, none of whom is a Providence employee The Board retains an independent consultant each year to review salaries of those in the most significant leadership roles in the organization Part of the consultant's role is to review an extensive array of compensation surveys of large, not-for-profit health care systems in the United States Providence is one of the larger health systems in the country, and as such, the Board benchmarks executive compensation against other large, not-for-profit health systems whose revenue is similar to that of Providence Base salaries for Providence executives are set at the median level of the market, as identified by the independent consultant and reviewed with the Human Resources Committee Each year, the Board Chair conducts a formal performance evaluation of the President/CEO that considers input from the other directors and senior leaders reporting to the President The evaluation is discussed with the Human Resources Committee and then a recommendation is made by the committee to the full Board The Board Chair and the Chair of the Human Resources Committee also meet with an independent consultant to develop a salary recommendation, which is reviewed and approved first by the committee and then by the Board of Directors Additionally, the President/CEO utilizes the market information provided by the consultant along with formal performance evaluations, to determine salary recommendations for other senior executives This process includes a rigorous analysis of those recommendations with the Human Resources Committee as a part of the review and approval process Performance incentives allow executives to earn additional compensation if they achieve specific organizational and individual goals for furthering Providence operating principles - advancing the Providence Mission and core values, meeting benchmarks for charity care, achieving quality targets, delivering top-rated customer satisfaction, meeting employee satisfaction goals and reaching financial performance objectives The Board of Directors conducts a thorough process to ensure performance incentives are aligned with appropriate practices for not-for-profit health care systems The Board's process for executive compensation fully complies with IRS standards and mirrors the best practices recommended in the "Report to Congress and the Nonprofit Sector on Governance, Transparency, and Accountability" submitted to the Senate Finance Committee by the Panel on the Nonprofit Sector

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	Public disclosure of governing documents, conflict of interest policy and 990 filings are made available to the public upon written request The consolidated financial statements are available on our public Internet site www2 providence org All governing policies including the conflict of interest policy, as well as 990 filings are available to employees on the Intranet site

Identifier	Return Reference	Explanation
Contact Addresses for Officers, Directors, Etc	Form 990, Part VII	Jeffrey Fee - 500 West Broadway, Missoula, MT 59802 Bruce E. Whitfield - 500 West Broadway, Missoula, MT 59802 Mark H. Wakai - 500 West Broadway, Missoula, MT 59802

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 793,555 FAS 136 -984,613 Grant Reclassifications -72,970 Rounding -16 Total to Form 990, Part XI, Line 5 -264,044

Identifier	Return Reference	Explanation
HOURS WORKED	FORM 990, PART VII, LINE 1A	The average hours per week reflect hours worked for the entire Providence Health & Services healthcare system and are not allocated to the individual reporting entity

Identifier	Return Reference	Explanation
FUNDRAISING EXPENSES	FORM 990, PART IX, COLUMN D	This entity had no fundraising expenses as all fundraising is handled through an affiliated Foundation

Identifier	Return Reference	Explanation
VOLUNTEERS	FORM 990, PART I, LINE 6	Volunteers are engaged in the following activities * Guild Spring Luncheon * Guild Regional Meeting (selected & prepared favors, arranged breakfast & menus) * New service in International Heart Institute * Shamrock Shops * Guild Annual Meeting and Luncheon * Fundraising included two See's Candy sales, one "Books are Fun" sale, one Bake sale * Archiving * Hospitality, social events & special projects

Identifier	Return Reference	Explanation
RELIGIOUS COMMUNITY MEMBERS	FORM 990, PART VII	As members of the Religious Community, each Sister has taken a vow of poverty as a compulsory part of her religious life Any compensation for services of a Sister inures only for the benefit of the Community, not the individual members All payments for services are made directly to the Religious Community

Identifier	Return Reference	Explanation
ISSUANCE OF FORM 1099	FORM 990, PART V, LINE 1	All 1099s for 2011 were issued by Providence Health & Services - Washington #51-0216586 Therefore, none are shown for the reporting organization

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PROVIDENCE HEALTH & SERVICES - MONTANA

Employer identification number
81-0231793

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

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

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Providence Health Ventures Inc 4101 Torrance Blvd Torrance, CA 90503 33-0122216	Investment	CA	N/A	C			
(2) Providence Health Care Ventures Inc 101 West 8th Ave TAF C-9 Spokane, WA 99204 90-0155714	Clinical/Medical Lab	WA	N/A	C			
(3) Providence Physician Services Co 101 West 8th Ave TAF C-9 Spokane, WA 99208 91-1216033	Clinical/Medical Lab	WA	N/A	C			
(4) Yakima Medical Arts Inc 611 N Perry Suite 100 Spokane, WA 99202 91-0787963	Rental Real Estate	WA	N/A	C			
(5) Bourget Health Services Inc PO Box 2687 Spokane, WA 99220 91-1354431	Clinical/Medical Lab	WA	N/A	C			
(6) Caron Health Corporation 510 West Front Street Missoula, MT 59802 81-0486082	Medical Physician Service	MT	PH & S - MT dba Providence St Patrick Hospital	C			100 000 %

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

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

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

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 81-0231793
Name: PROVIDENCE HEALTH & SERVICES - MONTANA

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	
Providence Health & Services - Washington 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216586	Healthcare System	WA	501(c)(3)	Line 3	Providence Health & Services		No
Providence Health & Services - Oregon 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216587	Healthcare System	OR	501(c)(3)	Line 3	Providence Health & Services		No
Providence Health System - So California 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216589	Healthcare System	CA	501(c)(3)	Line 3	Providence Health & Services		No
Everett Transitional Care Services PO Box 1067 Everett, WA 982061067 94-3264605	Transitional Care	WA	501(c)(3)	Line 9	N/A		No
Providence Oregon Management Corporation 1801 Lind Avenue SW 9016 Renton, WA 980579016 93-0813977	Shell Corporation	OR	501(c)(3)	Line 1	PH & S - Oregon		No
Providence Plan Partners 3601 SW Murray Blvd 10 Beaverton, OR 97005 91-1861964	Healthcare Services	OR	501(c)(4)	N/A	PH & S - Oregon		No
Providence Health Plan 3601 SW Murray Blvd 10 Beaverton, OR 97005 93-0863097	Health Service Contractor	OR	501(c)(4)	N/A	Providence Plan Partners		No
Providence Health Assurance 3601 SW Murray Blvd 10 Beaverton, OR 97005 55-0828701	Medicaid Healthcare Provider	OR	501(c)(4)	N/A	Providence Health Plan		No
Providence Medical Institute 4101 Torrance Blvd Torrance, CA 90503 33-0283773	Healthcare	CA	501(c)(3)	Line 11/Type I	PHS - So California		No
Little Company of Mary Ancillary Services Corporation 4101 Torrance Blvd Torrance, CA 90503 33-0844408	Imaging Services	CA	501(c)(3)	Line 9	PHS - So California		No
Providence TrinityCare Hospice 2601 Airport Drive 230 Torrance, CA 90505 95-3264139	Hospice	CA	501(c)(3)	Line 9	PHS - So California		No
Providence Blanchet Association 1700 Providence Pl Centralia, WA 98531 91-1789266	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
St Luke Association 350 Washington Ave SE Chehalis, WA 98352 94-3176618	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Rossi Association 1700 Providence Pl Centralia, WA 98531 31-1584166	Housing	WA	501(c)(3)	Line 9	PH & S - Washington		No
Lundberg Association 5921 E Burnside Portland, OR 97215 91-1562797	Housing	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence St Francis Association 3415 12th Avenue NE Olympia, WA 98506 94-3244854	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Peter Claver Association 7101 38th Avenue South Seattle, WA 98118 31-1629656	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence St Elizabeth House Association 3201 SW Graham St Seattle, WA 98126 91-2171539	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Gamelin House Association 4515 MLK Jr Way S Ste 200 Seattle, WA 98108 31-1744654	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
The Gamelin Association 312 North Fourth St Yakima, WA 98901 91-1180824	Housing	WA	501(c)(3)	Line 1	PH & S - Washington		No

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
The Gamelin Oregon Association 5520 NE Glisan Portland, OR 97213 91-1214491	Housing	OR	501(c)(3)	Line 9	PH & S - Oregon		No
The Gamelin California Association 540 23rd St Oakland, CA 94612 91-1293869	Housing	CA	501(c)(3)	Line 9	PHS - So California		No
Gamelin Washington Association 1423 First Avenue Seattle, WA 98101 20-1910170	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Foundation 1801 Lind Avenue SW 9016 Renton, WA 980579016 94-3078543	Support PH&S Institutions	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
Providence Alaska Foundation 3300 Providence Drive - B Tower2 Anchorage, AK 99508 92-0093565	Support PHS-Alaska	AK	501(c)(3)	Line 11/Type I	PH & S - Washington		No
Providence St Peter Foundation 413 Lilly Road NE Olympia, WA 985065166 91-1097056	Support Affiliated Tax-Exempt Organization	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Health Care Foundation (Centralia) 914 S Scheuber Road Centralia, WA 98531 91-1433382	Support Providence Centralia Hospital	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Mount St Vincent Foundation 4831 - 35th Avenue SW Seattle, WA 981262799 91-1188119	Support Providence Mount St Vincent	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence Marianwood Foundation 3725 Providence Point Drive SE Issaquah, WA 980297219 93-1554288	Support Providence Marianwood	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
Providence Newberg Health Foundation 1001 Providence Drive Newberg, OR 97132 93-0889144	Support Providence Newberg Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Seaside Hospital Foundation 725 S Wahanna Rd Seaside, OR 97138 93-0927320	Support Providence Seaside Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Community Health Foundation 1111 Crater Lake Ave Medford, OR 97504 93-0692907	Support Providence Medford Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Benedictine Nursing Center Foundation 540 South Main St Mt Angel, OR 973629532 91-1940286	Support Providence Benedictine Nursing Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Portland Medical Foundation 4805 NE Glisan St Portland, OR 972132967 93-1231494	Support Providence Portland Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence St Vincent Medical Foundation 9205 SW Barnes Rd Portland, OR 97225 93-0575982	Support Providence St Vincent Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Milwaukie Foundation 10150 SE 32nd Milwaukie, OR 97222 94-3079515	Support Providence Milwaukie Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Child Center Foundation 830 NE 47th Portland, OR 97213 93-0800140	Support Providence Child Center	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence TrinityCare Hospice Foundation 2601 Airport Drive 230 Torrance, CA 90505 33-0261016	Support TrinityCare Hospice	CA	501(c)(3)	Line 7	PHS - So California		No
Providence Little Company of Mary Foundation 4101 Torrance Blvd Torrance, CA 90503 51-0224944	Support Little Company of Mary Service Area	CA	501(c)(3)	Line 7	PHS - So California		No
PH&S FoundationSFVSA & SCVSA 501 S Buena Vista Street Burbank, CA 91505 95-3544877	Support Program & Activities of SFVSA & SCVSA	CA	501(c)(3)	Line 7	PHS - So California		No

