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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)	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011			
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization MULTICARE HEALTH SYSTEM		D Employer identification number 91-1352172
	Doing Business As		E Telephone number (253) 459-8125
	Number and street (or P O box if mail is not delivered to street address) PO BOX 5299	Room/suite	G Gross receipts \$ 1,419,589,770
	City or town, state or country, and ZIP + 4 TACOMA, WA 984150299		
	F Name and address of principal officer DIANE CECCHETTINI PO BOX 5299 TACOMA, WA 984150299		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.MULTICARE.ORG			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1987	M State of legal domicile WA

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities MULTICARE HEALTH SYSTEM'S MISSION IS TO PROVIDE QUALITY PATIENT CARE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	8,886
	6 Total number of volunteers (estimate if necessary)	6	1,593
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	4,814,381
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-488,618	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	13,821,284	21,876,174
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,025,192,054	1,377,489,080
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-6,515,168	-24,131,162
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-919,410	6,344
		1,031,578,760	1,375,240,436
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	5,067,818	8,092,530
	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)	583,805,745	748,069,182
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	403,085,408	575,109,263
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	991,958,971	1,331,270,975
	19 Revenue less expenses Subtract line 18 from line 12	39,619,789	43,969,461
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		1,557,442,619	2,270,274,326
21 Total liabilities (Part X, line 26)		1,011,384,386	1,261,537,187
22 Net assets or fund balances Subtract line 21 from line 20		546,058,233	1,008,737,139

Part II Signature Block

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

Sign Here	<div> <div></div> <div>Signature of officer</div> </div>			2012-11-12	
	<div> <div></div> <div>DIANE CECCHETTINI PRESIDENT & CEO</div> <div>Type or print name and title</div> </div>				
Paid Preparer's Use Only	<div> <div>Preparer's signature</div> <div></div> </div>		Date	<div> <div>Check if self-employed</div> <div><input checked="" type="checkbox"/></div> </div>	<div>Preparer's taxpayer identification number (see instructions)</div> <div>P00712229</div>
	<div> <div>Firm's name (or yours if self-employed), address, and ZIP + 4</div> <div></div> </div>		<div> <div>ERNST & YOUNG US LLP</div> <div>178 S RIO GRANDE STREETSTE 400</div> <div>SALT LAKE CITY, UT 84101</div> </div>		<div>EIN</div> <div>34-6565596</div>
					<div>Phone no</div> <div>(801) 350-3300</div>

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

MULTICARE HEALTH SYSTEM'S MISSION IS TO PROVIDE QUALITY PATIENT CARE

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 \$ 894,647,481 including grants of \$ 8,092,530) (Revenue \$ 1,146,652,621)

MULTICARE HEALTH SYSTEM (MHS) OPERATES FOUR COMMUNITY BASED HOSPITALS WITH 821 LICENSED ADULT BEDS AND 72 LICENSED PEDIATRIC BEDS DURING 2011 MHS HOSPITALS ADMITTED 35,466 PATIENTS FOR A TOTAL OF 142,471 PATIENT DAYS, PERFORMED 26,887 SURGERIES AND DELIVERED 4,634 BABIES THERE WERE 7,623 NEWBORN DAYS DURING 2011 THEY ALSO PROVIDED CARE FOR 246,959 OUTPATIENT VISITS AND 145,211 EMERGENCY ROOM VISITS, OF WHICH 637 WERE TRAUMA PATIENTS THE STATISTICS FOR GOOD SAMARITAN HOSPITAL, WHICH IS PART OF MULTICARE HEALTH SYSTEM, INCLUDE PRORATIONS DUE TO THE 3/31/2011 STUB YEAR FILING

4b

(Code) (Expenses \$ 103,449,245 including grants of \$) (Revenue \$ 137,638,999)

MULTICARE HEALTH SYSTEM OPERATES MULTI-SPECIALTY CLINICS THROUGHOUT PIERCE AND SOUTH KING COUNTIES DURING 2011 THESE CLINICS PROCESSED 438,076 LABORATORY WORKLOAD UNITS, 173,080 IMAGING RELATIVE UNITS, 70,218 ONCOLOGY RELATIVE VALUE UNITS, 26,243 RADIOLOGY ONCOLOGY RELATIVE VALUE UNITS, 39,585 THERAPY VALUE UNITS AND 823 PHARMACY WORKLOAD UNITS

4c

(Code) (Expenses \$ 75,688,327 including grants of \$) (Revenue \$ 56,513,348)

MULTICARE HEALTH SYSTEM OPERATES PRIMARY CARE PHYSICIAN PRACTICES THROUGHOUT PIERCE AND SOUTH KING COUNTIES THESE PRACTICES PROVIDED 410,665 PATIENT VISITS DURING 2011

(Code) (Expenses \$ 49,309,969 including grants of \$) (Revenue \$ 36,684,112)

MULTICARE HEALTH SYSTEM'S OTHER PROGRAMS INCLUDE URGENT CARE CLINICS, BEHAVIORAL HEALTH, HOME HEALTH SERVICES AND HOSPICE, ADULT DAY HEALTH, PSYCHOLOGY CHILDREN'S THERAPY UNIT DURING 2011 THE CLINICS PROVIDED 149,050 URGENT CARE VISITS, 48,184 HOME HEALTH VISITS AND 5,812 PSYCHOLOGY CHILDREN'S THERAPY VISITS THE HOME HEALTH AND HOSPICE PROGRAMS ADMITTED 4,794 PATIENTS DURING 2011

4d

Other program services (Describe in Schedule O)

(Expenses \$ 49,309,969 including grants of \$) (Revenue \$ 36,684,112)

4e





















Total program service expenses

\$ 1,123,095,022

Form 990 (2011)

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	1,065			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	8,886			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

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

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	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
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	WA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	JASON MITCHELL 737 S FAWCETT TACOMA, WA 98402 (253) 459-8331

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ROBERT CORLISS MD PART YEAR DIRECTOR	2 00	X						0	0	0
(2) JOHN FOLSOM CHAIR	2 00	X		X				0	0	0
(3) JOHN HALL DIRECTOR	2 00	X						0	0	0
(4) SALLY B LEIGHTON SECRETARY	2 00	X		X				0	0	0
(5) KAREN J LYNCH PART YEAR DIRECTOR	2 00	X						0	0	0
(6) ROB R ROTH MD VICE CHAIR	2 00	X		X				0	0	0
(7) L DALE SOWELL DIRECTOR	2 00	X						0	0	0
(8) DEEDRA WALKY DIRECTOR	2 00	X						0	0	0
(9) JOHN WIBORG TREASURER	2 00	X		X				0	0	0
(10) BISHOP DAVID WOLD PART YEAR DIRECTOR	2 00	X						0	0	0
(11) LUKE XITCO DIRECTOR	2 00	X						0	0	0
(12) ROBERT A YOST DIRECTOR	2 00	X						0	0	0
(13) DIANE CECCHETTINI PRESIDENT & CEO	57 00			X				1,633,568	0	38,961
(14) JOHN LONG PART YEAR SENIOR EXECUTIVE ADVISOR	19 00			X				537,660	0	17,371
(15) VINCENT SCHMITZ CHIEF FINANCIAL OFFICER	57 00			X				850,298	0	44,239
(16) WILLIAM STOVER SR VICE PRESIDENT	60 00				X			598,842	0	41,074
(17) KATHERINE SMITH SR VICE PRESIDENT	60 00				X			599,443	0	39,677

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) FLORENCE CHANG SR VICE PRESIDENT	60 00				X			491,976	0	26,155
(19) SHELLY MULLIN VP,ADMINISTRATOR TACOMA GENERAL HOSPITAL	60 00				X			371,454	0	64,166
(20) GLENN KASMAN PRESIDENT GOOD SAMARITAN HOSPITAL	60 00				X			358,683	0	61,958
(21) MADLYN MURREY VP,ADMINISTRATOR MARY BRIDGE HOSPITAL	60 00				X			238,212	0	52,998
(22) ELISE FORNADLEY VP,ADMINISTRATOR ALLENMORE HOSPITAL	60 00				X			224,824	0	29,305
(23) MARCIA JOHNSON VICE PRESIDENT	60 00				X			363,838	0	88,638
(24) CLAIRE SPAIN-REMY VICE PRESIDENT	60 00				X			344,742	0	47,454
(25) PATRICK WARD VICE PRESIDENT	60 00				X			170,409	0	33,380
(26) JOHN HUNG PHYSICIAN	50 00					X		1,204,415	0	34,515
(27) DAVID COONS PHYSICIAN	50 00					X		1,200,387	0	56,811
(28) JAMES WYMAN PHYSICIAN	50 00					X		977,789	0	30,018
(29) WILLIAM MORRIS PHYSICIAN	50 00					X		964,777	0	218,986
(30) DOUGLAS SUTHERLAND PHYSICIAN	50 00					X		837,422	0	28,313
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								11,968,739	0	954,019

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization1,016

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
TACOMA EMERGENCY CARE PHYSICIANS CO 4301 S PINE STREET STE 400 TACOMA, WA 98409	MEDICAL	10,479,155
TACOMA ANESTHESIA ASSOCIATES INC PS 3633 PACIFIC AVE STE 204 TACOMA, WA 98418	MEDICAL	7,055,488
TRAUMA TRUST POBOX 5299 TACOMA, WA 98415	MEDICAL	6,702,008
SOUND PHYSICIANS POBOX 60000 SAN FRANCISCO, CA 94160	MEDICAL	3,667,710
TOTAL RENAL CARE INC POBOX 403008 ATLANTA, GA 30384	MEDICAL	1,550,636

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization87

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	10,512,741				
	e	Government grants (contributions)	1e	11,363,433				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			21,876,174			
Program Service Revenue			Business Code					
	2a	HEALTHCARE SERVICES	622110	1,164,341,468	1,161,924,878	2,416,590		
	b	AMBULATORY SRVS AND UR	621493	127,062,027	125,971,580	1,090,447		
	c	OFFICES OF PHYSICIANS	621111	71,304,904	71,304,904			
	d	HOME HEALTH	621610	9,385,847	9,385,847			
	e	OUTPATIENT MENTAL HEAL	621420	2,950,288	2,950,288			
	f	All other program service revenue		2,444,546	1,150,942	1,293,604		
	g	Total. Add lines 2a-2f			1,377,489,080			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			19,843,676	13,740	19,829,936	
	4	Income from investment of tax-exempt bond proceeds . . .			85		85	
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		53,263						
		0						
		53,263						
	d	Net rental income or (loss)			53,263		53,263	
	7a	(i) Securities		(ii) Other				
		43,974,923						
		-43,974,923						
	d	Net gain or (loss)			-43,974,923		-43,974,923	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances		a				
	b	Less cost of goods sold		b				
	c	Net income or (loss) from sales of inventory . . .						
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions			1,375,240,436	1,372,688,439	4,814,381	-24,138,558	

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	8,092,530	8,092,530		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	7,369,325	6,119,802	1,249,523	
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	558,367,226	462,442,457	95,924,769	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	42,943,068	35,661,757	7,281,311	
9	Other employee benefits	101,069,898	83,932,758	17,137,140	
10	Payroll taxes	38,319,665	32,069,406	6,250,259	
11	Fees for services (non-employees)				
a	Management				
b	Legal	1,562,407		1,562,407	
c	Accounting	337,036		337,036	
d	Lobbying	116,370		116,370	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	118,884,050	66,663,598	52,220,452	
12	Advertising and promotion	2,650,987	817,010	1,833,977	
13	Office expenses	8,686,362	6,348,977	2,337,385	
14	Information technology				
15	Royalties				
16	Occupancy	22,831,720	18,960,435	3,871,285	
17	Travel	5,228,374	4,118,995	1,109,379	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	62,979	51,672	11,307	
20	Interest	25,675,298	21,321,863	4,353,435	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	91,034,762	75,599,152	15,435,610	
23	Insurance	17,468,657	14,506,718	2,961,939	
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	SUPPLIES	157,083,936	156,370,845	713,091	
b	PROVISION FOR BAD DEBTS	109,282,012	109,282,012		
c	SAFETY NET ASSESMENT	26,293,292	109,664	26,183,628	
d	LICENSES	18,034,220	1,601,216	16,433,004	
e					
f	All other expenses	-30,123,199	19,024,155	-49,147,354	
25	Total functional expenses. Add lines 1 through 24f	1,331,270,975	1,123,095,022	208,175,953	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			161,327,793	2	167,371,520
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			139,274,205	4	176,494,579
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			11,973,550	8	17,717,604
	9	Prepaid expenses and deferred charges			9,386,059	9	11,674,175
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	1,967,321,709			
	b	Less accumulated depreciation	10b	836,640,147	959,189,788	10c	1,130,681,562
	11	Investments—publicly traded securities			200,695,451	11	674,150,734
	12	Investments—other securities See Part IV, line 11			22,328,000	12	22,953,000
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			53,267,773	15	69,231,152
	16	Total assets. Add lines 1 through 15 (must equal line 34)			1,557,442,619	16	2,270,274,326
Liabilities	17	Accounts payable and accrued expenses			124,758,099	17	190,362,434
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			555,039,068	20	782,124,965
	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			9,060,000	24	365,888
	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			322,527,219	25	288,683,900
	26	Total liabilities. Add lines 17 through 25			1,011,384,386	26	1,261,537,187
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			546,058,233	27	1,008,737,139
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			546,058,233	33	1,008,737,139
	34	Total liabilities and net assets/fund balances			1,557,442,619	34	2,270,274,326

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,375,240,436
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,331,270,975
3	Revenue less expenses Subtract line 2 from line 1	3	43,969,461
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	546,058,233
5	Other changes in net assets or fund balances (explain in Schedule O)	5	418,709,445
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	1,008,737,139

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization MULTICARE HEALTH SYSTEM	Employer identification number 91-1352172
---	--

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11	Total support (Add lines 7 through 10)						
12	Gross receipts from related activities, etc (See instructions)					12	
13	First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a	33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization 		
b	33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization 		
17a	10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization 		
b	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization 		
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions 		

Part IIIPart III

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 91-1352172
Name: MULTICARE HEALTH SYSTEM

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 \$ 49,309,969 including grants of \$) (Revenue \$ 36,684,112) MULTICARE HEALTH SYSTEM'S OTHER PROGRAMS INCLUDE URGENT CARE CLINICS, BEHAVIORAL HEALTH, HOME HEALTH SERVICES AND HOSPICE, ADULT DAY HEALTH,PSYCHOLOGY CHILDREN'S THERAPY UNIT DURING 2011 THE CLINICS PROVIDED 149,050 URGENT CARE VISITS, 48,184 HOME HEALTH VISITS AND 5,812 PHYCHOLOGY CHILDREN'S THERAPY VISITS THE HOME HEALTH AND HOSPICE PROGRAMS ADMITTED 4,794 PATIENTS DURING 2011

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				
ROBERT CORLISS MD PART YEAR DIRECTOR	2 00	X							0	0	0
JOHN FOLSOM CHAIR	2 00	X		X					0	0	0
JOHN HALL DIRECTOR	2 00	X							0	0	0
SALLY B LEIGHTON SECRETARY	2 00	X		X					0	0	0
KAREN J LYNCH PART YEAR DIRECTOR	2 00	X							0	0	0
ROB R ROTH MD VICE CHAIR	2 00	X		X					0	0	0
L DALE SOWELL DIRECTOR	2 00	X							0	0	0
DEEDRA WALKEY DIRECTOR	2 00	X							0	0	0
JOHN WIBORG TREASURER	2 00	X		X					0	0	0
BISHOP DAVID WOLD PART YEAR DIRECTOR	2 00	X							0	0	0
LUKE XITCO DIRECTOR	2 00	X							0	0	0
ROBERT A YOST DIRECTOR	2 00	X							0	0	0
DIANE CECCHETTINI PRESIDENT & CEO	57 00			X					1,633,568	0	38,961
JOHN LONG PART YEAR SENIOR EXECUTIVE ADVISOR	19 00			X					537,660	0	17,371
VINCENT SCHMITZ CHIEF FINANCIAL OFFICER	57 00			X					850,298	0	44,239
WILLIAM STOVER SR VICE PRESIDENT	60 00				X				598,842	0	41,074
KATHERINE SMITH SR VICE PRESIDENT	60 00				X				599,443	0	39,677
FLORENCE CHANG SR VICE PRESIDENT	60 00				X				491,976	0	26,155
SHELLY MULLIN VP,ADMINISTRATOR TACOMA GENERAL HOSPITAL	60 00				X				371,454	0	64,166
GLENN KASMAN PRESIDENT GOOD SAMARITAN HOSPITAL	60 00				X				358,683	0	61,958
MADLYN MURREY VP,ADMINISTRATOR MARY BRIDGE HOSPITAL	60 00				X				238,212	0	52,998
ELISE FORNADLEY VP,ADMINISTRATOR ALLENMORE HOSPITAL	60 00				X				224,824	0	29,305
MARCIA JOHNSON VICE PRESIDENT	60 00				X				363,838	0	88,638
CLAIRE SPAIN-REMY VICE PRESIDENT	60 00				X				344,742	0	47,454
PATRICK WARD VICE PRESIDENT	60 00				X				170,409	0	33,380

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			
JOHN HUNG PHYSICIAN	50 00					X		1,204,415	0	34,515
DAVID COONS PHYSICIAN	50 00					X		1,200,387	0	56,811
JAMES WYMAN PHYSICIAN	50 00					X		977,789	0	30,018
WILLIAM MORRIS PHYSICIAN	50 00					X		964,777	0	218,986
DOUGLAS SUTHERLAND PHYSICIAN	50 00					X		837,422	0	28,313

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 MULTICARE HEALTH SYSTEM	Employer identification number 91-1352172
---	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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-

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

Cat No 50084S

Schedule C (Form 990 or 990-EZ) 2011

Part II-A

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

- A

Check

☐

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

Check

☐

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		116,370
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			116,370
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
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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
MULTICARE HEALTH SYSTEM

Employer identification number
91-1352172

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

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

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii)

Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

Part III

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

3

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

a

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
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		50,488,339		50,488,339
b Buildings		1,158,381,337	318,989,032	839,392,305
c Leasehold improvements		47,390,637	27,472,399	19,918,238
d Equipment		665,184,974	490,178,716	175,006,258
e Other		45,876,422		45,876,422
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				1,130,681,562

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 CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF MULTICARE HEALTH SYSTEM FOOTNOTE READS "EFFECTIVE JANUARY 1, 2007, MHS ADOPTED FASB ASC TOPIC 740-10 -INCOME TAXES, WHICH CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN MHS' CONSOLIDATED FINANCIAL STATEMENTS. ASC TOPIC 740-10 ALSO PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT STANDARD FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF AN INCOME TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. ONLY TAX POSITIONS THAT MEET THE "MORE LIKELY THAN NOT" RECOGNITION THRESHOLD AT THE EFFECTIVE DATE MAY BE RECOGNIZED OR CONTINUE TO BE RECOGNIZED UPON ADOPTION. IN ADDITION, ASC TOPIC 740-10 PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE, AND TRANSITION. ASC TOPIC 740-10, RELATING TO ACCOUNTING FOR UNCERTAIN TAX POSITIONS, DID NOT HAVE A SIGNIFICANT IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MULTICARE HEALTH SYSTEM. OTHER THAN MEDIS, INC., A TAXABLE CORPORATION, AND GOOD SAMARITAN SURGERY CENTER, LLC, A LIMITED LIABILITY COMPANY (WHICH MERGED INTO MHS IN DECEMBER 2010), ALL OF THE OTHER ENTITIES HAVE OBTAINED DETERMINATION LETTERS FROM THE INTERNAL REVENUE SERVICE THAT THEY ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE, EXCEPT FOR TAX ON UNRELATED BUSINESS INCOME."

