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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 06-01-2011 and ending 05-31-2012

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

C Name of organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
811 E Parrish Avenue

City or town, state or country, and ZIP + 4
Owensboro, KY 42303

D Employer identification number
61-1286361

E Telephone number
(270)688-2000

G Gross receipts $ 463,772,552

F Name and address of principal officer
Dr Jeff Barber
811 East Parrish Avenue
Owensboro, KY 42303

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www omhs org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1995 | **M** State of legal domicile KY

Part I Summary

1 Briefly describe the organization's mission or most significant activities
OWENSBORO MEDICAL HEALTH SYSTEM EXISTS TO HEAL THE SICK AND IMPROVE THE HEALTH OF THE COMMUNITY

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	3,295
6	Total number of volunteers (estimate if necessary)	**6**	185
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	3,545,639
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-3,138,854

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	18,069	141,493
	9 Program service revenue (Part VIII, line 2g)	388,435,524	397,604,297
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,952,797	5,006,912
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	20,946,908	7,995,060
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	416,353,298	410,747,762
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,868,461	1,573,213
	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)	156,814,404	162,147,279
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	193,296,246	205,111,194
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	351,979,111	368,831,686
	19 Revenue less expenses Subtract line 18 from line 12	64,374,187	41,916,076

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	1,011,764,539	1,044,932,854
	21 Total liabilities (Part X, line 26)	657,633,260	672,552,946
	22 Net assets or fund balances Subtract line 21 from line 20	354,131,279	372,379,908

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2012-10-12

John Hackbarth VP/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4	ERNST & YOUNG US LLP 111 MONUMENT CIRCLE SUITE 2600 INDIANAPOLIS, IN 46204		EIN ▶ Phone no ▶ (317) 681-7000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Owensboro Medical Health System exists to heal the sick and improve THE HEALTH OF THE COMMUNITY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ 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 $ 255,290,043 including grants of $ 1,573,214) (Revenue $ 398,508,240)

Owensboro Medical Health System provides a broad range of general ACUTE CARE SERVICES, INCLUDING SURGICAL, CARDIAC, ONCOLOGY AND EMERGENCY SERVICES TO MEET THE HEALTHCARE NEEDS OF OUR REGIONAL COMMUNITY, SERVING 11 COUNTIES IN WESTERN KENTUCKY AND SOUTHERN INDIANA OUR MEDICAL SERVICES ARE DELIVERED BY HIGHLY SKILLED PHYSICIANS ALONG WITH A CARING AND COMPASSIONATE NURSING STAFF OMHS SUPPORTS OUR CARE TEAMS WITH STATE-OF-THE-ART EQUIPMENT TO PROVIDE OUR PATIENTS WITH ADVANCED MEDICAL TREATMENTS AND PROCEDURES IN THE FISCAL YEAR ENDED MAY 31, 2012, OMHS HAD TOTAL ADMISSIONS OF 18,063, PATIENT DAYS OF 84,045, AND ER VISITS OF 63,901

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

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

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 255,290,043

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	94		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	3,295			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
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	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

John Hackbarth
811 E Parrish Avenue
Owensboro, KY 42303
(270) 691-8214

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								6,172,926	0	614,184

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 79

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Morrison Management Specialists 4721 Morrison Dr Suite 300 MOBILE, AL 36609	Food Services	5,159,700
Louisville Radiology Imaging Consul 71 West 156th Street HARVEY, IL 60426	In-patient Radiology	5,310,660
Owensboro Anesthesia Services PLLC 815 E Parrish Avenue OWENSBORO, KY 42303	Anesthesia Services	2,623,218
Executive Health Resource 15 Campus Suite 200 NEWTON SQUARE, PA 19073	Compliance Services	1,280,234
Wyatt Tarrant Combs LLC Suite 2800 500 West Jeffereson Str LOUISEVILLE, KY 402022898	Legal Services	1,143,513

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 37

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	133,493			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	8,000			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		141,493			
Program Service Revenue			Business Code				
	2a	Other Insurance Payments	622110	225,781,973	225,781,973		
	b	Medicare/Medicaid Payments	622110	171,820,931	171,820,931		
	c	REVENUE - OWENSBORO AMBULATORY SURGICAL	622110	1,253,359	1,253,359		
	d	REVENUE - OWENSBORO CANCER RESEARCH	622110	-1,251,966	-1,251,966		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		397,604,297			
	3	Investment income (including dividends, interest and other similar amounts)		3,442,724			3,442,724
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	988,154				
	b	Less rental expenses					
	c	Rental income or (loss)	988,154				
	d	Net rental income or (loss)		988,154			988,154
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	54,237,253	27,320			
	b	Less cost or other basis and sales expenses	52,700,385				
	c	Gain or (loss)	1,536,868	27,320			
	d	Net gain or (loss)		1,564,188			1,564,188
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a	492,507			
	b	Less cost of goods sold	b	324,405			
	c	Net income or (loss) from sales of inventory		168,102			168,102
		Miscellaneous Revenue	Business Code				
	11a	Kentucky Bio Processing	541700	3,313,798		3,313,798	
	b	CAFETERIA & VENDING MACHINE REVENUE	722210	2,389,222			2,389,222
	c	LAUNDRY & CATERING & OTHER 990T	812300	231,841		231,841	
	d	All other revenue		903,943	903,943		
	e	**Total.** Add lines 11a–11d		6,838,804			
	12	**Total revenue.** See Instructions		410,747,762	398,508,240	3,545,639	8,552,390

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,289,456	1,289,456		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	283,757	283,757		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	4,937,300		4,937,300	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	416,385	416,385		
7	Other salaries and wages	117,646,081	92,985,042	24,661,039	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,352,929	9,292,634	60,295	
9	Other employee benefits	21,059,723	15,994,203	5,065,520	
10	Payroll taxes	8,734,861	6,929,730	1,805,131	
11	Fees for services (non-employees)				
a	Management	8,732,848	4,544,352	4,188,496	
b	Legal	1,484,986		1,484,986	
c	Accounting	256,599		256,599	
d	Lobbying	117,828	117,828		
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	317,361		317,361	
g	Other	27,537,785	16,690,989	10,846,796	
12	Advertising and promotion	1,241,355	9,310	1,232,045	
13	Office expenses	8,565,486	3,703,711	4,861,775	
14	Information technology	8,292,385	1,070,926	7,221,459	
15	Royalties . .	165,064	42,098	122,966	
16	Occupancy	6,128,418	773,051	5,355,367	
17	Travel	964,321	299,446	664,875	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	127,751	44,197	83,554	
20	Interest	5,101,613		5,101,613	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	33,285,075	2,189	33,282,886	
23	Insurance	-448,743	25,544	-474,287	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	63,830,768	63,735,445	95,323	
b	BAD DEBT EXPENSE	30,779,907	30,779,907		
c	KENTUCKY PROVIDER TAX	4,141,681	4,141,681		
d	DIETARY	2,983,796	2,058,553	925,243	
e					
f	All other expenses	1,504,910	59,609	1,445,301	
25	**Total functional expenses.** Add lines 1 through 24f	368,831,686	255,290,043	113,541,643	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		10,046	1	10,499
	2	Savings and temporary cash investments		81,781,787	2	106,717,969
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		89,918,820	4	104,014,817
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		273,444	5	208,805
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		214,639	7	158,255
	8	Inventories for sale or use		7,634,030	8	7,761,188
	9	Prepaid expenses and deferred charges		8,521,317	9	9,783,322
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 716,023,240			
	b	Less accumulated depreciation	10b 244,255,685	297,734,331	10c	471,767,555
	11	Investments—publicly traded securities		139,657,530	11	138,513,956
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		28,193,670	13	28,130,469
	14	Intangible assets		12,745,312	14	12,559,681
	15	Other assets See Part IV, line 11		345,079,613	15	165,306,338
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,011,764,539	16	1,044,932,854
Liabilities	17	Accounts payable and accrued expenses		61,266,959	17	56,308,551
	18	Grants payable		0	18	0
	19	Deferred revenue		4,666,658	19	5,365,936
	20	Tax-exempt bond liabilities		507,097,672	20	507,225,368
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		9,480,270	23	9,099,330
	24	Unsecured notes and loans payable to unrelated third parties		262,520	24	0
	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		74,859,181	25	94,553,761
	26	**Total liabilities.** Add lines 17 through 25		657,633,260	26	672,552,946
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		354,131,279	27	372,379,908
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		354,131,279	33	372,379,908
	34	Total liabilities and net assets/fund balances		1,011,764,539	34	1,044,932,854

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	410,747,762
2	Total expenses (must equal Part IX, column (A), line 25)	2	368,831,686
3	Revenue less expenses Subtract line 2 from line 1	3	41,916,076
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	354,131,279
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-23,667,447
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	372,379,908

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
OWENSBORO MEDICAL HEALTH SYSTEM INC	61-1286361

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		54,311
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		63,517
j	Total lines 1c through 1i			117,828
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
Supplemental Information	SCHEDULE C, PART II-B, LINE 1I	PERCENTAGE OF LOBBYING ACTIVITIES FROM KENTUCKY HOSPITAL ASSOCIATION DUES, AHA DUES, AND CORNERSTONE GOVERNMENT AFFAIRS SUPPLEMENTAL INFORMATION IRS INSUBSTANTIAL LOBBYING WITHIN THE CONTEXT OF GOVERNMENTAL, COMMUNITY AND LEGISLATIVE AFFAIRS, OMHS HAS ONE EMPLOYEE THAT ENGAGES IN LOBBYING ACTIVITIES OR ATTEMPTS TO INFLUENCE LEGISLATION HOWEVER, UNDER NO CIRCUMSTANCES IS THERE ANY ENGAGEMENT IN POLITICAL ACTIVITIES LOBBYING ACTIVITIES INCLUDE BOTH DIRECT LOBBYING AND GRASS ROOTS LOBBYING FROM A DIRECT LOBBYING PERSPECTIVE, THE EXECUTIVE DIRECTOR OF GOVERNMENTAL, COMMUNITY AND LEGISLATIVE AFFAIRS ENGAGES IN LOBBYING ACTIVITIES AT THE FEDERAL, STATE AND LOCAL LEVELS FEDERAL ACTIVITIES ARE MORE LIMITED BASED ON CONTRACT SERVICES PROVIDED BY CORNERSTONE GOVERNMENT AFFAIRS, A WASHINGTON, DC BASED LEGISLATIVE AGENT HOWEVER, THE EXECUTIVE DIRECTOR DOES MEET WITH MEMBERS OF CONGRESS ON OCCASION DURING THE YEAR EITHER IN WASHINGTON OR IN OWENSBORO AT THE STATE LEVEL, THE EXECUTIVE DIRECTOR IS REGISTERED AS A LEGISLATIVE AGENT WITH THE KENTUCKY GENERAL ASSEMBLY LOBBYING EFFORTS ARE GENERALLY LIMITED TO THAT PERIOD OF TIME IN WHICH THE GENERAL ASSEMBLY IS IN SESSION THIS PERIOD INCLUDES A 30-DAY LEGISLATIVE SESSION IN ODD NUMBERED YEARS AND A 60-DAY LEGISLATIVE SESSION IN EVEN NUMBER YEARS IN ADDITION, LOBBYING AT THE LOCAL LEVEL IS GENERALLY CONFINED TO REGULATORY MATTERS AND IS NOT ONGOING FROM A GRASSROOTS LOBBYING PERSPECTIVE, THE EXECUTIVE DIRECTOR OVERSEES THE HEALTH IN ACTION NETWORK HEALTH IN ACTION IS AN ELECTRONIC EMAIL SYSTEM THAT PROVIDES OMHS EMPLOYEES WITH UPDATES ON LEGISLATION AND "CALLS TO ACTION" WHEN APPROPRIATE JOINING THE NETWORK AND CHOOSING TO RESPOND ARE VOLUNTARY THIS NETWORK IS ONLY ACTIVATED WHEN ISSUES OF CONCERN ARE BEING CONSIDERED AT THE FEDERAL AND STATE LEVELS IT IS ESTIMATED THAT DURING THE FISCAL YEAR ENDING MAY 31, 2012, ALL LOBBYING ACTIVITY BY THE EXECUTIVE DIRECTOR DID NOT EXCEED 30% OF TOTAL WORK-RELATED DUTIES AND RESPONSIBILITIES

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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
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		13,293,533		13,293,533
b Buildings		98,881,642	63,396,954	35,484,688
c Leasehold improvements		68,312,426	46,949,794	21,362,632
d Equipment		217,753,282	133,908,937	83,844,345
e Other		317,782,357		317,782,357
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				471,767,555

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

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

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

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

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

(a) Description	(b) Book value
(1) Cost of Issuance Series A 2010	2,377,744
(2) Cost of Issuance Series B 2010	266,841
(3) LTD USE ASSETS FROM SERIES A&B	162,311,211
(4) Key Executive Plan	350,542
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	165,306,338

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Due to Third Party Payors	22,612,909
Accrued Pension	51,644,140
Workman's Comp Reserve	5,298,636
Malpractice Reserve	8,529,553
LT RETAINAGE-HOSPITAL CONSTRUCTION	6,468,523
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	94,553,761

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES	FORM 990, PART X, LINE 2	THE SYSTEM APPLIES FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ASC TOPIC 740 (TOPIC 740), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES TOPIC 740 CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAX POSITIONS AND PROVIDES GUIDANCE ON WHEN TAX POSITIONS ARE RECOGNIZED IN AN ENTITY'S FINANCIAL STATEMENTS AND HOW THE VALUES OF THESE POSITIONS ARE DETERMINED THERE HAS BEEN NO IMPACT ON THE SYSTEM'S CONSOLIDATED FINANCIAL STATEMENTS AS A RESULT OF TOPIC 740

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other **225. %**	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other **375. %**	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			19,488,945	1,648,000	17,840,845	5 280 %
b Medicaid (from Worksheet 3, column a)			44,106,988	29,520,000	14,586,988	4 320 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Charity Care and Means-Tested Government Programs			63,595,933	31,168,000	32,427,833	9 600 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,860,162	2,186	1,857,976	0 550 %
f Health professions education (from Worksheet 5)			857,101	0	857,101	0 250 %
g Subsidized health services (from Worksheet 6)			0	0	0	0 %
h Research (from Worksheet 7)			402,480	0	402,480	0 120 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			711,913	0	711,913	0 210 %
j **Total** Other Benefits			3,831,656	2,186	3,829,470	1 130 %
k **Total.** Add lines 7d and 7j			67,427,589	31,170,186	36,257,303	10 730 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development		0	145,345	0	145,345	0 040 %
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**		0	145,345	0	145,345	0 040 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	11,796,301		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	5,898,151		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	122,459,833
6	Enter Medicare allowable costs of care relating to payments on line 5	6	126,973,725
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-4,513,892
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	Ownesboro Amb Surg	AMBULATORY SURGICAL FACILITY	55 220 %	0 %	19 030 %
2	OWENSBORO CHN	PROVIDER NETWORK	50 000 %	0 %	44 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Owensboro Medical Health System Inc 811 East Parrish Avenue Owensboro, KY 42303	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Owensboro Medical Health System Inc

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 225 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 375 %			
If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☑ The policy was attached to all billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? 2