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Providence Hospice of Seattle Foundation 425 Pontius Avenue North 300 Seattle, WA 981095452 91-2077378	Support Hospice of Seattle	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
The John Gabriel Ryan Association 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1303277	Healthcare	WA	501(c)(3)	Line 3	PH & S - Washington		No
Providence Health & Services 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1549796	Shell Corporation	WA	501(c)(3)	Line 11/Type I	N/A		No
Providence St Joseph Medical Center PO Box 1010 Polson, MT 598601010 81-0463482	Healthcare	MT	501(c)(3)	Line 3	PH & S - Washington		No
St Thomas Child and Family Center 1710 Benefis Court Great Falls, MT 59405 81-0233495	Early Childhood Education	MT	501(c)(3)	Line 1	PH & S - Washington		No
Sisters of Providence of Montana Corporation 1801 Lind Avenue SW 9016 Renton, WA 980579016 26-2612415	Shell Corporation	MT	501(c)(3)	Line 1	PH & S - Washington		No
Sacred Heart Children's Foundation PO Box 2555 Spokane, WA 99220 32-0014330	Support Sacred Heart Children's Hospital	WA	501(c)(3)	Line 7	PH & S - Washington		No
St Patrick Hospital Foundation 500 West Broadway PO Box 4587 Missoula, MT 598064587 23-7056976	Support Healthcare in W Montana	MT	501(c)(3)	Line 7	PH & S - Washington		No
University of Great Falls 1301 20th Street South Great Falls, MT 59405 81-0231777	Post Secondary Education	MT	501(c)(3)	Line 2	PH & S - Washington		No
E WA & MT Unemployment Compensation Insurance Trust 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1082119	Unemployment Benefits	WA	501(c)(3)	Line 11/Type I	PH & S - Washington		No
Providence Willamette Falls Medical Foundation 1500 Division Street Oregon City, OR 97045 93-1003750	Support Willamette Falls Hospital	OR	501(c)(3)	Line 11/Type I	PH & S - Oregon		No
Willamette Falls Hospital dba Providence Willamette Falls Medical Center 1500 Division Street Oregon City, OR 97045 93-0426018	Healthcare	OR	501(c)(3)	Line 3	PH & S - Oregon		No
Providence Hood River Memorial Hospital Foundation Inc 811 13th St Hood River, OR 97031 93-0921990	Support Providence Hood River Memorial Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon		No
Providence Hospice and Home Care Foundation 2731 Wetmore Avenue Suite 500 Everett, WA 98201 27-2552749	Support Program & Activities of PHHC	WA	501(c)(3)	Line 7	PH & S - Washington		No
Providence St Mary Foundation 401 W Poplar St Walla Walla, WA 99362 45-2841492	Support Program & Activities of SMMC	WA	501(c)(3)	Line 7	PH & S - Washington		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Providence Imaging Center 3340 Providence Drive Anchorage, AK 99508 92-0118807	Medical Imaging	AK	PH&S - WA	Related				No			No	
Providence Surgery Centers LLC PO Box 233889 Anchorage, AK 99523 20-3567411	Surgery	AK	PH&S - WA	Related				No			No	
Mountainstar Clinical Laboratories LLC 611 N Perry Spokane, WA 99202 26-1345983	Outpatient Lab	MT	PAML LLC	Related				No			No	
Broadway Imaging LLC 500 W Broadway Missoula, MT 59802 52-2405971	Medical Imaging	MT	PH&S - MT	Related				No			No	
Ctr for MedImaging-Tanasbourne LLC 1235 NE 47th Ave Portland, OR 97213 20-0477972	Imaging - Diagnostics	OR	PH&S - OR	Related				No			No	
Ctr for Med Imaging-Bridgeport LLC 1235 NE 47th Ave Portland, OR 97213 26-0796953	Imaging - Diagnostics	OR	PH&S - OR	Related				No			No	
Center for Specialty Surgery LLC 11782 SW Barnes Rd Portland, OR 97225 26-3638838	Ambulatory Surgery Center	OR	PH&S - OR	Related				No			No	
Clackamas Radiation Oncology Center LLC 1235 NE 47th Ave 288 Portland, OR 97213 26-0381897	Radiation Oncology	OR	PH&S - OR	Related				No			No	
Oregon Outpatient Surgery Center 7300 SW Childs Rd Tigard, OR 97224 22-3883387	Ambulatory Surgery Center	OR	PH&S - OR	Related				No			No	
Surgery Ctr at Tanasbourne LLC 1235 NE 47th Ave 260 Portland, OR 97213 20-8187971	Ambulatory Surgery Center	OR	PH&S - OR	Related				No			No	
ProvidenceSilverton Rehab LLC 1235 NE 47th Ave 260 Portland, OR 97213 48-1287267	Rehab Services	OR	PH&S - OR	Related				No			No	
Portland Medical Imaging LLC 10538 SE Washington St Portland, OR 97216 20-1054971	Imaging - Diagnostics	OR	PH&S - OR	Related				No			No	
Prov Radiation Oncology Develop Assn LLC 1235 NE 47th Ave Portland, OR 97213 26-0682491	Real Estate - MOB	OR	PH&S - OR	Investment				No			No	
Central Point MRI LLC 870 S Front St Central Point, OR 97502 26-1975164	MRI Services	OR	PH&S - OR	Related				No			No	
Greater Valley Medical Building LP 501 S Buena Vista St Burbank, CA 91505 95-4570858	Real Estate - MOB	CA	PHS - So California	Investment				No			No	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Pathology Associates Medical Laboratories LLC 611 N Perry Spokane, WA 99202 27-0943279	Outpatient Lab	WA	Bourget Health Services Inc	Related				No			No	
Southern Idaho Regional Laboratory LLC 611 N Perry Spokane, WA 99202 82-0511819	Outpatient Lab	ID	PAML LLC	Related				No			No	
Tri-Cities Laboratory LLC 611 N Perry Spokane, WA 99202 91-1773986	Outpatient Lab	WA	PAML LLC	Related				No			No	
Alpha Medical Laboratory LLC 611 N Perry Spokane, WA 99202 91-2017347	Outpatient Lab	ID	PAML LLC	Related				No			No	
PacLab LLC 611 N Perry Spokane, WA 99202 91-1743952	Outpatient Lab	WA	PH&S - WA	Related				No			No	
HealthServicesNW LLC PO Box 389672 Seattle, WA 98138 31-1750915	Medical Billing	WA	PH&S - WA	Related				No			No	
Medalia Healthcare LLC 1801 Lind Ave SW 9016 Renton, WA 98057 91-1660459	Physician Benefits	WA	PH&S - WA	Investment				No			No	
Distribution Operations Center LLC 1801 Lind Ave SW 9016 Renton, WA 98057 27-1054858	Supplies Purchasing Agent	WA	PH&S - WA	Related				No			No	
Oregon Advanced Imaging LLC 881 OHare Parkway Medford, OR 97504 45-0471748	Medical Imaging	OR	PH&S - OR	Related				No			No	
ProvidenceUSP Surgery Ctrs LLC 11550 Indian Hills Road 160 Mission Hills, CA 91345 20-0905938	Ambulatory Surgery Center	CA	PHS - So California	Related				No			No	
California Laboratory Associates LLC 501 Buena Vista Burbank, CA 91505 27-3888692	Outpatient Lab	CA	PHS - So California	Related				No			No	
Canby Medical Center I LLC 2747 Pence Loop SE Salem, OR 97302 20-5470937	Real Estate - MOB	OR	Willamette Falls Hospital	Related				No			No	
ProvidenceUSP Santa Clarita GP LLC 11550 Indian Hills Road 160 Mission Hills, CA 91345 20-2829660	Ambulatory Surgery Center	CA	PHS - So California	Related				No			No	

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)	St Patrick Hospital Foundation	B	6,855,095	Cost
(2)	St Patrick Hospital Foundation	C	984,993	Cost
(3)	St Patrick Hospital Foundation	P	107,600	Cost
(4)	Caron Health Corporation	P	1,078,160	Cost
(5)	Caron Health Corporation	O	355,778	Cost
(6)	Providence St Joseph Medical Center	O	12,345	Cost
(7)	Providence Health & Services - Washington	C	202,700	Cost
(8)	Providence Health & Services - Washington	L	3,214,982	Cost

KPMG

PROVIDENCE HEALTH & SERVICES

Consolidated Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

The Board of Directors
Providence Health & Services

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplemental information, included on pages 40 and 41, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

KPMG LLP

April 11, 2012

PROVIDENCE HEALTH & SERVICES

Consolidated Balance Sheets

December 31, 2011 and 2010

(In thousands of dollars)

Assets		2011	2010
Current assets			
Cash and cash equivalents	$	378,521	527,703
Short-term management-designated investments		417,210	358,307
Assets held under securities lending		86,987	139,920
Accounts receivable, less allowance for bad debts of $214,433 in 2011 and $171,047 in 2010		935,604	845,842
Other receivables, net		213,527	186,267
Supplies inventory		125,157	123,332
Other current assets		82,540	77,762
Current portion of funds held by trustee		75,745	88,684
Total current assets		2,315,291	2,347,817
Assets whose use is limited			
Management-designated cash and investments		2,713,050	2,517,647
Gift annuities, trusts, and other		35,545	37,036
Funds held by trustee		160,243	139,533
Assets whose use is limited, net of current portion		2,908,838	2,694,216
Property, plant, and equipment, net		4,679,181	4,272,212
Other assets		276,369	264,825
Total assets	$	10,179,679	9,579,070

(Continued)

PROVIDENCE HEALTH & SERVICES

Consolidated Balance Sheets

December 31, 2011 and 2010

(In thousands of dollars)