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
MULTICARE HEALTH SYSTEM

Employer identification number
91-1352172

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 <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most 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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other 500.000000000000 %	3a	Yes	
		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 eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charnty care at cost (from Worksheet 1)			24,480,681	0	24,480,681	2 000 %
b Medicaid (from Worksheet 3, column a)			269,019,246	192,550,175	76,469,071	6 260 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			2,497,000	1,576,000	921,000	0 080 %
d Total Charnty Care and Means-Tested Government Programs			295,996,927	194,126,175	101,870,752	8 340 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	11	8,648	1,224,334	0	1,224,334	0 100 %
f Health professions education (from Worksheet 5)	10	2,934	7,260,765	509,611	6,751,154	0 550 %
g Subsidized health services (from Worksheet 6)	30	44,287	57,090,917	31,933,371	25,157,546	2 060 %
h Research (from Worksheet 7)	2	101	961,315	0	961,315	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	4	175	1,215,969	0	1,215,969	0 100 %
j Total Other Benefits	57	56,145	67,753,300	32,442,982	35,310,318	2 890 %
k Total. Add lines 7d and 7j	57	56,145	363,750,227	226,569,157	137,181,070	11 230 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing	2	984	737,998	334,091	403,907	0.030 %
2Economic development						
3Community support	9	64,106	6,984,061	200,768	6,783,293	0.560 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building	4	28,713	3,254,853	5,992	3,248,861	0.270 %
7Community health improvement advocacy	6	11,394	4,162,938	158,609	4,004,329	0.330 %
8Workforce development	3	3	940,740	0	940,740	0.080 %
9Other						
10Total	24	105,200	16,080,590	699,460	15,381,130	1.270 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	31,124,000	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	3,256,000	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	169,109,000	
6Enter Medicare allowable costs of care relating to payments on line 5	6	216,695,000	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-47,586,000	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 4

Name and address

Schedule H (Form 990) 2011

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

TACOMA GENERAL HOSPITAL

Name of Hospital Facility:_____

Line Number of Hospital Facility (from Schedule H, Part V, Section A):_____1_____

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

GOOD SAMARITAN HOSPITAL

Name of Hospital Facility:_____

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

ALLENMORE HOSPITAL

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

MARY BRIDGE CHILDRENS HOSPITAL

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)		1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted		3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)		5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs		7	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 300 00000000000000% If "No," explain in Part VI the criteria the hospital facility used		9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section 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? 19

Name and address		Type of Facility (Describe)
1	See Additional Data Table	
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 7 THE AMOUNTS ARE CALCULATED BASED ON A COST-TO-CHARGE RATIO WHICH WAS CALCULATED BASED ON WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS

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 \$ 109282012

Identifier	ReturnReference	Explanation
		PART II MULTICARE HEALTH SYSTEM PARTICIPATES IN A WIDE VARIETY OF COMMUNITY BUILDING ACTIVITIES WHICH PROMOTE THE HEALTH OF THE COMMUNITIES WE SERVE THESE INCLUDE -TACOMA TRAUMA TRUST IS A COLLABORATION OF MULTICARE, FRANCISCAN HEALTH SYSTEM AND MADIGAN ARMY MEDICAL CENTER TO PROVIDE TRAUMA CARE TO THE SOUTH PUGET SOUND REGION,-FALLS PREVENTION PROGRAM FOR THE ELDERLY,-TACOMA SOBERING CENTER PROVIDING OVERNIGHT HOUSING FOR INDIVIDUALS WITH DRUG AND ALCOHOL ISSUES, -SEXUAL ASSAULT PREVENTION PROGRAM AND THE FORENSIC NURSE EXAMINER PROGRAM, PROVIDING CARE TO ADULT VICTIMS OF SEXUAL ASSAULT,-BEHAVIORAL HEALTH CRISIS INTERVENTION PROGRAM,-MARY BRIDGE CENTER FOR CHILDHOOD SAFETY AND THE MARY BRIDGE CHILDREN'S ADVOCACY CENTER, -BRIDGES A CENTER FOR GRIEVING CHILDREN,-HOME HEALTH, HOSPICE AND PALLIATIVE CARE SERVICES,-GRIEF AND LOSS SERVICES,-FAMILY CAMP ERIN FOR CHILDREN SUFFERING LOSSES OF FAMILY MEMBERS,-CANCER CAMP FOR CHILDREN WITH CANCER,- WOMEN, INFANT AND CHILDREN (WIC) PROGRAM,-SAFE KIDS,-SAFE SHORES,-CENTER FOR HEALTHY LIVING NUTRITION AND FITNESS EDUCATION AND COMMUNITY HEALTH IMPROVEMENT PROGRAMS,-DIABETES SERVICES,-CONSULTING NURSE TELEPHONE SERVICE,- CHRONIC DISEASE MANAGEMENT SUPPORT GROUPS,- WORKFORCE DEVELOPMENT PARTNERSHIPS WITH THE PIERCE COUNTY WORKFORCE DEVELOPMENT COUNCIL AND THE PIERCE COUNTY HEALTH CAREERS COUNCIL TO PREPARE PEOPLE FOR HEALTH CARE CAREERS,- PARTNERSHIPS WITH AREA COLLEGE NURSING PROGRAMS AND A NURSE RESIDENCY PROGRAM,-FREE SPORTS PHYSICALS FOR THE STUDENTS AT THE FIRST CREEK MIDDLE SCHOOL,- 5-2-1-0 LET'S GO!, A COMMUNITY-WIDE PUBLIC-PRIVATE PARTNERSHIP INITIATIVE TO PREVENT CHILDHOOD OBESITY,-SIBLING SUPPORT PROJECT TO BENEFIT SIBLINGS OF CHILDREN WITH SPECIAL HEALTHCARE NEEDS,-SCHOLARSHIPS FOR PARENT EDUCATION,-ASSISTIVE TECHNOLOGY PROGRAM- PROVIDING ADAPTATIONS TO THE ENVIRONMENT TO IMPROVE INDEPENDENCE,-"HOST SITE FOR PARENTS NIGHT OUT" FOR PARENTS WITH CHILDREN WITH SPECIAL NEEDS,-SIGN LANGUAGE CLASSES THROUGH PIERCE COUNTY LIBRARY

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 1 FOOTNOTES THE FINANCIAL STATEMENTS DO NOT HAVE A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSES 2 COSTING METHODOLOGY THE RATIO OF PATIENT CARE COST TO CHARGES IS APPLIED TO THE BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS TO CALCULATE THE ESTIMATED COST OF BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS THAT IS REPORTED ON LINE 2 DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE RECORDED AS AN ADJUSTMENT TO REVENUE, NOT BAD DEBT EXPENSE 3-4 RATIONALE FOR BAD DEBT AMOUNT ATTRIBUTABLE TO COMMUNITY BENEFIT IT IS OUR BELIEF THAT \$3,256,000 OF BAD DEBT SHOULD BE INCLUDED AS COMMUNITY BENEFIT AS A TAX-EXEMPT HOSPITAL WE MUST PROVIDE NECESSARY SERVICES REGARDLESS OF THE PATIENT'S ABILITY TO PAY FOR THE SERVICES PROVIDED AS A NOT-FOR-PROFIT, PATIENT CARE IS PROVIDED TO ALL, REGARDLESS OF THE ABILITY TO PAY FOR THAT CARE MAKING QUALITY PATIENT CARE AVAILABLE TO ALL IN OUR COMMUNITY, REGARDLESS OF THEIR ECONOMIC MEANS, QUALIFIES BAD DEBTS AS A COMMUNITY BENEFIT AS PART OF OUR COMMUNITY NEEDS ASSESSMENT, WE STUDIED THE INCOME CHARACTERISTICS OF THE UNINSURED POPULATION IN OUR COMMUNITY AS PART OF THIS STUDY, WE ALSO LOOKED AT WHAT PORTION OF UNINSURED INDIVIDUALS IN THE HOSPITAL'S SERVICE AREA WOULD BE ELIGIBLE FOR THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY WE APPLIED THIS PERCENTAGE TO OUR TOTAL AMOUNT OF BAD DEBT EXPENSE RECORDED TO ESTIMATE THE PORTION OF SELF-PAY BAD DEBT THAT WAS REASONABLY ATTRIBUTABLE TO INDIVIDUALS ELIGIBLE FOR THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY BUT NOT PREVIOUSLY RECORDED AS SUCH WE SUBTRACTED THE ACTUAL AMOUNT OF FINANCIAL ASSISTANCE RECORDED FROM THIS CALCULATED FIGURE THE RESULT IS OUR ESTIMATE OF THE AMOUNT THAT SHOULD BE CONSIDERED COMMUNITY BENEFIT COST AND IS ENTERED ON PART III, LINE 3</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 COSTING METHODOLOGY THE SOURCE USED TO CALCULATE THE MEDICARE ALLOWABLE COSTS FOR TACOMA GENERAL, ALLENMORE AND GOOD SAMARITAN HOSPITALS WAS THE 2011 MEDICARE COST REPORT SINCE MARY BRIDGE CHILDREN'S HOSPITAL FILES A LOW MEDICARE UTILIZATION COST REPORT, THE PROVIDER STATISTICAL AND REIMBURSEMENT SYSTEM REPORT (PS&R) WAS USED THE COST TO CHARGE RATIO, AS CALCULATED FROM THE INCOME STATEMENT, WAS APPLIED TO THE PS&R GROSS MEDICARE CHARGES TO CALCULATE THE MEDICARE ALLOWABLE COSTS REPORTED ON LINE 6 MARYBRIDGE COSTS REPRESENT LESS THAN 0.1% OF THE TOTAL MEDICARE SHORTFALL TREATED AS COMMUNITY BENEFIT THE HOSPITAL BELIEVES THAT ALL OF THE \$47.5 MILLION SHORTFALL SHOULD BE CONSIDERED AS COMMUNITY BENEFIT THE IRS COMMUNITY BENEFIT STANDARD INCLUDES THE PROVISION OF CARE TO THE ELDERLY AND MEDICARE PATIENTS MEDICARE SHORTFALLS MUST BE ABSORBED BY THE HOSPITAL IN ORDER TO CONTINUE TREATING THE ELDERLY IN OUR COMMUNITY THIS YEAR, MEDICARE ACCOUNTED FOR 29.9% OF HOSPITAL REVENUES THE HOSPITAL PROVIDES CARE REGARDLESS OF THIS SHORTFALL AND THEREBY RELIEVES THE FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE FULL COST FOR MEDICARE BENEFICIARIES

Identifier	ReturnReference	Explanation
		PART III, LINE 9B MULTICARE'S DEBT COLLECTION POLICY STATES THAT "MHS WILL ALSO CLEARLY COMMUNICATE TO PATIENTS AND APPLICABLE PARTIES THE VARIOUS ASSISTANCE PROGRAMS MHS OFFERS BASED ON THE SITE OF SERVICE " IF THE PATIENT FOLLOWS THROUGH WITH THE APPLICABLE ASSISTANCE APPOINTMENTS, I E , MEETING WITH MEDICAID OR COUNTY AGENCIES TO COMPLETE THE NECESSARY APPLICATION PROCESS, MULTICARE WILL NOT SEND THE ACCOUNT TO A BAD DEBT COLLECTION AGENCY IF AN ACCOUNT DOES GET SENT TO A BAD DEBT COLLECTION AGENCY, AS LONG AS IT MEETS MULTICARE'S CHARITY AND FINANCIAL ASSISTANCE POLICY'S FEDERAL POVERTY GUIDELINES (FPG), GARNISHMENT OF WAGES WILL NOT BE PURSUED

Identifier	ReturnReference	Explanation
TACOMA GENERAL HOSPITAL		PART V, SECTION B, LINE 13G THE POLICY IS POSTED ON THE WA STATE - DEPARTMENT OF HEALTH WEBSITE THE HOSPITAL'S BILLING INVOICES INCLUDE REFERENCES TO WHERE AND HOW TO CONTACT SOMEONE TO OBTAIN A COPY OF THE FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
GOOD SAMARITAN HOSPITAL		PART V, SECTION B, LINE 13G THE POLICY IS POSTED ON THE WA STATE - DEPARTMENT OF HEALTH WEBSITE THE HOSPITAL'S BILLING INVOICES INCLUDE REFERENCES TO WHERE AND HOW TO CONTACT SOMEONE TO OBTAIN A COPY OF THE FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
ALLENMORE HOSPITAL		PART V, SECTION B, LINE 13G THE POLICY IS POSTED ON THE WA STATE - DEPARTMENT OF HEALTH WEBSITE THE HOSPITAL'S BILLING INVOICES INCLUDE REFERENCES TO WHERE AND HOW TO CONTACT SOMEONE TO OBTAIN A COPY OF THE FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
MARY BRIDGE CHILDRENS HOSPITAL		PART V, SECTION B, LINE 13G THE POLICY IS POSTED ON THE WA STATE - DEPARTMENT OF HEALTH WEBSITE THE HOSPITAL'S BILLING INVOICES INCLUDE REFERENCES TO WHERE AND HOW TO CONTACT SOMEONE TO OBTAIN A COPY OF THE FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
TACOMA GENERAL HOSPITAL		PART V, SECTION B, LINE 19D TACOMA GENERAL HOSPITAL CHARGES PATIENTS ELIGIBLE FOR OUR FINANCIAL ASSISTANCE PROGRAM WITH FEDERAL POVERTY LEVELS (FPL) UP TO 425 4% OF THE FPL AT A RATE THAT IS EQUAL TO OR LOWER THAN OUR THREE LOWEST NEGOTIATED COMMERCIAL RATES ADDITIONALLY, INDIVIDUALS BETWEEN 425 5% AND 500 4% OF THE FPL ARE OFFERED SLIDING SCALE DISCOUNTS AT OR ABOVE THE AMOUNT OFFERED TO INDIVIDUALS WHO PAY WITHIN 60 DAYS FROM THE DATE OF BILLING THESE INDIVIDUALS ARE ALSO OFFERED INTEREST FREE PAYMENT ARRANGEMENTS FOR UP TO 12 MONTHS FOR THESE DISCOUNTED RATES

Identifier	ReturnReference	Explanation
GOOD SAMARITAN HOSPITAL		PART V, SECTION B, LINE 19D GOOD SAMARITAN HOSPITAL CHARGES PATIENTS ELIGIBLE FOR OUR FINANCIAL ASSISTANCE PROGRAM WITH FEDERAL POVERTY LEVELS (FPL) UP TO 425 4% OF THE FPL AT A RATE THAT IS EQUAL TO OR LOWER THAN OUR THREE LOWEST NEGOTIATED COMMERCIAL RATES ADDITIONALLY, INDIVIDUALS BETWEEN 425 5% AND 500 4% OF THE FPL ARE OFFERED SLIDING SCALE DISCOUNTS AT OR ABOVE THE AMOUNT OFFERED TO INDIVIDUALS WHO PAY WITHIN 60 DAYS FROM THE DATE OF BILLING THESE INDIVIDUALS ARE ALSO OFFERED INTEREST FREE PAYMENT ARRANGEMENTS FOR UP TO 12 MONTHS FOR THESE DISCOUNTED RATES

Identifier	ReturnReference	Explanation
ALLENMORE HOSPITAL		PART V, SECTION B, LINE 19D ALLENMORE HOSPITAL CHARGES PATIENTS ELIGIBLE FOR OUR FINANCIAL ASSISTANCE PROGRAM WITH FEDERAL POVERTY LEVELS (FPL) UP TO 425 4% OF THE FPL AT A RATE THAT IS EQUAL TO OR LOWER THAN OUR THREE LOWEST NEGOTIATED COMMERCIAL RATES ADDITIONALLY, INDIVIDUALS BETWEEN 425 5% AND 500 4% OF THE FPL ARE OFFERED SLIDING SCALE DISCOUNTS AT OR ABOVE THE AMOUNT OFFERED TO INDIVIDUALS WHO PAY WITHIN 60 DAYS FROM THE DATE OF BILLING THESE INDIVIDUALS ARE ALSO OFFERED INTEREST FREE PAYMENT ARRANGEMENTS FOR UP TO 12 MONTHS FOR THESE DISCOUNTED RATES

Identifier	ReturnReference	Explanation
MARY BRIDGE CHILDRENS HOSPITAL		PART V, SECTION B, LINE 19D MARY BRIDGE CHILDRENS HOSPITAL CHARGES PATIENTS ELIGIBLE FOR OUR FINANCIAL ASSISTANCE PROGRAM WITH FEDERAL POVERTY LEVELS (FPL) UP TO 425 4% OF THE FPL AT A RATE THAT IS EQUAL TO OR LOWER THAN OUR THREE LOWEST NEGOTIATED COMMERCIAL RATES ADDITIONALLY, INDIVIDUALS BETWEEN 425 5% AND 500 4% OF THE FPL ARE OFFERED SLIDING SCALE DISCOUNTS AT OR ABOVE THE AMOUNT OFFERED TO INDIVIDUALS WHO PAY WITHIN 60 DAYS FROM THE DATE OF BILLING THESE INDIVIDUALS ARE ALSO OFFERED INTEREST FREE PAYMENT ARRANGEMENTS FOR UP TO 12 MONTHS FOR THESE DISCOUNTED RATES