	Name and address	Type of Facility (Describe)
1	Owensboro Ambulatory Surgical Facility 811 East Parrish Avenue Owensboro, KY 42303	Multi-specialty surgery center
2	OMHS Cardiovascular LLC 811 East Parrish Avenue Owensboro, KY 42303	Comprehensive cardiac services
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
SUPPLEMENTAL INFORMATION		1 PART I, LINE 7 WHEN CALCULATING THE COMMUNITY BENEFIT PERCENTAGES IN PART I, LINE 7, BAD DEBT EXPENSE OF $30,779,907 WAS EXCLUDED 1 PART III, LINE 4 THERE IS NO FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE THE COSTING METHODOLOGY USED IS THE COST TO CHARGE RATIO CALCULATED IN WORKSHEET 2 OF PART I OF SCHEDULE H OF THIS 990 1 PART III, LINE 8 THE COSTING METHODOLOGY USED IS THE COST TO CHARGE RATIO CALCULATED IN WORKSHEET 2 OF PART I OF SCHEDULE H OF THIS 990 THE CHARGES AND PAYMENTS ARE FROM THE MEDICARE PAID CLAIMS REPORTS 1 PART III, LINE 9B THE POLICIES OF THE SYSTEM ATTEMPT TO ENSURE ALL UNINSURED PATIENTS OF THE SYSTEM HAVE OPPORTUNITY TO APPLY AND QUALIFY FOR FINANCIAL ASSISTANCE PROGRAMS THE HOSPITAL HAS FINANCIAL AID APPLICATIONS AVAILABLE AT REGISTRATION AREAS, VIA THE INTERNET, VIA PHONE, AND ARE SENT ROUTINELY VIA MAIL TO PATIENTS OF THE HOSPITAL THE HOSPITAL EMPLOYS FINANCIAL COUNSELORS AND CONTRACTS WITH AN OUTSIDE FIRM TO ENSURE PATIENTS ARE EVALUATED FOR ELIGIBILITY IN THE FINANCIAL ASSISTANCE PROGRAMS AVAILABLE THE HOSPITAL DOES NOT CONTRACT PRIMARY COLLECTION AGENCIES ALL SELF-PAY AND BALANCE AFTER INSURANCE ACCOUNTS ARE REVIEWED AND WORKED BY HOSPITAL STAFF TO ENSURE THAT THE PATIENT IS GIVEN EVERY OPPORTUNITY TO APPLY FOR FINANCIAL ASSISTANCE SELF-PAY DISCOUNTS ARE AVAILABLE TO ALL UNINSURED PATIENTS AS LONG AS THEY COMPLETE THE AID APPLICATION DISCOUNTS GIVEN ARE EQUIVALENT TO THE AVERAGE INSURANCE DISCOUNTS THE HOSPITAL CONTRACTS ALLOW ADDITIONALLY, PATIENTS WITH BALANCE ARE PERMITTED TO ESTABLISH PAYMENT PLANS THE HOSPITAL DOES NOT CHARGE INTEREST TO ITS PATIENTS 1 PART V, SECTION B, LINE 12 THE HOSPITAL HAS FINANCIAL AID APPLICATIONS AVAILABLE AT REGISTRATION AREAS, VIA THE INTERNET, VIA PHONE, VIA REQUEST OF PATIENT AND ARE SENT ROUTINELY VIA MAIL TO PATIENTS OF THE HOSPITAL THE HOSPITAL EMPLOYES FINANCIAL COUNSELORS AND CONTRACTS WITH AN OUTSIDE FIRM TO ENSURE PATIENTS ARE EVALUATED FOR ELIGIBILITY IN THE FINANCIAL ASSISTANCE PROGRAMS AVAILABLE AS WELL AS MEDICAID OR DISABILITY EDIBILITY THE PATIENT IS RESPONSIBLE FOR COMPLETING THE FINANCIAL AID APPLICATION AND RETURNING IT TO THE HOSPITAL IF THE PATIENT NEEDS ASSISTANCE COMPLETING THE APPLICATION, THERE ARE FINANCIAL COUNSELORS AVAILABLE TO HELP THE PATENT COMPLETE THE FORMS THE FINANCIAL COUNSELORS REVIEW THE APPLICATIONS AND WORK WITH THE PATIENT TO MAKE SURE THE APPLICATIONS ARE COMPLETE ONCE COMPLETED, THE APPLICATIONS ARE REVIEWED AND DETERMINATION IS MADE IF THE PATIENT QUALIFIES FOR ANY LEVEL OF ASSISTANCE THE DECISION IS THEN COMMUNICATED TO THE PATIENT 1 PART V, SECTION B, LINE 13G In addition to the other methods listed Owensboro Medical Health System publishes an article annually in a regional health magazine that describes and provides information on the how to apply for the financials assistance programs that are available The magazine is distributed to 100,000 homes in the region we serve

Identifier	ReturnReference	Explanation
2 NEEDS ASSESSMENTS		OMHS engaged the Healthy Communities Institute (HCI) to develop a community health indicat ors data base This data base includes more than 100 health indicators from the primary se rvice area that is available to the general public via the OMHS website While OMHS financ ed the project, it is a collaborative effort with local organizations Working with these organizations, the HCI data, along with findings from the Green River District Health Depa rtment and other findings from a secondary analysis of the all input data, will be used to assess our health needs as a community and to develop our implementation strategy The as sessment will be completed and published online prior to May 31, 2013 In advance of this information being available, OMHS continues to utilize four primary methods in assessing t he health care needs of our community (1) OMHS partners with local healthcare organizatio ns in assessing and addressing the healthcare needs of the region Organizations include t he Green River District Health Department, River Valley Behavioral Health, Green River Are a Development District, Green River Regional Health Council, Daviess County Diabetes Coali tion, Daviess County, Owensboro Catholic and Owensboro Public Schools, United Way of the O hio Valley, and, numerous other providers Information and data sharing from each of our o rganizations is used to assess the health care needs of our community and develops collabo rative approaches to address these needs (2) OMHS draws on resources published from numer ous sources within the OMHS primary and secondary service area to assess healthcare needs Sources used by OMHS to identify community health needs for the OMHS service area are fou nd in, but are not limited to, Healthy People 2020 (www healthypeople gov), The Health of Kentucky A County Assessment (www kyiom org/assessment html), Green River Regional Health Council Report Card (www gradd com/Aging_Pages/green_river_regional_health_council html), United Way of the Ohio Valley Human Services Needs Assessment, United Way of Southwestern Indiana Regional Needs Assessment (www unitedwayswi org/publications php?page=com_needs_a ssessment), reports from The Institute of Medicine http //www iom edu/Reports aspx?topic1={BA4CD870-F567-46E3-88DE-20E50AD7ED 3E}, and, the Robert Woods Johnson Foundation County H ealth Rankings Project http //www countyhealthrankings org/ OMHS is currently developing parameters, scope, and identifying other interested partners in conducting an additional r egional health needs assessment in the coming year (3) Through our Community Benefit Gran t Program, OMHS addresses the health needs of our community though partnership with more t han a hundred community and social service organizations from around the region To be eli gible for funding, potential grantees must submit proposals for specific programs and serv ices that address identified community health needs or that address root causes of health problems that impact the health of our community To qualify, activities must reference th e identified health needs from existing needs assessments and must seek to make measurable improvement in health status, access, or use of healthcare resources Programs or project s must also serve individuals in the OMHS service area By virtue of ongoing partnerships with these organizations, OMHS gains firsthand knowledge of the health needs of our region and how we can work collaboratively with other organizations to address these needs (4) OMHS also uses business modeling products from Thomson Reuters and the Kentucky Hospital A ssociation for assessment purposes Market Expert Inpatient and Outpatient Forecaster is used to access reliable data to make decisions that support both the financial health of O MHS and the health of our community This includes data health status data and consumer ch aracteristics Outpatient Profiles In addition to accurately quantifying current outpatie nt volumes and determining sites of service, this product supports service line planning d ecisions, reinforces technology and resource allocations, assists in identifying community needs, and, supports physician collaboration Kentucky Hospital Association Info Suite is an on-line data decision support system available to members for obtaining information fr om KHA's statewide inpatient and outpatient Limited Data Set Each hospital in Kentucky su bmits data to KHA and in turn we are able to review our needs within our service area KHA also have a reciprocal agreement which provides Indiana hospital information This data a llows OMHS to review inpatient and outpatient data and to extrapolate community health sta tus and need 3 PATIENT EDICATION OF ELIGIBILITY FOR ASSISTANCE The hospital educates the patients in a variety of ways The hospital has signage at access points regarding financ ial assistance offerings The hospital has financial aid applications available at registr ation areas, via the internet at the hospital webs

Identifier	ReturnReference	Explanation
2 NEEDS ASSESSMENTS		ite, via phone, and sent routinely via mail to patients of the hospital The hospital empl oys financial counselors and contracts with an outside firm to ensure patients are intervi ewed and evaluated for eligibility in the financial assistance programs available All sel f-pay and balance after insurance accounts are reviewed and worked by hospital staff to en sure that the patient is given every opportunity to apply for financial assistance Additi onally information about applying financial assistance is included on the patient statemen ts, bills, and letters and the patient guide they may receive from the hospital The hospi tal policy for financial assistance includes the following eligibility criteria for finan cial assistance, the basis for calculating amounts charged to patients, method for applyin g for financial assistance, measures to widely publicize the policy, written policy requir ing organization to provide care for emergency medical conditions without discrimination As described above the organization does not charge gross charges to patients and limits a mounts charged to patients eligible for financial assistance to amounts generally billed t o individuals who have insurance recovering such care The organization does not engage in extraordinary collection activity before efforts to determine eligibility for assistance have been made

Identifier	ReturnReference	Explanation
4 COMMUNITY INFORMATION		Demographics The "Primary Service Area" for the OMHS System is Daviess County, Kentucky, which accounts for approximately 67% of the Hospital's inpatient admissions Owensboro is the county seat of Daviess County, Kentucky, and lies on the southern banks of the Ohio River in western Kentucky OMHS is the only hospital within its Primary Service Area of Daviess County Owensboro is located 39 miles southeast of Evansville, Indiana, 131 miles north of Nashville, Tennessee, and 111 miles southwest of Louisville, Kentucky The total population of Daviess County is 97,336 according to 2012 Claritas data Median Household Income for the primary service areas is $41,946 with 3277 families living below the poverty level Daviess County Community Health Dashboard As part of OMHS' Community Health Need Assessment process to be completed by May 2013, the Health Communities Institute (HCI) was retained by OMHS to develop a community dashboard of key health indicators for Daviess County The community dashboard compares over 120 health indicators in Daviess County in addition to emergency room and inpatient admission data to state and/or national averages Daviess County's rating compared to state and/or national averages is depicted by a needle resting on either a red, yellow or green background This information is published on the OMHS website at http //www omhs org/community-wellness/health-needs-assessment/?hcn=Indicators Health Status Indicators In accordance with the HCI indicators, and absent any additional secondary analysis, the top ten indicators in Daviess County reflecting either red or yellow health status when compared to either the state and/or national average are - Age-Adjusted Death Rate due to Lung Cancer - Lung and Bronchus Cancer Incidence Rate - Chlamydia Incidence Rate - ER Rate due to Adult Asthma - ER Rate due to Alcohol Abuse - Hospitalization Rate due to Alcohol Abuse - Adults who Binge Drink - All Cancer Incidence Rate - Physical Environment Ranking - ER Rate due to Asthma - Age-Adjusted Death Rate due to Cancer - Oral Cavity and Pharynx Cancer Incidence Rate - Prostate Cancer Incidence Rate - Age-Adjusted Death Rate due to Diabetes - Low-Income Preschool Obesity - Breast Cancer Incidence Rate - Age-Adjusted Death Rate due to Cerebrovascular Disease (Stroke) - Hospitalization Rate due to Congestive Heart Failure - ER Rate due to COPD - Age-Adjusted Death Rate due to Drug Use Economic Health Status Indicators In accordance with the HCI indicators, and absent any additional secondary analysis, the top five economic health indicators in Daviess County reflecting either a red or yellow status compared to the state and/or national average are - Households with Public Assistance - Children Living Below Poverty Level - Families Living Below Poverty Level - Students Eligible for the Free Lunch Program - Unemployed Workers in Civilian Labor Force Educational Health Status Indicators In accordance with the HCI indicators, and absent any additional secondary analysis, the top three educational indicators in Daviess County reflecting either a red or yellow status compared to the state and/or national average are - Student-to-Teacher Ratio - People 25+ with a Bachelor's Degree or Higher - High School Graduation Environmental Health Status Indicators In accordance with the HCI indicators, and absent any additional secondary analysis, the top three environmental health indicators in Daviess County reflecting either a red or yellow status compared to the state and/or national average are - Fast Food Restaurant Density - Grocery Store Density - Liquor Store Density All these indicators will undergo a secondary data analysis, along with additional information gathered in accordance with a robust community needs assessment process, to determine the top health needs in the community This final assessment, along with the hospital implementation plan, will be completed May 2013 5 COMMUNITY BUILDING ACTIVITIES OMHS is not just the largest employer in the region, it is also the largest private employer in the Commonwealth of Kentucky west of Louisville, and the 35th largest in the state As such, we consider our responsibility to serve and strengthen our communities in ways much broader than providing direct health service or addressing only "identified health needs" We believe the second part of our mission professing to improve the health of the community often involves support of Community Building activities involving physical improvements in housing, economic development, community support, environmental improvements, leadership development for community members, coalition building, community health advocacy and workforce development We believe these IRS categorized Community Building activities are equally as important to our charitable purposes as are our Community Benefit activities Where cash and in-kind allocations are made for Community Building programs and activities, we still require these

Identifier	ReturnReference	Explanation
4 COMMUNITY INFORMATION		organizations to identify on their proposal how these programs and activities address roo t causes of health problems and impact the health of our community In this way, they are also able to understand how improving the health of our community can be accomplished in m any different ways 6 HOW ORGANIZATIONS FURTHER EXEMPT PURPOSES COOP is a nonprofit corpo ration exempt under 501(c)(3) Primary activities consist of leasing and managing medical office buildings, employing physicians and physician groups and owning and operating a hea lth and wellness center (HealthPark) Foundation, a nonprofit corporation under 501(c)(3), supports the charitable activities, programs and projects of OMHS It does this through a variety of fundraising activities, including sponsoring regular fundraising events and so liciting donations 7 FILES A COMMUNITY BENEFIT REPORT In accordance with its bylaws, OMH S publishes The OMHS Report to the Community annually Within this annual report is detail ed information and financial data about OMHS Community Benefit activities and outlays Pri or to making the report available on the internet and through direct mail, OMHS hosts a co mmunity event and presentation with hospital leaders to unveil it OMHS also voluntarily s ubmits its comprehensive Community Benefit Report to the Kentucky Hospital Association

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 39

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Tuition Assistance	55	190,479			
(2) Cancer Center Medical Fund	158	31,146			
(3) PATIENT MEDICAL FUND	515	62,132			

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
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	Schedule I, Part I, Line 2	SERVICES AND ACTIVITIES MUST SERVE INDIVIDUALS IN THE OMHS SERVICE AREA, INCLUDING DAVIESS, HANCOCK, OHIO, HENDERSON, HOPKINS, MCLEAN, MUHLENBERG, BRECKINRIDGE AND WEBSTER COUNTIES IN KENTUCKY OR SPENCER AND PERRY COUNTIES, INDIANA APPLICATIONS MUST SPECIFICALLY DESCRIBE HOW THE ORGANIZATION'S SERVICES ADDRESS ROOT CAUSES OF HEALTH PROBLEMS AFFECTING THE HEALTH OF OUR COMMUNITY ELIGIBLE GROUPS INCLUDE ECONOMIC, EDUCATIONAL, CIVIC, ARTS AND CULTURAL ORGANIZATIONS