Liabilities and Net Assets		2011	2010
Current liabilities			
Current portion of long-term debt	$	46,205	48,145
Master trust debt classified as short-term		454,200	454,200
Accounts payable		331,685	301,560
Accrued compensation		431,724	378,598
Payable to contractual agencies		110,594	71,668
Liabilities under securities lending		89,183	142,345
Retirement plan obligations		154,120	136,245
Current portion of self-insurance liability		74,944	83,907
Other current liabilities		199,885	189,957
Total current liabilities		1,892,540	1,806,625
Long-term debt, net of current portion		1,797,350	1,705,313
Other long-term liabilities			
Self-insurance liability, net of current portion		236,126	225,469
Pension benefit obligation		771,183	633,642
Other liabilities		81,783	71,199
Total other long-term liabilities		1,089,092	930,310
Total liabilities		4,778,982	4,442,248
Net assets			
Unrestricted		5,178,979	4,909,822
Temporarily restricted		151,886	159,865
Permanently restricted		69,832	67,135
Total net assets		5,400,697	5,136,822
Total liabilities and net assets	$	10,179,679	9,579,070

See accompanying notes to consolidated financial statements

PROVIDENCE HEALTH & SERVICES

Consolidated Statements of Operations

Years ended December 31, 2011 and 2010

(In thousands of dollars)

	2011	2010
Operating revenues		
Net patient service revenues	$ 7,025,380	6,512,985
Premium revenues	1,184,982	1,124,913
Other revenues	528,819	444,057
Total operating revenues	8,739,181	8,081,955
Operating expenses		
Salaries and wages	3,402,777	3,160,451
Employee benefits	883,232	807,748
Purchased healthcare	694,273	651,738
Professional fees	280,550	240,248
Supplies	1,138,637	1,110,434
Purchased services	698,682	641,496
Depreciation	407,117	382,204
Interest and amortization	76,236	65,387
Bad debts	319,913	290,958
Other	598,871	401,076
Total operating expenses	8,500,288	7,751,740
Excess of revenues over expenses from operations	238,893	330,215
Net nonoperating gains		
Investment income, net	157,836	166,418
Pension settlement costs	(32,500)	—
Other	(2,502)	(11,035)
Total net nonoperating gains	122,834	155,383
Excess of revenues over expenses	361,727	485,598
Net assets released from restriction	16,909	23,751
Change in noncontrolling interests in consolidated joint ventures	19,215	43,410
Pension related changes	(129,236)	(123,290)
Other changes in unrestricted net assets	542	2,264
Increase in unrestricted net assets	$ 269,157	431,733

See accompanying notes to consolidated financial statements

PROVIDENCE HEALTH & SERVICES

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2011 and 2010

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total net assets
Balance, December 31, 2009	$ 4,478,089	169,519	61,719	4,709,327
Excess of revenues over expenses	485,598	—	—	485,598
Contributions, grants, and other	2,264	47,390	5,416	55,070
Net assets released from restriction	23,751	(57,044)	—	(33,293)
Change in noncontrolling interests in consolidated joint ventures	43,410	—	—	43,410
Pension related changes	(123,290)	—	—	(123,290)
Increase (decrease) in net assets	431,733	(9,654)	5,416	427,495
Balance, December 31, 2010	4,909,822	159,865	67,135	5,136,822
Excess of revenues over expenses	361,727	—	—	361,727
Contributions, grants, and other	542	39,947	2,697	43,186
Net assets released from restriction	16,909	(47,926)	—	(31,017)
Change in noncontrolling interests in consolidated joint ventures	19,215	—	—	19,215
Pension related changes	(129,236)	—	—	(129,236)
Increase (decrease) in net assets	269,157	(7,979)	2,697	263,875
Balance, December 31, 2011	$ 5,178,979	151,886	69,832	5,400,697

See accompanying notes to consolidated financial statements

PROVIDENCE HEALTH & SERVICES

Consolidated Statements of Cash Flows

Years ended December 31, 2011 and 2010

(In thousands of dollars)

		2011	2010
Cash flows from operating activities			
Increase in net assets	$	263,875	427,495
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Depreciation and amortization		411,831	383,999
Provision for bad debt		319,913	290,958
Equity income from joint ventures		(61,083)	(46,044)
Restricted contributions and investment income received		(40,048)	(39,064)
Net realized and unrealized gains on investments		(154,505)	(171,055)
Distributions from joint ventures		70,588	19,302
Changes in certain current assets and current liabilities		(299,767)	(104,414)
Change in other long-term liabilities and other		158,782	122,527
Net cash provided by operating activities		669,586	883,704
Cash flows from investing activities			
Property, plant, and equipment additions		(816,534)	(668,768)
Proceeds from disposal of property, plant, and equipment		16,268	7,280
Purchases of investments		(4,893,104)	(5,763,988)
Proceeds from sales of investments		4,773,540	5,472,567
Change in securities lending collateral		52,933	(29,149)
Acquisition of physician practices		(1,800)	(37,314)
Change in other long-term assets and other		(38,142)	(5,911)
Change in funds held by trustee, net		10,823	(43,176)
Net cash used in investing activities		(896,016)	(1,068,459)
Cash flows from financing activities			
Proceeds from restricted contributions and restricted income		40,048	39,064
Debt borrowings		1,009,752	887,423
Debt payments		(919,749)	(735,553)
Change in securities lending payable		(53,162)	27,748
Payment of deferred financing costs and other		359	(1,587)
Net cash provided by financing activities		77,248	217,095
(Decrease) increase in cash and cash equivalents		(149,182)	32,340
Cash and cash equivalents, beginning of year		527,703	495,363
Cash and cash equivalents, end of year	$	378,521	527,703
Supplemental disclosure of cash flow information			
Cash paid for interest (net of amounts capitalized)	$	68,370	70,565

See accompanying notes to consolidated financial statements

(1) Organization

(a) Sisters of Providence

Sisters of Providence (the Congregation), a religious congregation of Roman Catholic women, was founded in 1843 The religious congregation's central headquarters is in Montreal, Quebec, Canada Sisters of Providence – Mother Joseph Province (the Province) was formed in 2000 through the combination of the Sacred Heart Province (founded in 1856) and the St Ignatius Province (founded in 1891) The activities of the Province include apostolic works in healthcare, social services, and education Members of the Province serve in these works through related and unrelated organizations The Province is compensated for the services of its members The Province has 146 professed members and maintains provincial administration offices in Renton, Washington The members of the Province represent the Congregation in the following

- Archdiocese of Los Angeles, California
- Archdiocese of Portland, Oregon
- Archdiocese of Seattle, Washington
- Diocese of Baker, Oregon
- Diocese of Boise, Idaho
- Diocese of Great Falls – Billings, Montana
- Diocese of Orlando, Florida
- Diocese of Spokane, Washington
- Diocese of Yakima, Washington
- Diocesis Santiago de Maria, El Salvador

(b) Providence Health & Services

The Provincial Superior, Provincial Council, and Provincial Treasurer of the Sisters of Providence – Mother Joseph Province historically controlled certain aspects of the various corporations comprising Providence Health & Services (the Health System), through certain reserved rights Effective January 1, 2010, essentially all of the sponsorship of the Health System was transferred to the new Public Juridic Person, Providence Ministries, which was approved by the Vatican on February 2, 2009 The reserved rights, held by the Provincial Superior, Provincial Council, and Provincial Treasurer of the Sisters of Providence Mother Joseph Province, were transferred through the change in sponsorship to Providence Ministries

Providence Ministries sponsors various corporations comprising the Health System

- Providence Health & Services – Washington
- Providence Health & Services – Oregon

- Providence Health System – Southern California (cosponsored by the Congregation and the American Province of the Little Company of Mary Sisters)
- Providence Health & Services – Montana
- Providence St Joseph Medical Center
- St Thomas Child and Family Center Corporation
- University of Great Falls
- Providence Plan Partners
- Providence Health Plan (the Health Plan)
- Providence Health Assurance
- Providence Health System Housing, The St Luke Association, The Lundberg Association, Providence St Francis Association, Providence Blanchet Association, Providence Rossi Association, Providence Peter Claver Association, The Gamelin Association, The Gamelin Oregon Association, The Gamelin California Association, Providence St Elizabeth House Association, Gamelin Washington Association, Providence Gamelin House Association
- Providence Oregon Management Corporation
- The John Gabriel Ryan Association
- Providence Ventures, Inc
- Providence Assurance, Inc

The corporations own or operate 27 general acute care hospitals, six long-term care facilities, seven homecare and hospice entities, five assisted living facilities, a children's nursing center and Montessori school, a high school, a university, 12 low-income housing projects, the Health Plan, a health services contractor, two programs of all inclusive care for the elderly, and 20 controlled fundraising foundations

The Health System provides inpatient, outpatient, primary care, and home care services in Alaska, Washington, Montana, Oregon, and Southern California The Health System operates these businesses primarily in the greater metropolitan areas of Anchorage, Alaska, Everett, Seattle, Spokane, and Olympia, Washington, Missoula, Montana, Portland and Medford, Oregon, and Los Angeles, California

(c) Affiliated Transactions

Interaffiliate Borrowings

The Health System has a policy to loan funds among its affiliates at various interest rates These transactions eliminate upon consolidation

Self-Insurance Liability

The Health System has established self-insurance programs for professional and general liability and workers' compensation insurance coverage These programs provide insurance coverage for healthcare institutions associated with the Health System The Health System also operates an insurance captive, Providence Assurance, Inc., to self-insure certain layers of professional and general liability risk

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Health System All significant transactions and accounts between consolidated divisions and affiliates of the Health System have been eliminated The Health System has performed an evaluation of subsequent events through April 11, 2012, which is the date these consolidated financial statements were issued

(b) Use of Estimates

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

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original or remaining maturity of three months or less when acquired

(d) Supplies Inventory

Supplies inventory is stated at the lower of cost (first-in, first-out) or market

(e) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost Improvements and replacements of plant and equipment are capitalized Maintenance and repairs are expensed The cost of the property, plant, and equipment sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized at the time of disposal

The Health System assesses potential impairment to their long-lived assets when there is evidence that events or changes in circumstances have made recovery of the carrying value of the assets unlikely An impairment loss, equal to the excess, if any, of the carrying value over the fair value less disposal costs, is recognized when the sum of the expected future undiscounted net cash flows from the use and disposal of the asset is less than the carrying amount of the asset

(Continued)

(f) Depreciation

The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property equally over its estimated useful life or lease term

(g) Capitalized Interest

Interest capitalized on amounts expended during construction in process is a component of the cost of additions to be allocated to future periods through the provision for depreciation Capitalization of interest ceases when the addition is substantially complete and ready for intended use The Health System capitalized $27,200,000 and $31,001,000 of interest costs during the years ended December 31, 2011 and 2010, respectively