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 MULTICARE WORKS COLLABORATIVELY WITH REGIONAL AGENCIES AND ORGANIZATIONS TO IDENTIFY THE HEALTH CARE NEEDS OF THE COMMUNITIES WE SERVE AND TO DEVELOP PROGRAMS AND SERVICES TO MEET THOSE NEEDS COMMUNITY PARTNERS INCLUDE THE TACOMA-PIERCE COUNTY HEALTH DEPARTMENT, THE PIERCE COUNTY MEDICAL SOCIETY, THE UNITED WAY OF PIERCE COUNTY, YMCA OF PIERCE COUNTY, THE CITY OF TACOMA AND THE TACOMA SCHOOL DISTRICT AND OTHERS WE UTILIZE THE DATA FROM THE HEALTH DEPARTMENT'S PERIODIC COMMUNITY NEEDS ASSESSMENT AS WELL AS FEDERAL DATA TO DETERMINE THE MOST PRESSING HEALTH CARE NEEDS FOR OUR POPULATION FOR 2011, TOP COMMUNITY HEALTH PRIORITIES WERE PREVENTING AND CURING COMMUNICABLE AND CHRONIC DISEASES, IMPROVING ACCESS TO MEDICAL CARE, INFANT AND CHILD DEVELOPMENT, CHILDHOOD AND ADULT OBESITY, DISASTER PREPAREDNESS MULTICARE ADDRESSED THESE PRIORITIES THROUGH COLLABORATIVE POLICY DEVELOPMENT AND FUNDING OF MRSA PREVENTION AND TREATMENT ACTIVITIES, DEVELOPING A CHRONIC DISEASE MANAGEMENT PILOT PROGRAM, THE PROJECT ACCESS PROGRAM, A PIERCE COUNTY MEDICAL SOCIETY CASE MANAGEMENT MODEL WHICH COORDINATES UNDER- OR UNINSURED PATIENT ACCESS TO VOLUNTEER HEALTH PROVIDERS, AND FINANCIAL SUPPORT FOR THE COUNTY'S SAFETY NET PROVIDER AND THE COMMUNITY HEALTH CARE CLINIC NETWORK IN ADDITION, MULTICARE FUNDED AND OPERATED THE COMMUNITY MEDICAL CARE CLINIC FOR CHILDREN AT MARY BRIDGE CHILDREN'S HOSPITAL AND HEALTH CENTER AND THE TACOMA FAMILY MEDICINE CLINIC WHICH PROVIDES A RANGE OF PRIMARY CARE AND OB/GYN MEDICAL SERVICES TO LOW-INCOME INDIVIDUALS AND FAMILIES IN 2011 IN PUYALLUP GOOD SAMARITAN HOSPITAL STARTED THE EAST PIERCE FAMILY MEDICINE RESIDENCY PROGRAM THE CLINIC HAS RECEIVED ACCREDITATION FROM THE AMERICAN OSTEOPATHIC ASSOCIATION, AN ACCREDITATION THAT ALLOWS THE CLINIC TO BEGIN RECRUITING PHYSICIANS FOR THE RESIDENCY PROGRAM FOR THE EAST PIERCE COUNTY COMMUNITY GOOD SAMARITAN HOSPITAL EXPANDED THE CARE TRANSITIONS PROGRAM TO ASSIST IN THE TRANSITION OF CHRONICALLY ILL PATIENTS BACK TO THE COMMUNITY AFTER THEIR HOSPITAL STAY MULTICARE ADDRESSES THE GROWING PROBLEM OF CHILDHOOD AND ADULT OBESITY ON SEVERAL FRONTS WE ARE AN ACTIVE PARTNER IN A COMMUNITY-WIDE, CDC-FUNDED COALITION, ACHIEVE, WHICH FOCUSES ON REGIONAL POLICIES TO PREVENT AND TREAT CHILDHOOD OBESITY THROUGH THE HEALTHY COMMUNITIES PROGRAM, WE PARTNER WITH AREA AGENCIES AND HEALTH SYSTEMS TO PROVIDE EDUCATION FOR CHILDREN AND FAMILIES ON HEALTHY NUTRITION AND EXERCISE MULTICARE ALSO OPERATES A SCHOOL-BASED NUTRITION EDUCATION PROGRAM IN THE TACOMA PUBLIC SCHOOLS AND THE HEALTHY KIDS INITIATIVE WITH THE YMCA IN PARTNERSHIP WITH THE TACOMA-PIERCE COUNTY HEALTH DEPARTMENT, WE OFFER PIERCE COUNTY GETS FIT, A MULTI-FACETED PROGRAM AIMED AT ENCOURAGING ADULTS TO MAKE HEALTHY LIFE CHOICES OTHER COMMUNITY-BASED MULTICARE SERVICES INCLUDE NUTRITION CONSULTATION, WEIGHT MANAGEMENT, TOBACCO CESSATION PROGRAMS, MOBILE IMMUNIZATION CLINICS, ADULT DAY HEALTH, PARENT PARTNERSHIP PROGRAMS FOR FAMILIES AT RISK, MOBILE MENTAL HEALTH OUTREACH SERVICES, PERINATAL OUTREACH SERVICES, HEALTH EDUCATION AND SCREENINGS TO UNDERSERVED COMMUNITIES, SENIOR WELLNESS AND CORPORATE WELLNESS PROGRAMS MULTICARE IS AN ACTIVE PARTICIPANT IN THE COUNTY-WIDE COORDINATED EMERGENCY PREPAREDNESS EFFORT WHICH INCLUDES PERIODIC MEETINGS, TRAININGS AND COUNTY-WIDE DRILLS AND DISASTER PREPAREDNESS EXERCISES THROUGH OUR RELATIONSHIP WITH THE REGIONAL UNITED WAY, WE REVIEW THEIR COMMUNITY NEEDS ASSESSMENT DATA AND SUPPORT PRIORITY PROGRAMS IN 2011, EARLY LEARNING, EDUCATION, EMPLOYMENT, SAFETY, VOLUNTEERISM AND HOUSING WERE AREAS OF FOCUS TO MEET THESE NEEDS, MULTICARE HAS PROVIDED DAYCARE SERVICES, READING PROGRAMS, CAREER PARTNERSHIPS, MIDDLE AND HIGH SCHOOL HEALTH CAREER EXPLORATION PROGRAMS, INCLUDING MEDICAL EXPLORERS, NURSE CAMP FOR HIGH SCHOOL STUDENTS, AND TRANSITION, A PROGRAM THAT PROVIDES CAREER OPPORTUNITIES FOR DISABLED, DISADVANTAGED YOUTH MULTICARE EMPLOYEES PARTICIPATE IN A WIDE VARIETY OF VOLUNTEER PROGRAMS IN THE COMMUNITY, INCLUDING THE AMERICAN RED CROSS, THE PIERCE COUNTY DIABETES COALITION, SAFE STREETS COALITION, THE YWCA WHICH OPERATES A DOMESTIC VIOLENCE SHELTER FOR WOMEN AND CHILDREN, THE AMERICAN CANCER SOCIETY, THE PLAN TO END CHRONIC HOMELESSNESS AND MANY OTHER ORGANIZATIONS</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FINANCIAL ASSISTANCE INFORMATION IS PROVIDED IN A VARIETY OF WAYS PRE-SERVICE CENTER STAFF START CONVERSATIONS WITH PATIENTS ABOUT THEIR POTENTIAL FINANCIAL RESPONSIBILITY AND SHARE PAYMENT OPTIONS INCLUDING FINANCIAL ASSISTANCE INFORMATION WITH THE PATIENT DURING THIS INITIAL PHONE CALL AT THE TIME OF REGISTRATION (WHETHER PRE-REGISTERED OR NOT), PATIENTS ARE NOTIFIED ABOUT THEIR INSURANCE COVERAGE AND FINANCIAL LIABILITIES FINANCIAL COUNSELORS ARE AVAILABLE IF A NEED IS IDENTIFIED IF A PATIENT DOES NOT HAVE INSURANCE, MULTICARE WORKS WITH PATIENTS TO VERIFY POTENTIAL STATE/FEDERAL ELIGIBILITY OR ROUTE THEM TO CHARITY OR FINANCIAL AID IF APPROPRIATE FINANCIAL AID APPLICATIONS ARE HANDED OUT AT ALL SERVICE LOCATIONS UPON REQUEST OR WHEN A NEED IS IDENTIFIED BY STAFF PATIENTS ARE ALSO GIVEN AN INFORMATIONAL BILLING HANDOUT AT REGISTRATION/ADMISSION WITH INFORMATION TO CONTACT FINANCIAL COUNSELORS IF THEY MAY HAVE DIFFICULTY PAYING THEIR HOSPITAL BILL

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 MULTICARE HEALTH SYSTEM'S PRIMARY SERVICE AREA IS DEFINED AS PIERCE COUNTY WHICH INCLUDES TACOMA, PUYALLUP, UNIVERSITY PLACE, LAKEWOOD, PARKLAND AND GIG HARBOR SECONDARY SERVICE AREA IS DEFINED AS SOUTH KING COUNTY AND INCLUDES THE CITIES OF FEDERAL WAY, AUBURN, ENUMCLAW, COVINGTON AND KENT THE PRIMARY SERVICE AREA MULTICARE SERVES IS A MIX OF BOTH URBAN AND SUBURBAN COMMUNITIES THE POPULATION OF PIERCE COUNTY IS APPROXIMATELY 800,000 INDIVIDUALS A MAJOR MILITARY INSTALLATION -JOINT BASE LEWIS MCCORD- IS LOCATED IN PIERCE COUNTY AND AS A RESULT, MULTICARE PROVIDES HEALTH CARE SERVICES TO A LARGE NUMBER OF ACTIVE AND RETIRED MILITARY PERSONNEL THE MEDIAN AGE IN PIERCE COUNTY IS 35 9 YEARS OLD SEVENTY PERCENT OF THE POPULATION IN PIERCE COUNTY IS OVER THE AGE OF TWENTY-ONE YEARS OLD 77% OF PIERCE COUNTY'S POPULATION IS CAUCASIAN, 9% IS LATINO/HISPANIC, 7% IS AFRICAN-AMERICAN, 6% IS ASIAN, AND 1% IS NATIVE-AMERICAN THE MEDIAN HOUSEHOLD INCOME FOR MULTICAREHEALTH SYSTEM'S PRIMARY SERVICE AREA IS \$57,869 AND FOR THE SECONDARY SERVICE AREA IS \$68,789 BASED ON THE 2010 WASHINGTON STATE POPULATION SURVEY, APPROXIMATELY 94,313 INDIVIDUALS IN PIERCE COUNTY (MULTICARE'S MAIN SERVICE AREA) ARE UNINSURED OVER 10 PERCENT OF INDIVIDUALS IN MULTICARE'S SERVICE AREA ARE LIVING BELOW THE POVERTY LEVEL MULTICARE HEALTH SYSTEM EMPLOYS THE LARGEST NUMBER OF PRIMARY AND SPECIALTY PROVIDERS IN THE REGION, OPERATES 893 BEDS, SEVERAL OUTPATIENT SURGICAL SITES AND OTHER URGENT CARE, PRIMARY CARE AND MULTISPECIALTY CLINICS MULTICARE HEALTH SYSTEM PROVIDES SERVICES DESIGNED TO MEET THE SPECIFIC HEALTHCARE REQUIREMENTS OF THE POPULATION, WITH A COMPREHENSIVE ARRAY OF INPATIENT AND OUTPATIENT PROGRAMS MADE AVAILABLE IN CONJUNCTION WITH THE RESOURCES OF OTHER COMMUNITY HEALTH PROVIDERS</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE HOSPITALS OF THE AFFILIATED GROUP UTILIZE SURPLUS FUNDS TO MAINTAIN ACCESS TO PATIENT SERVICES AND TO EXPAND ACCESS POINTS OF CARE TO PATIENTS THROUGHOUT THE COMMUNITY INCLUDING, BUT NOT LIMITED TO THE FOLLOWING - EDUCATIONAL PROGRAMS THE PROVIDE CLASSES AND INFORMATION ON TOBACCO CESSATION, HEALTHY AGING, CHILDBIRTH, INFANT CARE, HEALTH AND WELLNESS, NUTRITION AND MORE,-FREE MAMMOGRAMS TO QUALIFYING INDIVIDUALS, FREE OR LOW COST SCREENINGS AT A VARIETY OF HEALTH FAIRS HELD THROUGHOUT THE YEAR, LOW COST IMMUNIZATIONS IN THE COMMUNITY, -EXPANSION OF THE EMERGENCY DEPARTMENTS TO ACCOMMODATE AN INCREASE IN EMERGENCY DEPARTMENT PATIENTS,-EXPANSION OF THE CANCER CENTER TO ACCOMMODATE AN INCREASE IN CANCER PATIENTS,-BUILDING OF THE PATIENT CARE TOWER IN PUYALLUP TO ACCOMMODATE FOR AN INCREASE IN THE POPULATION,-SENIOR MEMBERSHIP AFFINITY PROGRAM,-CANCER TRIALS AND RESEARCH,- CARE MANAGEMENT, POWER OF ATTORNEY, NOTARY SERVICE CHARITY MEDICATIONS, THE WAL-MART PROGRAM, -CHILDREN'S THERAPY UNIT, ASSISTIVE TECHNOLOGY PROGRAM "THE SMILE FACTORY"SIBSHOPS, ARK ANGELS, -COMMUNITY EDUCATION MEDICAL EXPLORERS, TRANSFUSION FREE MEDICAL & SURGICAL PROGRAM, TRAUMA NURSES TALK TOUGH, CELEBRATE SENIORITY COMMUNITY IN SCHOOLS, MULTICARE GOOD SAMARITAN READERS, AMERICAN RED CROSS,MULTICARE GOOD SAMARITAN HOSPITAL PLAY PARK @ SOUTH HILL MALL, -FAMILY BIRTH CENTER LACTATION SUPPORT SERVICES, TEEN PARENT RESOURCE CENTER,MOM AND BABY SUPPORT CLASS,FAMILY BIRTH CENTER CLASSES, -MOBILE HEALTH SERVICES, PALLIATIVE CARE, PHYSICAL MEDICINE & REHABILITATION, VOLUNTEER SERVICES

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 MULTICARE HEALTH SYSTEM ("MULTICARE") IS A WASHINGTON NOT-FOR-PROFIT CORPORATION, AND ORGANIZED AS A TAX-EXEMPT ENTITY UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986 MULTICARE ALSO HAS THREE AFFILIATED FOUNDATIONS MARY BRIDGE CHILDREN'S FOUNDATION, MULTICARE HEALTH FOUNDATION AND GOOD SAMARITAN FOUNDATION, ALL WASHINGTON NONPROFIT CORPORATIONS MULTICARE IS ALSO THE SOLE SHAREHOLDER OF MEDIS CORPORATION, A WASHINGTON FOR-PROFIT CORPORATION MULTICARE HEALTH SYSTEM HAS FOUR ACUTE-CARE HOSPITALS INCLUDING LEVEL II ADULT AND PEDIATRIC TRAUMA CENTERS, THE REGION'S ONLY LEVEL III NEONATAL INTENSIVE CARE UNIT, THE REGION'S ONLY LEVEL I TRAUMA REHABILITATION CENTER, AN INTERNATIONALLY RENOWNED THERAPY UNIT FOR CHILDREN WITH SPECIAL NEEDS, AND SOUTHWEST WASHINGTON'S ONLY CHILDREN'S HOSPITAL MULTICARE'S FOUR HOSPITALS SERVE INDIVIDUALS OF ALL AGES MARY BRIDGE CHILDREN'S HOSPITAL AND HEALTH CENTER SERVES THE PEDIATRIC NEEDS OF THE COMMUNITY, TACOMA GENERAL HOSPITAL AND GOOD SAMARITAN HOSPITAL HAVE SPECIALTY SERVICES THAT FOCUS ON ADULT POPULATIONS, AND ALLENMORE HOSPITAL HAS SPECIALTY HEALTHCARE SERVICES THAT FOCUS ON THE ELDERLY POPULATION MULTICARE CONTINUALLY REINVESTS IN THE COMMUNITIES WE SERVE TO IMPROVE ACCESS TO HEALTHCARE IN 2011 MULTICARE OPENED A NEW 9-STORY PATIENT CARE TOWER AT MULTICARE GOOD SAMARITAN HOSPITAL IN PUYALLUP AND NEW MEDICAL OFFICE BUILDINGS THROUGHOUT PIERCE COUNTY MULTICARE HEALTH SYSTEM IS GOVERNED BY A COMMUNITY-BASED BOARD OF DIRECTORS EACH OF THE FOUNDATION BOARDS ARE ALSO GOVERNED BY COMMUNITY-BASED BOARD OF DIRECTORS AS WELL</p>

Identifier	ReturnReference	Explanation
	SCHEDULE H, PART VI, LINE 7	IN 2011 WASHINGTON STATE DID NOT HAVE A COMMUNITY BENEFIT REPORT FILING REQUIREMENT THE ORGANIZATION FILES THE REPORT EVERY YEAR AND IS POSTED ON MULTICARE HEALTH SYSTEM'S WEBSITE

Additional Data

Software ID:**Software Version:****EIN:** 91-1352172

Name: MULTICARE HEALTH SYSTEM

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

[illegible]

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MULTICARE HEALTH SYSTEM

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number
91-1352172

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) MARY BRIDGE CHILDREN'S FOUNDATION PO BOX 5299 TACOMA, WA 98415	94-3030039	501(C)(3)	2,891,826				ASSISTANCE FOR OPERATING EXPENSES
(2) MULTICARE HEALTH FOUNDATION PO BOX 5299 TACOMA, WA 98415	91-1514257	501(C)(3)	1,595,449				ASSISTANCE FOR OPERATING EXPENSES
(3) GOOD SAMARITAN FOUNDATION PO BOX 5299 TACOMA, WA 98415	91-2004312	501(C)(3)	3,605,255				ASSISTANCE FOR OPERATING EXPENSES

2

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

3

3

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

0

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 MULTICARE HEALTH SYSTEM MAINTAINS SEPARATE GENERAL LEDGER ACCOUNTS FOR THE AMOUNTS FUNDED TO RELATED ORGANIZATIONS

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
MULTICARE HEALTH SYSTEM

Employer identification number
91-1352172

Part I

Questions Regarding Compensation

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

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.

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	LINE 1A - COUNTRY CLUB DUES ARE PAID FOR THE FOLLOWING OFFICERS AND THE AMOUNTS ARE AS FOLLOWS: VINCENT SCHMITZ - \$5,971 AND DIANE CECCHETTINI - \$500. THE PERSONAL USE OF THE CLUB DUES ARE ADDED TO THEIR TAXABLE WAGES AND REPORTED ON THEIR W-2. LINE 1A - HOUSING ALLOWANCE IS PAID TO JOHN LONG AND GLENN KASMAN; THE AMOUNT IS ADDED TO THEIR TAXABLE WAGES AND REPORTED ON THEIR W-2S.
	PART I, LINE 4B	THE FOLLOWING REPORTED PEOPLE PARTICIPATED IN A 457(F) DEFERRED COMPENSATION PLAN: SHELLY MULLIN \$20,451, MADLYN MURREY \$11,197, CLAIRE SPAIN-REMY \$19,002, DAVID COONS \$16,220, PATRICK WARD \$8,598, ELISE FORNADLEY \$10,291, GLENN KASMAN \$12,217, MARCIA JOHNSON \$55,453 AND WILLIAM MORRIS \$186,450.
	PART I, LINE 6	THE COMPENSATION COMMITTEE SETS ANNUAL GOALS FOR THE INCENTIVE COMPENSATION PLAN COVERING SENIOR VICE PRESIDENTS, VICE PRESIDENTS, ADMINISTRATORS, DIRECTORS, MANAGERS AND SUPERVISORS. TARGETS IN QUALITY OF CARE, PATIENT SAFETY, CUSTOMER SERVICE, PEOPLE AND PERFORMANCE ALONG WITH A SYSTEM-WIDE OPERATING MARGIN GOAL MUST BE MET IN ORDER FOR THE INCENTIVE COMPENSATION PLAN PAYMENTS TO BE MADE. THE INCENTIVE COMPENSATION PLAN IS CALCULATED AND THEN PAID BASED ON THE NUMBER OF TARGETS ACHIEVED.
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J, PART III- SUPPLEMENTAL INFORMATION. THE REPORTABLE COMPENSATION FOR THE OFFICERS OF THE CORPORATION AND KEY EMPLOYEES IS BASED ON THE TOTAL AMOUNT PAID DURING THE FISCAL YEAR FOR MANAGEMENT AND LEADERSHIP OF MULTICARE HEALTH SYSTEM ENTITIES (91-1352172, 91-1514257, 94-3030039, AND 91-2004312), INCLUDING CURRENT YEAR PAYMENTS OF AMOUNTS REPORTED IN PRIOR YEARS AS CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLANS, TOGETHER WITH INVESTMENT EARNINGS FROM THOSE PRIOR YEAR CONTRIBUTIONS. AS A RESULT, CERTAIN AMOUNTS HAVE BEEN REPORTED TWICE, BOTH IN PRIOR YEARS WHEN EARNED OR ACCRUED, AND AGAIN IN THE CURRENT YEAR WHEN PAID. THE AMOUNTS UNDER OTHER COMPENSATION INCLUDE DEFERRED COMPENSATION, AND THE VALUE OF MEDICAL, DENTAL, LIFE, DISABILITY INSURANCE, AND PENSION BENEFITS. COMPENSATION ON THIS TAX RETURN INCLUDES AMOUNTS THAT ARE NOT VESTED, ARE SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE AND MAY NOT BE PAID OUT IN THE FUTURE. THE PROCESS FOR DETERMINING EXECUTIVE COMPENSATION AT MULTICARE HEALTH SYSTEM (I) COMPLIES WITH IRS GUIDELINES FOR TAX-EXEMPT ORGANIZATIONS, (II) IS DETERMINED BY A SEPARATE COMMITTEE OF THE BOARD OF DIRECTORS WHOSE MEMBERS ARE ALL INDEPENDENT, DO NOT HAVE A CONFLICT OF INTEREST, AND ARE NON-PAID, AND (III) IS ANNUALLY EVALUATED IN THE CONTEXT OF COMPENSATION DATA GATHERED BY INDEPENDENT EXTERNAL CONSULTANTS FROM A PEER GROUP COMPRISED OF SIMILAR HIGH PERFORMING HEALTHCARE INSTITUTIONS, PRIMARILY INTEGRATED HEALTHCARE ORGANIZATIONS. COMPENSATION PAID IS DETERMINED TO BE REASONABLE AND NECESSARY BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS AND THE INDEPENDENT EXTERNAL CONSULTANT. IN ADDITION, A SIGNIFICANT PORTION OF COMPENSATION IS AT RISK AND BASED ON ACHIEVEMENT OF GOALS SET BY THE BOARD OF DIRECTORS AT THE START OF EACH FISCAL YEAR IN AREAS SUCH AS PATIENT SAFETY, QUALITY, WORKFORCE DEVELOPMENT, FINANCE AND OTHER MISSION-RELATED AREAS. THE BOARD PLACES A HIGH PRIORITY ON THE NEED TO RECRUIT AND RETAIN A STRONG LEADERSHIP TEAM AND TO CREATE A HIGHLY MOTIVATED AND ENGAGED WORKFORCE TO DRIVE SUPERIOR ORGANIZATIONAL PERFORMANCE IN ORDER TO ACHIEVE TOP TIER INTEGRATED CARE DELIVERY SYSTEM STATUS. THE COMPENSATION COMMITTEE ROUTINELY REVIEWS BENEFITS AND RETIREMENT PROGRAMS TO ENSURE THE PLANS ARE MARKET-BASED AND OTHERWISE CONSISTENT WITH IRS GUIDELINES. THE OFFICERS OF MULTICARE HEALTH SYSTEM, 91-1352172, ALSO FULFILL OFFICER AND EXECUTIVE FUNCTIONS FOR ITS RELATED ENTITIES. COMPENSATION DISCLOSED IS REPORTED TO THE RELATED ENTITIES TAX RETURNS IN ACCORDANCE WITH IRS REGULATIONS, BUT IS NOT CHARGED TO THE SUBSIDIARY OR AFFILIATE. AN OFFICER LISTED DEVOTES AN AVERAGE OF 60 HOURS PER WEEK TO PERFORM HIS OR HER RESPONSIBILITIES.