Additional Data Return to Form

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
American Red Cross Big Rivers Chapter416 West Third St 1B Owensboro, KY 42302	61-0944834	501c(3)	14,500				Community Support Support United Way Fundraising Activities In Kind Contribution to Foundation Tuition Assistance Cancer Center Medical Fund Patient Medical Fund
Casa of Ohio Valley Inc415 St Ann St Owensboro, KY 42302	61-1303511	501c(3)	20,000				BENEFIT GRANT PROGRAM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
City of Beaver Dam PO Box 763 Beaver Dam, KY 42320	61-6001784	Governmental	10,000				COMMUNITY BENEFIT GRANT
Community Dental Clinic2315 Mayfair Dr Ste 32 Ownesboro KY Owensboro, KY 42301	26-2343126	501c(3)	50,000				BENEFIT GRANT PROGRAM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Daviess Co Comm Access Report1600 Breckenridge St Owensboro, KY 42302	61-1010686	501c(3)	25,000				BENEFIT GRANT PROGRAM
Daviess Co Diabetes Coalition 1501 Breckenridge St Owensboro, KY 42303	61-1328046	501c(3)	15,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Dream Riders of KentuckyPO Box 172 Philpot, KY 42366	01-0802025	501c(3)	12,000				COMMUNITY SUPPORT
GRADSAPO Box 2301 Owensboro, KY 42302	61-1312541	501c(3)	12,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Hopkins Co Community Cl435 N Kentucky Ave Madisonville K Madisonville, KY 42431	06-1710391	501c(3)	15,000				COMMUNITY SUPPORT
International Bluegrass207 East 2nd St Owensboro, KY 42303	61-1229037	501c(3)	20,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Junior Achievement of Kentucky1195 Wing Ave Owensboro, KY 42303	61-0564988	501c(3)	15,000				COMMUNITY SUPPORT
Lighthouse Recovery Service 226 Walnut St Owensboro, KY 42301	02-0570995	501c(3)	10,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
McLean Co Board of Education283 Main St Calhoun, KY 42327	61-6001255	501c(3)	13,460				COMMUNITY SUPPORT
McLean Co Emergency Med 200 Hwy 81 North Calhoun, KY 42327	61-6000726	501c(3)	40,190				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Owensboro Area Museum of Science 122 East 2nd St Owensboro, KY 42303	61-1164857	501c(3)	12,000				COMMUNITY SUPPORT
Owensboro Dance Theatre2705 Breckenridge St Owensboro, KY 42303	61-1040701	501c(3)	17,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Owensboro Family YMCA900 Kentucky Parkway Owensboro, KY 42301	61-0561344	501c(3)	10,174				COMMUNITY SUPPORT
Owensboro Museum of Fine Art 901 Frederica St Owensboro, KY 42301	61-1297343	501c(3)	30,135				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Owensboro Public SchoolsPO Box 249 Owensboro, KY 42302	61-6001339	Governmental	10,180				COMMUNITY SUPPORT
Owensboro Symphony Orchestra211 East 2nd St Owensboro, KY 42303	61-6055984	501c(3)	18,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
River Valley Behavioral Health 1000 Industrial Dr Owensboro, KY 42301	61-0668290	501c(3)	18,000				COMMUNITY SUPPORT
RiverPark Center 101 Daviess St Owensboro, KY 42303	61-1147328	501c(3)	35,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
St Benedict Joseph Homeless1001 W 7th St Owensboro, KY 42301	53-0196617	501c(3)	11,000				COMMUNITY SUPPORT
Susan G Komen Foundation4424 Vogel Rd Ste 205 EVANSVILLE IN Evansville, IN 47715	75-2844632	501c(3)	15,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Theatre Workshop of Owensboro407 W 5th St Owensboro, KY 42302	61-0968600	501c(3)	14,000				COMMUNITY SUPPORT
Together We Care 300 N Main St Beaver Dam, KY 42320	61-1366702	501c(3)	14,700				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Wendell Foster Campus815 Triplett St Owensboro, KY 42302	40-5961190	501c(3)	37,713				COMMUNITY SUPPORT
Aubrey's Song FoundationPO Box 184 Philpot, KY 42366	20-4285398	501c(3)	6,000				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Care Net Pregnancy CenterPO Box 9525 Owensboro, KY 42302	20-0736119	501c(3)	7,000				Support United Way Fundraising Activities
Hopkins Co School Systems861 Pride Avenue Madisonville, KY 42431	61-6001319	501c(3)	6,100				COMMUNITY SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Impact 100-Owensboro1826 Lexington Ave Owensboro, KY 42301	20-3338126	501c(3)	7,500				Operating expenses
MentorKids Kentucky1700 Frederica St Owensboro, KY 42301	61-1222299	501c(3)	7,000				

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Owensboro Regional Suicide Prevention991 Bellewood Dr Henderson, KY 42420	26-1136007	501c(3)	5,800				TUITION ASSISTANCE
Perry Central Schools18677 Old State Rd 37 Leopold, IN 47551	35-1068365	501c(3)	5,500				CANCER CENTER MEDICAL FUND

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Western KY Botanical Gardens 25 Carter Rd Owensboro, KY 42301	61-1251188	501c(3)	6,000				PATIENT MEDICAL FUND
Daviess Co Public SchoolsPO Box 21510 Owensboro, KY 42304	61-6001338	Governmental	37,000				

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Owensboro Community & Technical College 1501 Frederica St Owensboro, KY 42301	61-6001218	Governmental	118,244				
United Way403 Park Plaza Dr Owensboro, KY 42301	61-0846061	501c(3)	88,276				

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Foundation for Health811 East Parrish Ave Owensboro, KY 42030	61-1251763	501c(3)	479,984				

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BARBER JEFFREY	(i)	566,567	169,541	116,839	60,552	14,873	928,372	0
	(ii)	0	0	0	0	0	0	0
(2) BEGLEY II EARNEST E	(i)	243,830	73,183	13,753	26,679	14,484	371,929	0
	(ii)	0	0	0	0	0	0	0
(3) HACKBARTH JR JOHN	(i)	293,474	89,163	19,524	26,577	13,700	442,438	0
	(ii)	0	0	0	0	0	0	0
(4) JONES LISA	(i)	180,008	54,768	21,240	20,721	14,480	291,217	0
	(ii)	0	0	0	0	0	0	0
(5) MEDLEY JR RICHARD W	(i)	217,793	63,732	1,693	22,318	1,499	307,035	0
	(ii)	0	0	0	0	0	0	0
(6) MILLS MICHAEL	(i)	180,768	54,750	5,646	18,837	15,370	275,371	0
	(ii)	0	0	0	0	0	0	0
(7) RANALLO RUSSELL	(i)	205,597	64,416	17,769	23,435	14,587	325,804	0
	(ii)	0	0	0	0	0	0	0
(8) STOGSDILL VICKI	(i)	263,968	77,436	56,449	30,617	11,064	439,534	0
	(ii)	0	0	0	0	0	0	0
(9) STRAHAN GREG	(i)	377,595	110,192	52,253	40,239	9,985	590,264	0
	(ii)	0	0	0	0	0	0	0
(10) SUTER MIA	(i)	248,141	75,785	37,497	27,841	1,924	391,188	0
	(ii)	0	0	0	0	0	0	0
(11) TYLER MD TERRY W	(i)	382,184	123,405	19,524	39,193	9,842	574,148	0
	(ii)	0	0	0	0	0	0	0
(12) Adams R D	(i)	522,129	0	1,242	9,339	13,963	546,673	0
	(ii)	0	0	0	0	0	0	0
(13) Khanna Sohit	(i)	379,686	123,405	19,524	39,193	9,842	571,650	0
	(ii)	0	0	0	0	0	0	0
(14) Chapman William	(i)	192,896	41,463	581	15,588	13,675	264,203	0
	(ii)	0	0	0	0	0	0	0
(15) Blanda Shanda	(i)	141,675	77,995	178	17,625	9,986	247,459	0
	(ii)	0	0	0	0	0	0	0
(16) Peak Ashley	(i)	164,410	29,082	177	15,616	10,540	219,825	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information	Schedule J, Part I, Line 1A	PREVIOUSLY, THE HEALTH CLUB DUES WERE TAXABLE BENEFITS FOR ADMINISTRATION THIS BENEFIT WAS PHASED OUT THREE YEARS AGO AND ONLY ONE REMAINS (GRANDFATHERED)
Schedule J, Part I, Line 4B		457F PLAN TO EXECUTIVES (NONTAXABLE) JEFFREY BARBER $83,577, EARNEST BEGLEY $29,537, JOHN HACKBARTH $35,466, LISA JONES $20,705, RICHARD W MEDLEY $25,802, MICHAEL MILLS $21,901, RUSS RANALLO $25,311, VICKI STOGSDILL $31,067, GREG STRAHAN $44,551, MIA SUTER $29,592, TERRY W TYLER $36,601 SCHEDULE J, PART I, LINE 7 BONUS PROGRAM DESIGNED TO FOCUS ON THE ACCOUNTABILITY OF ALL EMPLOYEES TO INFLUENCE THE FINANCIAL, QUALITY, PATIENT SATISFACTION AND EMPLOYEE DEVELOPMENT GOALS AND TO REINFORCE THE OMHS CORE COMMITMENTS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

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				
BARBER JEFFREY	(I)	566,567	169,541	116,839	60,552	14,873	928,372	0
	(II)	0	0	0	0	0	0	0
BEGLEY II EARNEST E	(I)	243,830	73,183	13,753	26,679	14,484	371,929	0
	(II)	0	0	0	0	0	0	0
HACKBARTH JR JOHN	(I)	293,474	89,163	19,524	26,577	13,700	442,438	0
	(II)	0	0	0	0	0	0	0
JONES LISA	(I)	180,008	54,768	21,240	20,721	14,480	291,217	0
	(II)	0	0	0	0	0	0	0
MEDLEY JR RICHARD W	(I)	217,793	63,732	1,693	22,318	1,499	307,035	0
	(II)	0	0	0	0	0	0	0
MILLS MICHAEL	(I)	180,768	54,750	5,646	18,837	15,370	275,371	0
	(II)	0	0	0	0	0	0	0
RANALLO RUSSELL	(I)	205,597	64,416	17,769	23,435	14,587	325,804	0
	(II)	0	0	0	0	0	0	0
STOGSDILL VICKI	(I)	263,968	77,436	56,449	30,617	11,064	439,534	0
	(II)	0	0	0	0	0	0	0
STRAHAN GREG	(I)	377,595	110,192	52,253	40,239	9,985	590,264	0
	(II)	0	0	0	0	0	0	0
SUTER MIA	(I)	248,141	75,785	37,497	27,841	1,924	391,188	0
	(II)	0	0	0	0	0	0	0
TYLER MD TERRY W	(I)	382,184	123,405	19,524	39,193	9,842	574,148	0
	(II)	0	0	0	0	0	0	0
Adams R D	(I)	522,129	0	1,242	9,339	13,963	546,673	0
	(II)	0	0	0	0	0	0	0
Khanna Sohit	(I)	379,686	123,405	19,524	39,193	9,842	571,650	0
	(II)	0	0	0	0	0	0	0
Chapman William	(I)	192,896	41,463	581	15,588	13,675	264,203	0
	(II)	0	0	0	0	0	0	0
Blanda Shanda	(I)	141,675	77,995	178	17,625	9,986	247,459	0
	(II)	0	0	0	0	0	0	0
Peak Ashley	(I)	164,410	29,082	177	15,616	10,540	219,825	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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	Kentucky Economic Development Finance Authority	61-0600439	49126KGX3	03-03-2010	512,772,595	See Schedule K, Part V		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0			
2	Amount of bonds defeased	0			
3	Total proceeds of issue	519,179,215			
4	Gross proceeds in reserve funds	37,912,800			
5	Capitalized interest from proceeds	63,877,352			
6	Proceeds in refunding escrow	58,975,719			
7	Issuance costs from proceeds	8,204,303			
8	Credit enhancement from proceeds	0			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	243,168,820			
11	Other spent proceeds	0			
12	Other unspent proceeds	107,040,221			
13	Year of substantial completion	2013			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Bond Proceeds	Schedule K, Part I	Schedule K, Part I Description of Bond Proceeds - See Schedule O

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
(1) DR DOUGLAS ADAMS 5 RECRUITMENT LOAN		X	339,359	208,805		No		No	Yes	
Total . . . . . ▶ $				208,805						

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
See Additional Data Table					

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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**
MOLLIE MILLS	DAUGHTER OF MICHAEL MILLS	34,768	EMPLOYEE COMPENSATION		No
VIRGINIA Bradford	DAUGHTER OF MICHAEL MILLS	73,440	EMPLOYEE COMPENSATION		No
Jeremy Bradford	SIL of Michael Mills	135,772	EMPLOYEE COMPENSATION		No
JENNIFER RANALLO	WIFE OF RUSSELL RENALLO	20,540	EMPLOYEE COMPENSATION		No
WILLIAM J STRAHAN	SON OF GREG STRAHAN	49,194	EMPLOYEE COMPENSATION		No
DIANNE MILES	DIL of BILLY JO MILES	25,447	EMPLOYEE COMPENSATION		No
PAULA J PAYNE	SISTER of RON PAYNE	77,223	EMPLOYEE COMPENSATION		No

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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
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

Identifier	Return Reference	Explanation
VOLUNTEERS	FORM 990, PART I, QUESTION 6	VOLUNTEER SERVICES SUPPORT THE MISSION AND GOALS OF OWENSBORO MEDICAL HEALTH SYSTEM THEY STAFF THE PATIENT INFORMATION DESK, DELIVER FLOWERS, AND PLAY CRUCIAL ROLE AS LIAISON BETWEEN FAMILIES AND PHYSICIANS IN THE SURGERY WAITING AREAS VOLUNTEERS ARE AN ESSENTIAL PART OF THE CARE AND COMFORT OMHS PROVIDES

Identifier	Return Reference	Explanation
MEMBERS OF THE GOVERNING BODY	FORM 990, PART VI, Question 7A	OMHS IS GOVERNED BY A FOURTEEN-MEMBER BOARD OF DIRECTORS PURSUANT TO THE CORPORATION'S BYLAWS THREE (3) DIRECTORS ARE APPOINTED BY THE COUNTY JUDGE/EXECUTIVE OF DAVIESS COUNTY (''COUNTY JUDGE'') WITH THE CONSENT OF THE DAVIESS COUNTY FISCAL COURT, THREE (3) DIRECTORS ARE APPOINTED BY THE MAYOR OF THE CITY OF OWENSBORO (''MAYOR'') WITH THE CONSENT OF THE BOARD OF THE OWENSBORO CITY COMMISSION, ONE (1) DIRECTOR IS APPOINTED JOINTLY BY THE COUNTY JUDGE AND THE MAYOR, THREE (3) DIRECTOR POSITIONS ARE RESERVED FOR PHYSICIANS WHO ARE MEMBERS OF THE OMHS ACTIVE MEDICAL STAFF (2), AND FOUR (4) DIRECTORS ARE ELECTED OR APPOINTED BY THE BOARD OF DIRECTORS FROM THE COMMUNITY THE BOARD OF DIRECTORS IS RESPONSIBLE FOR OVERSEEING THE MANAGEMENT AND OPERATION OF OMHS OMHS BOARD MEMBERS SERVE THREE-YEAR TERMS, AND CAN SERVE NO MORE THAN THREE (3) CONSECUTIVE TERMS, BUT ARE ELIGIBLE FOR REAPPOINTMENT TO THE BOARD AFTER HAVING BEEN OFF OF THE BOARD FOR AT LEAST ONE (1) YEAR THE BOARD HAS REGULARLY SCHEDULED MONTHLY MEETINGS

Identifier	Return Reference	Explanation
DSCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	Form 990, Part VI, Question 7B	THE FOLLOWING CORPORATE ACTIONS SHALL REQUIRE THE AFFIRMATIVE ACT OF THE FISCAL COURT OF DAVIESS COUNTY (''COUNTY'') AND THE COMMISSIONERS OF THE CITY OF OWENSBORO (''CITY'') FOLLOWING A RECOMMENDATION THEREFORE BY THE BOARD OF DIRECTORS (1) THE ADMISSION OF ANY MEMBER TO THE CORPORATION, (2) THE TRANSFER OF ALL, OR SUBSTANTIALLY ALL, OF THE MANAGEMENT RESPONSIBILITY FOR THE CORPORATION TO A NONRELATED PERSON, (3) A MERGER, CONSOLIDATION OR OTHER SIMILAR ACTION THAT IS DILUTIVE OF THE ASSETS OF THE CORPORATION OR THAT ADVERSELY AFFECTS ANY RIGHTS OF THE COUNTY OR CITY PROVIDED FOR IN THE CORPORATION'S ARTICLES OF INCORPORATION OF THE BYLAWS, (4) ANY AMENDMENTS TO ARTICLES 4,5,7,8 AND 10 OF THE ARTICLES OF INCORPORATION, OR ANY AMENDMENT TO SECTION ARTICLES VII OF THE BYLAWS (5) THE DISSOLUTION OF THE CORPORATION, (6) ANY CHANGE OF THE NAME OF THE CORPORATION, (7) THE TRANSFER (IN ONE OR MORE RELATED TRANSACTIONS) DURING ANY TWELVE MONTH PERIOD OF 5% OR MORE OF THE TOTAL ASSETS OF THE CORPORATION TO AN UNAFFILIATED PERSON(S), ''TOTAL ASSETS'' SHALL MEAN THE AGGREGATE ASSETS FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE CORPORATION