(h) Financing Costs

Financing costs are recorded in other assets and are amortized using the effective-interest method over the term of the related debt, or to the earliest date at which a creditor can demand payment

(i) Goodwill

Goodwill, which is not amortized, is recorded in other assets as the excess of cost over fair value of the acquired net assets Goodwill is tested at least annually for impairment

(j) Assets Whose Use Is Limited

The Health System has designated all of its investments in debt and equity securities as trading All investments in debt and equity securities are reported on the consolidated balance sheets at fair value

Assets whose use is limited primarily include assets held by trustees under indenture agreements, self-insurance funds, funds held for the payment of health plan medical claims, assets held by related foundations, and designated assets set aside by the management of Providence Health & Services for future capital improvements and other purposes, over which management retains control Amounts required to meet current liabilities of the Health System have been reclassified as current in the consolidated balance sheets at December 31, 2011 and 2010

(k) Net Assets

Unrestricted net assets are those that are not subject to donor imposed stipulations Amounts related to the Health System's noncontrolling interests in certain joint ventures of $62,625,000 and $43,410,000 in 2011 and 2010, respectively, are included in unrestricted net assets Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period and/or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity Unless specifically stated by donors, gains and losses on temporarily and permanently restricted net assets are recorded as temporarily restricted

(l) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give

are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted contributions if they are received with donor stipulations that limit the use of the donated assets When the terms of a donor restriction are met, temporarily restricted net assets are reclassified as unrestricted net assets and reported as other revenues in the consolidated statements of operations or changes in net assets as net assets released from restriction

(m) Net Patient Service Revenues

The divisions of the Health System have agreements with governmental and other third-party payors that provide for payments to the divisions at amounts different from the Health System's established charges Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, predetermined rates per HMO enrollee per month, or other methods

Net patient service revenues are reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with governmental payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as appropriate Adjustments from finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in net patient service revenues of $12,647,000 and $17,894,000 for the years ended December 31, 2011 and 2010, respectively

The composition of significant third-party payors for the years ended December 31, 2011 and 2010, as a percentage of net patient service revenues, is as follows

	2011	2010
Commercial and other insurance	49%	49%
Medicare	32	33
Medicaid	14	11
Self-pay	5	7
	100%	100%

(n) Premium Revenues, Premiums Receivable, and Unearned Premiums

Health plan revenues consist of premiums paid by employers, individuals, and agencies of the federal and state governments for healthcare services Health plan revenues are received on a prepaid basis and are recognized as revenue during the month for which the enrolled member is entitled to healthcare services Premiums received for future months are recorded as unearned premiums

(o) Other Operating Revenue

Other operating revenue includes rental revenue, equity earnings from joint ventures, contributions released from restrictions, cafeteria revenue, and other miscellaneous revenue

(p) Charity and Unsponsored Community Benefit Costs

The divisions of the Health System have policies that provide for serving those without the ability to pay. The policies also provide for discounted sliding scale payments based on the income and assets of the person responsible for the bill. In addition to uncompensated care, the Health System's divisions also provide services that benefit the poor and others in the communities they serve.

Information for the Health System for the years ended December 31, 2011 and 2010 is summarized below:

		2011	2010
		(In thousands of dollars)	
Cost of charity care provided	$	203,660	197,815
Unpaid cost of Medicaid services		256,568	233,083
Education and research programs, net cost		76,229	76,349
Nonbilled services, net cost		28,996	39,856
Negative margin services and other, net cost		85,749	69,706
Unsponsored community benefit costs	$	651,202	616,809
Percentage of total operating expenses, excluding purchased healthcare		8.3%	8.7%

The cost of charity care provided is based on each division's aggregate relationship of costs to charges. The unpaid cost of Medicaid services is the cost of treating Medicaid patients in excess of government payments. Education includes the unpaid cost of training health professionals, such as medical residents. Research programs include the unpaid cost of controlled studies of therapeutic protocols and development of new treatment protocols. Nonbilled services include the cost of services for which neither the patient or insurance is billed or for which a nominal fee has been assessed. Negative margin services include programs for which net patient service revenue is less than cost incurred to provide the service to meet a need in the community. Unpaid cost of Medicaid services, education and research programs, nonbilled services, and negative margin services are net of revenues of $940,527,000 and $839,925,000 for the years ended December 31, 2011 and 2010, respectively.

(q) Net Nonoperating Gains

Net nonoperating gains primarily include investment income, equity earnings from the Health System's participation in certain unconsolidated joint ventures, income from recipient organizations, and other income. For the year ended December 31, 2011, net nonoperating gains also includes pension settlement costs of $32,500,000 as described in note 8.

(r) Excess of Revenues over Expenses

Excess of revenues over expenses includes all changes in unrestricted net assets, except for net assets released from restriction for the purchase of property, certain changes in funded status of

postretirement benefit plans, net changes in noncontrolling interests in consolidated joint ventures, and other

(s) Income Taxes

The Health System and substantially all of the various corporations within the Health System have been recognized as exempt from federal income taxes, except on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (IRC)

For the taxable corporations, deferred income taxes are provided for the future tax consequences of temporary differences between financial and tax reporting Deferred tax assets and liabilities are measured based on enacted tax laws and rates expected to apply to taxable income in the years in which temporary differences are expected to be recorded or settled Income taxes did not have a material impact on the consolidated financial position or results of operations of the Health System as of and for the years ended December 31, 2011 and 2010

The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized Changes in recognition or measurement are reflected in the period in which the change in judgment occurs

Providence Plan Partners, Providence Health Plan, and Providence Health Assurance are not-for-profit entities and have been recognized as exempt from federal income taxes, except on unrelated business income, as social welfare organizations under Section 501(c)(4) of the IRC

(t) Recently Issued or Adopted Accounting Standards

In 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which provides financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts The amendments require health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations This standard is effective for the 2012 fiscal year The adoption of ASU 2011-07 will not have a material impact on the Health System's consolidated financial statements

In 2010, FASB issued ASU No 2010-24, *Health Care Entities – Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that insurance recoveries should not be netted against a related claim liability The claim liability amount should be calculated without consideration of insurance recoveries This standard was effective for the 2011 fiscal year The adoption of this standard did not have a material impact on the Health System's consolidated financial statements

In 2010, the FASB issued ASU No 2010-23, *Health Care Entities – Measuring Charity Care for Disclosure*, which requires a standardized process be used by health care entities that provide charity care to determine the measurement basis This standard was effective for the 2011 fiscal year The

adoption of this standard did not have a material impact on the Health System's consolidated financial statements

(u) Health Care Reform

The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (Reconciliation Act) were both signed by President Obama in the first calendar quarter of 2010 The legislation went into effect upon signing with provisions to become effective over the next ten years This legislation is expected to broadly impact the Health System's operations, including patient access, service reimbursement rates, and reporting requirements The Health System has evaluated those provisions which went into effect, noting they did not have a significant impact on the consolidated financial statements

(v) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation to more consistently present financial information between years

(3) Fair Value of Financial Instruments

ASC Topic 820 (Topic 820), *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy are as follows

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety

The fair value estimates of the collective investment funds are estimates determined by management using various information sources, including information provided by the fund managers The collective investment funds classified in Level 2 consist of shares or units in the investment funds as opposed to direct interests in the fund's underlying holdings, which are marketable securities Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Health System's interest therein, its classification in Level 2 is based on the Health System's ability to redeem its interest at or near the balance sheet date The classification in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities

The fair value of management-designated cash and investments, funds held for long-term purposes, and funds held by trustee, which are the amounts reported in the consolidated balance sheets, are estimated

based on quoted market prices For long-term debt, the fair value is based on Level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection The carrying value and fair value of long-term debt, including accrued interest, was $2,310,466,000 and $2,464,850,000, respectively, as of December 31, 2011, and $2,235,707,000 and $2,259,167,000, respectively, as of December 31, 2010

Other financial instruments of the Health System include cash and cash equivalents and other receivables The carrying amount of these instruments approximates fair value because these items mature in less than one year The carrying amount of other long-term investments approximates fair value

(a) Collective Investment Funds

Collective investment funds include investments that are held by a trust company that handles a pooled group of trust accounts The Health System holds six funds and has no unfunded commitments or provisions significantly impacting liquidity at December 31, 2011 The underlying holdings of these funds are primarily comprised of publicly traded domestic equity and debt securities, whose fair value is readily determinable

(b) Securities Lending Agreements

The Health System has securities lending agreements with financial institutions that serve as the lending agent These agreements authorize the lending agents to lend securities owned by the Health System to an approved list of borrowers Under the agreements, the lending agents are responsible for negotiating each loan for an unspecified term while retaining the power to terminate the loan at any time At the time each loan is made, the lending agents require collateral equal to 102% of the market value of the loaned securities and accrued interest While any securities are loaned, the Health System retains all rights of ownership, except it waives its right to vote such securities The collateral related to the securities loaned totaled $86,987,000 and $139,920,000 at December 31, 2011 and 2010, respectively In connection with securities lending activities the Health System has recognized a net investment loss of $1,984,000 and $2,255,000, for the years ended December 31, 2011 and 2010, respectively Net investment gains and losses are included in net nonoperating gains in the accompanying consolidated statements of operations

The following table presents assets (other than management-designated cash and investments and funds held by trustee) and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2011

	December 31, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Assets under securities lending	$ 86,987	81,089	5,898	—
Gift annuities, trusts and other	35,545	16,180	8,363	11,002
Liabilities				
Liabilities under securities lending	$ 89,183	80,456	8,727	—

The following table presents assets (other than management-designated cash and investments and funds held by trustee) and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2010

	December 31, 2010	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Assets under securities lending	$ 139,920	53,396	86,524	—
Gift annuities, trusts, and other	37,036	18,552	15,518	2,966
Liabilities				
Liabilities under securities lending	$ 142,345	53,397	88,948	—

(Continued)

The following table presents the Health System's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Topic 820 for the years ended December 31, 2011 and 2010 (in thousands of dollars)

		Gift annuities, trusts, and other
Balance at December 31, 2009	$	1,354
Total realized and unrealized (losses) gains, net		185
Transfers in and/or out of Level 3 (net)		1,427
Balance at December 31, 2010		2,966
Total realized and unrealized (losses) gains, net		99
Total purchases		3,329
Total sales		(872)
Transfers into Level 3		5,480
Balance at December 31, 2011	$	11,002

There were no significant transfers between assets classified as Level 1 and Level 2 during the year ended December 31, 2011