Software ID:
Software Version:
EIN: 91-1352172
Name: MULTICARE HEALTH SYSTEM

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				
DIANE CECCHETTINI	(i) (ii)	815,284 0	817,088 0	1,196 0	25,970 0	12,991 0	1,672,529 0	0 0
JOHN LONG PART YEAR	(i) (ii)	242,227 0	281,585 0	13,848 0	13,358 0	4,013 0	555,031 0	0 0
VINCENT SCHMITZ	(i) (ii)	435,907 0	400,043 0	14,348 0	25,970 0	18,269 0	894,537 0	0 0
WILLIAM STOVER	(i) (ii)	364,034 0	229,756 0	5,052 0	25,970 0	15,104 0	639,916 0	0 0
KATHERINE SMITH	(i) (ii)	381,755 0	214,292 0	3,396 0	25,970 0	13,707 0	639,120 0	0 0
FLORENCE CHANG	(i) (ii)	310,885 0	179,435 0	1,656 0	9,749 0	16,406 0	518,131 0	0 0
SHELLY MULLIN	(i) (ii)	283,298 0	86,952 0	1,204 0	46,421 0	17,745 0	435,620 0	0 0
GLENN KASMAN	(i) (ii)	248,153 0	80,155 0	30,375 0	35,809 0	26,149 0	420,641 0	7,846 0
MADLYN MURREY	(i) (ii)	183,954 0	53,136 0	1,122 0	35,424 0	17,574 0	291,210 0	0 0
ELISE FORNADLEY	(i) (ii)	168,100 0	55,046 0	1,678 0	18,515 0	10,790 0	254,129 0	0 0
MARCIA JOHNSON	(i) (ii)	231,015 0	57,140 0	75,683 0	64,761 0	23,877 0	452,476 0	73,195 0
CLAIRE SPAIN-REMY	(i) (ii)	268,044 0	75,079 0	1,619 0	28,470 0	18,984 0	392,196 0	0 0
PATRICK WARD	(i) (ii)	133,610 0	34,891 0	1,908 0	15,101 0	18,279 0	203,789 0	0 0
JOHN HUNG	(i) (ii)	1,087,542 0	25,370 0	91,503 0	9,326 0	25,189 0	1,238,930 0	0 0
DAVID COONS	(i) (ii)	1,188,233 0	9,150 0	3,004 0	31,565 0	25,246 0	1,257,198 0	0 0
JAMES WYMAN	(i) (ii)	839,604 0	25,370 0	112,815 0	9,221 0	20,797 0	1,007,807 0	0 0
WILLIAM MORRIS	(i) (ii)	931,499 0	28,420 0	4,858 0	200,109 0	18,877 0	1,183,763 0	0 0
DOUGLAS SUTHERLAND	(i) (ii)	807,222 0	28,420 0	1,780 0	8,878 0	19,435 0	865,735 0	0 0

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.								OMB No 1545-0047	
									2011	
	Department of the Treasury Internal Revenue Service								Open to Public Inspection	
Name of the organization MULTICARE HEALTH SYSTEM							Employer identification number 91-1352172			

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 WASHINGTON HEALTH CARE FACILITIES SERIES 2004 A	91-1108929	93978EL83	05-15-2008	50,000,000	CONSTRUCTION AND EQUIPMENT TACOMA GENERAL L WING AND MARY BRIDGE CLINIC		X		X		X
B WASHINGTON HEALTH CARE FACILITIES SERIES 2004 B	91-1108929	93978EM74	05-15-2008	50,000,000	CONSTRUCTION AND EQUIPMENT TACOMA GENERAL L WING AND MARY BRIDGE CLINIC		X		X		X
C WASHINGTON HEALTH CARE FACILITIES SERIES 2004 C	91-1108929	93978EN65	05-15-2008	50,000,000	CONSTRUCTION AND EQUIPMENT TACOMA GENERAL L WING AND MARY BRIDGE CLINIC		X		X		X
D WASHINGTON HEALTH CARE FACILITIES SERIES 2007 A	91-1108929	93978EQ54	05-15-2008	78,725,000	CONSTRUCTION & EQUIP TG EMER DEPT, STEAM PLANT, GIG HARBOR MEDICAL PARK		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	50,000,000		50,000,000		50,000,000		78,725,000	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	2,344,811		2,344,811		2,344,811		1,981,663	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	47,655,189		48,439,399		48,439,399		76,743,337	
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2005		2005		2005		2009	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

3a	Are there any management or service contracts that may result in private business use?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		X
b	If ‘Yes’ to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X		X	
d	If ‘Yes’ to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X		X		X		X	
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 800 %		0 800 %		0 800 %		1 240 %	
6	Total of lines 4 and 5	0 800 %		0 800 %		0 800 %		1 240 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

Part IV

Arbitrage

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?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		X
2	Is the bond issue a variable rate issue?		X		X		X		X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X	X	
b	Name of provider							XL	
c	Term of GIC							1 916000000000	
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?							X	
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?	X		X		X		X	

Part 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
SCHEDULE K, PART I, COLUMN C	BOND'S ISSUE MATURITY DATES AND CUSSIP NUMBERS	SERIES 2004A 8/15/2023-93978EL26 8/15/2024-93978EL34 8/15/2025-93978EL42 8/15/2026-93978EL59 8/15/2027-93978EL67 8/15/2028-93978EL75 8/15/2034-93978EL83 SERIES 2004B 8/15/2023-93978EL91 8/15/2024-93978EM25 8/15/2025-93978EM33 8/15/2026-93978EM41 8/15/2027-93978EM58 8/15/2028-93978EM66 8/15/2034-93978EM74 SERIES 2004C 8/15/2023-93978EM82 8/15/2024-93978EM90 8/15/2025-93978EM24 8/15/2026-93978EM32 8/15/2027-93978EM40 8/15/2028-93978EM57 8/15/2034-93978EM65 SERIES 2007A 08/15/2012-93978EN73 08/15/2013-93978EN81 08/15/2014-93978EN99 08/15/2015-93978EP22 08/15/2016-93978EP30 08/15/2017-93978EP48 08/15/2018-93978EP55 08/15/2019-93978EP63 08/15/2020-93978EP71 08/15/2021-93978EP89 08/15/2022-93978EP97 08/15/2025-93978EQ 21 08/15/2031-93978EQ 39 08/15/2038-93978EQ 47 08/15/2041-93978EQ 54 SERIES 2007B 08/15/2012-93978EQ 62 08/15/2013-93978EQ 70 08/15/2014-93978EQ 88 08/15/2015-93978EQ 96 08/15/2016-93978ER20 08/15/2017-93978ER38 08/15/2018-93978ER46 08/15/2019-93978ER53 08/15/2020-93978ER61 08/15/2021-93978ER79 08/15/2022-93978ER87 08/15/2025-93978ER95 08/15/2031-93978ES29 08/15/2038-93978ES37 08/15/2041-93978ES45 SERIES 2007C 08/15/2041-93978EE99 SERIES 2007D 08/15/2041-93978EF23 SERIES 2008A 08/15/2010-93978E2E1 08/15/2011-93978E2F8 08/15/2012-93978E2G6 08/15/2013-93978E2H4 08/15/2014-93978E2J0 08/15/2015-93978E2K7 08/15/2016-93978E2L5 08/15/2017-93978E2M3 08/15/2018-93978E2N1 08/15/2019-93978E2P6 08/15/2024-93978E2Q 4 08/15/2029-93978E2R2 08/15/2039-93978E2S0 SERIES 2008B 08/15/2010-93978E2U5 08/15/2011-93978E2V3 08/15/2012-93978E2W1 08/15/2013-93978E2X9 08/15/2014-93978E2Y7 08/15/2015-93978E2Z4 08/15/2016-93978E3A8 08/15/2017-93978E3B6 08/15/2018-93978E3C4 08/15/2019-93978E3D2 08/15/2024-93978E3E0 08/15/2029-93978E3F7 08/15/2039-93978E3G5 SERIES 2008C 8/15/2043-93978EK92 SERIES 2009A 8/15/2044-93978E3U4 SERIES 2009B 8/15/2044-93978E3V2 SERIES 2010A 08/15/2010-93978E6N7 08/15/2011-93978E6P2 08/15/2012-93978E6Q0 08/15/2013-93978E6X5 08/15/2014-93978E6Y3 08/15/2015-93978E6Z0 08/15/2016-93978E7A4 08/15/2017-93978E7B2 08/15/2017-93978E6R8 08/15/2018-93978E7C0 08/15/2019-93978E6S6 08/15/2020-93978E6T4 08/15/2021-93978E6V9 08/15/2022-93978E6W7
SCHEDULE K, PART I, COLUMN E		SERIES 2004A - JOINT PREMIUM 2004 A,B,C OF \$977,057 AT REISSUANCE 5/15/2008 ORIGINAL ISSUE 6/22/2004 SERIES 2004B - JOINT PREMIUM 2004 A,B,C OF \$977,057 AT REISSUANCE 5/15/2008 ORIGINAL ISSUE 6/22/2004 SERIES 2004C - JOINT PREMIUM 2004 A,B,C OF \$977,057 AT REISSUANCE 5/15/2008 ORIGINAL ISSUE 6/22/2004 SERIES 2007A - JOINT PREMIUM 2007 A,B,C OF \$1,042,602 AT REISSUANCE 5/15/2008 ORIGINAL ISSUE 2/15/2007 SERIES 2007B - JOINT PREMIUM 2007 A,B,C OF \$1,042,602 AT REISSUANCE 5/15/2008 ORIGINAL ISSUE 2/15/2007 SERIES 2007C - JOINT PREMIUM 2008 A,B,C OF \$1,042,602 AT REISSUANCE 5/15/2008 ORIGINAL ISSUE 2/15/2007 SERIES 2008A - JOINT PREMIUM 2008 A,B,C OF \$81,316 AT REISSUANCE 2/26/2009 ORIGINAL ISSUE 5/15/2008 SERIES 2008B - JOINT PREMIUM 2008 A,B,C OF \$81,316 AT REISSUANCE 2/26/2009 ORIGINAL ISSUE 5/15/2008 SERIES 2008C - JOINT PREMIUM 2008 A,B,C OF \$81,316 AT REISSUANCE 2/26/2009 ORIGINAL ISSUE 5/15/2008
SCHEDULE K, SUPPLEMENTAL INFORMATION		MULTICARE HEALTH SYSTEM (MHS), THE PARENT AND SURVIVING CORPORATION AND GOOD SAMARITAN HOSPITAL (GSH), A SUBSIDIARY DISSOLVED AND MERGED WITH THE PARENT/SURVIVING CORPORATION ON 04/01/2011, WERE MEMBERS OF THE OBLIGATED GROUP, AND THEY WERE JOINTLY AND SEVERALLY OBLIGATED ON ALL BOND DEBT UPON THE MERGER MULTICARE HEALTH SYSTEM, THE SURVIVING CORPORATION, TOOK OVER ON ALL THE ASSETS AND LIABILITIES OF GSH AND MHS
SCHEDULE K, PART I, COLUMN A	NAME OF THE ISSUER FOR ALL BOND ISSUES	WASHINGTON HEALTH CARE FACILITIES AUTHORITY REVENUE BONDS
SCHEDULE K, SUPPLEMENTAL INFORMATION		ANY CHANGES IN THE LEASE AGREEMENTS DURING 2011 WERE NOT MATERIAL ENOUGH TO CHANGE THE PRIVATE BUSINESS USE PERCENTAGE AND/OR THE LOANS

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MULTICARE HEALTH SYSTEM

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

Employer identification number
91-1352172

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 WASHINGTON HEALTH CARE FACILITIES SERIES 2007 B	91-1108929	93978ES45	05-15-2008	78,725,000	CONSTRUCTION & EQUIP TG EMER DEPT, STEAM PLANT, GIG HARBOR MEDICAL PARK		X		X		X
B WASHINGTON HEALTH CARE FACILITIES SERIES 2007 C	91-1108929	93978EE99	02-15-2007	52,915,000	CONSTRUCTION & EQUIP TG EMER DEPT, STEAM PLANT, GIG HARBOR MEDICAL PARK		X		X		X
C WASHINGTON HEALTH CARE FACILITIES SERIES 2007 D	91-1108929	93978EF23	02-15-2007	105,635,000	CONSTRUCTION & EQUIP TG EMER DEPT, STEAM PLANT, GIG HARBOR MEDICAL PARK		X		X		X
D WASHINGTON HEALTH CARE FACILITIES SERIES 2008 A	91-1108929	93978ES52	02-26-2009	50,000,000	CONSTRUCTION GOOD SAMARITAN HOSPITAL TOWER		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	78,725,000		52,915,000		105,635,000		50,000,000	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	1,981,663		1,331,974		2,659,040		2,608,752	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	76,743,337		51,583,026		102,975,960		47,391,248	
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2009		2009		2009		2009	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		X
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X			X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X		X		X			
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	1 240 %		1 240 %		1 240 %		0 290 %	
6	Total of lines 4 and 5	1 240 %		1 240 %		1 240 %		0 290 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			X

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X	X		X			X
2	Is the bond issue a variable rate issue?		X	X		X			X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?	X		X		X			X
b	Name of provider	XL		XL		RBC			
c	Term of GIC	1 916000000000		1 916000000000		1 916000000000			
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X			
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?	X			X	X		X	

Part 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 K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MULTICARE HEALTH SYSTEM

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

Employer identification number
91-1352172

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 WASHINGTON HEALTH CARE FACILITIES SERIES 2008 B	91-1108929	93978ES60	02-26-2009	50,000,000	CONSTRUCTION GOOD SAMARITAN HOSPITAL TOWER		X		X		X
B WASHINGTON HEALTH CARE FACILITIES SERIES 2008 C	91-1108929	93978EK92	02-26-2009	30,000,000	CONSTRUCTION GOOD SAMARITAN HOSPITAL TOWER		X		X		X
C WASHINGTON HEALTH CARE FACILITIES SERIES 2009 A	91-1108929	93978E3U4	05-15-2009	50,000,000	CONSTRUCTION OF GOOD SAMARITAN TOWER		X		X		X
D WASHINGTON HEALTH CARE FACILITIES SERIES 2009 B	91-1108929	93978E3V2	05-15-2009	50,000,000	CONSTRUCTION OF THE GOOD SAMARITAN TOWER		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			50,000,000	30,000,000	50,000,000	50,000,000
4	Gross proceeds in reserve funds						
5	Capitalized interest from proceeds						
6	Proceeds in refunding escrow						
7	Issuance costs from proceeds			2,608,752	1,565,251	729,490	729,490
8	Credit enhancement from proceeds						
9	Working capital expenditures from proceeds						
10	Capital expenditures from proceeds			47,391,248	28,424,749	499,270,510	499,270,510
11	Other spent proceeds						
12	Other unspent proceeds						
13	Year of substantial completion			2009	2009	2010	2010
14	Were the bonds issued as part of a current refunding issue?			Yes	No	Yes	No
					X		X
15	Were the bonds issued as part of an advance refunding issue?				X		X
16	Has the final allocation of proceeds been made?			X		X	X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?			X		X	X

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		X
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 290 %		0 290 %		0 290 %		0 290 %	
6	Total of lines 4 and 5	0 290 %		0 290 %		0 290 %		0 290 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

Part IV

Arbitrage

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

Part 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 K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ 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.</div>	OMB No 1545-0047
		2011
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization MULTICARE HEALTH SYSTEM	Employer identification number 91-1352172
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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 WASHINGTON HEALTH CARE FACILITIES SERIES 2010 A	91-1108929	93978E6N7	01-05-2010	105,127,578	CURRENT REFUNDING OF THE WHCA SERIES 1998		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	105,127,578							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	574							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	105,127,578							
12	Other unspent proceeds								
13	Year of substantial completion	2010							
		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	0 290 %							
6	Total of lines 4 and 5	0 290 %							
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)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MULTICARE HEALTH SYSTEM

Employer identification number

91-1352172

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) WESTERN WA PATHOLOGY	ROB ROTH/VICE CHAIRMAN	1,029,174	REIMBURSEMENT FOR PROFESSIONAL SERVICES ROB ROTH, MD OWNS 12.5% OF WESTERN WASHINGTON PATHOLOGY PS. IN 2011 MULTICARE HEALTH SYSTEM ENGAGED WESTERN WASHINGTON PATHOLOGY PS FOR PROFESSIONAL SERVICES		No
(2) CAROLINE RUTTER MD	DAUGHTER OF THE VICE CHAIRMAN	646,935	EMPLOYEE OF THE MHS		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
MULTICARE HEALTH SYSTEM