Identifier	Return Reference	Explanation
DSCR THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, QUESTION 11B	THE RETURN IS REVIEWED BY JOHN HACKBARTH (CFO), RUBY JACILDO (CONTROLLER), AND RENEE ORANGE (ACCOUNTING MANAGER) BEFORE IT IS SIGNED THE CFO INFORMS THE GOVERNING BODY THAT THE 990 IS FILED AND THAT A COPY IS AVAILABLE UPON REQUEST AND/OR GUIDESTAR WEBSITE

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	Form 990, Part VI, Question 12C	UNDER OUR CONFLICT OF INTEREST POLICY (#100-214), EACH BOARD DIRECTOR, OFFICER AND MEMBER OF A COMMITTEE WITH BOARD-DELEGATED POWER IS REQUIRED ANNUALLY TO COMPLETE THE FOLLOWING, (1) CONFIDENTIALITY STATEMENT, (2) DISCLOSURE CERTIFICATE, (3) INDEPENDENCE AND RELATED PARTY QUESTIONNAIRE. THESE DISCLOSURES ARE REVIEWED AND RETAINED BY THE CHIEF LEGAL OFFICER, WHO IS ALSO IN THE APPROVAL CHAIN FOR ALL OMHS CONTRACTS. ALL COMPLETED CONTRACTS ARE MAINTAINED BY THE LEGAL OFFICE IN A SEARCHABLE DATABASE (THROUGH MEDITRACT). SIMILARLY, AS SOON AS WE IMPLEMENT THE ADDITIONAL REVISED POLICY ADDRESSING CONFLICT OF INTEREST FOR EMPLOYEES, EACH DIRECTOR, MANAGER OR OTHER EMPLOYEE WITH AUTHORITY TO INFLUENCE DECISIONS REGARDING THE PURCHASE OF GOODS OR SERVICES BY OMHS, WILL BE REQUESTED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE AND CERTIFICATION FORM. THESE WILL BE REVIEWED AND MAINTAINED BY THE COMPLIANCE OFFICER. THE COMPLIANCE OFFICER ALSO HAS ACCESS TO THE CONTRACT'S DATABASE AND COMPLETES AN OIG SANCTION CHECK FOR NEW CONTRACT. ONCE THE CONFLICT OF INTEREST DATA HAS BEEN COLLECTED, NEW CONTRACTS WILL BE SCREENED FOR POTENTIAL CONFLICTS OF INTEREST. IN ADDITION, OMHS MAINTAINS A COMPLIANCE HOTLINE THROUGH WHICH ANYONE WITH KNOWLEDGE OF A CONFLICT OF INTEREST OR IMPROPER VENDOR RELATIONSHIP CAN ANONYMOUSLY REPORT SUSPECTED VIOLATIONS OF OMHS POLICY. ON THOSE INDIVIDUALS FOUND TO HAVE A CONFLICT OF INTEREST, EMPHASIS IS MADE THAT THEY MAINTAIN IN CONFIDENCE ANY INFORMATION, KNOWLEDGE, OR DOCUMENTS ACQUIRED AS THE RESULT OF THEIR POSITION OR ATTENDANCE.

Identifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN	Form 990, Part VI, Question 15A	TOTAL COMPENSATION IS THE SUM OF EACH EXECUTIVE'S BASE SALARY, INCENTIVE OPPORTUNITY, BENEFITS, AND PERQUISITES -OUR TOTAL COMPENSATION PHILOSOPHY WILL APPLY TO CEO OF THE ORGANIZATION -CASH COMPENSATION AND BENEFITS PLANS PROVISIONS WILL BE, BASED ON MARKET DATA, COMPETITIVE WITH THOSE HEALTHCARE ORGANIZATIONS WITHIN WHICH WE COMPETE FOR EXECUTIVE TALENT OUR LABOR MARKET IS DEFINED AS SUCCESSFUL AND COMPARABLY SIZED HEALTHCARE ORGANIZATIONS ON A NATIONAL LEVEL SUCCESS IS MEASURED IN TERMS OF FINANCIAL AND OPERATIONAL PERFORMANCE AND MARKET LEADERSHIP -COMPETITIVE POSITIONING OF BASE SALARIES, AS REFLECTED BY THE SALARY RANGE MIDPOINTS, WILL BE AT THE 50TH PERCENTILE CEO MAY BE PLACED ABOVE OR BELOW THE SALARY RANGE BASED ON THE CEO'S KNOWLEDGE, COMPETENCIES, AND EXPERIENCE, PERFORMANCE OF THE CEO, THE CEO'S CONTRIBUTION TO THE ORGANIZATION'S OVERALL PERFORMANCE, INTERNAL EQUITY CONSIDERATIONS, THE FINANCIAL RESOURCES AVAILABLE, AND, CEO'S BASE SALARY INCREASES PROVIDED IN THE COMPETITIVE MARKET -ANNUAL MERIT INCREASE IS BASED ON JOB PERFORMANCE, REVIEWED BY FINANCE COMMITTEE, AND THEN APPROVED BY THE BOARD OF DIRECTORS -ANNUAL INCENTIVE OPPORTUNITIES WILL BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILE DEPENDING ON THE DEGREE TO WHICH PERFORMANCE GOALS ARE MET OR EXCEEDED TOTAL CASH COMPENSATION, AS REFLECTED BY BASE SALARIES AND ANNUAL INCENTIVES, WILL ALSO BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILES AND WILL BE INFLUENCED BY PERFORMANCE RESULTS AS MEASURED AGAINST ESTABLISHED GOALS INCENTIVE COMPENSATION PLAN REVIEWED BY FINANCE COMMITTEE, THEN APPROVED BY BOARD OF DIRECTORS -THE ORGANIZATION WILL PROVIDE APPROPRIATE AND COMPETITIVE SUPPLEMENTAL BENEFITS AND PERQUISITES DELIVERED IN A FLEXIBLE STRUCTURE TO ALLOW FOR INDIVIDUAL CHOICE AND BASED ON THE ORGANIZATION'S MISSION AND BUSINESS NEEDS -OUR EXECUTIVE TOTAL COMPENSATION PLAN WILL BE DESIGNED, MANAGED AND MAINTAINED IN A MANNER THAT WILL SUPPORT AND COMPLEMENT OUR MISSION, MANAGEMENT PHILOSOPHY, SHORT- AND LONG-TERM BUSINESS STRATEGIES, AND EMPLOYEE RELATIONS GOALS ATTRACT AND RETAIN EXECUTIVES WITH THE RIGHT SKILLS, ABILITIES AND MOTIVATION TO ACHIEVE OUR BUSINESS OBJECTIVE ENSURE THE EXECUTIVE TOTAL COMPENSATION IS REASONABLE AND COMPETITIVE - OUR CASH COMPENSATION AND BENEFITS PLANS WILL BE REVIEWED BY HR CONSULTING FIRM AND ADJUSTED PERIODICALLY TO MEET THE CHANGING BUSINESS AND ORGANIZATIONAL CHARACTERISTICS OF OUR ORGANIZATION AND ITS EXECUTIVE STAFF AS DIRECTED BY THE FINANCE COMMITTEE

Identifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN	Form 990, Part VI, Question 15B	TOTAL COMPENSATION IS THE SUM OF EACH EXECUTIVE'S BASE SALARY, INCENTIVE OPPORTUNITY, BENEFITS, AND PERQUISITES -OUR TOTAL COMPENSATION PHILOSOPHY WILL APPLY TO ALL EXECUTIVES OF THE ORGANIZATION -CASH COMPENSATION AND BENEFITS PLANS PROVISIONS WILL BE, ON AVERAGE, COMPETITIVE WITH THOSE HEALTHCARE ORGANIZATIONS WITHIN WHICH WE COMPETE FOR EXECUTIVE TALENT OUR LABOR MARKET IS DEFINED AS SUCCESSFUL AND COMPARABLY SIZED HEALTHCARE ORGANIZATIONS ON A NATIONAL LEVEL SUCCESS IS MEASURED IN TERMS OF FINANCIAL AND OPERATIONAL PERFORMANCE AND MARKET LEADERSHIP -COMPETITIVE POSITIONING OF BASE SALARIES, AS REFLECTED BY THE SALARY RANGE MIDPOINTS, WILL BE AT THE 50TH PERCENTILE EXECUTIVES MAY BE PLACED ABOVE OR BELOW THE SALARY RANGE BASED ON THE EXECUTIVE'S KNOWLEDGE, COMPETENCIES, AND EXPERIENCE, PERFORMANCE OF THE EXECUTIVE'S AREA OF RESPONSIBILITY, THE EXECUTIVE'S CONTRIBUTION TO THE ORGANIZATION'S OVERALL PERFORMANCE, INTERNAL EQUITY CONSIDERATIONS, THE FINANCIAL RESOURCES AVAILABLE, AND, EXECUTIVE BASE SALARY INCREASES PROVIDED IN THE COMPETITIVE MARKET -ANNUAL INCENTIVE OPPORTUNITIES WILL BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILE DEPENDING ON THE DEGREE TO WHICH PERFORMANCE GOALS ARE MET OR EXCEEDED TOTAL CASH COMPENSATION, AS REFLECTED BY BASE SALARIES AND ANNUAL INCENTIVES, WILL ALSO BE POSITIONED BETWEEN THE 50TH AND 75TH PERCENTILES AND WILL BE INFLUENCED BY PERFORMANCE RESULTS AS MEASURED AGAINST ESTABLISHED GOALS -THE ORGANIZATION WILL PROVIDE APPROPRIATE AND COMPETITIVE SUPPLEMENTAL BENEFITS AND PERQUISITES DELIVERED IN A FLEXIBLE STRUCTURE TO ALLOW FOR INDIVIDUAL CHOICE AND BASED ON THE ORGANIZATION'S MISSION AND BUSINESS NEEDS -OUR EXECUTIVE COMPENSATION PLAN WILL BE DESIGNED, MANAGED AND MAINTAINED IN A MANNER THAT WILL SUPPORT AND COMPLEMENT OUR MISSION, MANAGEMENT PHILOSOPHY, SHORT- AND LONG-TERM BUSINESS STRATEGIES, AND EMPLOYEE RELATION'S GOALS ATTRACT AND RETAIN EXECUTIVES WITH THE RIGHT SKILLS, ABILITIES AND MOTIVATION TO ACHIEVE OUR BUSINESS OBJECTIVE ENSURE THE EXECUTIVE TOTAL COMPENSATION IS REASONABLE AND COMPETITIVE -OUR CASH COMPENSATION AND BENEFITS PLANS WILL BE REVIEWED AND ADJUSTED PERIODICALLY TO MEET THE CHANGING BUSINESS AND ORGANIZATIONAL CHARACTERISTICS OF OUR ORGANIZATION AND ITS EXECUTIVE STAFF THE COMPENSATION OF EACH INDIVIDUAL EXECUTIVE WILL BE REVIEWED AND APPROVED IN A MANNER CONSISTENT WITH THE INTERMEDIATE SANCTION TAX REGULATIONS

Identifier	Return Reference	Explanation
AVAILABILITY OF GOVERNMENT DOCUMENTS, CONFLICT OF INTEREST POLICY & FIN	STATEMENTS TO GENERAL PUBLIC	Form 990, Part VI, Question 19 DOCUMENTS AND POLICIES ARE MADE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	Form 990, Part VII, Column B	HOURS DEVOTED FOR RELATED ORGANIZATION - ESTIMATED AVERAGE HOURS PER WEEK FOR RELATED ORGANIZATION TED SMITH 1 HOUR AS A BOARD MEMBER FOR FOUNDATION FOR HEALTH 3 HOURS AS A BOARD MEMBER FOR COOPERATIVE HEALTH SERVICES, INC GERALD POYNTER 3 HOURS AS A BOARD MEMBER FOR COOPERATIVE HEALTH SERVICES, INC JEFFREY BARBER 1 HOURS AS A BOARD MEMBER FOR FOUNDATION FOR HEALTH 3 HOURS AS A BOARD MEMBER FOR COOPERATIVE HEALTH SERVICES, INC GREG STRAHAN 3 HOURS AS A BOARD MEMBER FOR COOPERATIVE HEALTH SERVICES, INC JOHN HACKBARTH 3 HOURS AS A BOARD SECRETARY AND TREASURER FOR COOPERATIVE HEALTH SERVICES, INC

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	Form 990, Part XI, Question 5	TOTAL OF UNREALIZED LOSS $6,701,812, PENSION ADJUSTMENT $16,825,867, OCHN LOSS $139,766, AND ROUNDING $2

Identifier	Return Reference	Explanation
Description of Bond Proceeds	Schedule K, Part VI	Proceeds are expected to finance 1)a 9-story replacement acute care hospital, 2)a 2-story support services bldg, 3)a one and a half story central energy plant, 4) parking lot In addition, proceeds will refund a portion of the Series 2001 Bonds and fund a portion of the Debt Service Reserve Fund

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
OWENSBORO MEDICAL HEALTH SYSTEM INC

Employer identification number
61-1286361

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) OMHS Cardiovascular LLC 811 East Parrish Avenue Owensboro, KY 42303 20-0800844	Physician Prt	KY	742,278	994,643	NA
(2) Kentucky Bioprocessing LLC 3700 AIRPARK DRIVE Owensboro, KY 42301 20-4545241	Plant Bsd Prt	KY	3,313,798	18,685,234	NA
(3) Commonwealth Medical Management LLC PO Box 20007 Owensboro, KY 42304 20-4796653	Phys Clnc Srv	KY	0	30,000	NA

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) Foundation for Health Inc 811 East Parrish Avenue Owensboro, KY 42303 61-1251763	Healthcare	KY	501(C)(3)	7	OMHS	Yes	
(2) Cooperative Health Services Inc 811 East Parrish Avenue Owensboro, KY 42303 61-1197638	Healthcare	KY	501(c)(3)	9	OMHS	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) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Owensboro Am Sr Fac 1000 Brkrg Owensboro, KY 42303 75-2184992	Surgery CENTER	KY	NA	INVESTMENT INCOME	1,060,784	4,621,764		No	0	Yes		55 220 %

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) Owensboro Medical Center Laboratory Inc 811 E Parrish Avenue Owensboro, KY 42303 61-0999592	Med Laboratory	KY	NA	C Corp	0	0	0 %

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

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

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

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) OWENSBORO MEDICAL CENTER LAB	(O)	3,200,697	FMV
(2) COOPERATIVE HEALTH SERVICES INC	(O)	38,265,646	FMV
(3) COOPERATIVE HEALTH SERVICES INC	(A)	826,183	FMV
(4) COOPERATIVE HEALTH SERVICES INC	(R)	23,918,843	FMV
(5) THE FOUNDATION FOR HEALTH INC	(B)	479,984	FMV
(6) THE FOUNDATION FOR HEALTH INC	(C)	133,493	FMV

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

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)	OWENSBORO MEDICAL CENTER LAB	(O)	3,200,697	FMV
(2)	COOPERATIVE HEALTH SERVICES INC	(O)	38,265,646	FMV
(3)	COOPERATIVE HEALTH SERVICES INC	(A)	826,183	FMV
(4)	COOPERATIVE HEALTH SERVICES INC	(R)	23,918,843	FMV
(5)	THE FOUNDATION FOR HEALTH INC	(B)	479,984	FMV
(6)	THE FOUNDATION FOR HEALTH INC	(C)	133,493	FMV

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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2011

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
OWENSBORO MEDICAL HEALTH SYSTEM INC	GENERAL DEPRECIATION	61-1286361

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1 Maximum amount (see instructions)	**1**	$ 500,000
2 Total cost of section 179 property placed in service (see instructions)	**2**	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	**3**	$ 2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	**4**	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	**5**	

6	**(a)** Description of property	**(b)** Cost (business use only)	**(c)** Elected cost

7 Listed property Enter the amount from line 29	**7**		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	**8**		
9 Tentative deduction Enter the **smaller** of line 5 or line 8	**9**		
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	**10**		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	**11**		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	**12**		
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12 ▶	**13**		

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property **)** (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	**14**	
15 Property subject to section 168(f)(1) election	**15**	
16 Other depreciation (including ACRS)	**16**	

Part III **MACRS Depreciation (Do not** include listed property.**)** (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	**17**	1,965,485
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

	(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs		S/L	
c	40-year		40 yrs	MM	S/L	

Part IV **Summary** (see instructions)

21 Listed property Enter amount from line 28	**21**	
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	**22**	1,965,485
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	**23**	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☑ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☑ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles) . .												
31 Total commuting miles driven during the year .												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use? .												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions)					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report . .				**44**	

KPMG

OWENSBORO MEDICAL HEALTH SYSTEM, INC. AND AFFILIATED ENTITIES

Consolidated Financial Statements and Supplemental Schedules

May 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Table of Contents

KPMG LLP
Suite 1000
401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report

The Board of Directors
Owensboro Medical Health System, Inc.