(4) Investments

(a) Management-Designated Cash and Investments and Funds Held by Trustee

The composition of management-designated cash and investments and funds held by trustee at December 31, 2011 is set forth in the following tables Investments are stated at fair value

	December 31, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Management-designated cash and investments				
Cash and cash equivalents	$ 216,418	216,418	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	159,108	159,108	—	—
Med-small capitalization	53,587	53,587	—	—
Other	35,370	35,370	—	—
Capital goods	30,162	30,162	—	—
Consumer services	60,469	60,469	—	—
Energy	37,486	37,486	—	—
Financial services	27,760	27,760	—	—
Technology	34,279	34,279	—	—
Healthcare and other	36,647	36,647	—	—
Foreign equity securities				
Mutual funds	248,210	248,210	—	—
Other industries	29,453	29,453	—	—
Collective investment funds	426,215	—	426,215	—
Debt securities – U S Treasury	950,651	409,492	541,159	—
Debt securities – State Treasury	26,636	1,503	25,133	—
Domestic corporate debt securities	446,428	25,296	421,132	—
Foreign corporate debt securities	159,898	—	159,898	—
Mortgage-backed securities				
Commercial	62,279	—	62,279	—
Residential	29,460	—	29,460	—
Collateralized debt obligations	46,149	—	46,149	—
Other	13,595	10,470	3,125	—
Total	$ 3,130,260	1,415,710	1,714,550	—

(Continued)

		December 31, 2011	Fair value measurements at reporting date using		
			Level 1	Level 2	Level 3
			(In thousands of dollars)		
Funds held by trustee					
Cash and cash equivalents	$	68,720	68,720	—	—
Domestic equity securities					
Mutual Funds		38,037	38,037	—	—
Debt securities – U.S. Treasury		62,150	62,150	—	—
Domestic corporate debt securities		29,256	—	29,256	—
Foreign corporate debt securities		20,497	—	20,497	—
Mortgage-backed securities		8,868	—	8,868	—
Other		8,460	3,998	4,462	—
Total	$	235,988	172,905	63,083	—

(Continued)

The composition of management-designated cash and investments and funds held by trustee at December 31, 2010 is set forth in the following tables Investments are stated at fair value

	December 31, 2010	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Management-designated cash and investments				
Cash and cash equivalents	$ 462,705	462,705	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	30,326	30,326	—	—
Med-small capitalization and other	21,143	21,143	—	—
Consumer and financial services	24,393	24,393	—	—
Technology	21,259	21,259	—	—
Energy and other industries	35,143	35,143	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	28,093	28,093	—	—
International and emerging markets	24,269	24,269	—	—
Other industries	17,259	17,259	—	—
Collective investment funds	438,933	—	438,933	—
Debt securities – U S Treasury	988,398	523,275	465,123	—
Debt securities – State Treasury	18,108	1,656	16,452	—
Domestic corporate debt securities	521,441	34,102	487,339	—
Foreign corporate debt securities	81,116	—	81,116	—
Mortgage-backed securities				
Commercial	66,433	—	66,433	—
Residential	11,760	—	11,760	—
Collateralized debt obligations	48,559	—	48,559	—
Other	36,616	6,297	30,319	—
Total	$ 2,875,954	1,229,920	1,646,034	—

(Continued)

	December 31, 2010	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Funds held by trustee				
Cash and cash equivalents	$ 83,527	83,527	—	—
Domestic equity securities				
Mutual Funds	16,399	16,399	—	—
Debt securities – U S Treasury	57,343	57,343	—	—
Domestic corporate debt securities	20,397	—	20,397	—
Foreign corporate debt securities	5,039	—	5,039	—
Mortgage-backed securities	9,198	—	9,198	—
Other	36,314	—	36,314	—
Total	$ 228,217	157,269	70,948	—

The Health System's funds held by trustee are segregated from other cash and investments for various purposes Included in funds held by trustee as of December 31, 2011 and 2010, respectively, are $33,145,000 and $29,556,000 obtained from borrowings under the Health System's master trust indenture for construction and other ongoing projects The Health System also includes in funds held by trustee $185,742,000 and $176,416,000 at December 31, 2011 and 2010, respectively, related to the self-insurance and pension trusts Within the self-insured trusts, the balance is based on management's assessment of annual need Any additional investments are considered management-designated

The Health System has designated its investment portfolio as trading, which results in all gains and losses being recognized currently as nonoperating activity

Investment income from management-designated cash and investments and funds held by trustee are included in net nonoperating gains and are comprised of the following for the years ended December 31, 2011 and 2010

	2011	2010
	(In thousands of dollars)	
Interest income	$ 77,086	67,514
Net realized gains on sale of investments	54,347	42,672
Net unrealized gains on trading securities	26,403	56,232

(Continued)

(5) Property, Plant, and Equipment

Property, plant, and equipment and the total accumulated depreciation at December 31, 2011 and 2010 are shown below

	Approximate useful life (years)	2011	2010
		(In thousands of dollars)	
Land and improvements	5 – 25	$ 557,244	538,933
Buildings and improvements	5 – 60	3,669,656	3,060,726
Equipment			
Fixed	5 – 25	863,707	811,290
Major movable and minor	3 – 20	2,504,566	2,291,500
Rental property	15 – 40	862,905	819,230
Construction in progress	—	567,645	699,415
		9,025,723	8,221,094
Less accumulated depreciation		4,346,542	3,948,882
Property, plant, and equipment, net		$ 4,679,181	4,272,212

Rental property represents buildings and related improvements that are owned by the Health System, the majority of which are medical office buildings that are leased to nonemployed physicians

Construction in progress primarily represents renewal and replacement of various facilities in the Health System's operating divisions, as well as costs capitalized related to software development

(6) Other Assets

Other assets at December 31, 2011 and 2010 are as follows

	2011	2010
	(In thousands of dollars)	
Unamortized financing costs, net	$ 20,427	20,786
Investment in joint ventures	81,648	93,148
Interest in noncontrolled foundations	20,563	15,542
Notes receivable	55,070	44,852
Long-term reinsurance receivable	24,225	24,325
Goodwill	36,372	28,931
Other	38,064	37,241
Total other assets	$ 276,369	264,825

(Continued)

The Health System participates in various joint ventures for the purpose of furthering its healthcare mission These joint ventures exist in all geographic locations in which the Health System operates The primary purposes of the ventures are to provide outpatient services such as laboratory, outpatient surgery, and medical imaging Seven of these joint ventures, located in Anchorage, Alaska, Spokane, Washington, Portland, Oregon, and Mission Hills, California are controlled by the Health System and consequently are consolidated in the financial statements of the Health System All other joint ventures are accounted for under the equity method of accounting The Health System recorded earnings from equity method investees of $60,786,000 and $45,535,000 for the years ended December 31, 2011 and 2010, respectively, which are included in other operating revenues in the accompanying consolidated statements of operations

Noncontrolling interests in consolidated joint ventures, included in unrestricted net assets of $62,625,000 and $43,410,000, are primarily comprised of the joint ventures Pathology Associates Medical Laboratories (PAML) and Inland Northwest Health Services (INHS) of approximately $58,412,000 and $38,210,000 at December 31, 2011 and 2010, respectively The Health System is a 75% and 85% owner of PAML at December 31, 2011 and 2010, respectively, the joint venture was created during 2010 During 2011 the Health System increased its ownership interest in INHS to 62 5% from 50% as of December 31, 2010

(7) Short-Term and Long-Term Debt

Short-term and long-term debt at December 31, 2011 and 2010 consists of the following (see detailed explanations on the following pages)

	2011	2010
	(In thousands of dollars)	
Master trust debt		
Series 1996, CHFFA Revenue Bonds (Sisters of Providence)	$ 4,710	5,515
Series 1997, Direct Obligation Notes (Sisters of Providence)	5,210	7,035
Series 2001A, WHCFA Revenue Bonds (Providence Health System)	—	105,200
Series 2003H, AIDEA Revenue Bonds (Providence Health System)	27,800	27,800
Series 2003D,E,F,G, HFACC Revenue Bonds (Providence Health System)	200,200	211,525
Series 2004, HFAMC Revenue Bonds (Providence Health System)	89,355	95,995
Series 2005, Direct Obligation Notes (Providence Health System)	51,510	53,090
Series 2006A, WHCFA Revenue Bonds (Providence Health & Services)	210,555	210,555
Series 2006B, MFFA Revenue Bonds (Providence Health & Services)	68,430	68,430
Series 2006C, WHCFA Revenue Bonds (Providence Health & Services)	69,425	69,425

(Continued)

		2011	2010
		(In thousands of dollars)	
Series 2006D, WHCFA Revenue Bonds (Providence Health & Services)	$	69,275	69,275
Series 2006E, WHCFA Revenue Bonds (Providence Health & Services)		26,350	26,350
Series 2006H, AIDEA Revenue Bonds (Providence Health & Services)		54,355	54,355
Series 2008C, CHFFA Revenue Bonds (Providence Health & Services)		279,225	280,325
Series 2009A, Direct Obligation Notes (Providence Health & Services)		250,000	250,000
Series 2009B, CHFFA Revenue Bonds (Providence Health & Services)		150,000	150,000
Series 2010A, WHCFA Revenue Bonds (Providence Health & Services)		174,240	174,240
Series 2011A, AIDEA Revenue Bonds (Providence Health & Services)		122,720	—
Series 2011B, WHCFA Revenue Bonds (Providence Health & Services)		91,170	—
Series 2011C, OFA Revenue Bonds (Providence Health & Services)		22,355	—
Commercial Paper, Series 2008A		194,000	194,000
US Bank Credit Facility		60,000	60,000
Master trust debt at par value		2,220,885	2,113,115
Premiums and discounts, net		11,395	(4,293)
Master trust debt, including premiums and discounts, net		2,232,280	2,108,822
Other long-term debt		65,475	98,836
Total debt	$	2,297,755	2,207,658

		2011	2010
		(In thousands of dollars)	
Current portion of long-term debt	$	46,205	48,145
Long-term debt subject to short-term remarketing agreements		200,200	200,200
Short-term master trust debt		254,000	254,000
Long-term debt, classified as a long-term liability		1,797,350	1,705,313
Total debt	$	2,297,755	2,207,658

Providence Health & Services – Washington, Providence Health & Services – Oregon (exclusive of Providence Plan Partners), Providence Health System – Southern California (exclusive of Medical Institute