Employer identification number

91-1352172

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	PROCESS USED BY MANAGEMENT AND/OR GOVERNING BODY TO REVIEW 990 THE FORM 990 IS PREPARED BY INTERNAL STAFF AND REVIEWED BY AN OUTSIDE ACCOUNTING FIRM INITIAL REVIEWS WERE PERFORMED BY LEVELS OF MANAGEMENT IN VARIOUS DEPARTMENTS THROUGHOUT THE ORGANIZATION, INCLUDING THE CHIEF EXECUTIVE OFFICER, AND THE CHIEF FINANCIAL OFFICER A REVIEW WAS THEN PERFORMED BY THE AUDIT COMMITTEE OF THE BOARD, AND INCLUDED A PRESENTATION BY THE OUTSIDE ACCOUNTING FIRM LASTLY, A COPY OF THE FINAL FORM 990, INCLUDING ALL REQUIRED SCHEDULES, WAS PROVIDED TO EACH VOTING MEMBER OF THE BOARD OF DIRECTORS FOR REVIEW, PRIOR TO ITS FILING WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	PROCESS USED TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST THE BOARD OF DIRECTORS HAS ACCOUNTABILITY FOR OVERSIGHT OF THE PROCESS FOR DISCLOSURE, EVALUATION, AND MANAGEMENT OF CONFLICTS OF INTEREST INVOLVING ANY DIRECTOR ON THE BOARD, EXECUTIVE LEADERSHIP, OR KEY EMPLOYEE IN ACCORDANCE WITH THE CONFLICTS OF INTEREST POLICY, THESE INDIVIDUALS ARE REQUIRED TO COMPLETE THE CONFLICTS OF INTEREST QUESTIONNAIRE AT LEAST ANNUALLY, AND HAVE AN ONGOING OBLIGATION TO UPDATE THE DISCLOSURE IN THE EVENT AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST ARISES THE CONFLICTS OF INTEREST QUESTIONNAIRE INCLUDES A STATEMENT THAT THE PERSON HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE ORGANIZATION MUST ENGAGE PRIMARILY IN ACTIVITIES THAT FURTHER ITS TAX EXEMPT PURPOSES WRITTEN DISCLOSURES ARE REVIEWED BY THE COMPLIANCE OFFICER, AND IN CERTAIN CIRCUMSTANCES, THERE IS FURTHER REVIEW BY THE GENERAL COUNSEL AND BOARD NO PERSON WITH A CONFLICT OF INTEREST PARTICIPATES IN AN ACTIVITY RELATED TO THE CONFLICT OF INTEREST UNLESS DISCLOSED, RESOLVED, AND PERMITTED IN ACCORDANCE WITH THE CONFLICT OF INTEREST POLICY CONFLICTS OF INTEREST ARE DOCUMENTED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	A-B PROCESS USED TO DETERMINE COMPENSATION OF CEO THE BOARD, THROUGH ITS COMPENSATION COMMITTEE CONSISTING OF INDEPENDENT, NON-PAID, BOARD MEMBERS, IS ACCOUNTABLE FOR ENSURING AND APPROVING A REASONABLE TOTAL COMPENSATION PACKAGE, CONSISTENT WITH ITS COMPENSATION PHILOSOPHY, FOR THE CEO FOR HER MANAGEMENT AND LEADERSHIP OF MULTICARE HEALTH SYSTEM ENTITIES (91-1352172, 91-1514257, 94-3030039, AND 91-2004312) THE COMPENSATION COMMITTEE DIRECTS THE DEVELOPMENT AND IT APPROVES ANNUAL GOALS AND PERFORMANCE CRITERIA THAT ARE USED TO DETERMINE VARIABLE COMPENSATION OPPORTUNITIES FOR THE CEO THE COMPENSATION COMMITTEE ASSESSES PERFORMANCE AGAINST THESE GOALS AND PERFORMANCE CRITERIA, WHICH INCLUDE IMPROVING PATIENT CARE, CARE ACCESS TO THE UNDERSERVED, CLINICAL OUTCOMES, AND PATIENT SAFETY, AS WELL AS EARNING AN OPERATING MARGIN TO ENABLE INVESTMENT IN PEOPLE, TECHNOLOGY, AND FACILITIES THE COMPENSATION COMMITTEE SELECTS AND ENGAGES A QUALIFIED INDEPENDENT COMPENSATION CONSULTANT EACH YEAR TO REVIEW AND ANALYZE THE TOTAL COMPENSATION PACKAGE FOR ALIGNMENT WITH APPROPRIATE PRACTICES FOR SIMILAR NOT-FOR-PROFIT HEALTHCARE SYSTEMS THE COMPENSATION COMMITTEE, AS PART OF ITS ANALYSIS, OBTAINS FROM THE INDEPENDENT COMPENSATION CONSULTANT APPROPRIATE COMPARABILITY DATA, INCLUDING TOTAL COMPENSATION PAID BY SIMILARLY SITUATED NOT-FOR-PROFIT HEALTH CARE ORGANIZATIONS FOR POSITIONS THAT ARE FUNCTIONALLY COMPARABLE THE COMPENSATION DELIBERATION AND DECISIONS ARE CONTEMPORANEOUSLY DOCUMENTED THE LAST TIME THIS PROCESS WAS UNDERTAKEN WAS 2011

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST. ADDITIONALLY THIS YEAR THE AUDITED FINANCIAL STATEMENTS ARE INCLUDED AS PART OF THE FORM 990.

Identifier	Return Reference	Explanation
HOURS DEVOTED TO RELATED ORGANIZATIONS	FORM 990, PART VII	<p>DIANE CECCHETTINI IS THE PRESIDENT AND CEO OF MULTICARE HEALTH SYSTEM AND AFFILIATES. SHE IS COMPENSATED BY MULTICARE HEALTH SYSTEM (MHS) AND DEVOTES ON AVERAGE A TOTAL OF 60 HOURS PER WEEK TO MHS AND AFFILIATES AS FOLLOWS: 1 HOUR PER WEEK TO MARY BRIDGE CHILDREN'S FOUNDATION (MBCF), 1 HOUR PER WEEK TO MULTICARE HEALTH FOUNDATION (MHF), 1 HOUR PER WEEK TO GOOD SAMARITAN FOUNDATION (GSF), AND 57 HOURS PER WEEK TO MULTICARE HEALTH SYSTEM. VINCENT SCHMITZ IS THE CFO OF MULTICARE HEALTH SYSTEM AND AFFILIATES. HE IS COMPENSATED BY MHS AND DEVOTES ON AVERAGE A TOTAL OF 60 HOURS PER WEEK TO MHS AND ITS AFFILIATES AS FOLLOWS: 1 HOUR PER WEEK TO MBCF, 1 HOUR PER WEEK TO MHF, 1 HOUR PER WEEK TO GSF, AND 57 HOURS PER WEEK TO MHS. JOHN LONG WAS THE PRESIDENT OF GOOD SAMARITAN HOSPITAL FROM JANUARY THROUGH APRIL 2011. ON APRIL 1ST, 2011, GOOD SAMARITAN HOSPITAL MERGED WITH MULTICARE HEALTH SYSTEM AND JOHN LONG'S ROLE AS AN OFFICER ENDED WHILE HE CONTINUES TO WORK FOR MULTICARE AS A NON-MEDICAL CONSULTANT. HE IS COMPENSATED BY MHS AND DEVOTES ON AVERAGE A TOTAL OF 60 HOURS PER WEEK TO MHS AND ITS AFFILIATES.</p>

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -8,091,895 TRANSFER OF ASSETS FROM AFFILIATES 1,131,210 UNFUNDED DB PENSION LIABILITY -39,974,391 GOOD SAMARITAN'S GROUP DISTRIBUTION TO THE PARENT 465,412,272 A-133 FUNDED ASSETS 232,249 TOTAL TO FORM 990, PART XI, LINE 5 418,709,445

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
MULTICARE HEALTH SYSTEM

Employer identification number
91-1352172

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
(1) MULTICARE HEALTH FOUNDATION 409 S J STREET TACOMA, WA 98405 91-1514257	SOLICIT CONTRIBUTIONS	WA	501(C)(3)	LINE 7	MULTICARE HEALTH SYSTEM	Yes	
(2) MARY BRIDGE CHILDREN'S FOUNDATION 409 S J STREET TACOMA, WA 98405 94-3030039	SOLICIT CONTRIBUTIONS	WA	501(C)(3)	LINE 7	MULTICARE HEALTH SYSTEM	Yes	
(3) GOOD SAMARITAN HOSPITAL 407 14TH AVE SE PUYALLUP, WA 98372 91-0961134	HOSPITAL	WA	501(C)(3)	LINE 3	MULTICARE HEALTH SYSTEM	Yes	
(4) GOOD SAMARITAN OUTREACH SERVICES 325 E PIONEER AVE PUYALLUP, WA 98372 91-1203564	MEDICAL SERVICES	WA	501(C)(3)	LINE 9	MULTICARE HEALTH SYSTEM	Yes	
(5) GOOD SAMARITAN FOUNDATION 402 15TH AVE SE SUITE 101 PUYALLUP, WA 98372 91-2004312	SOLICIT CONTRIBUTIONS	WA	501(C)(3)	LINE 7	MULTICARE HEALTH SYSTEM	Yes	

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) Dispropportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) MEDIS CORPORATION 315 S K STREET TACOMA, WA 98405 91-1111928	MEDICAL BUILDING RENTAL	WA	MULTICARE HEALTH SYSTEM	C	8,236,679	2,065,814	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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

No

1m

No

1n

Yes

1o

No

1p

Yes

1q

No

1r

No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 91-1352172
Name: MULTICARE HEALTH SYSTEM

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) MEDIS CORPORATION	A	13,944	
(2) MULTICARE HEALTH FOUNDATION	B	1,595,449	
(3) MARY BRIDGE CHILDREN'S FOUNDATION	B	2,891,826	
(4) GOOD SAMARITAN FOUNDATION	B	3,605,255	
(5) MULTICARE HEALTH FOUNDATION	C	3,393,572	
(6) MARY BRIDGE CHILDREN'S FOUNDATION	C	4,679,758	
(7) GOOD SAMARITAN FOUNDATION	C	2,439,411	
(8) MEDIS CORPORATION	J	312,520	
(9) MULTICARE HEALTH FOUNDATION	P	863,518	
(10) MARY BRIDGE CHILDREN'S FOUNDATION	P	1,308,449	
(11) GOOD SAMARITAN FOUNDATION	P	646,540	
(12) MEDIS CORPORATION	P	1,196,253	

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

CERTIFICATE OF MERGER

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that documents meeting statutory requirements have been filed and processed with the Secretary of State merging the listed "Merging Entities" into:

MULTICARE HEALTH SYSTEM

WA Non-Profit Corporation

UBI: 601-100-682

Filing Date: March 23, 2011

Effective Date: April 01, 2011

Merging Entities:

275-003-631

GOOD SAMARITAN HOSPITAL



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed, Secretary of State

FILED
SECRETARY OF STATE
SAM REED

MARCH 23, 2011
STATE OF WASHINGTON

03/23/11 1917057-002
\$70.00 R #153283_300913198
vd:2070212

ARTICLES OF MERGER
OF
GOOD SAMARITAN HOSPITAL AND
MULTICARE HEALTH SYSTEM

Pursuant to the provisions of the Washington Nonprofit Corporation Act, RCW 24.03.200, the undersigned nonprofit corporations, and each of them, hereby submit the following Articles of Merger for filing for the purpose of merging GOOD SAMARITAN HOSPITAL ("GSH"), a Washington nonprofit corporation into MULTICARE HEALTH SYSTEM ("MHS"), a Washington nonprofit corporation. MHS will be the surviving entity.

ARTICLE I

The plan of merger (the "Plan") is set forth in Exhibit A attached hereto and incorporated herein by this reference, with an effective merger date of April 1, 2011.

ARTICLE II

The merger was duly approved by the Board of Directors of GSH on March 15, 2011, having received the vote of a majority of the directors in office, as reflected in the Joint Resolution of the Boards of Directors of MHS, GSH and Good Samaritan Outreach Services dated March 16, 2011 ("Joint Resolution").

The merger was duly approved by the Board of Directors of MHS on March 16, 2011, having received the vote of a majority of the directors in office, as reflected in the Joint Resolution. Further, MHS as the sole member of GSH duly consented to the merger by adoption of the Joint Resolution.

DATED this 16th day of March 2011.

GOOD SAMARITAN HOSPITAL

By: John Long
John Long, President

MULTICARE HEALTH SYSTEM

By: Diane Cecchetti
Diane Cecchetti, R.N., CEO and President

Exhibit A to Articles of Merger (GSH into MHS):Plan of Merger

**PLAN OF MERGER
OF
GOOD SAMARITAN HOSPITAL AND
MULTICARE HEALTH SYSTEM**

THIS PLAN OF MERGER is made and entered into March 16, 2011, by and between GOOD SAMARITAN HOSPITAL, a Washington nonprofit corporation ("GSH"), and MULTICARE HEALTH SYSTEM, a Washington nonprofit corporation ("MHS" or the "Surviving Corporation").

RECITALS

A. GSH is a nonprofit corporation organized and existing under the laws of the State of Washington. The sole member of GSH is MultiCare Health System ("MHS"), a Washington non-profit corporation.

B. MHS is a nonprofit corporation organized and existing under the laws of the State of Washington. MHS is managed by a board of directors; it has no members.

C. The Boards of Directors of GSH and MHS, respectively, deem it advisable for GSH to merge with and into MHS, with MHS to serve as the surviving corporation of such merger.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, GSH and MHS hereby agree to the following Plan of Merger:

1. *Names of Constituent Corporations.* GSH will merge with and into MHS. MHS will be the Surviving Corporation.

2. *Terms and Conditions of Merger.* The effective date of merger shall be following the filing of Articles of Merger with the Secretary of State, anticipated to be April 1, 2011. Upon the effective date of the merger: the separate corporate existence of GSH shall cease; title to all real estate and other property owned by GSH shall be vested in MHS without reversion or impairment; and the Surviving Corporation shall have all liabilities of GSH.

3. *Governing Law.* The laws of the State of Washington shall govern the Surviving Corporation.

4. *Name.* The name of the Surviving Corporation shall be MultiCare Health System.

5. *Registered Office.* The address of the registered office of the Surviving Corporation shall be 222 North J Street Suite B, Tacoma, Washington, 98403 and the name of the registered agent at such address is Erik Rasmussen.

6. *Accounting.* The assets and liabilities of GSH and MHS (collectively the "Constituent Corporations") as of the effective date of the merger shall be taken up on the books of the Surviving Corporation, at the amounts at which they are carried at that time on the respective books of the Constituent Corporations.

7. *Directors.* The directors of MHS as of the effective date of the merger shall be the directors of the Surviving Corporation until their respective successors are duly elected and qualified.

8. *Member and Board Approval.* This Plan of Merger shall be submitted to the Boards of Directors of GSH and MHS for their approval in the manner provided under RCW 24.03.195, at meetings to be held on or before April 1, 2011, or at other such time and manner as the Boards of Directors of GSH and MHS shall agree. After approval by the Boards of Directors, the Articles of Merger shall be filed as required under the laws of the State of Washington and by this Plan of Merger.

9. *Abandonment of Merger.* This merger may be abandoned at any time prior to the filing of Articles of Merger with the Secretary of State, upon a vote of a majority of the Board of Directors of either GSH or MHS or by the action of MHS.

10. *Counterparts.* This Plan of Merger may be executed in any number of counterparts, and all such counterparts and copies shall be and constitute an original instrument.

IN WITNESS WHEREOF, this Plan of Merger has been adopted by the undersigned corporations as of the date first stated above.

GOOD SAMARITAN HOSPITAL

By: 

John Bong, President

MULTICARE HEALTH SYSTEM

By: 

Diane Cecchetti, R.N., CEO and President



MULTICARE HEALTH SYSTEM

Consolidated Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPM G LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

The Board of Directors
MultiCare Health System

We have audited the accompanying consolidated balance sheets of MultiCare Health System (a Washington nonprofit corporation) as of December 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of MultiCare 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MultiCare 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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

KPMG LLP

March 28, 2012

MULTICARE HEALTH SYSTEM

Consolidated Balance Sheets

December 31, 2011 and 2010

(Dollars in thousands)

Assets	2011	2010
Current assets		
Cash and cash equivalents	\$ 168.037	231.828
Accounts receivable, less allowance for doubtful accounts of \$62.483 and \$53.547 in 2011 and 2010, respectively	188.852	175.572
Supplies inventory	17.718	15.301
Other current assets, net	24.662	22.126
Bond funds held in trust	37	78
Total current assets	399.306	444.905
Donor restricted assets held for long-term purposes	59.297	63.123
Investments	698.185	573.017
Property, plant, and equipment, net	1,134.394	1,103.879
Other assets, net	62.359	48.048
Total assets	\$ 2,353.541	2,232.972
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 86.932	66.588
Accrued compensation and related liabilities	110.649	99.306
Accrued interest payable	10.321	10.471
Current portion of long-term debt	10.384	9.817
Long-term debt subject to short-term remarketing agreements	—	18.120
Total current liabilities	218.286	204.302
Accrued pension, professional liability, and other	187.107	150.005
Interest rate swap liabilities	63.495	28.881
Long-term debt, net of current portion	772.107	764.833
Total liabilities	1,240.995	1,148.021
Commitments and contingencies (note 15)		
Net assets		
Unrestricted	1,048.857	1,024.013
Temporarily restricted	25.246	24.971
Permanently restricted	38.443	35.967
Total net assets	1,112.546	1,084.951
Total liabilities and net assets	\$ 2,353.541	2,232.972

See accompanying notes to consolidated financial statements

MULTICARE HEALTH SYSTEM

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2011 and 2010

(Dollars in thousands)

	2011	2010
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,432,411	1,334,062
Provision for bad debts	(117,834)	(96,154)
Net patient service revenue less provision for bad debts	1,314,577	1,237,908
Other operating revenue	65,499	47,060
Net assets released from restrictions for operations	4,246	3,403
Total unrestricted revenues, gains, and other support	1,384,322	1,288,371
Expenses		
Salaries and wages	613,679	577,907
Employees benefits	152,170	138,816
Supplies	168,060	169,612
Purchased services	100,711	88,419
Depreciation and amortization	93,423	80,451
Interest	27,025	20,953
Other	144,416	117,016
Total expenses	1,299,484	1,193,174
Operating income	84,838	95,197
Other (loss) income		
Investment income	17,375	42,583
Loss and other expense on interest rate swaps	(40,517)	(22,265)
Other, net	(2,353)	(2,415)
Total other (loss) income	(25,495)	17,903
Excess of revenue over expenses	59,343	113,100
Other changes in unrestricted net assets		
Changes in accrued pension liability	(39,974)	19,240
Net assets released from restriction – capital acquisitions	5,242	9,421
Capital assets received	233	—
Increase in unrestricted net assets	24,844	141,761
Changes in temporarily restricted net assets		
Contributions	8,319	11,816
Income on investments	1,444	1,356
Net assets released from restriction – capital acquisitions	(5,242)	(9,421)
Net assets released from restrictions for operations	(4,246)	(3,403)
Increase in temporarily restricted net assets	275	348
Changes in permanently restricted net assets		
Contributions	3,258	1,542
Income on investments	328	1,092
(Decrease) increase in assets held in trust by others	(1,110)	1,350
Increase in permanently restricted net assets	2,476	3,984
Increase in net assets	27,595	146,093
Net assets, beginning of year	1,084,951	938,858
Net assets, end of year	\$ 1,112,546	1,084,951

See accompanying notes to consolidated financial statements

MULTICARE HEALTH SYSTEM
Consolidated Statements of Cash Flows
Years ended December 31, 2011 and 2010
(Dollars in thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 27,595	146,093
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization (including nonoperating depreciation)	95,025	81,894
Net realized and recognized gains and change in net unrealized gains on investments	1,652	(27,879)
Change in fair value of interest rate swaps	33,927	15,742
Loss on refinancing	—	2,586
Provision for bad debts	117,834	96,154
(Gain) loss on disposal of assets, net	(198)	169
Loss on joint ventures	(352)	(1,006)
Restricted contributions for long-term purposes	(4,004)	(13,872)
Changes in operating assets and liabilities		
Accounts receivable	(131,114)	(101,409)
Inventories and other current assets	(4,953)	(8,343)
Other assets, net	(14,922)	266
Accounts payable and accrued expenses and interest payable	14,262	(10,262)
Accrued salaries and benefits	11,343	3,783
Accrued pension, professional liability, and other	35,272	(35,151)
Net cash provided by operating activities	<u>181,367</u>	<u>148,765</u>
Cash flows from investing activities		
Purchase of property, plant, and equipment	(119,276)	(205,646)
Proceeds from disposal of assets	704	—
Distributions from joint ventures	1,745	247
Net purchases and sales from trading securities	(123,192)	(107,953)
Reimbursement from bond trustee funds	—	56,395
Change in donor trusts	1,136	(1,082)
Net cash used in investing activities	<u>(238,883)</u>	<u>(258,039)</u>
Cash flows from financing activities		
Repayment of long-term debt	(10,279)	(115,187)
Proceeds from bond issuance	—	105,128
Payment of debt issue expenses	—	(877)
Restricted contributions for long-term purposes	4,004	13,872
Net cash (used in) provided by financing activities	<u>(6,275)</u>	<u>2,936</u>
Net decrease in cash and cash equivalents	<u>(63,791)</u>	<u>(106,338)</u>
Cash and cash equivalents, beginning of year	<u>231,828</u>	<u>338,166</u>
Cash and cash equivalents, end of year	<u>\$ 168,037</u>	<u>231,828</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, net of amount capitalized	\$ 27,175	21,281
Noncash activities		
Increase in deferred compensation plans	1,696	2,862
Purchases of property, plant, and equipment included in accounts payable	5,932	14,571

See accompanying notes to consolidated financial statements

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(1) Nature of Organization and Summary of Significant Accounting Policies

MultiCare Health System (MHS), a Washington nonprofit corporation, is an integrated healthcare delivery system providing inpatient, outpatient, and other healthcare services to the residents of Pierce and south King Counties and, with respect to pediatric care, much of the southwest Washington region. MHS operates 893 licensed inpatient beds, seven outpatient surgical sites, home health, hospice, and several other urgent care, primary care, and multispecialty clinics located throughout MHS' service area.