We have audited the accompanying consolidated balance sheets of Owensboro Medical Health System, Inc and affiliated entities (the System) as of May 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These consolidated financial statements are the responsibility of the 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 These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Owensboro Medical Health System, Inc and affiliated entities as of May 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended, in conformity with U.S generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information referred has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the consolidated financial statements or to the consolidated financials themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole The supplementary information included in schedule 5 is presented for purposes of additional analysis and is

not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

September 6, 2012

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Consolidated Balance Sheets

May 31, 2012 and 2011

(In thousands)

Assets		2012	2011
Current assets			
Cash and cash equivalents	$	115,855	89,054
Investments		139,083	140,221
Patient accounts receivable, net of estimated uncollectibles of $37,411 and $35,717, respectively		58,353	57,597
Inventories		7,890	7,731
Prepaid expenses and other current assets		7,099	7,189
Assets limited as to use, current portion		16,218	16,218
Total current assets		344,498	318,010
Assets limited as to use, less current portion		146,093	325,781
Property and equipment, net		502,876	330,301
Deferred compensation plan assets		4,247	3,552
Other assets		18,103	18,565
Total assets	$	1,015,817	996,209
Liabilities and Net Assets			
Current liabilities			
Current maturities of long-term debt	$	6,258	792
Accounts payable		17,612	22,373
Accrued payroll and related liabilities		21,793	21,425
Other current liabilities		33,591	32,591
Due to third-party payors		22,671	24,866
Total current liabilities		101,925	102,047
Deferred compensation plan obligations		4,247	3,552
Long-term debt, less current maturities		510,520	516,452
Accrued pension cost		51,644	35,764
Other long-term liabilities		6,469	2,621
Total liabilities		674,805	660,436
Net assets			
Unrestricted		337,506	332,902
Temporarily restricted		2,270	1,566
Total net assets attributable to Owensboro Medical Health System, Inc		339,776	334,468
Noncontrolling interests		1,236	1,305
Total net assets		341,012	335,773
Commitments and contingencies			
Total liabilities and net assets	$	1,015,817	996,209

See accompanying notes to consolidated financial statements

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Consolidated Statements of Operations

Years ended May 31, 2012 and 2011

(In thousands)

	2012	2011
Unrestricted revenue		
Net patient service revenue	$ 440,752	427,797
Other operating revenue	13,127	25,894
Total unrestricted revenue	453,879	453,691
Patient service and other expenses:		
Personnel	204,506	191,751
Professional fees	26,560	28,261
Drugs and supplies	80,973	83,021
Provision for bad debts	33,671	29,454
Plant maintenance and operation	15,058	14,839
Kentucky provider tax	4,142	4,148
Other expenses	22,083	23,050
Depreciation and amortization	35,976	24,747
Interest expense	5,172	5,060
Total patient service and other expenses	428,141	404,331
Operating income	25,738	49,360
Nonoperating gains (losses)		
Investment income (loss), net	(2,031)	12,795
Contributions and other	128	(174)
Equity in loss of affiliates	(1,389)	(21)
Nonoperating gains (losses), net	(3,292)	12,600
Excess of revenue and gains over expenses and losses before noncontrolling interests	22,446	61,960
Noncontrolling interests	(1,016)	(807)
Excess of revenue and gains over expenses and losses	21,430	61,153
Accrued pension cost adjustment	(16,826)	6,367
Increase in unrestricted net assets	$ 4,604	67,520

See accompanying notes to consolidated financial statements

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Consolidated Statements of Changes in Net Assets

Years ended May 31, 2012 and 2011

(In thousands)

		2012	2011
Unrestricted net assets:			
Excess of revenue and gains over expenses and losses	$	21,430	61,153
Accrued pension cost adjustment		(16,826)	6,367
Increase in unrestricted net assets		4,604	67,520
Temporarily restricted net assets:			
Contributions		1,091	854
Net assets released from restrictions used for operations		(387)	(331)
Increase in temporarily restricted net assets		704	523
Noncontrolling interests:			
Excess of revenue and gains over expenses and losses		1,016	807
Partnership investment		(132)	547
Distributions to minority shareholders		(953)	(792)
Increase (decrease) in noncontrolling interests		(69)	562
Increase in total net assets		5,239	68,605
Net assets, beginning of year		335,773	267,168
Net assets, end of year	$	341,012	335,773

See accompanying notes to consolidated financial statements

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Consolidated Statements of Cash Flows

Years ended May 31, 2012 and 2011

(In thousands)

	2012	2011
Cash flows from operating activities		
Increase in total net assets	$ 5,239	68,605
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Depreciation and amortization	35,976	24,747
Provision for bad debts	33,671	29,454
Noncash interest expense	180	180
Net unrealized losses (gains) on investments and derivatives	6,702	(6,129)
Loss on disposal of property and equipment	28	—
Accrued pension cost adjustments	16,826	(6,367)
Increase (decrease) in cash due to changes in:		
Patient accounts receivable	(34,427)	(37,842)
Inventories	(159)	(254)
Prepaid expenses and other current assets	90	360
Other assets	(440)	(821)
Accounts payable	(2,010)	8,166
Accrued payroll and related liabilities	368	2,734
Accrued pension cost	(946)	3,670
Other liabilities	(925)	(2,894)
Due to third-party payors	(2,195)	3,364
Net cash provided by operating activities	57,978	86,973
Cash flows from investing activities		
Acquisition and construction of property and equipment	(204,655)	(155,787)
Cash paid for acquisition	—	(1,900)
Purchases of investment securities	(58,603)	(76,149)
Proceeds from sales and maturities of investment securities	53,944	69,611
Change in assets limited as to use	178,783	92,776
Net cash used in investing activities	(30,531)	(71,449)
Cash flows from financing activity		
Payments on long-term debt	(646)	(771)
Net cash used in financing activity	(646)	(771)
Net increase in cash and cash equivalents	26,801	14,753
Cash and cash equivalents, beginning of year	89,054	74,301
Cash and cash equivalents, end of year	$ 115,855	89,054
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	$ 33,168	24,883
Noncash activity		
Accrued but unpaid costs of property and equipment additions	7,475	3,757

See accompanying notes to consolidated financial statements

(1) Organization and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Owensboro Medical Health System, Inc (OMHS), a Kentucky nonstock, nonprofit corporation, and its affiliated entities (the System) OMHS' wholly owned and controlled affiliated entities include Cooperative Health Services, Inc (CHS), including CHS' 100% owned subsidiary, Owensboro Medical Center Laboratory, Inc (OMCL), The Foundation for Health, Inc , OMHS Cardiovascular, LLC, Kentucky BioProcessing, LLC (KBP); and Commonwealth Medical Management, LLC (CMM) Owensboro Ambulatory Surgical Facility Ltd (OASF), a 55 2% owned affiliated entity, is also included in the consolidated financial statements

On March 29, 2006, KBP, a single-member LLC of OMHS, purchased the physical plant, equipment, and intellectual property of Large Scale Biology Corporation and Large Scale Bioprocessing, Inc based in Owensboro, Kentucky The KBP operation consists of a 30,000 square foot manufacturing space and 22,000 square feet of green houses, and manufactures plant-made pharmaceuticals and other plant-based proteins as a contract research and manufacturing organization

The consolidated entity renders acute and other healthcare services in Daviess County and surrounding counties The consolidated activities hereinafter are referred to as the System All material intercompany balances and transactions have been eliminated in consolidation

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of the consolidated financial statements in conformity with U S. generally accepted accounting principles requires management of the System to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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

(b) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt investments with maturities of three months or less at date of purchase

(c) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value at the balance sheet date Investment income or loss (including both unrealized and realized gains and losses on investments, interest, and dividends) is included in the excess of revenues and gains over expenses and losses, unless the income or loss is restricted by donor or law, as all investments are considered trading securities

(d) Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or replacement market

(Continued)

(e) Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture and other funding agreements. Amounts required to meet current liabilities of the System are classified as current assets in the accompanying consolidated balance sheets.

(f) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the accompanying consolidated financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues and gains over expenses and losses, 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 these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(g) Impairment of Long-lived Assets and Long-lived Assets to Be Disposed Of

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less estimated costs to sell.

(h) Other Assets

Other assets consist primarily of goodwill, which represents the excess of the purchase price over the actual fair value of assets acquired, bond issuance costs incurred related to the 2010 Series A and B revenue bonds issued in March 2010, certain intangibles related to KBP, and other assets. Goodwill was approximately $13,195,000 and $13,252,000 at May 31, 2012 and 2011, respectively. The 2011 bond series issuance cost of approximately $2,705,000 is being amortized over the term of the bonds using the effective-interest method. Accumulated amortization is approximately $35,000 and $18,000 at May 31, 2012 and 2011, respectively. The intangibles related to KBP are being amortized over the life of the patent, approximately 15 years. Accumulated amortization is approximately $660,000 and $534,000 at May 31, 2012 and 2011, respectively.

(Continued)

(i) Basis of Accounting

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the System and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations. Such stipulations may be met either by actions of the System and/or by the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted net assets whose restrictions are met within the same year as received are reported as restricted net assets and as net assets released from restrictions in the accompanying consolidated financial statements.

(j) Excess of Revenue and Gains over Expenses and Losses

The accompanying consolidated statements of operations include excess of revenue and gains over expenses and losses. Changes in unrestricted net assets, which are excluded from excess of revenue and gains over expenses and losses, consistent with industry practice, include the recognition of pension liability adjustments arising during the current period, the cumulative effect of accounting principle changes, permanent transfers of assets to and from nonconsolidated affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions that were restricted for the purposes of acquiring such assets).

(k) Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(l) Charity Care

The System provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates or without charge. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

(Continued)

(m) Income Taxes

OMHS and its affiliated entities, CHS and the Foundation for Health, Inc., are nonprofit corporations and have been recognized as tax exempt under Section 501(a) of the Internal Revenue Code (IRC) as entities described in Section 501(c)(3) of the IRC. OMHS Cardiovascular, LLC, KBP, and CMM are single member LLCs with 100% of their profits and losses attributable to OMHS. For OASF, a partnership, the liability for any income taxes is the responsibility of the OASF partners. OMCL is a for-profit corporation subject to federal income taxes. OMCL has incurred losses and has federal net operating loss carryforwards for income tax purposes, which have been fully reserved.

The System applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 (Topic 740), *Accounting for Uncertainty in Income Taxes*. Topic 740 provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined. There is currently no impact on the System's consolidated financial statements as a result of the application Topic 740.

(n) Computer Software Costs

Certain costs related to the development or purchase of internal-use software are capitalized and amortized over the estimated life of the software. In addition, costs related to the preliminary project stage and the postimplementation operations stage in an internal-use computer software development project are expensed as incurred. The System capitalized approximately $28,283,000 and $10,551,000 in 2012 and 2011, respectively, of costs related to its development of new system software.

(o) Derivative Instruments

Until March 2010, the System had interest rate related derivative instruments to manage its exposure on its debt instruments. The System does not enter into derivative instruments for any purpose other than to manage its exposure on its debt instruments. That is, the System does not speculate using derivative instruments.

The System has not elected to use hedge accounting with respect to any of its derivative instruments. The System carries all derivative instruments in the accompanying consolidated balance sheets at fair value. The System includes the differential payable or receivable on its derivatives as part of interest expense. The change in the fair value of the derivative instrument is included in nonoperating gains (losses).

(p) Pension Accounting Standard

The System follows the recognition and disclosure provisions of FASB ASC Subtopic 715-20, *Defined Benefit Plans* (Subtopic 715-20). Subtopic 715-20 (among other things) requires that the System recognize the unfunded status of its defined benefit pension plan on its consolidated balance sheets. The System measures the plan at May 31 each year.

(Continued)

Subtopic 715-20 also requires that the System provide enhanced disclosures related to pension plan assets, including disclosures related to the fair value of the plan assets These enhanced disclosures are included in these consolidated financial statements at note 14.

(q) Fair Value Measurements

The System follows the following financial accounting and reporting literature regarding fair value measurements

- FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes an enhanced framework for measuring fair value, and expands disclosures about fair value measurements,
- FASB Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*, which amended Topic 820 and also requires that the System provide additional enhanced disclosures related to its fair value measurements, and
- the measurement provisions of FASB ASU No 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, as it applies to certain investments in funds that do not have readily determinable fair values – including private equity investments, hedge funds, real estate, and other funds This guidance amends ASC 820 and permits, as a practical expedient, the use of net asset value or its equivalent for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value Net asset value, in many instances, may not equal fair value that would be calculated pursuant to ASC 820

(r) Noncontrolling Interests

Effective June 1, 2010, the System adopted ASU No. 2010-07, *Not-for-Profit Entities Mergers and Acquisitions*, which amends ASC Topic 958, *Not-for-Profit Entities* (NFP Entities). The amendments in this standard provide guidance on accounting for consolidation of NFP Entities. It defines a merger of NFP Entities as one in which one NFP Entity cedes control to another NFP Entity. In the case of a merger, the carryover method applies, which requires combining the assets and liabilities as of the merger date Combinations are accounted for as acquisitions when consideration is transferred to the former owner or designee Acquisitions are accounted for by applying fair market values to acquired assets and liabilities, including identifiable intangible assets and the recognition of goodwill in the case of NFP Entities with operations not predominately supported by contributions Any resulting goodwill is analyzed for impairment annually, or if business conditions indicate an analysis is necessary, and is no longer amortized. The guidance requires that noncontrolling ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated balance sheets within net assets, but separate from the parent's net assets In addition, the standard requires that a consolidated schedule of changes in net assets attributable to the parent and noncontrolling interests be provided for each class of net assets for which a noncontrolling interest exists during the reporting period

(s) New Accounting Standards

The FASB issued ASU 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure*, in August 2010. ASU 2010-23 amends ASC Subtopic 954-605, *Health Care Entities - Revenue Recognition*, to require that cost be used as the measurement basis for charity care disclosure purposes. The method used to estimate such costs as well as any funds received to offset or subsidize charity services provided should also be disclosed. The System adopted ASU 2010-23 in fiscal year 2012, and these enhanced disclosures are included in note 3.