(Continued)

of Little Company of Mary, Lifecare Ventures, Inc., and TrinityCare Hospice), Providence St Joseph Medical Center, and Providence Health & Services – Montana, exclusive of related housing and foundations, are the members of an Obligated Group formed for issuing debt under a master trust indenture Members of the Obligated Group are jointly and severally responsible for all debt of the Obligated Group The master trust indenture and bond trust indentures for each debt issue require the Obligated Group to meet certain financial covenants In November 2011, Providence Willamette Falls Medical Center, dba Providence Health & Services – Oregon, became a member of the Obligated Group

The Health System recorded losses due to extinguishment of debt of $2,303,000 and $748,000 in 2011 and 2010, respectively, which was recorded in net nonoperating gains in the accompanying consolidated statement of operations

(a) Master Trust Debt Classified as Short-Term

Hospital Facility Authority of Clackamas County, Oregon (HFACC) Revenue Bonds, Series 2003D, E, F, and G

The Series 2003D, E, F, and G bonds were issued in May 2003 as auction rate bonds In October 2008, the bonds were converted to a unit pricing mode pursuant to the Series 2003 D, E, F, and G Trust Indenture Under the unit pricing mode, the interest reset period varies with each remarketing and ranges between one and 270 days In connection with the revised terms under the unit pricing mode, the remaining balance was reclassified to short-term debt due to the reset periods and remarketing, therefore the balance could become due and payable in 2012 The average interest rate in effect on December 31, 2011 was 0 18% Annual scheduled principal payments range from $3,500,000 in 2016 to $18,175,000 in 2033

Commercial Paper, Series 2008A

The Health System participates in a commercial paper program During 2011, the Health System made principal and interest payments on matured commercial paper and reissued new commercial paper, maintaining a balance ranging between $144,000,000 and $194,000,000 throughout the year The average interest rate in effect during 2011 was 0 33%

U.S. Bank Credit Facility

The Health System has a $150,000,000 Credit Facility with U S Bank, of which $60,000,000 in borrowings were outstanding at December 31, 2011 and 2010, respectively The interest rate in effect on December 31, 2011 was 0 65%, and the maturity date is September 30, 2012 The interest rate is based on LIBOR plus 0 35%

(b) Master Trust Debt Classified as Long-Term Debt

California Health Facilities Financing Authority (CHFFA) Health Facility Revenue Bonds, Series 1996

The Series 1996 bonds were issued in February 1996 The outstanding bonds bear interest at rates ranging from 5 4% to 5 5% payable semiannually on April 1 and October 1 Annual principal payments range from $845,000 in 2012 to $1,045,000 in 2016

(Continued)

Direct Obligation Notes, Series 1997

The Series 1997 bonds were issued in March 1997. The outstanding bonds bear an interest rate of 7.7% payable semiannually on April 1 and October 1. Annual principal payments range from $1,965,000 in 2012 to $750,000 in 2017.

Alaska Industrial Development and Export Authority (AIDEA) Revenue Bonds, Series 2003H

The Series 2003H bonds were issued in September 2003. The outstanding bonds bear interest at rates ranging from 4.625% to 5.25% payable semiannually on April 1 and October 1. Annual principal payments range from $9,300,000 in 2012 to $4,600,000 in 2015.

Hospital Facilities Authority of Multnomah County, Oregon (HFAMC) Revenue Bonds, Series 2004

The Series 2004 bonds were issued in July 2004. The outstanding bonds bear interest at rates ranging from 4.125% to 5.5% payable semiannually on April 1 and October 1. Annual principal payments range from $5,000,000 in 2012 to $9,185,000 in 2024.

Direct Obligation Notes, Series 2005

The Series 2005 bonds were issued in July 2005. The outstanding bonds bear interest at rates ranging from 4.93% to 5.39% payable semiannually on April 1 and October 1. Annual principal payments range from $1,655,000 in 2012 to $4,160,000 in 2030.

Washington Health Care Facilities Authority (WHCFA) Revenue Bonds, Series 2006A

The Series 2006A bonds were issued in June 2006. The outstanding bonds bear interest at rates ranging from 4.5% to 5.0% payable semiannually on April 1 and October 1. Annual principal payments range from $1,495,000 in 2027 to $57,415,000 in 2036.

Montana Facility Finance Authority (MFFA) Revenue Bonds, Series 2006B

The Series 2006B bonds were issued in June 2006. The outstanding bonds bear interest at rates ranging from 4.0% to 5.0% payable semiannually on April 1 and October 1. Annual principal payments range from $3,255,000 in 2012 to $6,240,000 in 2026.

WHCFA Revenue Bonds, Series 2006C

The Series 2006C bonds were issued in June 2006 as 28-day auction rate bonds. In April 2008, the bonds were converted to fixed rate pursuant to the terms of the Series 2006C Trust Indenture. The bonds bear interest of 5.25% payable semiannually on April 1 and October 1. Annual principal payments range from $6,700,000 in 2025 to $8,825,000 in 2033.

WHCFA Revenue Bonds, Series 2006D

The Series 2006D bonds were issued in June 2006 as 28-day auction rate bonds. In April 2008, the bonds were converted to fixed rate pursuant to the terms of the Series 2006D Trust Indenture. The bonds bear interest of 5.25% payable semiannually on April 1 and October 1. Annual principal payments range from $6,625,000 in 2025 to $8,875,000 in 2033.

WHCFA Revenue Bonds, Series 2006E

The Series 2006E bonds were issued in June 2006 as 28-day auction rate bonds In April 2008, the bonds were converted to fixed rate pursuant to the terms of the Series 2006E Trust Indenture The bonds bear interest of 5 25% payable semiannually on April 1 and October 1 Annual principal payments range from $2,550,000 in 2025 to $3,350,000 in 2033

AIDEA Revenue Bonds, Series 2006H

The Series 2006H bonds were issued in November 2006 The outstanding bonds bear an interest rate of 5 0% payable semiannually on April 1 and October 1 Annual principal payments range from $2,545,000 in 2022 to $4,905,000 in 2036

CHFFA, Series 2008C

The Series 2008C bonds were issued in November 2008 The outstanding bonds bear interest at rates ranging from 5 0% to 6 50% payable semiannually on April 1 and October 1 Annual principal payments range from $2,500,000 in 2012 to $50,000,000 in 2038 In October 2010, $2,070,000 of outstanding bonds were extinguished early

Direct Obligation Notes, Series 2009A

The Series 2009A bonds were issued in May 2009 The outstanding bonds bear interest at rates ranging from 5 05% to 6 25% payable semiannually on April 1 and October 1 Principal payments range from $85,000,000 in 2014 to $100,000,000 in 2019

CHFFA, Series 2009B

The Series 2009B bonds were issued in July 2009 The outstanding bonds bear an interest rate of 5 5% payable semiannually on April 1 and October 1 Annual principal payments range from $2,470,000 in 2034 to $83,775,000 in 2039

WHCFA, Series 2010A

The Series 2010A bonds were issued in June 2010 The outstanding bonds bear interest at rates ranging from 4 875% to 5 25% payable semiannually on April 1 and October 1 Annual principal payments range from $11,285,000 in 2030 to $23,275,000 in 2039

AIDEA, Series 2011A

The Series 2011A bonds were issued in November 2011 The outstanding bonds bear interest at rates ranging from 5 0% to 5 5% payable semiannually on April 1 and October 1 Annual principal payments range from $59,820,000 in 2040 to $62,900,000 in 2041

WHCFA, Series 2011B

The Series 2011B bonds were issued in June 2011 The outstanding bonds bear interest at rates ranging from 2 0% to 5 0% payable semiannually on April 1 and October 1 Annual principal payments range from $7,825,000 in 2012 to $11,195,000 in 2021 The proceeds were used to redeem the WHCFA Series 2001A bonds during 2011

Oregon Facilities Authority (OFA), Series 2011C

The Series 2011C bonds were issued in November 2011. The outstanding bonds bear interest at rates ranging from 3.5% to 5.0% payable semiannually on April 1 and October 1. Annual principal payments range from $1,950,000 in 2014 to $850,000 in 2026. These funds were used to redeem the HFACC 1999, 2002, and 2005 revenue bonds related to Providence Willamette Falls Medical Center, which were previously included in other debt.

(c) Other Long-Term Debt

Other long-term debt primarily includes bonds that are not under the master trust indenture, capital leases, and notes payable. Other long-term debt at December 31, 2011 and 2010 consists of the following:

	2011	2010
	(In thousands of dollars)	
Bonds not under master trust indenture	$ 12,896	36,258
Capital leases	13,088	14,148
Notes payable	36,151	48,430
Other	3,340	—
Total other long-term debt	$ 65,475	98,836

Scheduled principal payments of long-term debt, considering all obligations under the master trust indenture as due according to their long-term amortization schedule, for the next five years and thereafter are as follows:

	Master trust	Other	Total
		(In thousands of dollars)	
2012	$ 32,345	13,860	46,205
2013	32,800	16,175	48,975
2014	116,360	10,615	126,975
2015	32,015	4,274	36,289
2016	96,360	3,631	99,991
Thereafter	1,657,005	16,920	1,673,925
Scheduled principal payments of long-term debt	1,966,885	$ 65,475	2,032,360
Short-term master trust debt	254,000		
Total master trust debt	$ 2,220,885		

(Continued)

Leases

The Health System leases various medical and office equipment and buildings under operating leases Future minimum lease commitments under noncancelable operating leases for the next five years and thereafter are as follows (in thousands of dollars)

2012	$	53,301
2013		44,963
2014		38,558
2015		31,761
2016		31,191
Thereafter		168,370
	$	368,144

Rental expense was $91,604,000 and $81,203,000 for the years ended December 31, 2011 and 2010, respectively, and is included in other expenses in the accompanying consolidated statements of operations

(8) Retirement Plans

(a) Defined Benefit Plans

Cash Balance Retirement Plan

The Health System has a noncontributory cash balance plan covering substantially all employees called the Providence Health & Services Cash Balance Retirement Plan (the Cash Balance Plan) The plan benefits are based on defined average compensation and years of service The vesting period for is five years The Health System's funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period The Cash Balance Plan meets the definition of a defined benefit plan Under the Cash Balance Plan, each employee carries an individual account balance The Health System makes a defined, annual contribution and provides a defined interest credit to each employee's account

Supplemental Executive Retirement Plan

The Health System has a noncontributory supplemental executive retirement plan (the SERP) covering certain employees who were employed in certain key positions or pay grades or that have been designated by the Health System The plan benefits are based on defined average compensation and years of service The vesting period is five years The Health System's funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period The SERP meets the definition of a defined benefit plan Under the SERP, each employee carries an individual account balance The Health System makes a defined, annual contribution and provides a defined interest credit to each employee's account