The consolidated financial statements of MHS include four acute care facilities (Tacoma General Hospital, Good Samaritan Hospital, Allenmore Hospital, and Mary Bridge Children's Hospital and Health Center) and a medical group that includes MultiCare Clinics, MultiCare Medical Associates, and Urgent Care Centers. MHS includes a wholly owned subsidiary, Medis, Inc. (conducts health-related services within the for-profit sector such as consulting, physician joint ventures, facilities management, and leasing), and three foundations (Mary Bridge Children's Foundation, MultiCare Health Foundation, and Good Samaritan Foundation).

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of MHS after elimination of all significant intercompany accounts and transactions.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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 certain investments in highly liquid instruments with original maturities of three months or less at the date of purchase.

(d) Accounts Receivable

Accounts receivable primarily comprise amounts due for healthcare services from patients and third-party payors and are recorded net of allowances for contractual adjustments and bad debts.

(e) Supplies Inventory

Supplies inventory consists of pharmaceutical, medical-surgical, and other supplies generally used in the operations of MHS. Supplies inventory is based on average cost, except for pharmacy, which uses the first-in, first-out (FIFO) method. Obsolete and unusable items are expensed at the time such determination is made.

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(f) Donor Restricted Assets

The majority of the donor restricted assets are invested in MHS' pooled investments and are stated at fair value or estimated fair value. Donor restricted assets that are held outside MHS' pooled investments include perpetual trusts and charitable remainder uni-trusts that are invested in cash, mutual funds, fixed income securities, and equity securities. Those with readily determinable fair values are stated at fair value. Those investments for which quoted market prices are not readily available are carried at values provided by respective investment managers or trustees, which management believes approximate fair value.

Charitable gift annuities, which are included in donor restricted assets totaled \$3,172 and \$2,952 at December 31, 2011 and 2010, respectively. MHS has recorded a corresponding payable of \$2,216 and \$2,022 at December 31, 2011 and 2010, respectively, to pay for estimated future obligations to beneficiaries. The current portion of these obligations is included in accounts payable and accrued expenses, and the long-term portions are included in the accrued pension, professional liability, and other in the accompanying consolidated balance sheets.

(g) Investments

MHS accounts for its investment portfolio as a trading portfolio. Investments in fixed income securities and equity securities with a readily determinable fair value are stated at fair value, which are determined based on quoted market prices or prices with observable inputs obtained from national securities exchanges. Other investments, including limited partnerships, and hedge funds are carried at net asset value provided by the respective investment managers, which management believes approximates fair value. Valuations provided by investment managers consider variables such as valuation and financial performance of underlying investments, quoted market prices for similar securities, recent sale prices of underlying investments, and other pertinent information. Management reviews the valuations provided by investment managers and believes that the carrying values of these financial instruments are reasonable estimates of fair value.

Realized gains and losses are recorded using the average cost method. Investment income or loss (including realized gains and losses on investments, change in unrealized gains or losses, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

(h) Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost. Depreciation expense is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings	25 – 40 years
Land improvements	8 – 20 years
Equipment	3 – 25 years

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

Maintenance and repairs are charged to operations as they occur. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Gains or losses upon sale or retirement of property, plant, and equipment are included in other income. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

MHS assesses potential impairments to its 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 is recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. In 2011 and 2010, there were no impairment charges.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(i) *Estimated Third-Party Payor Settlements*

Medicare cost reports are filed annually by MHS with the Medicare intermediary and are subject to audit and adjustment prior to settlement. Estimates of net settlements due to Medicare were \$5,968 and \$4,194 as of December 31, 2011 and 2010, respectively, and have been reflected within accounts payable and accrued expenses in the accompanying consolidated balance sheets. Third-party settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Net patient service revenue increased by \$765 and \$2,995 for 2011 and 2010, respectively, to reflect changes in the estimated Medicare settlements for prior years.

(j) *Asset Retirement Obligation*

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 410-20 – *Asset Retirement and Environmental Obligations* – *Asset Retirement Obligations* – requires the recognition of a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. MHS recorded the initial asset retirement obligation liability at fair value and subsequently adjusted the liability for accretion expense and changes in the amount or timing of estimated cash flows. An asset retirement obligation liability of \$2,913 and \$2,779 as of December 31, 2011 and 2010, respectively, is included in accrued pension, professional liability, and other on the consolidated balance sheets.

(k) *Interest Rate Swaps*

MHS records all interest rate swaps on the consolidated balance sheets at fair value. The accounting for changes in the fair value of these derivatives depends on whether those had been designated and qualify as part of a hedging relationship. For derivatives designated as cash flow hedges, the

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

effective portion of changes in the fair value of the derivatives was recognized in other changes in unrestricted net assets in the consolidated statements of operations and changes in net assets and subsequently recognized in other income when the hedged transaction affects earnings. The ineffective portion of changes in the fair value of cash flow hedges is recognized within other (loss) income. As of December 31, 2011 and 2010, none of MHS's interest rate swaps have been designated as cash flow hedges and the changes in fair value are recognized within other (loss) income in the accompanying consolidated statements of operations and changes in net assets.

(l) *Temporarily and Permanently Restricted Net Assets*

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are those whose use by MHS has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors and are maintained by MHS in perpetuity. When restricted funds to be used for operations are expended for their restricted purposes, these amounts are released from restrictions for operations and are included in unrestricted revenues, gains, and other support. When restricted funds are expended for the acquisition of property, plant, and equipment, these amounts are reflected in unrestricted net assets as net assets released from restriction – capital acquisitions.

MHS applies the provisions of ASC Topic 820 – *Fair Value Measurements and Disclosures* – related to using the present value technique to measure fair value of pledges receivable. In accordance with ASC Topic 820, MHS has applied the expected present value technique to pledges received after January 1, 2009 that adjusts for a risk premium to take into account the risks inherent in those expected cash flows. Pledges of financial support are recorded as pledges receivable when unconditional pledges are made and are stated at net realizable value. Pledges are reported net of an allowance for uncollectible pledges and pledges to be collected in future years are reflected at a discounted value. As of December 31, 2011 and 2010, MHS has recorded \$14,642 and \$13,744, respectively, of net pledge receivables, which are included in donor restricted assets in the accompanying consolidated balance sheets. As of December 31, 2011, \$6,483 of pledges are due in one year or less, \$5,971 in two to five years and the remaining amounts within twenty years.

(m) *Net Patient Service Revenue*

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The basis for payment to MHS under the third-party governmental and private payor agreements includes prospectively determined rates per discharge, discounts from established charges, and per diems.

MULTICARE HEALTH SYSTEM
Notes to Consolidated Financial Statements
December 31, 2011 and 2010
(Dollars in thousands)

Net patient service revenues were billed to the following payors for the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Payors		
Medicare and Medicaid	36%	37%
Regence	15	15
Premiera	15	14
First Choice	12	12
Other	22	22
	<u>100%</u>	<u>100%</u>

(n) Hospital Safety Net Assessment

In 2009, the State of Washington (the State) enacted a safety net assessment program involving Washington State hospitals to increase funding from other sources and obtain additional federal funds to support increased payments to providers for Medicaid services. The safety net assessment was subject to approval by the Centers of Medicare and Medicaid Services (CMS) before it took effect. In October of 2010, CMS approved the two amendments required to fully enact the safety net assessment program. In April of 2011, CMS approved the remaining Medicaid managed care portion of the program.

In connection with the safety net assessment program, MHS recorded increases in net patient service revenue of \$26,388 and \$15,930 for 2011 and 2010, respectively, but incurred assessments of \$27,969 and \$7,653 for 2011 and 2010, respectively, which were recorded as part of other operating expenses in the accompanying consolidated statements of operations and changes in net assets. As of December 31, 2011 and 2010, MHS had receivables associated with this program of \$15,653 and \$3,022, respectively, which are included with accounts receivable on the consolidated balance sheets. MHS also had payables associated with this program of \$12,508 and \$250, as of December 31, 2011 and 2010, respectively, which are included with accounts payable and accrued expenses on the consolidated balance sheets.

The State has notified MHS that it will reduce Medicaid payment rates for services provided on and after July 1, 2011 and is currently awaiting Centers for Medicare and Medicaid Services (CMS) approval of the State Plan Amendment. Medicaid continues to pay MHS at rates consistent with the safety net assessment program. Upon CMS approval, Medicaid will reprocess all claims for services provided on or after July 1, 2011. As of December 31, 2011, MHS recorded a liability of \$5,356 related to these expected reductions in Medicaid payments. This amount is reflected as a reduction to accounts receivable in the accompanying consolidated balance sheets.

(o) Charity Care

MHS provides a variety of uncompensated healthcare services to the community within the purview of its mission. Patients who meet the criteria of its charity care policy are eligible to receive these

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

services without charge or at an amount less than MHS established rates. Because MHS does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. The State of Washington provides guidelines for charity care provided by hospitals in the state. Hospitals are recommended to provide full charity care to patients who meet 100% of the federal poverty guidelines and a lesser amount to patients who meet up to 200% of the federal poverty guidelines. MHS provides full charity care to patients who meet 200% of the federal poverty guidelines. Mary Bridge Children's Hospital and Health Center provides full charity care to patients whose incomes are below 300% of the federal poverty guidelines. MHS also provides charity care on a sliding scale for patients whose income is between 201% (301% for Mary Bridge Children's Hospital and Health Center) and 500% of the federal poverty guidelines for true self pay patients with deductibles and coinsurance amounts in excess of \$2. The estimated cost of charity care provided was approximately \$27,600 and \$24,440 in 2011 and 2010, respectively. The cost estimate is calculated based on the overall ratio of costs to charges for MHS.

In August 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-23, *Health Care Entities* (Topic 954) *Measuring Charity Care for Disclosure*. This ASU is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. This ASU requires that cost, including direct and indirect costs, be used as the measurement basis for charity care disclosure purposes and that the method used to identify or determine such costs be disclosed. This ASU was effective for MHS on January 1, 2011 and did not have an impact on the notes to the consolidated financial statements.

(p) Other Operating Revenue

Other operating revenue includes revenue from Good Samaritan Outreach Services, cafeteria sales, retail pharmacy, laboratory revenue from community providers, medical office rental income, unrestricted contributions, grant revenue, and other miscellaneous revenue.

The Health Information Technology for Economic and Clinical Health Act, part of the American Recovery and Reinvestment Act of 2009, created an incentive program, beginning in 2011, to promote the "meaningful use" of Electronic Health Records (EHR). To qualify, Medicare and/or Medicaid providers must attest to CMS that they are using certified EHR in a "meaningful" way by meeting objectives at established thresholds, as defined by CMS. Meaningful use revenues are recognized as grant revenue. Grant revenue is recognized when there is reasonable assurance that the grant will be received and that the organization will comply with the conditions attached to the grant. During 2011, meaningful use revenues were \$11,265 and were recognized in other operating revenue. The amount recognized is based on management's best estimate and is subject to audit and potential retrospective adjustments.

(q) Excess of Revenues over Expenses

The consolidated statements of operations and changes in net assets include the excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from the excess of revenues over expenses, primarily include changes in accrued pension liability and net assets released from restrictions for capital acquisition.

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(r) Federal Income Taxes

Effective January 1, 2007, MHS adopted FASB ASC Topic 740-10 – *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in MHS' consolidated financial statements. ASC Topic 740-10 also prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Only tax positions that meet the "more likely than not" recognition threshold at the effective date may be recognized or continue to be recognized upon adoption. In addition, ASC Topic 740-10 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. ASC Topic 740-10, relating to accounting for uncertain tax positions, did not have a significant impact on the consolidated financial statements of MHS. Other than Medis, Inc., a taxable corporation, and Good Samaritan Surgery Center, LLC, a limited liability company (which merged into MHS in December 2010), all of the other entities have obtained determination letters from the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for tax on unrelated business income.

(s) Recently Adopted Accounting Standards

In August 2010, the FASB issued ASU No. 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*. This ASU prohibits a health care entity from netting insurance recoveries against related claim liabilities for reporting purposes. Additionally, this ASU requires that the amount of the claim liability be determined without consideration of insurance recoveries. This ASU was effective for MHS on January 1, 2011 and the effects are reflected in the accompanying 2011 consolidated balance sheet whereby self-insured retention receivables (including current and long-term portions) were recorded of \$17,575 and the associated liabilities (including current and long-term portions) were increased accordingly. There was no effect to the consolidated statements of operations and changes in net assets.

In July 2011, the FASB issued 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 MHS beginning after December 15, 2011, with early adoption permitted. MHS adopted this standard for implementation in the accompanying consolidated financial statements, which affects the presentation on the consolidated statements of operations and changes in net assets and note 2 of these consolidated financial statements.

(t) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(2) Net Patient Service Revenue

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

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge, which provides for reimbursement based on Medicare severity diagnosis-related groupings (MS-DRGs). These rates vary according to a patient classification system that is based on clinical diagnosis, acuity, and expected use of hospital resources. The majority of Medicare outpatient services are reimbursed under a prospective payment methodology, the Ambulatory Payment Classification System (APC), or fee schedules.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system similar to Medicare, however, Medicaid utilizes All Payor Diagnosis-Related Groups (AP-DRGs) as opposed to Medicare's MS-DRGs. Outpatient services are reimbursed through a prospective payment methodology similar to Medicare APC or fee schedules.

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

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The basis for payment to MHS under the third-party governmental and private payor agreements includes prospectively determined rates per discharge, discounts from established charges, and per diems. MHS evaluates collectability of revenue based on major payor groupings and uses historical experience to make estimates as required regarding expected levels of collection based on contractual rates with third-party payors.

Net patient service revenue for the years ended December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Gross patient service revenue	\$ 4,093,519	3,676,815
Contractual discounts	(2,569,235)	(2,270,217)
Charity care (gross)	(91,873)	(72,536)
Provision for bad debts (gross)	<u>(117,834)</u>	<u>(96,154)</u>
Net patient service revenue	<u>\$ 1,314,577</u>	<u>1,237,908</u>

For receivables associated with self-pay patients (including those with no insurance and those who are paying deductibles or copayments), MHS records a significant provision for bad debts in the period of service on the basis of past experience, which indicates that many patients are unresponsive or are otherwise unwilling to pay the portion of their bill for which they are financially responsible. For those self-pay patients not meeting the criteria for MHS' charity care policy, MHS has recorded an allowance for doubtful accounts by estimating amounts of outstanding accounts receivable that may become

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

uncollectible based on historical experience. MHS information systems classify accounts receivable in groupings based on who the current balance is expected to be paid by. For example, as amounts are paid by commercial insurance carriers and remaining balances become due from patients to satisfy co-payments or deductibles, those balances are reclassified within the accounts receivable groupings as self-pay after insurance. This grouping of accounts receivable is then evaluated based on historical write-off rates, including age of accounts, and estimates are made regarding expected collectability of these balances. Approximately 7% of patient service revenue (net of contractual allowances and discounts) in 2011 was derived from patients without insurance, while all other revenue is derived from patients with governmental or commercial insurance coverage. A portion of third-party receivables also have an associated allowance for uncollectability as a portion of these balances, based on historical experience, are also periodically found to be uncollectible. Amounts are charged against the allowance for doubtful accounts after reasonable collection efforts have been exhausted. The following reflects the estimates made and changes affecting those estimates for the year 2011.

	<u>2011</u>
Change in allowance for doubtful accounts	
Allowance for doubtful accounts at beginning of year	\$ 53,547
Write-offs of accounts due to deemed uncollectibility	(108,898)
Provision for bad debts	<u>117,834</u>
Allowance for doubtful accounts at end of year	<u>\$ 62,483</u>

(3) Concentration of Credit Risk

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

	<u>2011</u>	<u>2010</u>
Medicare	23%	18%
Medicaid	18	23
Regence	8	10
Other commercial insurance	34	33
Self-pay	<u>17</u>	<u>16</u>
	<u>100%</u>	<u>100%</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(4) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by MHS in estimating the fair value of its financial instruments

Cash and Cash Equivalents – The carrying amount reported in the consolidated balance sheets for cash and cash equivalents approximates its fair value

Investments and Donor Restricted Assets – Investments in fixed income securities and equity securities with a readily determinable fair value are based on quoted market prices. The carrying amounts of investments for which quoted market prices are not readily available are based on values provided by investment managers, which management believes approximate fair value

Receivables, Accounts Payable, and Accrued Expenses – The carrying amount reported in the consolidated balance sheets for receivables, accounts payable, and accrued expense approximates its fair value

Long-Term Debt – The estimated fair value of MHS' total long-term debt at December 31, 2011 and 2010 was \$812,927 and \$789,040, respectively. The estimated fair values of outstanding bonds are based on dealer quoted market prices

(b) Fair Value Hierarchy

In accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 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 MHS has the ability to access at the measurement date. Level 1 securities include investment in marketable equity securities and mutual funds.
- 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 2 securities include investment in fixed income securities (composed primarily of government, agency and corporate bonds), preferred stock, and interest rate swaps. Level 2 securities also include commingled trusts and limited liability partnerships that use net asset values (NAV) as a practical expedient to estimate fair value.

ASC Subtopic 820-10 allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

readily determinable fair value. The practical expedient used by MHS is the NAV per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by investment managers consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. MHS reviews valuations and assumptions provided by investment managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

- Level 3 inputs are unobservable inputs for the asset or liability. Level 3 securities include donor trusts, investments in hedge funds and limited partnerships – private equity that use NAV as a practical expedient to estimate fair value. The transaction price is initially used as the best estimate of fair value. Accordingly, when a valuation is provided by a private equity fund administrator, the valuation is adjusted so that the value at inception equals the transaction price. The initial valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as transactions in similar securities, completed or pending third-party transactions in the underlying securities or comparable entities, offerings in the capital markets, and changes in financial results, data, or cash flows. For positions that are not traded in active markets or are subject to notice provisions, valuations are adjusted to reflect such provisions, and such adjustments are generally based on available market evidence.