The FASB issued ASU 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, in August 2010. ASU 2010-24 amends ASC Subtopic 954-605 to clarify that a healthcare entity should not net insurance recoveries against the related liability and the claim liability should be determined without consideration of insurance recoveries. The System adopted ASU 2010-24 in fiscal year 2012.

The FASB issued ASC Topic 954 (Topic 954), *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASC Topic 954 requires healthcare entities that recognize significant amounts of patient service revenue at the time the services are rendered, even though they do not assess the patient's ability to pay, 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 the statement of operations. The System will adopt ASC Topic 954 in fiscal year 2013.

(t) Healthcare Industry Environment

The U.S. economy appears to be slowly recovering from ongoing characteristics associated with the downturn of the past several years. System management monitors economic conditions closely, both with respect to potential impacts on the healthcare provider industry and from a more general business perspective. While the System was able to achieve certain objectives of importance in the current economic environment, management recognizes that economic conditions may continue to impact the System in a number of ways, including (but not limited to) uncertainties associated with U.S. financial system reform and rising self-pay patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the impacts of federal healthcare reform legislation, which was passed in the spring of 2010. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant (and potentially unprecedented) capital investment in healthcare information technology (HCIT).

  Continuing volatility in the state and federal government reimbursement programs.

  Lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding the constitutionality of the legislation, exchange reimbursement levels, changes in combined state federal

disproportionate share payments, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system,

- Effective management of multiple major regulatory mandates, including achievement of meaningful use of HCIT and the transition to ICD-10, and
- Significant potential business model changes throughout the healthcare ecosystem, including within the healthcare commercial payor industry

The business of healthcare in the current economic, legislative and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and or which may arise in the future, could have a material adverse impact on the System's financial position and operating results.

(3) Charity Care

Self-pay revenues are primarily derived from patients who do not have any form of healthcare coverage and from patient responsibility after insurances have paid their obligations. The revenues associated with self-pay patients are generally reported at the System's gross charges. The System evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the System's policy for charity care. The System provides assistance in applying for Medicaid and or other governmental assistance programs if the evaluation determines they may be eligible for such a program.

The System provides care without charge to patients that qualify under the System's charity care policy. The policy takes into consideration family size, income, and medical indigence in determining eligibility. Patients at 225% and below the Federal Poverty Income Level are eligible for 100% financial assistance with a sliding scale up to 375% of Federal Poverty Guidelines for eligibility of 25% financial assistance.

The System's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of total costs (less bad debt expense) to gross charges multiplied by the System's gross charity care charges provided to charity patients for the period. The System's gross charity care charges include only services provided to patients who are unable to pay and qualify under the charity care policy. The System does not report a charity care patient's charges in net patient service revenue or in the estimated uncollectibles as it is the System's policy not to pursue collection of amounts related to these patients.

The following information measures the level of charity care provided during the years ended May 31, 2012 and 2011 (in thousands):

		2012	2011
Charges forgone, based on established rates	$	36,520	33,202
Estimated costs and expenses incurred to provide charity care		14,125	13,156
Equivalent percentage of charity care charges to all charges		4.3%	4.2%

(Continued)

The System received approximately $1,558,000 and $1,793,000 in 2012 and 2011, respectively, from the Commonwealth of Kentucky as a Disproportionate Share Hospital (DSH) payment for the provision of care to indigent citizens

(4) Business and Credit Concentration

The System provides healthcare service through its inpatient and outpatient care facilities located primarily in Owensboro, Kentucky. The System grants credit to its patients and generally does not require collateral or other security in extending credit to patients. However, the System routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, health maintenance organizations, and commercial insurance policies).

Patient accounts receivable include net receivables from the federal government (Medicare), the Commonwealth of Kentucky (Medicaid), and Blue Cross at May 31, 2012 and 2011 as follows (in thousands):

		2012	2011
Medicare	$	18,815	23,261
Medicaid		4,547	3,679
Blue Cross		13,737	11,857
Total	$	37,099	38,797

At May 31, 2012 and 2011, the System had deposits at financial institutions of approximately $52,635,000 and $41,209,000, respectively, in excess of the Federal Deposit Insurance Corporation limits. Further, investments in U.S. government and U.S. government agency securities are not guaranteed by the U.S. government or otherwise insured.

(5) Investments and Assets Limited as to Use

In accordance with Topic 820, the System has categorized its financial instruments, based on the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

When available, the System generally uses quoted market prices to determine fair value, and classifies such items as Level 1. The System's Level 2 securities are bonds whose fair values are determined by independent vendors. The vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued. The System had no significant transfers of assets and liabilities into or out of Levels 1 and 2 during 2012 or 2011.

(Continued)

The System's Level 3 securities comprise alternative investments. The estimated fair value of the System's Level 3 alternative investments is obtained from the fund managers, who are responsible for the pricing of these funds Before relying on these valuations, the System evaluates the fair value estimation processes and control environment, the investee fund's policies and procedures in estimating the fair value of underlying investments, the investee fund's use of independent third-party valuation experts, and the portion (approximately 100% for the System) of the underlying securities traded on active markets.

Investments, stated at fair value, at May 31, 2012 and 2011 include the following (in thousands):

		2012	2011
Cash and cash equivalents	$	14,070	15,772
U S Treasury obligations		6,714	870
Federal mortgage-backed securities		5,430	3,904
Corporate bonds		36,750	39,273
Equity securities		12,055	12,234
Mutual funds		63,501	66,466
Certificates of deposit		283	1,334
Accrued interest receivable		280	368
Total investments	$	139,083	140,221

(Continued)

The fair value hierarchy of investments is as follows (in thousands):

	2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 14,070	-	-	14,070
U S Treasury obligations	6,714	-	-	6,714
Federal mortgage-backed securities				
Residential		5,430		5,430
Corporate bonds				
Domestic	-	25,770	-	25,770
International	-	10,980	-	10,980
Equity securities				
Consumer discretionary	1,980	-	-	1,980
Consumer staples	321	-	-	321
Energy	1,032	-	-	1,032
Financial	3,117	-	-	3,117
Healthcare	2,131	-		2,131
Industrials	1,235		-	1,235
Information technology	1,771			1,771
Materials	130			130
Telecommunication services	133		-	133
Utilities	205	-	-	205
Mutual funds				
Large cap equity securities	-	-	13,306	13,306
Small and mid cap equity securities	12,802	-	-	12,802
International equity securities	9,430	-	-	9,430
Bond funds	27,963	-	-	27,963
Certificate of deposit	283	-	-	283
Accrued interest receivable	280	-	-	280
	$ 83,597	42,180	13,306	139,083

(Continued)

	2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 15,772	—	—	15,772
U S Treasury obligations	870	-	—	870
Federal mortgage-backed securities				
Residential		3 904		3 904
Corporate bonds				
Domestic		27,752		27 752
International	-	11,521		11,521
Equity securities				
Consumer discretionary	2,170	—	—	2,170
Consumer staples	526	—	—	526
Energy	1,419	—	—	1,419
Financial	3,220	—	—	3,220
Healthcare	1,500	—	—	1,500
Industrials	1,170	—	—	1,170
Information technology	1,861		-	1,861
Materials	159		-	159
Telecommunication services	93			93
Utilities	116		-	116
Mutual funds				
Large cap equity securities	—	-	13,259	13,259
Small and mid cap equity securities	13,985	—	-	13,985
International equity securities	11,858	—	—	11,858
Bond funds	27,364	—	—	27,364
Certificate of deposit	1,334	—	—	1,334
Accrued interest receivable	368	—	—	368
	$ 83,785	43,177	13,259	140,221

The rollforward of Level 3 investments is as follows (in thousands)

	2012	2011
Beginning of year	$ 13,259	10,154
Net realized and unrealized gains (losses)	(144)	2,957
Purchases, sales, dividends, contributions, and withdrawals	191	148
Transfers into and/or out of Level 3	—	—
End of year	$ 13,306	13,259

(Continued)

Assets limited as to use, stated at fair value, at May 31, 2012 and 2011 include the following (in thousands)

		2012	2011
Cash and cash equivalents	$	53,009	54,412
U S Treasury obligations		108,539	286,410
Accrued interest receivable		763	1,177
Total assets limited as to use		162 311	341,999
Less amounts required to meet current obligations		16,218	16,218
	$	146,093	325,781

As of May 31, 2012 and 2011, all of assets limited as to use were considered Level 1 investments

Assets limited as to use in the accompanying consolidated balance sheets were established in accordance with the requirements of the indentures related to the various revenue bond issues discussed in note 9, which require the following funds (in thousands)

		2012	2011
Debt service reserve funds	$	39,029	39,331
Interest funds		23,650	52,041
Construction funds		99,609	250,604
Expense funds		23	23
	$	162,311	341,999

The interest funds are used to pay interest on the various bond issues The debt service reserve funds secure any potential deficiencies in the interest funds Construction funds are restricted for the financing of capital projects and related expenditures as defined in associated bond documents. Expense funds are used to pay for expenses related to the issuance of the bonds

(Continued)

(6) Investment Income (Loss)

Investment income (loss) comprised the following for the years ended May 31, 2012 and 2011 (in thousands):

		2012	2011
Investment income (loss)			
Interest and dividend income	$	3,488	3,592
Net realized gains on sales of securities		1,500	3,359
Net unrealized gains (losses) on trading securities		(6,702)	6,129
Management fees and other		(317)	(285)
Investment income (loss), net	$	(2,031)	12,795

(7) Property and Equipment

A summary of property and equipment at May 31, 2012 and 2011 is as follows (in thousands)

		2012	2011
Land	$	14,091	14,091
Land improvements		3,125	3,125
Buildings		213,405	212,571
Fixed equipment		37,900	34,475
Major movable equipment and capitalized software costs		192,058	145,000
		460,579	409,262
Less accumulated depreciation and amortization		275,635	240,027
		184,944	169,235
Construction in progress		317,932	161,066
	$	502,876	330,301

Construction in progress at May 31, 2012 consists primarily of costs incurred for the construction of a new replacement hospital The replacement hospital will be a 9-story acute care hospital containing approximately 650,000 square feet of space located 2 5 miles from the existing hospital on a 147-acre parcel of land The expected completion date for the project is spring 2013 At May 31, 2012, the remaining commitments on construction contracts for the new replacement hospital approximated $30,920,000

In conjunction with the completion of the replacement hospital, the Board has adopted a plan to demolish approximately half of the existing facility after the completion of the transfer of activities The remaining net book value at the time of adoption was approximately $36,500,000 The System has adjusted the useful life of these assets to correspond to the transfer of activities and has therefore accelerated depreciation of

(Continued)

the remaining book value The total accelerated depreciation as of May 31, 2012 was approximately $9,300,000 The accelerated depreciation to be recognized in fiscal year 2013 will be approximately $22,400,000.

The System capitalized approximately $26,805,000 and $21,513,000 of interest expense and associated construction fund investment income as part of major construction and development projects in 2012 and 2011, respectively

Property and equipment (included above) under capital lease obligations at May 31, 2012 and 2011 are as follows (in thousands):

		2012	2011
Land	$	1,650	1,650
Buildings		2,550	2,550
Major movable equipment		1,743	1,743
		5,943	5,943
Less accumulated depreciation and amortization		1,968	1,556
	$	3,975	4,387

(8) Third-party Payor Settlements

OMHS and its affiliated entities (collectively the System) participate in the Medicare and Medicaid programs (the Programs). The Programs reimburse the System at amounts different from the established billing rates. Contractual adjustments under the Programs represent the difference between the System's billings at established rates for services and amounts reimbursed by third-party payors The percentage of net patient service revenue attributable to these programs was approximately 43% and 45% for 2012 and 2011, respectively

The System is paid for substantially all services rendered to inpatient Medicare Program beneficiaries under prospectively determined rates per discharge Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors The Medicare Program reimburses the System on a prospective payment system for hospital outpatient services known as the Ambulatory Payment Classification (APC) system Under the APC system, outpatient services are classified into an APC category based on the CPT-4 Code for the service provided, and payment for the APC category is determined using prospectively determined federal payment rates adjusted for regional wage differences. Depreciation and other defined capital costs are reimbursed under a capital prospective payment system Reimbursement is calculated based on a federal capital payment rate per discharge The System receives cash payments at a tentative rate with final settlement determined after the System's submission of annual cost reports and audits thereof by the Medicare fiscal intermediary The System s classification of patients under the Medicare Prospective Payment System and the appropriateness of the patients' admissions are subject to validation reviews by the Medicare peer review organization with which the System is required by law to contract for the performance of such reviews

The System is paid for substantially all services rendered to inpatient Medicaid Program beneficiaries under prospectively determined rates per discharge Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors. Outpatient services, except for lab, emergency services, surgery, and certain radiology services, are reimbursed by the Medicaid program based upon a cost-reimbursement methodology Final reimbursement rates are determined after submission of annual cost reports by the System and audits by third-party intermediaries Lab, emergency services, surgery, and certain radiology services are reimbursed on a predetermined fee schedule based upon the CPT-4 Code for the service provided

The Kentucky General Assembly enacted a temporary tax on all healthcare providers beginning July 1, 1993. The tax on hospitals is 2.5% of net patient service revenue and contributions received The tax expense recognized was approximately $5,790,000 and $5,791,000 for 2012 and 2011, respectively The legislation also provided payments to qualifying hospitals for the care of indigent patients The System's tax was reduced by approximately $1,648,000 and $1,643,000 of such payments for 2012 and 2011, respectively

Amounts due to third-party payors represent the excess of interim payments received or receivable over estimated final payment rates In the opinion of management, adequate provision has been made in the accompanying consolidated financial statements for the effects of estimated final settlements on open years Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Net patient service revenue increased approximately $2,273,000 and $1,582,000 for the years ending May 31, 2012 and 2011, respectively, as a result of prior year final settlements in excess of amounts previously estimated and the removal of liabilities related to prior years that are no longer necessary as such years are no longer subject to audits, reviews, and investigations. The increase for the year ended May 31, 2012 primarily consisted of approximately $1,650,000 in third-party estimates that were above actual amounts paid. The increase for the year ended May 31, 2011 primarily consisted of approximately $1,534,000 in Medicare tentative settlements for the year ended May 31, 2010

In the spring of 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Health Care Acts) were signed into law by President Obama The impact of the Health Care Acts is complicated and difficult to predict, but the System anticipates its reimbursement in the future will be affected by major elements of the Health Care Acts designed to (1) increase insurance coverage, (2) change provider and payor behavior, and (3) encourage alternative payment and delivery models. Many healthcare reform variables remain unknown and are, among other things, dependent on implementation by federal and state governments and reactions by providers, payors, employers, and individuals. The System continues to monitor developments in healthcare reform and participates actively in contemplating and designing new programs that are encouraged and/or required by the Health Care Acts

The Health Information Technology for Economic and Clinical Health (HITECH) Act was enacted as part of the American Recovery and Reinvestment Act of 2009 and signed into law in February 2009 In the context of the HITECH Act, the System must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and "meaningful use" of health information technology The HITECH Act

includes significant monetary incentives and payment penalties meant to encourage the adaption of EHR technology The System anticipates that its current enterprise-wide EHR will enable its compliance with the Meaningful Use objectives mandated in the HITECH legislation.