Willamette Falls Pension Plan

During 2010, in connection with the Willamette Falls affiliation, the Willamette Falls Pension Plan was added as a defined benefit plan sponsored by the Health System The Willamette Falls Pension

Plan is also a noncontributory plan covering the employees of Providence Willamette Falls The plan benefits are based on years of service and compensation during an employee's period of employment Vesting is based on elapsed time The funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period Under the Willamette Falls Pension Plan, each employee carries an individual account balance

Matching Plan

The Health System also sponsors the Providence Health & Services Matching Plan (the Matching Plan) The plan is a money purchase pension plan, which provides for the Health System to make matching contributions to the plan based on employee contributions to the Providence Health & Services Tax Deferred Annuity Plan The Matching Plan contribution vesting period is five years

The Cash Balance Plan, the SERP, the Willamette Falls Pension Plan, and the Matching Plan are collectively "the defined benefit plans "

In April 2009, the Board of Directors of the Health System approved an amendment to freeze the Cash Balance Plan, the SERP, and the Matching Plan effective as of December 31, 2009 In conjunction with the freeze, the majority of participants no longer accrue a service credit under these plans There were a certain number of participants who accrued a service credit under these plans in 2010 and 2011, as the plan freeze was not ratified by their union until 2010 Effective February 2008, the Willamette Falls Pension Plan was frozen, and no additional members may become participants of this plan

The Health System's contributions to these defined benefit plans for the years ended December 31, 2011 and 2010 were $100,749,000 and $97,922,000, respectively

(Continued)

The measurement dates for the defined benefit plans are December 31, 2011 and 2010, respectively. A rollforward of the change in benefit obligation and change in the fair value of plan assets for the defined benefit plans is as follows:

		2011	2010
		(In thousands of dollars)	
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	$	1,856,001	1,765,725
Service cost		4,215	18,355
Interest cost		91,186	97,352
Plan amendments		11,330	—
Actuarial loss		65,594	124,677
Benefits paid and other		(144,136)	(150,108)
Projected benefit obligation at end of year		1,884,190	1,856,001
Change in fair value of plan assets			
Fair value of plan assets at beginning of year		1,213,114	1,233,747
Actual return on plan assets		(10,909)	82,903
Employer contributions		49,474	46,572
Benefits paid and other		(144,136)	(150,108)
Fair value of plan assets at end of year		1,107,543	1,213,114
Funded status		(776,647)	(642,887)
Unrecognized net actuarial loss		570,581	466,282
Unrecognized prior service cost		11,330	—
Net amount recognized	$	(194,736)	(176,605)
Amounts recognized in the consolidated balance sheets consist of			
Current liabilities	$	(5,464)	(9,245)
Noncurrent liabilities		(771,183)	(633,642)
Unrestricted net assets		581,911	466,282
Net amount recognized	$	(194,736)	(176,605)
Weighted average assumptions			
Discount rate		4 90%	5 20%
Rate of increase in compensation levels		3 29	3 36
Long-term rate of return on assets		7 00	7 00

(Continued)

Net periodic pension cost for the defined benefit plans for 2011 and 2010 is included in employee benefits in the accompanying consolidated statements of operations and includes the following components

		2011	2010
		(In thousands of dollars)	
Components of net periodic pension cost			
Service cost	$	4,215	18,355
Interest cost		91,241	97,352
Expected return on plan assets		(83,566)	(92,137)
Amortization of prior service cost		—	78
Recognized net actuarial loss		23,215	1,937
Curtailment		—	3,389
Settlement expense		32,500	—
Net periodic pension cost	$	67,605	28,974

The accumulated benefit obligation was $1,884,190,000 and $1,856,001,000 at December 31, 2011 and 2010, respectively

Total expense for all of the Health System's defined benefit plans for the years ended December 31, 2011 and 2010 was $121,207,000 and $80,325,000, respectively, and is included in employee benefits in the accompanying consolidated statements of operations Included in the total expense is $32,500,000 of settlement costs that were incurred in 2011 related to settlements that were greater than the sum of the service cost and interest cost components of net periodic pension cost This settlement expense is included in net nonoperating gains in the accompanying consolidated statements of operations

The following pension benefit payments reflect expected future service Payments expected to be paid over the next 10 years are as follows (in thousands of dollars)

2012	$	169,597
2013		205,805
2014		199,118
2015		190,733
2016 – 2021		903,704
	$	1,668,957

The Health System expects to contribute approximately $33,628,000 to the defined benefit plans in 2012

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation The Health System used 7 0% in calculating the 2011

(Continued)

and 2010 expense amounts. This assumption is based on capital market assumptions and the plan's target asset allocation.

The Health System continues to monitor the expected long-term rate of return. If changes in those parameters cause 7.0% to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time, suggest that general market assumptions are not representative of expected plan results, the Health System may revise this estimate prospectively.

Target asset allocation and expected long-term rate of return on assets (ELTRA) at December 31 was as follows:

	2011 and 2010 Target	2011 ELTRA	2010 ELTRA
Cash and cash equivalents	5%	0.5% – 2%	0.5% – 2%
Equity securities	35	5% – 8%	5% – 8%
Debt securities	50	3% – 4%	3% – 4%
Other securities	10	7% – 10%	7% – 10%
Total	100%	7.00%	7.00%

(Continued)

The following table presents the Health System's defined benefit plan assets measured at fair value at December 31, 2011

	December 31, 2011	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Cash and cash equivalents	$ 22,119	22,119	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	55,360	55,360	—	—
Medium-small cap and other	1,450	1,450	—	—
Emerging markets	46,196	46,196	—	—
Term bonds	46,995	46,995	—	—
Capital goods	45,708	45,708	—	—
Consumer services	70,638	70,638	—	—
Technology	25,712	25,712	—	—
Other	51,882	51,882	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	5,157	5,157	—	—
Capital goods	45,784	45,784	—	—
Consumer services	50,797	50,797	—	—
Energy	22,484	22,484	—	—
Financial services	15,098	15,098	—	—
Healthcare	20,565	20,565	—	—
Technology and other	7,914	7,914	—	—
Debt securities – state and government	129,888	—	129,888	—
Domestic corporate debt securities	182,479	—	182,479	—
Foreign corporate debt securities	22,921	—	22,921	—
Mortgage-backed securities	—	—		—
Commercial	6,873	—	6,873	—
Residential	136,386	—	136,386	—
Asset-backed securities	6,754	—	6,754	—
Hedge funds	83,167	—	83,167	—
Other	5,216	4,998	218	—
Total	$ 1,107,543	538,857	568,686	—

(Continued)

The following table presents the Health System's defined benefit plan assets measured at fair value at December 31, 2010

	December 31, 2010	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Cash and cash equivalents	$ 31,663	31,663	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	14,597	14,597	—	—
Medium-small cap and other	11,864	11,864	—	—
Emerging markets	74,082	74,082	—	—
Term bonds	60,150	60,150	—	—
Capital goods	41,163	41,163	—	—
Consumer services	99,513	99,513	—	—
Technology	24,940	24,940	—	—
Energy	20,698	20,698	—	—
Other	29,349	29,333	16	—
Foreign equity securities				
Capital goods	55,754	55,754	—	—
Consumer services	60,252	60,252	—	—
Energy	26,929	26,929	—	—
Financial services	14,539	14,539	—	—
Healthcare	18,798	18,798	—	—
Technology and other	5,538	5,538	—	—
Debt securities – state and government	122,893	—	122,893	—
Foreign debt securities	2,065	—	2,065	—
Domestic corporate debt securities	186,344	—	186,344	—
Foreign corporate debt securities	11,555	—	11,555	—
Mortgage-backed securities				
Commercial	7,435	—	7,435	—
Residential	227,641	—	227,641	—
Asset-backed securities	7,715	—	7,715	—
Derivatives – futures/options	1,310	—	1,310	—
Venture capital/partnerships	1,476	—	—	1,476
Hedge funds	49,697	—	49,697	—
Other	5,154	5,154	—	—
Total	$ 1,213,114	594,967	616,671	1,476

The fair value estimates of certain funds are estimates determined by management using various information sources, including information provided by the fund managers Certain funds classified

(Continued)

in Level 2 consist of shares or units in the investment funds as opposed to direct interests in the fund's underlying holdings, which are marketable securities Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Health System's interest therein, its classification in Level 2 is based on the Health System's ability to redeem its interest at or near the balance sheet date The classification in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities

The following table presents the Health System's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2011 (in thousands of dollars)

	Venture capital/ partnerships
Balance at December 31, 2009	$ 3,645
Total realized and unrealized (losses) gains, net	
Included in income	542
Included in net assets	—
Purchases, issuance, and settlements (net)	(2,711)
Transfers in and/or out of Level 3 (net)	—
Balance at December 31, 2010	1,476
Total realized and unrealized (losses) gains, net	
Included in income	(1,476)
Balance at December 31, 2011	$ —

(b) Defined Contribution Plans

401(a) Service Plan

The Health System sponsors the Providence Health & Services 401(a) Service Plan (the Service Plan), which was effective January 1, 2010 The Service Plan covers substantially all employees, with contributions based on defined average compensation and years of service The vesting period for the Service Plan is five years The Health System contributed $127,264,000 to the Service Plan in 2011 related to 2010, and has accrued a liability of $133,996,000 as of December 31, 2011 related to contributions, which has been included in current portion of retirement plan obligations on the accompanying consolidated balance sheets

(Continued)

401(k) Plan

The Health System sponsors the Providence Health & Services 401(k) Plan (the 401(k) Plan) Total 401(k) Plan expense, primarily related to contributions, totaled $4,674,000 and $4,434,000 in 2011 and 2010, respectively

(9) Self-Insurance Liability

The Health System accrues estimated self-insured professional and general liability and workers' compensation insurance claims based on management's estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred-but-not-reported Insurance coverage in excess of the per occurrence self-insured retention, has been secured with insurers or reinsurers for specified amounts for professional, general and workers' compensation liabilities Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance

At December 31, 2011 and 2010, the estimated liability for future costs of professional and general liability claims was $178,854,000 and $170,109,000, respectively At December 31, 2011 and 2010, the estimated workers' compensation obligation was $132,216,000 and $139,267,000, respectively, in the accompanying consolidated balance sheets At December 31, 2011 and 2010, $236,126,000 and $225,469,000, respectively, of these amounts were included as self-insurance liability, net of current portion, with the remainder included within current portion of self-insurance liability, in the accompanying consolidated balance sheets

(10) Commitments

The Health System has committed to several construction projects and other purchase commitments with an estimated cost of $203,108,000, all of which is remaining to be spent as of December 31, 2011

(11) Temporarily and Permanently Restricted Net Assets

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

	2011	2010
	(In thousands of dollars)	
Program support	$ 100,656	72,031
Low-income housing	27,533	28,472
Capital acquisition and other	23,697	59,362
Total temporarily restricted net assets	$ 151,886	159,865

The Health System's fundraising foundations have obtained contributions to support the various programs offered by the Health System Many of these contributions remain temporarily restricted as of December 31, 2011 and 2010 because the time or purpose restrictions stipulated by the donor have not been met Total fundraising expenses were $8,731,000 and $8,821,000 for the years ended December 31,

(Continued)

2011 and 2010, respectively. Generally, program support consists of items that will defray the cost of operating certain patient care activities of the Health System.