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

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value and items for which the fair value option has been elected) at December 31, 2011 and 2010

Fair value measurements at reporting date using				
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	December 31, 2011			
Assets				
Trading securities				
Mutual funds – equity				
Information technology	\$ 13,536	13,536	—	—
Healthcare	14,903	14,903	—	—
Consumer discretionary	11,553	11,553	—	—
Financials	11,963	11,963	—	—
Energy	5,401	5,401	—	—
Other	11,006	11,006	—	—
Subtotal – mutual funds – equity	\$ 68,362	68,362	—	—
Equity securities				
U S large-cap				
Information technology	\$ 9,292	9,292	—	—
Healthcare	5,618	5,618	—	—
Consumer discretionary	4,893	4,893	—	—
Financials	5,203	5,203	—	—
Energy	3,852	3,852	—	—
Other	18,423	18,423	—	—
U S small-cap				
Information technology	3,547	3,547	—	—
Healthcare	2,420	2,420	—	—
Consumer discretionary	3,781	3,781	—	—
Financials	4,568	4,568	—	—
Energy	1,412	1,412	—	—
Other	10,715	10,715	—	—
Subtotal – equity securities	\$ 73,724	73,724	—	—

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	December 31, 2011			
Fixed income securities				
Mutual funds – fixed income	\$ 242,762	242,762	—	—
U S government obligations	90,814	—	90,814	—
State government obligations	2,316	—	2,316	—
Mortgage-backed				
securities – residential	35,867	—	35,867	—
Asset-backed securities	32,471	—	32,471	—
Corporate debt securities				
Domestic	71,935	—	71,935	—
International	22,220	—	22,220	—
Subtotal – fixed income securities	\$ 498,385	242,762	255,623	—
Hedge fund – private investment funds	\$ 1,255	—	—	1,255
Commungled trust fund – international equity	28,883	—	28,883	—
Limited liability partnership – international equity	28,205	—	28,205	—
Limited partnership – private equity	22,457	—	—	22,457
Interest rate swaps	938	—	938	—
Donor trusts	21,569	—	—	21,569
Liabilities				
Interest rate swaps	\$ 63,495	—	63,495	—

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	December 31, 2010			
Assets				
Trading securities				
Money Market	\$ 628	628	—	—
Mutual funds – equity				
Information technology	\$ 14,883	14,883	—	—
Healthcare	13,388	13,388	—	—
Consumer discretionary	12,249	12,249	—	—
Financials	12,035	12,035	—	—
Energy	6,836	6,836	—	—
Other	11,877	11,877	—	—
Subtotal – mutual funds – equity	\$ 71,268	71,268	—	—
Fixed income securities				
Mutual funds – fixed income	233,078	233,078	—	—
U S government obligations	117,466	—	117,466	—
State government obligations	2,174	—	2,174	—
Mortgage-backed securities – residential	9,726	—	9,726	—
Asset-backed securities	53,398	—	53,398	—
Corporate debt securities				
Domestic	67,493	—	67,493	—
International	29,146	—	29,146	—
Subtotal – fixed income securities	\$ 512,481	233,078	279,403	—

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	December 31, 2010			
Preferred stock	\$ 132	—	132	—
Hedge fund – private investment funds	3,003	—	—	3,003
Limited partnership – private equity	12,181	—	—	12,181
Interest rate swaps	251	—	251	—
Donor trusts	22,703	—	22,703	—
Liabilities				
Interest rate swaps	\$ 28,881	—	28,881	—

There were no significant transfers into or out of Level 1, Level 2, or Level 3 financial instruments during the years ended December 31, 2011 and 2010

The following tables present MHS' activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC Topic 820 for the years ended December 31, 2011 and 2010

		Level 3 assets for the year ended December 31, 2011		
		Hedge fund	Limited partnership	Donor trusts
Balance at December 31, 2010	\$	3,003	12,181	—
Transfer from level 2		—	—	22,703
Realized losses		(271)	—	—
Net unrealized gains (losses)		127	3,076	(1,134)
Purchases		—	7,200	—
Sales		(1,604)	—	—
Balance at December 31, 2011	\$	1,255	22,457	21,569

The amount of total gains or losses included in income attributable to the change in net unrealized gains or losses relating to assets still held at the reporting date

	\$	56	3,076	(1,134)	1,998
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MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

Level 3 assets for the year ended December 31, 2010			
	Hedge fund	Limited partnership	Total
Balance at December 31, 2009	\$ 5,359	5,837	11,196
Realized losses	(493)	—	(493)
Net unrealized gains	563	893	1,456
Purchases	—	5,451	5,451
Sales	(2,426)	—	(2,426)
Balance at December 31, 2010	\$ 3,003	12,181	15,184
The amount of total gains or losses included in income attributable to the change in net unrealized gains or losses relating to assets still held at the reporting date			
	\$ 311	893	1,204

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at December 31, 2011 and 2010

	Fair value at December 31, 2011	Fair value at December 31, 2010	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge fund	\$ 1,255	3,003	N/A	N/A	N/A
Commingled trust fund	28,883	—	N/A	Bi-monthly	5 business days prior to valuation date
Limited liability partnership	28,205	—	N/A	Daily	7 days
Limited partnership	22,457	12,181	9,981	N/A	N/A

Hedge fund includes investments in a hedge fund-of-funds product with investments only in individual hedge fund managers. The fund is in wind-down mode with payouts scheduled for 2012 and beyond as underlying assets are liquidated. The fair values of the investments in this category have been estimated using the net asset value per share of the investment.

Limited partnership includes private equity investments in private equity and venture capital in both developed and emerging markets with 40% invested in private equity in developed markets, 33% in venture capital in developed markets, and 27% in private equity and venture capital in emerging markets. The fair values of the investments in this category have been estimated using the net asset value of MHS' ownership interest in partners' capital. These assets can never be redeemed with the funds. Instead, the nature of the investment in this category is that distributions are received through the liquidation of the underlying assets of the fund.

MULTICARE HEALTH SYSTEM
Notes to Consolidated Financial Statements
December 31, 2011 and 2010
(Dollars in thousands)

(5) Donor Restricted Assets and Investments

	December 31, 2011		
	Donor restricted assets	Investments	Total
Securities whose values are based on quoted market prices or prices with observable inputs			
Mutual funds – equity	\$ 2,188	66,174	68,362
Equity securities	2,359	71,365	73,724
Fixed income securities	15,953	482,432	498,385
Commingled trust fund – International equity	924	27,959	28,883
Limited liability partnership – international equity	903	27,302	28,205
	<u>22,327</u>	<u>675,232</u>	<u>697,559</u>
Securities whose values are based on estimated fair value provided by investment managers			
Hedge fund – private investment funds	40	1,215	1,255
Limited partnership – private equity	719	21,738	22,457
Donor trusts	21,569	—	21,569
	<u>22,328</u>	<u>22,953</u>	<u>45,281</u>
Pledge receivables, net	14,642	—	14,642
	<u>\$ 59,297</u>	<u>698,185</u>	<u>757,482</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

	December 31, 2010		
	Donor restricted assets	Investments	Total
Securities whose values are based on quoted market prices or prices with observable inputs			
Money Market	\$ 628	—	628
Mutual funds – equity	4,934	66,334	71,268
Fixed income securities	20,193	492,288	512,481
Preferred stock	9	123	132
Donor trusts	22,703	—	22,703
	<u>48,467</u>	<u>558,745</u>	<u>607,212</u>
Securities whose values are based on estimated fair value provided by investment managers			
Hedge fund – private investment funds	208	2,795	3,003
Limited partnership – private equity	<u>704</u>	<u>11,477</u>	<u>12,181</u>
	<u>912</u>	<u>14,272</u>	<u>15,184</u>
Pledge receivables, net	<u>13,744</u>	<u>—</u>	<u>13,744</u>
	<u>\$ 63,123</u>	<u>573,017</u>	<u>636,140</u>

Fixed income securities include corporate bonds, mortgage-backed securities, asset-backed securities, U S government obligations, and state government obligations

Unrestricted investment income comprises the following for the years ended December 31, 2011 and 2010

	2011	2010
Investment income (losses)		
Interest and dividends	\$ 15,078	14,805
Net realized gains	3,185	15,114
Net change in unrealized (losses) gains	<u>(888)</u>	<u>12,664</u>
Total investment income	<u>\$ 17,375</u>	<u>42,583</u>

MULTICARE HEALTH SYSTEM
Notes to Consolidated Financial Statements
December 31, 2011 and 2010
(Dollars in thousands)

(6) Property, Plant, and Equipment

A summary of property, plant, and equipment at December 31, 2011 and 2010 is as follows

	2011	2010
Land and land improvements	\$ 63.129	61.297
Buildings	1,203.017	822.768
Equipment	664.854	597.786
	1,931.000	1,481.851
Less accumulated depreciation	(842.482)	(756.977)
	1,088.518	724.874
Construction in progress	45.876	379.005
Property, plant, and equipment, net	\$ 1,134.394	1,103.879

Depreciation expense charged to operations for the years ended December 31, 2011 and 2010 amounted to \$92,585 and \$79,526, respectively. Nonoperating depreciation for the years ended December 31, 2011 and 2010 amounted to \$1,602 and \$1,443, respectively.

(7) Other Assets

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

	2011	2010
Deferred financing costs, net	\$ 18.450	18.704
Investment in joint ventures (note 8)	13.863	14.771
Deferred compensation plan assets held in trust	15.311	12.803
Self-insured retention receivables (notes 11 and 12)	13.582	—
Interest rate swaps	938	251
Beneficial interest in Good Samaritan Support Organization	—	1,124
Other	215	395
Other assets	\$ 62.359	48.048

Deferred compensation plan assets held in trust are participant managed investments consisting of equity and fixed income mutual funds with prices quoted in active markets and are therefore classified as Level 1 securities.

(8) Investment in Joint Ventures

In 2008, MHS formed Carol Milgard Breast Center (CMBC) to offer an independent breast screening and diagnostic service for the benefit of the community. MHS is a 50% owner in this joint venture and accounts for it under the equity method. MHS' investment in CMBC was \$5,378 and \$6,245 as of

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

December 31, 2011 and 2010, respectively, and is included in other assets in the accompanying consolidated balance sheets

In December 2008, MHS invested \$8,350 in Medical Imaging Northwest, LLP (MINW) to operate an outpatient diagnostic imaging center. MHS is a 50% owner in this joint venture and accounts for it under the equity method. MHS' investment in MINW was \$7,769 and \$7,801 as of December 31, 2011 and 2010, respectively. The investment in MINW is included in other assets in the accompanying consolidated balance sheets

(9) Accrued Pension, Professional Liability, and Other

Accrued pension, professional liability, and other are as follows at December 31, 2011 and 2010

		<u>2011</u>	<u>2010</u>
Accrued pension	\$	119,370	95,360
Professional liability, net of current portion		36,417	26,005
Deferred compensation liability		15,272	13,576
Workers' compensation liability, net of current portion		10,944	9,632
Other		5,104	5,432
Accrued pension, professional liability, and other	\$	<u>187,107</u>	<u>150,005</u>

(10) Retirement Plans

(a) Defined Benefit Pension Plans

MHS has two defined benefit pension plans (the Plans) covering eligible employees. The qualified defined benefit plan was closed to new employees effective after July 31, 2002, and the nonqualified physician restoration plan was closed to eligible employees hired after May 1998. The benefits are based on years of service and the employee's highest five consecutive years of compensation. MHS contributions to the Plans vary from year to year, but the minimum contribution required by law has been provided in each year.

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

The following tables set forth the changes in benefit obligations, changes in plans assets, and components of net periodic benefit costs for the Plans, which have a measurement date of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Change in projected benefit obligation		
Projected benefit obligations at beginning of year	\$ 437.904	403.987
Service cost	16.604	16.948
Interest cost	24.509	23.926
Actuarial loss	48.037	1.079
Benefits paid	(9.248)	(8.036)
Projected benefit obligations at end of year	<u>\$ 517.806</u>	<u>437.904</u>
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	\$ 342.544	274.060
Actual gain on plan assets	21.976	38.263
Employer contribution	43.164	38.257
Benefits paid	(9.248)	(8.036)
Fair value of plan assets at end of year	<u>\$ 398.436</u>	<u>342.544</u>
Accrued benefit cost		
Funded status	\$ (119.370)	(95.360)
Amount recognized in consolidated balance sheets consists of		
Liability for pension benefits	\$ (119.370)	(95.360)
Amount recognized in unrestricted net assets		
Net loss	\$ 161.844	121.846
Prior service costs	11	35
	<u>\$ 161.855</u>	<u>121.881</u>
	<u>2011</u>	<u>2010</u>
Weighted average assumptions used to determine benefit obligations as of December 31		
Discount rate	5.00%	5.70%
Expected return on plan assets	7.00	7.00
Rate of compensation increase	3.50	3.50

The expected return on plan assets assumption is based upon an analysis of historical long-term returns for various investment categories as measured by appropriate indices. These indices are weighted based upon the extent to which plan assets are invested in the particular categories in

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

arriving at MHS' determination of a composite expected return. A consulting actuary reviews the assumptions annually for reasonableness.

During the years ended December 31, 2011 and 2010, pension expenses of \$27,200 and \$22,929, respectively, were included in employee benefits in the consolidated statements of operations and changes in net assets. The components of net periodic benefit cost are as follows during the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Components of net periodic benefit cost		
Service cost	\$ 16,604	16,948
Interest cost	24,509	23,926
Expected return on plan assets	(23,284)	(24,855)
Amortization of prior service cost	9,347	6,910
Recognized net actuarial loss	24	—
	<u>\$ 27,200</u>	<u>22,929</u>

The accumulated benefit obligation for the Plans was \$458,990 and \$381,486 at December 31, 2011 and 2010, respectively.

The following table sets forth by level, within the fair value hierarchy, the Plans' investments at fair value as follows:

<u>Fair value measurements at reporting date using</u>				
		<u>Quoted prices</u>		
		<u>in active</u>	<u>Significant</u>	<u>Significant</u>
		<u>markets for</u>	<u>other</u>	<u>unobservable</u>
		<u>identical</u>	<u>observable</u>	<u>inputs</u>
		<u>assets</u>	<u>inputs</u>	<u>inputs</u>
	<u>December 31,</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
	<u>2011</u>			
Assets				
Cash and cash equivalents	\$ 1,473	1,473	—	—
Mutual funds – equity				
Information technology	12,857	12,857	—	—
Healthcare	14,156	14,156	—	—
Consumer discretionary	10,974	10,974	—	—
Financials	11,364	11,364	—	—
Energy	5,130	5,130	—	—
Other	10,455	10,455	—	—

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

	Fair value measurements at reporting date using			
	December 31, 2011	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity securities				
U S large-cap				
Information technology	\$ 14,151	14,151	—	—
Healthcare	8,510	8,510	—	—
Consumer discretionary	7,427	7,427	—	—
Financials	7,952	7,952	—	—
Energy	5,911	5,911	—	—
Other	28,076	28,076	—	—
U S small-cap				
Information technology	2,506	2,506	—	—
Healthcare	1,715	1,715	—	—
Consumer discretionary	2,679	2,679	—	—
Financials	3,228	3,228	—	—
Energy	999	999	—	—
Other	7,574	7,574	—	—
Commingled trust funds				
Real estate	18,775	—	18,775	—
International equity	18,952	—	18,952	—
U S government securities	61,249	—	61,249	—
Corporate bond fund				
International	24,397	—	24,397	—
Domestic	59,730	—	59,730	—
Other bond, options and contracts	2,601	—	2,601	—
Hedge fund – private investment funds	632	—	—	632
Limited liability partnership – international equity	22,075	—	22,075	—
Limited partnership – private equity	32,888	—	—	32,888
	<u>\$ 398,436</u>	<u>157,137</u>	<u>207,779</u>	<u>33,520</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

	Fair value measurements at reporting date using			
	December 31, 2010	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 3,360	3,360	—	—
Mutual funds - equity				
Information technology	13,023	13,023	—	—
Healthcare	11,714	11,714	—	—
Consumer discretionary	10,717	10,717	—	—
Financials	10,531	10,531	—	—
Energy	5,982	5,982	—	—
Other	10,344	10,344	—	—
Equity securities				
U S large-cap				
Information technology	15,679	15,679	—	—
Healthcare	6,450	6,450	—	—
Consumer discretionary	10,488	10,488	—	—
Financials	10,755	10,755	—	—
Energy	8,656	8,656	—	—
Other	24,306	24,306	—	—
U S small-cap				
Information technology	2,960	2,960	—	—
Healthcare	1,969	1,969	—	—
Consumer discretionary	2,716	2,716	—	—
Financials	3,499	3,499	—	—
Energy	1,927	1,927	—	—
Other	5,844	5,844	—	—
Commingled trust funds				
Real estate	13,850	—	13,850	—
International equity	22,809	—	22,809	—
U S government securities	35,736	—	35,736	—
Corporate bond fund				
International	8,180	—	8,180	—
Domestic	54,744	—	54,744	—
Other bond, options and contracts	1,512	—	1,512	—
Hedge fund – private investment funds	1,460	—	—	1,460
Limited liability partnership – international equity	23,649	—	23,649	—
Limited partnership – private equity	19,684	—	—	19,684
	<u>\$ 342,544</u>	<u>160,920</u>	<u>160,480</u>	<u>21,144</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

The table sets forth a summary of changes in the fair value of the Plans' Level 3 investments for the year ended December 31, 2011

Level 3 assets for the year ended December 31, 2011			
	Hedge fund	Partnership	Total
Balance, beginning of year	\$ 1,460	19,684	21,144
Actual return on plan assets			
Relating to assets sold during the year	(28)	—	(28)
Relating to assets held at year-end	(394)	2,052	1,658
Purchases	419	11,152	11,571
Sales	(825)	—	(825)
Balance, end of year	\$ 632	32,888	33,520

Level 3 assets for the year ended December 31, 2010			
	Hedge fund	Partnership	Total
Balance, beginning of year	\$ 2,698	3,115	5,813
Actual return on plan assets			
Relating to assets sold during the year	426	—	426
Relating to assets held at year-end	(304)	(61)	(365)
Purchases	—	16,630	16,630
Sales	(1,360)	—	(1,360)
Balance, end of year	\$ 1,460	19,684	21,144

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at December 31, 2011 and 2010

	Fair value at December 31, 2011	Fair value at December 31, 2010	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Commingled trust funds					
Real estate	\$ 18,775	13,850	N A	Quarterly	45 days
International equity	18,952	22,809	N A	Bi-monthly	5 business days prior to valuation date
Fixed income	147,977	100,172	N A	Daily	3 business days prior to valuation date
Hedge fund	632	1,460	N A	N A	N A
Limited liability partnership	22,075	23,649	N A	Daily	7 days
Limited partnership	32,888	19,684	4,980	N A	N A

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

Real estate is a real estate commingled trust that invests in U S commercial real estate. The fund owns real estate assets in U S office, industrial, residential, and retail sectors.

International equity is an international equity commingled trust that invests in foreign equity securities. The underlying securities are primarily publicly traded non-U S stocks, whose principal markets are outside of the United States.

Fixed income is a long-duration fixed income portfolio held by a registered investment company. The underlying securities are U S corporate and U S Treasury fixed-income securities.

Hedge fund includes investments in a hedge fund of funds product with investments only in individual hedge fund managers. The fund is in wind-down mode with payouts scheduled for 2012 and beyond as underlying assets are liquidated.

Limited liability partnership is a limited liability partnership investing in publicly traded non-U S equity securities in both developed and emerging markets. The fund holds approximately 100 publicly traded foreign equity securities. As of December 31, 2011 and 2010, MHS' share of the total fund was approximately 7.9% and 5.5%, respectively.

Limited partnership includes private equity and venture capital in both developed and emerging markets with 40% invested in private equity in developed markets, 33% in venture capital in developed markets, and 27% in private equity and venture capital in emerging markets. It also includes an investment in a hedge fund-of-funds manager. Investments are in underlying managers in equity, credit, merger and acquisition, arbitrage and commodity funds. The fair values of the investments in this category have been estimated using the net asset value of the Plans' ownership interest in partners' capital. These assets can never be redeemed with the funds. Instead, the nature of the investment in this category is that distributions are received through the liquidation of the underlying assets of the fund.

Plan Assets

The defined benefit plan weighted average asset allocations at December 31, 2011 and 2010 by asset category are as follows:

	<u>2011</u>	<u>2010</u>
Asset category		
Domestic equities	39%	46%
International equities	10	14
Fixed income securities	38	29
Real estate	5	5
Alternative investments	8	6
	<u>100%</u>	<u>100%</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

Investment Objectives

The investment objectives are to provide a total return, which over the long-term provides sufficient assets to fund the Plans' liabilities and to diversify investments within asset classes, which reduce the impact of losses in single investments. The Plans' performance objective is to outperform the Policy Portfolio return at a comparable level of risk. The Policy Portfolio return is developed by weighting passive investment alternatives by the asset deployment policy target allocations. The following indexes are used: 45.2% Russell 3000 Index, 13.7% Morgan Stanley Capital International Europe, Australasian, and Far East (MSCI EAFE) Index, 30.5% Barclays Capital U.S. Long Government/Credit Bond Index, 5.3% LIBOR +4%, 5.3% NCREIF Property Index, and others. This investment objective is expected to be achieved over the long-term and is measured over rolling three-year and five-year periods. Peer-relative performance comparisons will also be considered, especially when performance deviates meaningfully from market indices.