(9) Long-term Debt

A summary of long-term debt and capital lease obligations at May 31, 2012 and 2011 is as follows (in thousands)

	2012	2011
2010 revenue bonds, Series A, under a Master Trust Indenture, interest from 5 00% to 6 50%, through March 2045	$ 460,645	460,645
2010 revenue bonds, Series B, under a Master Trust Indenture, interest from 4.00% to 6.40%, through March 2040	66,695	66,695
Notes payable, bearing interest at 3.25% at May 31, 2012 and 2011 Principal payment due December 2019	3,494	3,878
Notes payable of OASF to co-general partner, bearing interest at 5 79% at May 31, 2012 and 2011 payable through 2016	296	402
Capital lease obligation, imputed interest between 5 74% and 6 11%, collateralized by equipment	447	756
Capital lease obligation, imputed interest of 13 96%, collateralized by leased land and building	5,314	5,110
Total contractual long-term debt	536,891	537,486
Unamortized premiums and discounts, net	(20,113)	(20,242)
Total long-term debt	516,778	517,244
Less current portion	6,258	792
	$ 510,520	516,452

In March 2010, the System, through the Kentucky Economic Development Finance Authority, issued Hospital Revenue Bonds, Series 2010A and Hospital Revenue Refunding Bonds, Series 2010B (collectively, 2010 revenue bonds) in the amount of $460,645,000 and $66,695,000, respectively, totaling $527,340,000 The proceeds from the issuance were used to provide funding to finance the cost of acquiring, constructing, and equipping a new 9-story replacement acute care hospital and related service buildings, refund $152,000,000 in aggregate principal amount of the 2001 revenue bonds, fund a debt service reserve fund to be used to pay down future debt service, fund a portion of the interest on the 2010 Series A bonds, and pay certain expenses incurred in connection with the issuance. For the year ended May 31, 2010, the System reported a loss of approximately $4,614,000 on the 2001 revenue bond debt extinguishment, generally representing the write-off of prior capitalized bond issuance costs

(Continued)

In June 2001, the System, through the City of Owensboro, Kentucky, issued Health System Variable Revenue Bonds Auction Rate Securities, 2001 Series A, B, and C (collectively, 2001 revenue bonds) in the amount of $70,400,000, $65,500,000, and $65,525,000, respectively, totaling $201,425,000. The funds were designated to reimburse the System for the cost of certain capital expenditures, certain future capital expenditures, certain advance refunding, and principal payments of the Series 1992 and 1996 bonds, and to pay the costs of issuance of the 2001 revenue bonds The 2001 revenue bonds had interest at a variable rate following a 35-day auction period The outstanding balance of $152,000,000 was refunded in March 2010 through the use of proceeds of the 2010 revenue bonds described above

The 2010 revenue bonds are collateralized by related bond trust funds and pledged revenues The System has also agreed under the Master Trust Indenture to subject the Obligated Group to various operational and financial covenants typical of such agreements The Obligated Group includes OMHS and CHS, excluding its subsidiary, OMCL In addition, the System has granted to the Master Trustee, a deed of trust lien on the land and buildings owned by OMHS and a security interest in OMH's accounts receivable to secure payment of the outstanding revenue bonds

The System, per the terms of their capital lease agreement, has exercised its right to purchase the land and building for a fixed price of approximately $5,300,000 Per the agreement, the purchase of the land and building will take place in January 2013 and the amounts owed under the agreement have been classified as current in the accompanying consolidated balance sheets as of May 31, 2012

Scheduled principal repayments on long-term debt and payments on capital lease obligations are as follows (in thousands)

	Long-term debt	Capital lease obligations
Year ending May 31:		
2013	$ 496	5,770
2014	6,082	—
2015	6,312	—
2016	6,551	—
2017	6,873	—
Thereafter	504,816	—
	$ 531,130	5,770
Less amount representing interest under capital lease obligation		9
		$ 5,761

(10) Other Liabilities – Promises to Support

At May 31, 2011, the System had outstanding promises to support of approximately $263,000, net of discounts at 4.8% of approximately $1,000 that were included as other current and long-term liabilities on

(Continued)

the accompanying consolidated balance sheets. There were no outstanding promises to support at May 31, 2012.

(11) Operating Leases

The System leases certain buildings and equipment under noncancelable operating leases with terms ranging from 2 to 10 years Rent expense under these leases approximated $507,000 and $809,000 for the years ended May 31, 2012 and 2011, respectively

Future minimum lease payments under these noncancelable operating leases with initial or remaining terms in excess of one year are as follows (in thousands)

Year ending May 31:		
2013	$	353
2014		199
2015		63
2016		23
2017		3
Thereafter		
Total minimum lease payments	$	641

(12) Derivative Instruments

Until March 2010, the System utilized variable rate debt as a funding source These obligations exposed the System to variability in interest payments due to changes in interest rates If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense decreases Management believes it is prudent to limit the variability of its interest payments of certain funding sources To meet this objective, management entered into derivative instruments, specifically an interest rate and basis swap, to manage fluctuations in cash flows resulting from interest rate risk related to the 30-year 2001 Series A bonds Under the interest rate swap designed to hedge cash flows, the System received variable interest rate payments and made fixed interest rate payments at 4.71%

Effective with the issuance of the 2010 revenue bonds, in 2010, the System terminated the interest rate and basis swap for approximately $15,799,000.

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(13) Temporarily Restricted Net Assets

Temporarily restricted net assets at May 31, 2012 and 2011 are available for use as follows (in thousands)

	2012	2011
Cancer center	$ 325	385
HOPE fund	77	71
Lifespring	4	7
Mammograms for Life	13	38
McAuley Clinic	148	169
Medicus	70	69
New Hospital Campaign	1,315	538
Owensboro Cancer Research Program	77	65
Palliative Care	18	18
Riherd Scholarship	41	44
School Health Services	46	52
Other	136	110
Total temporarily restricted net assets	$ 2,270	1,566

(14) Retirement Plan

The System has a defined benefit pension plan, the Owensboro Medical Health System Retirement Plan (the Plan), a single-employer pension trust fund The Plan is available to employees age 21 or older who have completed one year of continuous service and have 1,000 hours of annual service The benefits are based upon years of service and the employee's average monthly earnings

The funding policy of the System is to contribute amounts to the Plan at least equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments The System expects to contribute approximately $9,777,000 to the Plan during fiscal year 2013

The following table summarizes the allocation of the assets available for plan benefits at May 31

	2012	2011
Cash and cash equivalents	8 8%	3 0%
Equities	54 7	60 7
Fixed income	36.5	36 3

The Plan utilizes an investment strategy that focuses on maximizing total return and places limited emphasis on generating income The Plan's average asset allocation target is 60% equities, 38% fixed income, and 2% cash The Plan's diversification offers the expectation of higher and more stable returns that will meet the obligations of the Plan

(Continued)

The actuarially computed net periodic pension cost for 2012 and 2011 included the following components (in thousands):

		2012	2011
Service cost – benefits earned during the year	$	6,851	6,413
Interest cost on projected benefit obligation		4,447	4,649
Expected return on plan assets		(4,724)	(3,839)
Net amortization and deferral		1,443	2,035
Net periodic pension cost	$	8,017	9,258

The following tables set forth the Plan's funded status (measured at May 31, 2012 and 2011) and amounts recognized in the System's accompanying consolidated financial statements at May 31, 2012 and 2011 (in thousands)

		2012	2011
Accumulated benefit obligation	$	(87,749)	(74,336)
Change in projected benefit obligation			
Projected benefit obligation at the beginning of measurement year	$	(97,198)	(90,833)
Service cost		(6,851)	(6,413)
Interest cost		(4,447)	(4,649)
Actuarial loss		(13,462)	(1,385)
Benefits paid		4,997	6,082
Projected benefit obligation at the end of measurement year	$	(116,961)	(97,198)
Change in plan assets			
Fair value of plan assets at the beginning of measurement year	$	61,434	52,371
Actual return on plan assets		(83)	9,557
Employer contributions		8,963	5,588
Benefits paid		(4,997)	(6,082)
Fair value of plan assets at the end of measurement year	$	65,317	61,434
Funded status	$	(51,644)	(35,764)
Unrecognized net actuarial loss			
Unrecognized prior service cost			
Accrued pension cost	$	(51,644)	(35,764)

(Continued)

	2012	2011
Employer contributions	$ 8,963	5,588
Plan participants' contributions	–	–
Benefits paid	4,997	6,082

The benefits expected to be paid from the Plan in each year from 2013 to 2017 are approximately $9,271,000, $8,159,000, $9,261,000, $10,219,000, and $10,209,000, respectively. The aggregate expected benefits to be paid in the five years from 2018 to 2022 are approximately $55,048,000. The expected benefits to be paid are based on the same assumptions used to measure the Plan's benefit obligation at May 31 and include estimated future employee service.

Weighted average assumptions used to determine benefit obligation at May 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	3.84%	4.94%
Rate of compensation increase	4.00	4.00

Weighted average assumptions used to determine net periodic pension cost for the years ended May 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	4.94%	5.54%
Expected long-term rate of return on plan assets	8.00	8.00
Rate of compensation increase	4.00	4.00

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. This assumption is based on historical returns of the Plan. Unrecognized gains and losses in excess of 10% of the greater of the projected benefit obligation or market-related value of plan assets are amortized on a straight-line basis over the average remaining service period of participants expected to receive benefits under the Plan, which is 11 years at May 31, 2012 and 2011.

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In accordance with Subtopic 715-20, the System has categorized its plan assets, based on Topic 820 and the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy as explained in note 5. All plan assets at May 31, 2012 and 2011 include the following (in thousands)

		2012	2011
Cash and cash equivalents	$	6,245	1,825
Equity securities		12,031	12,249
Mutual funds		46,941	47,253
Accrued interest receivable		100	107
Total	$	65,317	61,434

The fair value hierarchy of plan assets is as follows (in thousands):

		2012			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$	6,245		-	6,245
Equity securities					
Consumer discretionary		2,002			2,002
Consumer staples		323	-	-	323
Energy		978	—	—	978
Financial		3,078	—	—	3,078
Healthcare		2,159	—	—	2,159
Industrials		1,269	—	—	1,269
Information technology		1,764	—	—	1,764
Materials		129	—	—	129
Telecommunication services		133	—	—	133
Utilities		196	-	-	196
Mutual funds					
Large cap equity securities				12,631	12,631
Small and mid cap equity securities		5,925			5,925
International equity securities		4,760	-	-	4,760
Debt securities		23,625	—	—	23,625
Accrued interest receivable		100	—	—	100
	$	52,686	—	12,631	65,317

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	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 1,825	—	—	1,825
Equity securities				
Consumer discretionary	2,151	—	—	2,151
Consumer staples	529	—	—	529
Energy	1,409	—	—	1,409
Financial	3,217			3,217
Healthcare	1,511			1,511
Industrials	1,206			1,206
Information technology	1,863			1,863
Materials	161			161
Telecommunication services	93			93
Utilities	109	—	—	109
Mutual funds				
Large cap equity securities	—	—	12,586	12,586
Small and mid cap equity securities	6,422	—	—	6,422
International equity securities	5,986	—	—	5,986
Debt securities	22,259	—	—	22,259
Accrued interest receivable	107		—	107
	$ 48,848		12,586	61,434

The rollforward of Level 3 plan assets is as follows (in thousands):

	2012	**2011**
Beginning of year	$ 12,586	9,639
Net realized and unrealized gains (losses)	(136)	2,807
Purchases, sales, dividends, contributions, and withdrawals	181	140
Transfers into and/or out of Level 3	—	—
End of year	$ 12,631	12,586

Effective January 2006, the System adopted the Owensboro Medical Health System Nonqualified Supplemental Retirement Plan (Supplemental Retirement Plan) The Supplemental Retirement Plan was formed under Section 457(f) of the IRC of 1986, and management believes that it complies with all provisions applicable to a nonqualified deferred compensation plan under IRC Section 409A. Participants are eligible for employer contributions from 12% to 15% based on their position with the System. The employer contribution for each year is 100% vested after five years Employer contributions occur each December 31. The System has accrued expenses related to the Supplemental Retirement Plan of approximately $180,000 and $170,000 as of May 31, 2012 and 2011, respectively, and is included in accrued payroll and related liabilities in the consolidated balance sheets

(Continued)

(15) Risk Management and Self-insured Liabilities

Effective January 1, 2003, the System maintains malpractice liability insurance with a commercial carrier on a claims-made basis for losses in excess of $250,000 per occurrence The System is self-insured for the first $250,000 per occurrence On January 1, 2004, the self-insured amount increased from $250,000 to $500,000 per occurrence On January 1, 2005, the self-insured amount increased from $500,000 to $1,000,000 per occurrence On January 1, 2012, the self-insured amount increased from $1,000,000 to $1,500,000 per occurrence Accordingly, the System has made a provision in the accompanying consolidated financial statements for estimated unpaid malpractice claims, including incurred but not reported claims

Through December 31, 2002, the System had professional liability insurance coverage with Reciprocal of America (ROA) on a claims-made basis On April 30, 2003, the Commonwealth of Virginia filed an application to order ROA into liquidation On June 20, 2003, the Virginia State Corporation Commission entered an Order of Liquidation declaring that ROA should be liquidated Management believes that only a portion of all claims reported to ROA through December 31, 2002 will be paid through the ROA liquidation process Management also believes that the System has adequately accrued for any potential shortfall for the payment of these reported claims and any incurred but not reported claims

Malpractice and other claims have been asserted against the System and are currently in various stages of litigation Even though some of these claims may eventually be brought to trial, it is the opinion of management that possible losses, if any, would not have a material effect on the accompanying consolidated financial statements. Additionally, management is unaware of any unasserted claims that would have a material impact on the accompanying consolidated financial statements

The System is self-insured up to the stop-loss amount of $300,000 annually per individual for its medical and other healthcare benefits provided to its employees and their families Contributions by the System and participating employees are based on actual claims experience A provision for known claims and estimated incurred but not reported claims for those employees in the self-insured plan has been provided in the accompanying consolidated financial statements

The System is self-insured up to $450,000 per occurrence for workers' compensation claims and has purchased insurance to provide coverage for claims in excess of the self-insured retention Such insurance coverage is on an occurrence basis The System has made a provision in the accompanying consolidated financial statements for estimated workers' compensation claims known and estimated incurred but not reported claims

The System is subject to various claims and lawsuits arising in the normal course of business In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect in the System's accompanying consolidated financial statements

(Continued)

(16) Functional Expenses

The System provides general healthcare services to residents within its geographic location. Expenses related to providing these services for the years ended May 31, 2012 and 2011 are as follows (in thousands):

		2012	2011
Healthcare services	$	296,101	285,450
General and administrative		132,040	118,881
Total functional expenses	$	428,141	404,331

(17) Financial Instruments

The carrying amounts of applicable asset and liability, excluding long-term debt as discussed below, financial instruments, as defined under relevant accounting standards, reported in the consolidated balance sheets approximate fair values, in all significant respects, at May 31, 2012 and 2011. Fair value of financial instruments is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The fair value of the System's long-term debt is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of the System's long-term debt was approximately $603,932,000 and $608,308,000 at May 31, 2012 and 2011, respectively.

(18) Related-party Transactions

OMHS has a 50% ownership in Owensboro Community Health Network, Inc. (OCHN); the other 50% owner is Ohio Valley Physicians Association, Inc. OCHN was incorporated in August 1999 and operates a preferred provider organization in the Commonwealth of Kentucky by contracting with various providers to provide medical services to the employees of contracted employers. OMHS accounts for their OCHN investment on the equity method based on its ownership percentage and equal control. OMHS is an employer utilizing OCHN's network. For the years ended May 31, 2012 and 2011, OMHS paid OCHN approximately $51,000 and $90,000, respectively, in access fees and approximately $418,000 and $294,000, respectively, in network administration fees. OMHS leases employees to OCHN for an amount equal to the employees' salaries plus benefits. For the years ended May 31, 2012 and 2011, OCHN reimbursed OMHS approximately $328,000 and $338,000, respectively, for the salaries and benefits of these leased employees. OMHS provides accounting functions to OCHN for a fee. Fees charged for the years ended May 31, 2012 and 2011 were approximately $10,000.

OMHS has a 55.2% ownership in OASF, with the remaining 44.8% owned by individual physicians and co-general partner Surgical Care Affiliates (SCA). OASF pays a management fee to SCA of 5.0% of net revenue, less bad debt expense. This management fee was approximately $446,000 and $387,000 for the years ended May 31, 2012 and 2011, respectively.