Other revenues included $31,017,000 and $33,293,000 of assets released from restriction for the years ended December 31, 2011 and 2010, respectively.

Permanently restricted net assets are restricted to investments in perpetuity, the income of which is expendable primarily for program support.

(12) Litigation and Contingencies

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of patient services previously billed. Institutions within the Health System are subject to similar regulatory reviews.

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's consolidated financial statements.

(13) Functional Expenses

The Health System provides healthcare services to residents within its geographic service areas. Expenses related to providing these services for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
	(In thousands of dollars)	
Healthcare expenses	$ 6,464,759	6,016,572
Purchased healthcare expenses	694,273	651,738
General and administrative expenses	1,341,256	1,083,430
Total operating expenses	$ 8,500,288	7,751,740

(14) Subsequent Event

On February 1, 2012, the Health System and Swedish Health Services (Swedish) effected an Affiliation Agreement, which integrated the operations of the two health systems. The Health System and Swedish have affiliated to create a fully integrated, nonprofit, charitable health care system serving the communities throughout Western Washington. No cash or other purchase consideration was transferred to effect the affiliation.

(Continued)

Swedish operates five acute care hospitals with 1,637 licensed beds in the greater Seattle area The historical combined financial statements of Swedish as of and for the year ended December 31, 2011 reflect total unaudited assets of $2,208,449,000, total unaudited net assets of $501,100,000, total unaudited net operating revenue of $1,866,244,000, and total unaudited deficit of revenues from operations of $56,253,000 These amounts are not reflective of future results The affiliation will be accounted for pursuant to FASB ASC 958-805 *Not-for-Profit Business Combinations* As of April 11, 2012, the annual audit of Swedish is not complete and the accounting for the affiliation is incomplete, pending the determination of the fair value of certain assets acquired and liabilities assumed and development of the required disclosures

Schedule 1

PROVIDENCE HEALTH & SERVICES

Supplemental Schedule – Balance Sheet Information

December 31, 2011 (with consolidated totals for 2010)

(In thousands of dollars)

Assets	Alaska	Washington	Montana	Oregon	Providence Plan Partners	Southern California	System office, eliminations, and other	2011 Total Health System	2010 Total Health System
Current assets									
Cash and cash equivalents	$ 46,243	114,205	8,032	55,509	31,910	62,969	59,653	378,521	527,703
Short-term management-designated investments	—	—	—	268,554	—	—	148,656	417,210	358,307
Assets held under securities lending	—	—	—	—	—	—	86,987	86,987	139,920
Accounts receivable, net	139,512	335,214	35,418	266,538	—	208,497	(49,575)	935,604	845,842
Other receivables, net	18,649	49,864	29,884	71,446	16,544	59,072	(31,932)	213,527	186,267
Supplies inventory	15,212	44,022	6,382	36,004	—	23,423	114	125,157	123,332
Other current assets	1,894	24,381	3,367	24,400	2,316	12,087	14,095	82,540	77,762
Current portion of funds held by trustee	—	65	—	1,181	—	—	74,499	75,745	88,684
Total current assets	221,510	567,751	83,083	723,632	50,770	366,048	302,497	2,315,291	2,347,817
Assets whose use is limited									
Management-designated cash and investments	258,790	716,782	42,228	752,177	471,028	178,179	293,866	2,713,050	2,517,647
Gift annuities, trusts, and other	457	3,797	1,872	18,975	—	7,517	2,927	35,545	37,036
Funds held by trustee	30,487	—	—	1,477	14,355	2,552	111,372	160,243	139,533
Assets whose use is limited, net	289,734	720,579	44,100	772,629	485,383	188,248	408,165	2,908,838	2,694,216
Property, plant, and equipment, net	592,526	1,444,198	94,711	1,209,566	81,995	882,238	373,947	4,679,181	4,272,212
Other assets	80,167	83,036	27,240	81,560	458	92,969	(89,061)	276,369	264,825
Total assets	$ 1,183,937	2,815,564	249,134	2,787,387	618,606	1,529,503	995,548	10,179,679	9,579,070
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt	$ 10,983	10,041	4,224	7,106	—	11,699	2,152	46,205	48,145
Master trust debt classified as short-term	39,350	82,136	640	202,593	—	—	129,481	454,200	454,200
Accounts payable	18,244	153,197	11,638	71,379	1,099	55,783	20,345	331,685	301,560
Accrued compensation	36,160	130,724	8,667	132,471	—	75,638	48,064	431,724	378,598
Payable to contractual agencies	2,778	59,415	1,434	29,015	2,609	15,343	—	110,594	71,668
Liabilities under securities lending	—	—	—	—	—	—	89,183	89,183	142,345
Current portion of retirement plan obligations	—	—	—	—	—	—	154,120	154,120	136,245
Current portion of self-insurance liability	—	—	4,754	—	—	—	70,190	74,944	83,907
Other current liabilities	5,876	53,766	12,633	46,040	147,324	67,783	(133,537)	199,885	189,957
Total current liabilities	113,391	489,279	43,990	488,604	151,032	226,246	379,998	1,892,540	1,806,625
Long-term debt, net of current portion (1)	300,000	836,635	63,257	123,695	—	542,389	(68,626)	1,797,350	1,705,313
Other long-term liabilities	21,200	11,564	7,003	41,267	703	20,066	987,289	1,089,092	930,310
Total liabilities	434,591	1,337,478	114,250	653,566	151,735	788,701	1,298,661	4,778,982	4,442,248
Net assets									
Unrestricted	739,499	1,432,151	126,386	2,062,964	466,871	693,906	(342,798)	5,178,979	4,909,822
Temporarily restricted	8,450	35,433	5,931	42,452	—	26,959	32,661	151,886	159,865
Permanently restricted	1,397	10,502	2,567	28,405	—	19,937	7,024	69,832	67,135
Total net assets	749,346	1,478,086	134,884	2,133,821	466,871	740,802	(303,113)	5,400,697	5,136,822
Total liabilities and net assets	$ 1,183,937	2,815,564	249,134	2,787,387	618,606	1,529,503	995,548	10,179,679	9,579,070

(1) The Obligated Group debt is joint and several for the Obligated Group members; however, the balance sheets of the individual entities only include their allocated portions.

See accompanying independent auditors' report.

Schedule 2

PROVIDENCE HEALTH & SERVICES

Supplemental Schedule – Statement of Operations Information

December 31, 2011 (with consolidated totals for 2010)

(In thousands of dollars)

	Alaska	Washington	Montana	Oregon	Providence Plan Partners	Southern California	System office, eliminations, and other	2011 Total Health System	2010 Total Health System
Operating revenues									
Net patient service revenues	$ 713,421	2,469,237	268,065	2,260,526	—	1,645,646	(331,515)	7,025,380	6,512,985
Premium revenues	—	27,205	—	64,709	1,093,068	—	—	1,184,982	1,124,913
Other revenues	45,797	248,520	29,874	189,353	46,876	53,008	(84,609)	528,819	444,057
Total operating revenues	759,218	2,744,962	297,939	2,514,588	1,139,944	1,698,654	(416,124)	8,739,181	8,081,955
Operating expenses									
Salaries and wages	272,143	1,150,675	101,630	1,090,230	491	659,466	128,142	3,402,777	3,160,451
Employee benefits	72,812	312,676	26,347	265,592	3	177,435	28,367	883,232	807,748
Purchased healthcare	—	14,145	—	22,578	966,347	27,618	(336,415)	694,273	651,738
Professional fees	10,587	85,191	9,485	83,775	3,015	73,052	15,445	280,550	240,248
Supplies	101,957	418,445	48,298	356,444	464	207,450	5,579	1,138,637	1,110,434
Purchased services	92,226	298,607	55,879	242,109	96,770	181,353	(268,262)	698,682	641,496
Depreciation	51,681	109,194	11,405	117,408	2,176	73,671	41,582	407,117	382,204
Interest and amortization	7,134	31,327	3,488	6,971	—	31,574	(4,258)	76,236	65,387
Bad debts	59,124	130,455	15,157	54,800	46	60,126	205	319,913	290,958
Other	29,222	161,637	11,796	156,431	27,784	182,692	29,309	598,871	401,076
Total operating expenses	696,886	2,712,352	283,485	2,396,338	1,097,096	1,674,437	(360,306)	8,500,288	7,751,740
Excess (deficit) of revenues over expenses from operations	62,332	32,610	14,454	118,250	42,848	24,217	(55,818)	238,893	330,215
Net nonoperating gains	10,791	32,768	1,892	57,161	26,555	1,545	(7,878)	122,834	155,383
Excess (deficit) of revenues over expenses	73,123	65,378	16,346	175,411	69,403	25,762	(63,696)	361,727	485,598
Net assets released from restriction	229	—	25	2,317	—	13,190	1,148	16,909	23,751
Change in noncontrolling interests in consolidated joint ventures	(639)	20,202	—	404	—	(752)	—	19,215	43,410
Pension related changes	—	—	—	(4,549)	—	—	(124,687)	(129,236)	(123,290)
Interdivision transfers	(16,162)	(134,501)	(9,747)	(70,718)	(53,000)	(34,312)	318,440	—	—
Other changes in unrestricted net assets	930	(176)	(57)	608	—	292	(1,055)	542	2,264
Increase (decrease) in unrestricted net assets	$ 57,481	(49,097)	6,567	103,473	16,403	4,180	130,150	269,157	431,733

See accompanying independent auditors' report