Target Allocations

The target asset allocation and allowable ranges for each asset class are summarized below:

	<u>Target</u>	<u>Minimum</u>	<u>Maximum</u>
Asset class			
Domestic equities	43%	41%	49%
International equities	13	11	15
Fixed income securities	29	27	41
Alternative investments	15	—	18
	<u>100%</u>		

Cash Flows – Contributions

MHS expects to contribute at least \$28,300 to the Plans in 2012.

Estimated Future Benefit Payments

The following benefits payments, which reflect expected future service, as appropriate, are expected to be paid:

	<u>Pension benefits</u>
2012	\$ 11.672
2013	14.374
2014	16.516
2015	19.037
2016	21.613
2017 – 2021	152.347

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

Domestic Equities

The strategic role of domestic equities is to provide higher expected returns (along with international equities) of the major asset classes, maintain a diversified exposure within the U S stock market through the use of multimanager portfolio strategies, and achieve returns in excess of passive indices through the use of active investment managers and strategies. The domestic equity portfolio investment objective is to provide a total return greater than the Russell 3000 Index, at a comparable level of risk. This investment objective is expected to be achieved over the long-term and is measured over a market cycle of three to five years. Peer-relative performance comparisons with managers employing similar styles will also be considered, especially when performance deviates meaningfully from market indexes.

Fixed Income Securities

The strategic role of fixed income securities is to diversify the Plans' equity exposure by investing in fixed income securities that exhibit a low correlation to equities and lower volatility, maintain a diversified exposure within the U S fixed income market through the use of multimanager portfolio strategies, and achieve returns in excess of passive indexes through the use of active investment managers and strategies. The fixed income portfolio investment objective is to provide a rate of return greater than the Barclays Capital U S Long Government/Credit Bond Index, at a comparable level of risk. It also provides effective diversification against equities and a stable level of cash flow. This investment objective is expected to be achieved over the long-term and is measured over a market cycle of three to five years. Peer-relative performance comparisons with managers employing similar styles will also be considered, especially when performance deviates meaningfully from market indexes.

International Equities

The strategic role of international equities is to provide higher expected returns premium (along with domestic equities) of the major asset classes and diversify the Plans' overall equity exposure by investing in non-U S stocks that are less than fully correlated to domestic equities with similar return expectations, to maintain a diversified exposure within the international stock market through the use of multimanager portfolio strategies, and achieve returns in excess of passive indexes through the use of active investment managers and strategies. The international equity portfolio investment objective is to provide a total return greater than the MSCI EAFE Index for the non-U S equity portfolios at a comparable level of risk. This investment objective is expected to be achieved over the long-term and is measured over a market cycle of three to five years. Peer-relative performance comparisons with managers employing similar styles will also be considered, especially when performance deviates meaningfully from market indexes.

Alternative Investments

Alternative investments are held for diversification relative to equities and fixed income investments, to add absolute return through the use of hedging strategies, and to achieve significant expected return premiums over longer holding periods. Alternative investments include investments in real estate, hedge funds, and private equities, and are under the supervision and control of investment

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

managers Real estate includes investments in publicly and privately traded real estate investment trusts as well as direct investment through properties or mortgages Hedge funds include investments in a variety of instruments including stocks, bonds, commodities, and a variety of derivative instruments Private equities consist primarily of equity investments made in companies that are not quoted on a public stock market, which can include U S and non-U S venture capital, leveraged buyouts, and mezzanine financing The investment objective for alternative investments is expected to be achieved over a long-term and is measured over rolling three-year and five-year periods A benchmark that is utilized for performance tracking is the National Council of Real Estate Investment Fiduciaries Property Index for real estate investment, LIBOR + 400 bps for hedge funds, and Custom Venture Economics and Russell 3000 + 500 bps for private equity funds Peer-relative performance comparisons are considered as well

(b) Defined Contribution Plans

Effective July 31, 2002, the qualified defined benefit plan was closed to most new employees For certain identified bargaining unit employees the plan was closed to new employees after December 31, 2004 Existing employees at those applicable dates were given the choice of continuing in the defined benefit plan or selecting the new replacement defined contribution plan, the MHS 401(a) Retirement Account Plan (RAP)

The Good Samaritan Community Healthcare (GSCH – the parent organization of Good Samaritan Hospital and related entities prior to their joining of MHS in 2006) 403(b) plan was effectively changed to a voluntary salary deferral plan, effective January 1, 2008 All existing participants in the GSCH 403(b) at that time were enrolled in a new Good Samaritan (GS) 401(k) plan which was implemented effective January 1, 2008, but was not open to new hires following that date The GS 401(k) plan was implemented to continue the employer contribution structure that had been in place under the GSCH 403(b) All new employees working at Good Samaritan Hospital and related entities who were hired on or after January 1, 2008 are eligible to join the RAP after satisfying the age and service eligibility criteria Effective September 30, 2010 the GSCH 403b was merged into the MHS 403(b) Employee Savings Plan for a single ongoing 403(b) plan Funding for the defined contribution plans is based on certain percentages of the employees' base pay and/or a percentage of their deferred contributions Employer contributions to the defined contribution plans for 2011 and 2010 were approximately \$17,236 and \$16,510, respectively, which were included with employee benefits in the accompanying consolidated statements of operations and changes in net assets

(c) Other

In addition to defined benefit and the defined contribution plans described above, deferred compensation arrangements are maintained by MHS for the benefit of participating employees Substantially, all amounts deferred under these arrangements are with a trustee until such time as these funds become payable to the participating employees

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(11) Professional Liability

MHS maintains a self-insurance program for professional liability with excess coverage over self-insured retention limits provided by commercial insurance carriers. MHS has recorded a liability as of December 31, 2011 and 2010 which comprises estimated deductibles and retentions for known claims at year-end and a liability for incurred but not reported claims based on an actuarially determined estimate. At December 31, 2011 and 2010, the net professional liability was estimated at \$30,332 and \$29,322, respectively. The long-term amounts are included in accrued pension, professional liability, and other, and the current portions are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. Effective December 31, 2011, MHS no longer nets the estimated liability with the associated insurance recoveries in accordance with ASU 2010-24, and has, therefore, increased the liability (including both current and long-term) to \$44,987, and has recorded a receivable of \$14,655, which is included with other current assets, net and other assets, net for the respective estimated current and long-term portions.

(12) Workers' Compensation and Employee Health Benefit Programs

MHS maintains a self-insurance program for workers' compensation with excess coverage over self-insured retention limits provided by commercial insurance carriers. MHS has recorded a liability based on its actuarial estimate of future claims payments. At December 31, 2011 and 2010, the estimated net liability based on future claims cost totaled \$13,833 and \$13,993, respectively. The long-term amounts are included in accrued pension, professional liability, and other, and the current portions are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. These liabilities are secured by a letter of credit with the State of Washington. Effective December 31, 2011, MHS no longer nets the estimated liability with the associated insurance recoveries in accordance with ASU 2010-24, and has, therefore, increased the liability (including both current and long-term) to \$16,754, and has recorded a receivable of \$2,921, which is included with other current assets, net and other assets, net for the respective estimated current and long-term portions.

MHS also maintains a self-insurance program for employee health and welfare insurance. Employees can elect to be included in the self-insurance plan as a part of their fringe benefit package. Premiums deducted from employees' wages are used in paying a portion of members' medical claims. The estimated liability for claims in 2011 and 2010 was \$6,207 and \$6,262, respectively. These amounts are included in accrued compensation and related liability in the accompanying consolidated balance sheets.

(13) Interest Rate Swaps

MHS has several interest rate swap instruments that are used as part of management's strategy to reduce overall interest costs. As of December 31, 2011, all interest rate swaps were not designated and did not qualify for hedge accounting treatment. The decrease in the fair value of these interest rate swaps for the years ended December 31, 2011 and 2010 of \$33,927 and \$15,742, respectively, is included in loss and other expense on interest rate swaps in other (loss) income in the consolidated statements of operations and changes in net assets. Also included in the loss and other expense on interest rate swaps is the net cash settlement amounts associated with the swaps of \$6,590 and \$6,523, respectively, for the years ended December 31, 2011 and 2010.

MULTICARE HEALTH SYSTEM
Notes to Consolidated Financial Statements
December 31, 2011 and 2010
(Dollars in thousands)

(14) Long-Term Debt

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

	2011	2010
WHCFA Revenue bonds, 2010 Series A	\$ 83,605	92,125
WHCFA Revenue bonds, 2009 Series A and B	100,000	100,000
WHCFA Revenue bonds, 2008 Series A, B, and C	127,520	128,680
WHCFA Revenue bonds, 2007 Series A, B, C, and D	316,000	316,000
WHCFA Revenue bonds, 2004 Series A, B, and C	150,000	150,000
Other	366	537
	<u>777,491</u>	<u>787,342</u>
Less		
Current portion	(10,384)	(9,817)
Long-term debt subject to short-term remarketing agreements	—	(18,120)
Bond issue premium and discount	5,000	5,428
Long-term debt, net of current portion	<u>\$ 772,107</u>	<u>764,833</u>

(a) Washington Health Care Facility Authority (WHCFA) Revenue Bonds 2010 Series A

In January 2010, MHS issued \$100,150 of 2010 Series A bonds. 2010 Series A bonds were issued as fixed rate bonds that bear interest ranging from 3.0% to 5.25%. Annual principal payments range from \$8,520 in 2011 to \$9,500 in 2022.

In January 2010, MHS exercised its option to call and redeem the Series 1998 bonds. The Series 1998 bonds were refunded with the issuance of Series 2010A bonds in the amount of \$100,150, which resulted in a loss in 2010 of \$2,586, which is included with other (loss) income on the consolidated statement of operations and changes in net assets.

(b) Washington Health Care Facility Authority (WHCFA) Revenue Bonds 2009 Series A and B

In May 2009, MHS issued \$100,000 of 2009 Series A and B bonds that are backed by an irrevocable letter of credit equal to the aggregate principal and interest of the bonds. 2009 Series A and B bonds were issued as variable rate demand bonds for \$50,000 each and have a weekly interest rate, ranging from 0.03% to 0.30% during 2011. Annual principal payments range from \$3,690 in 2040 to \$40,760 in 2044.

(c) Washington Health Care Facility Authority (WHCFA) Revenue Bonds 2008 Series A, B, and C

In May 2008, MHS issued \$130,000 of 2008 Series A, B, and C bonds. 2008 Series A and B bonds were issued as variable rate demand bonds for \$50,000 each. Series C fixed rate term bonds of \$30,000 bear interest at 5.50%. In February 2009, the Series 2008 A and B bonds were converted to

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

fixed rate bonds that bear interest ranging from 4.0% to 6.0%. Annual principal payments, including all three series of the 2008 bonds, range from \$1,160 in 2011 to \$12,830 in 2043.

(d) WHCFA Revenue Bonds 2007 Series A, B, C, and D

MHS issued \$316,000 2007 Series A, B, C, and D bonds in February 2007. 2007 Series A and B bonds were issued as auction rate securities for \$78,725 each and bore interest in the auction mode ranging from 3.60% to 15.00% in 2008. 2007 Series C bonds were issued as variable rate demand bonds for \$52,915 and bear interest in the weekly rate mode ranging from 0.06% to 0.33% in 2011. 2007 Series D bonds were issued as variable rate demand bonds for \$105,635 and bear interest in the daily rate mode ranging from 0.02% to 0.33% in 2011. In May 2008, MHS converted 2007 Series A and B bonds from auction rate securities to fixed rate bonds that bear interest ranging from 4.0% to 5.5%. Annual principal payments, including all four series of the 2007 bonds, range from \$3,340 in 2012 to \$30,225 in 2041.

The 2007 Series C and D variable rate demand bonds (2007C and D VRDBs) include portions that are remarketed both daily and weekly. If any of the remarketings were to fail, the 2007C and D VRDBs would be purchased under a letter of credit facility (LOC) that was entered into in October 2011. The LOC states that any of the 2007C and D VRDBs purchased and not remarketed will be repaid through semi-annual principal payments for five years starting the first of the month following 367 days after the purchase. Under the terms of the previous standby bond purchase agreement (SBPA), that was in effect until it was replaced by the LOC in October 2011, any of the 2007C and D VRDBs purchased would be repaid through monthly principal payments starting the first of the month following 90 days after the purchase and continuing through February 1, 2017. In accordance with the nature of these agreements, \$0 and \$18,120, respectively, were classified as long-term debt subject to short-term remarketing agreement as of December 31, 2011 and 2010 on the accompanying consolidated balance sheets.

(e) WHCFA Revenue Bonds 2004 Series A, B, and C

The 2004 Series A, B, and C bonds in the amount of \$150,000 were issued in June 2004 as auction rate debt. In May 2008, MHS converted Series 2004 bonds from auction rate debt to fixed rate bonds. The 2004 bonds bear interest ranging from 5.00% to 5.25% with principal payments due from \$10,275 in 2023 to \$15,000 in 2034.

The revenue bond indentures require that MHS satisfy certain measures of financial performance as long as the bonds are outstanding. These measures include a debt service coverage ratio of 1.1 to 1.0, and a liquidity covenant of at least 90 days of cash and investments. MHS management believes that MHS is in compliance with these debt covenants at December 31, 2011 and 2010.

MULTICARE HEALTH SYSTEM
Notes to Consolidated Financial Statements
December 31, 2011 and 2010
(Dollars in thousands)

Principal maturities on long-term debt are as follows

Year ending December 31	
2012	\$ 10,384
2013	10,827
2014	11,339
2015	11,832
2016	12,120
Thereafter	<u>720,989</u>
	<u>\$ 777,491</u>

A summary of interest costs is as follows during the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Interest cost		
Charged to operations – revenue bonds	\$ 26,737	20,667
Capitalized	1,909	8,967
Charged to operations – other	<u>288</u>	<u>286</u>
	<u>\$ 28,934</u>	<u>29,920</u>

(15) Commitments and Contingencies

(a) Operating Leases

MHS leases various equipment and facilities under operating leases expiring at various dates through December 2014. Total rental expense in years 2011 and 2010 for all operating leases was approximately \$14,369 and \$12,878, respectively.

The following is a schedule by year of future minimum lease payments under operating leases at December 31, 2011, which have initial or remaining lease terms in excess of one year:

2012	\$ 15,295
2013	14,195
2014	13,413
2015	12,615
2016	11,278
Thereafter	<u>47,855</u>
	<u>\$ 114,651</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(b) *Collective Bargaining Agreements*

Approximately 47% of MHS employees were covered under collective bargaining agreements as of December 31, 2011. These employees provide nursing, nursing support, pharmacy, imaging, lab, in/out patient therapies, housekeeping, food, laundry, maintenance, and inventory/distribution services to MHS. Collective bargaining agreements have various expiration dates extending through October 1, 2015. One of the collective bargaining agreements expired prior to year-end and another subsequent to year-end that are currently being negotiated. Management does not expect a significant impact to the consolidated financial statements as a result of these negotiations.

(16) **Temporarily Restricted Net Assets**

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

	<u>2011</u>	<u>2010</u>
Healthcare services	\$ 5,002	15,010
Endowment fund	498	799
Purchase of equipment	16,633	6,151
Indigent care	2,097	2,516
Health education	1,016	495
Total temporarily restricted net assets	<u>\$ 25,246</u>	<u>24,971</u>

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(17) Endowment Funds

MHS' endowments consist of over 100 individual funds established for a variety of purposes. They include both donor-restricted endowment funds and unrestricted funds designated by the board of directors of its foundations to function as endowments (board-designated endowments). Net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions and nature of restrictions, if any.

The following tables present MHS' endowment net asset compensation as well as associated changes therein.

	Unrestricted Board-designated	Temporarily restricted	Permanently restricted	Total
Endowment net assets, December 31, 2010	\$ 7,522	799	20,383	28,704
Investment return				
Investment income	586	718	675	1,979
Net appreciation – realized and unrealized	15	1	146	162
Total investment return	601	719	821	2,141
Contributions	—	—	2,255	2,255
Board appropriations	721	—	—	721
Appropriation of endowment assets for expenditure	(394)	(1,020)	(394)	(1,808)
Endowment net assets, December 31, 2011	\$ 8,450	498	23,065	32,013

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

	Unrestricted Board-designated	Temporarily restricted	Permanently restricted	Total
Endowment net assets, December 31, 2009	\$ 6,064	345	18,050	24,459
Investment return				
Investment income	747	1,435	668	2,850
Net appreciation – realized and unrealized	105	32	273	410
Total investment return	852	1,467	941	3,260
Contributions	—	—	1,779	1,779
Board appropriations	722	—	—	722
Appropriation of endowment assets for expenditure	(116)	(1,013)	(387)	(1,516)
Endowment net assets, December 31, 2010	\$ 7,522	799	20,383	28,704

Perpetual trusts that are held and managed by third-party trustees are recorded as permanently restricted net assets on the consolidated balance sheets, however, they are not included as permanently restricted endowment net assets in the above presentation. Those perpetual trusts totaled \$14,374 and \$14,942, respectively, as of December 31, 2011 and 2010. Also excluded from the presentation of permanently restricted net assets are pledge receivables and other totaling \$1,004 and \$642, respectively, as of December 31, 2011 and 2010.

(a) *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the original gifts and the amounts of subsequent donations accumulated at the funds. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies in 2011 or 2010.

(b) *Investment Policy – Including Return Objectives and Strategies to Achieve Objectives*

The majority of the endowment assets are invested in MHS' pooled investments, which include those assets of donor-restricted funds that MHS must hold in perpetuity as well as all of the board-designated endowment funds. MHS has adopted an investment policy for its pooled investments that attempt to provide income to support its operations and a stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, MHS relies on a total return strategy in which investment returns are achieved through both capital appreciation and interest and dividend income. MHS uses a diversified asset allocation to achieve its long-term return objectives.

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

within prudent risk constraints. There are some donor-restricted funds that are held outside of MHS' pooled investments. Those outside endowments are invested by donors in manners to provide funding for specific purposes as determined by donors.

(c) *Spending Policy*

In order to provide a stable and consistent level of funding for programs and services supported by the endowments, the foundations have determined that a spending rate of 5% of the endowment's average account value is prudent. In establishing the spending policies, the MHS foundations considered among other things, the expected total return on its endowments, effect of inflation, duration of the endowments to achieve its objective of maintaining the purchasing power of the endowment assets held in perpetuity, as well as to provide additional growth through new gifts and investment returns.

(18) Functional Expenses

MHS provides inpatient and outpatient services, physician services, home health services, and fund-raising activities. Expenses related to providing these services are as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Healthcare services	\$ 823,048	777,541
General and administrative	476,436	415,633
	<u>\$ 1,299,484</u>	<u>1,193,174</u>

(19) Litigation and Regulatory Environment

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government healthcare program participating requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in the imposition of significant fines and penalties, significant repayments for patient services previously billed, and/or expulsion from government healthcare programs. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

MHS is also involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect to MHS's financial position.

MULTICARE HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Dollars in thousands)

(20) Health Care Reform

The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (Reconciliation Act) were both signed into law in the first calendar quarter of 2010. The legislation went into effect upon signing with provisions to become effective over the next seven years. This legislation is expected to broadly impact MHS' operations, including patient access, service reimbursement rates, and reporting requirements in the future. MHS has evaluated those provisions which went into effect upon signing noting they did not have a significant impact on the 2011 or 2010 consolidated financial statements. MHS has not yet determined the future financial statement impact that this legislation might cause as further provisions become effective.

(21) Subsequent Events

MHS has evaluated the subsequent events from the balance sheet date through March 28, 2012, the date at which the consolidated financial statements were issued, and determined there are no other items to disclose.