(Continued)

(19) Subsequent Events

The System has evaluated events subsequent to May 31, 2012 and through September 6, 2012, the date on which the consolidated financial statements were issued

Schedule 1

OWENSBORO MEDICAL HEALTH SYSTEM, INC AND AFFILIATED ENTITIES

Consolidating Schedule – Balance Sheet Information

May 31, 2012

(In thousands)

Assets	OMHS	CHS	The Foundation for Health, Inc	OMHS Cardiovascular LLC	CMM	KBP	Elimination entries	OMHS subtotal	OASF	OASF consolidation and elimination entries	Consolidated
Current assets											
Cash and cash equivalents	$ 105,365	5,222	2,438	862		502	–	114,486	1,469	—	115,955
Investments	138,514	—	569	–	—	—	–	139,083	—	—	139,083
Patient accounts receivable, net	54,441	3,605	—	119	–	—	—	58,165	188	—	58,353
Inventories	7,640	24	—	–	–	121	–	7,885	5	–	7,890
Prepaid expenses and other current assets	6,921	333	4	–	30	422	(54,604)	7,096	63	(69)	7,089
Assets limited as to use, current portion	16,218	—	—	–	–	—	—	16,218	—	—	16,218
Total current assets	329,099	9,284	3,008	981	30	1,045	(54,604)	342,833	1,725	(69)	344,498
Assets limited as to use, less current portion	146,093	—	—	–	–	—	–	146,093	—	—	146,093
Property and equipment, net	485,345	30,548	18	24	–	16,409		502,134	742	–	502,876
Deferred compensation plan assets	4,247	—	—	–	–	—		4,247	—	—	4,247
Other assets	53,227	1,445	58	–	–	1,230	(35,458)	18,522	1,181	(1,600)	18,103
Total assets	$ 1,040,001	41,077	3,084	981	30	18,684	(90,062)	1,013,829	3,648	(1,669)	1,015,817
Liabilities and Net Assets											
Current liabilities											
Current maturities of long-term debt	$ 3,660	150	—	–		1,752	(1,369)	6,145	173	(60)	6,258
Accounts payable	10,008	1,744	21	–	—	191	–	17,464	151	—	17,612
Accrued payroll and related liabilities	21,404	–	—	—		153	–	21,557	236	—	21,793
Other current liabilities	32,350	48,418	20	1,065	87	919	(53,256)	33,523	68	—	33,591
Due to third-party payors	22,671	—	—	–		—	–	22,671	—	–	22,671
Total current liabilities	90,093	50,312	41	1,065	87	3,015	(54,625)	101,357	628	(60)	101,925
Deferred compensation plan liabilities	4,247		–			—		4,247	—	—	4,247
Long-term debt, less current maturities	507,225		—	–		20,339	(17,228)	510,336	282	(98)	510,520
Accrued pension cost	51,644		—	–		—		51,644	—	–	51,644
Other long-term liabilities	7,486	– – – –	—	–	–	—		6,469	—	—	6,469
Total liabilities	660,795	50,818	41	1,065	87	23,354	(71,853)	674,053	910	(158)	674,805
Net asset (deficit)											
Unrestricted	372,380	(8,741)	773	(3,970)	(57)	(4,670)	(18,209)	337,506	2,738	(2,738)	337,506
Temporarily restricted			2,270			–	—	2,270	—	–	2,270
Total net assets (deficit) attributable to Owensboro Medical Health System, Inc	372,380	(8,741)	3,043	(3,970)	(57)	(4,670)	(18,209)	339,776	2,738	(2,738)	339,776
Noncontrolling interests	–	–	–	–		–	–	—	—	1,230	1,230
Total net assets (deficit)	372,380	(8,741)	3,043	(3,970)	(57)	(4,670)	(18,209)	339,776	2,738	(1,508)	341,012
Total liabilities and net assets (deficit)	$ 1,040,001	41,077	3,084	995	30	18,684	(90,062)	1,013,829	3,648	(1,669)	1,015,817

See accompanying independent auditors' report

Schedule 2

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Consolidating Schedule – Statement of Operations and Changes in Net Assets Information

Year Ended May 31, 2012

(In thousands)

	OMHS	CHS	The Foundation for Health, Inc.	OMHS Cardiovascular, LLC	CMM	KBP	Elimination entries	OMHS subtotal	OASF	OASF consolidation and elimination entries	Consolidated
Unrestricted revenue											
Net patient service revenue	$ 396,586	$ 37,984		1,017			(3,253)	431,934	888		440,792
Other operating revenue	5,000	6,814	87	4		514	(1,570)	15,649	18	(540)	15,127
Total unrestricted revenue	401,586	44,078	87	1,021		514	(4,803)	445,583	906	(540)	455,879
Patient service and other expenses											
Physician	160,230	38,951	411	1,434		1,084	(2381)	202,864	1,442	–	204,506
Professional fees	23,025	2,737	5	333		324	(181)	26,036	524	–	26,560
Drugs and supplies	74,298	7,497		5		58	(3,400)	79,184	1,810	–	80,994
Provision for bad debts	30,500	2,715		280			—	33,495	176	–	33,671
Plant maintenance and operations	13,668	3,071		58	–	842	(894)	14,779	309	(50)	15,038
Kentucky provider tax	4,142	–		–			–	4,142			4,142
Other expense	19,974	3,233	511	42		317	(951)	21,680	46	–	22,083
Depreciation and amortization	31,281	3,418		2	–	965	—	35,669	50	–	35,976
Interest expense	5,032	12		–	–	128	(872)	5,150	93	(91)	5,172
Total patient service and other expenses	360,342	57,995	911	2,044	–	3,718	(9,536)	422,169	4,450	(141)	426,141
Operating income (loss)	41,244	(13,917)	(824)	(1,023)	–	1,411	1,733	23,414	(3,544)	8	25,738
Nonoperating gains (losses)											
Investment income (loss), net	(1,178)	4		–	–		(872)	(2,042)		(9)	(2,051)
Contributions and other	369	342	4	–	–		(860)	175	1,470		128
Equity in income (loss) of affiliates	(5,160)	3		–			5,025	(136)	–	(1,253)	(1,389)
Nonoperating gains (losses), net	(6,169)	347	(4)	–	–	1	3,291	(1,984)	1,460	(1,262)	(3,292)
Excess (deficiency) of revenue and gains over expenses and losses before noncontrolling interests	35,075	(13,570)	(828)	(1,023)	–	1,412	5,024	21,430	(2,084)	(1,254)	22,446
Noncontrolling interests	—	—		–	–		—	—		(1,016)	(1,016)
Excess (deficiency) of revenue and gains over expenses and losses	35,075	(13,570)	(828)	(1,023)	–	1,412	5,024	21,430	(2,084)	(2,270)	21,430
Accrued pension cost adjustment	(16,826)	–		–	–		—	(16,826)	–	—	(16,826)
Partnership investment	—	—		–	–		—	—	(132)	132	—
Partnership distributions	—	—		–	–		—	—	1,745	(1,745)	—
Increase (decrease) in unrestricted net assets	18,249	(13,570)	(828)	(1,023)	–	1,412	5,024	4,604	(471)	(3,883)	4,604
Temporarily restricted net assets											
Contributions	–		1,091	–	–		—	1,091	–	—	1,091
Net assets released from restrictions used for operations	–	–	(387)	–	—	–	—	(387)	–	—	(387)
Increase in temporarily restricted net assets	—	–	704	–	—		—	704	–	–	704
Noncontrolling interests											
Excess of revenue and gains over expenses and losses	–	–		–			—	—	–	1,016	1,016
Partnership investment	—	–			–		—	—	—	(132)	(132)
Distributions to minority shareholders	–	–		–	–		—	—	–	(953)	(953)
Decrease in noncontrolling interest	—	—		–	–		—	—		(69)	(69)
Increase (decrease) in total net assets	18,249	(13,570)	739	(1,023)	–	1,412	5,024	5,308	(471)	(3,769)	2,239
Net assets (deficit) beginning of year	354,131	4,929	2,344	(7,947)	(57)	699	(23,233)	334,468	2,729	1,426)	335,773
Net assets (deficit) end of year	$ 372,380	(8,641)	3,083	(8,970)	(57)	(4,670)	(18,209)	339,776	2,258	(1,802)	341,012

See accompanying independent auditors' report

Schedule 3

OBLIGATED GROUP

Combining Schedule – Balance Sheet Information

May 31, 2012

(In thousands)

Assets	OMHS	CHS, excluding OMCL	Combination and elimination entries	Obligated Group
Current assets				
Cash and cash equivalents	$ 105,365	4,478	—	109,843
Investments	138,514	—	—	138,514
Patient accounts receivable, net	54,441	3,318	—	57,759
Inventories	7,640	124	—	7,764
Prepaid expenses and other current assets	60,911	333	(46,327)	14,917
Assets limited as to use, current portion	16,218	—	—	16,218
Total current assets	383,089	8,253	(46,327)	345,015
Assets limited as to use, less current portion	146,093	—	—	146,093
Property and equipment, net	455,345	30,348	—	485,693
Deferred compensation plan assets	4,247	—	—	4,247
Other assets	51,227	383	(26,906)	24,704
Total assets	$ 1,040,001	38,984	(73,233)	1,005,752
Liabilities and Net Assets				
Current liabilities				
Current maturities of long-term debt	$ 5,606	156	—	5,762
Accounts payable	16,005	1,142	—	17,147
Accrued payroll and related liabilities	21,404	—	—	21,404
Other current liabilities	32,350	46,426	(46,327)	32,449
Due to third-party payors	22,671	—	—	22,671
Total current liabilities	98,036	47,724	(46,327)	99,433
Deferred compensation plan obligations	4,247	—	—	4,247
Long-term debt, less current maturities	507,225	—	—	507,225
Accrued pension cost	51,644	—	—	51,644
Other long-term liabilities	6,469	—	—	6,469
Total liabilities	667,621	47,724	(46,327)	669,018
Unrestricted net assets	372,380	(8,740)	(26,906)	336,734
Total liabilities and net assets	$ 1,040,001	38,984	(73,233)	1,005,752

See accompanying independent auditors' report

Schedule 4

OBLIGATED GROUP

Combining Schedule – Statement of Operations and Changes in Net Assets Information

Year ended May 31, 2012

(In thousands)

	OMHS	CHS, excluding OMCL	Combination and elimination entries	Obligated Group
Unrestricted revenue				
Net patient service revenue	$ 396,586	33,886	—	430,472
Other operating revenue	5,000	9,398	(1,393)	13,005
Total unrestricted revenue	401,586	43,284	(1,393)	443,477
Patient service and other expenses				
Personnel	160,230	38,312	(236)	198,306
Professional fees	23,023	4,407	(117)	27,313
Drugs and supplies	74,295	3,673	(197)	77,771
Provision for bad debts	30,500	2,301	—	32,801
Plant maintenance and operation	12,665	3,032	(810)	14,887
Kentucky provider tax	4,142	—	—	4,142
Other expenses	19,174	2,130	(33)	21,271
Depreciation and amortization	31,281	2,418	—	33,699
Interest expense	5,032	12	—	5,044
Total patient service and other expenses	360,342	56,285	(1,393)	415,234
Operating income (loss)	41,244	(13,001)	—	28,243
Nonoperating gains (losses)				
Investment income (loss), net	(1,178)	4	—	(1,174)
Contributions and other	169	244	—	413
Equity in income (loss) of affiliates	(5,160)	(916)	—	(6,076)
Nonoperating gains (losses), net	(6,169)	(668)	—	(6,837)
Excess (deficiency) of revenue and gains over expenses and losses	35,075	(13,669)	—	21,406
Accrued pension cost adjustment	(16,826)	—	—	(16,826)
Increase (decrease) in unrestricted net assets	18,249	(13,669)	—	4,580
Net assets, beginning of year	354,131	4,929	(26,906)	332,154
Net assets, end of year	$ 372,380	(8,740)	(26,906)	336,734

See accompanying independent auditors' report

Schedule 5

OWENSBORO MEDICAL HEALTH SYSTEM, INC.
AND AFFILIATED ENTITIES

Hospital Utilization Statistics (Unaudited)

Years ended May 31

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Patient days										
Acute patient days	71,587	72,788	70,316	71,950	71,662	72,403	72,309	71,992	71,850	75,544
ICC patient days	8,757	9,334	7,980	7,801	8,676	8,736	8,267	8,569	7,687	7,422
Rehab patient days	3,701	3,845	3,884	3,725	3,738	4,145	4,873	4,811	5,183	5,897
Total patient days	84,045	85,967	82,180	83,476	84,076	85,284	85,749	85,372	84,720	88,863
Average adult daily census	230	236	224	229	230	234	235	234	232	243
Licensed beds	477	477	477	477	477	477	477	477	477	477
Average number of available beds	377	372	364	359	372	374	374	371	345	369
Average adult occupancy	61%	63%	62%	64%	62%	63%	63%	63%	67%	66%
Adult discharges										
Acute discharges	17,144	17,388	17,479	17,725	17,961	17,771	17,549	17,663	17,693	18,554
ICC discharges	642	645	569	585	588	587	607	600	503	469
Rehab discharges	317	311	317	314	319	304	373	356	364	353
Total adult discharges	18,103	18,344	18,365	18,624	18,868	18,662	18,529	18,619	18,560	19,376
Average adult length of stay										
Acute length of stay	4.2	4.2	4.0	4.1	4	4.1	4.1	4.1	4.1	4.1
ICC length of stay	13.6	14.5	14.0	13.3	14.8	14.9	14.1	14.3	15.3	15.8
Rehab length of stay	11.7	12.4	12.2	11.9	11.9	13.6	13.1	13.5	14.2	16.7
Total average adult length of stay	4.6	4.7	4.5	4.5	4.5	4.6	4.6	4.6	4.6	4.6
Number of deliveries	1,863	1,820	1,766	1,860	1,858	1,908	1,799	1,853	1,926	1,830
Surgical cases										
Inpatient	4,683	4,342	4,214	4,331	4,422	4,202	4,295	4,227	3,843	4,488
Outpatient	7,710	8,933	8,886	9,011	8,939	9,235	8,681	8,478	8,629	8,450
Endoscopy	4,395	5,330	5,254	5,362	5,860	5,684	5,527	5,916	6,689	6,311
ASC	7,000	6,130	5,784	5,085	5,248	4,909	N/A	N/A	N/A	N/A
Total surgical cases	23,788	24,935	24,008	23,789	24,469	24,030	18,503	18,621	19,161	19,199
Emergency room visits	63,901	66,045	63,592	63,298	65,158	66,217	65,068	63,425	63,297	59,868
Average number of visits per day	175	181	174	173	179	181	178	174	173	164

See accompanying independent auditors' report.

(Continued)

Schedule 5

OWENSBORO MEDICAL HEALTH SYSTEM, INC AND AFFILIATED ENTITIES

Hospital Utilization Statistics (Unaudited)

Years ended May 31

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Outpatient visits										
Hospital physician clinic	201,566	191,907	143,311	96,648	83,002	N/A	N/A	N/A	N/A	N/A
Work Health	9,810	7,279	13,737	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outpatient ED visits	54,126	52,928	54,116	53,689	52,755	50,031	53,825	52,467	53,697	50,170
Convenient care visits	27,507	29,976	29,630	26,780	25,593	27,001	23,771	23,982	25,881	25,109
Observation visits	6,923	6,893	6,513	6,573	7,566	7,212	6,848	6,124	6,790	8,682
Outpatient surgical cases										
Hospital	7,274	8,933	8,856	9,011	8,948	9,238	8,681	8,478	8,629	8,450
ASC	7,000	6,103	5,784	5,085	5,148	4,909	N/A	N/A	N/A	N/A
Total outpatient surgical visits	14,274	15,036	14,640	14,096	14,096	14,144	8,681	8,478	8,629	8,450
Ancillary visits										
Lab	85,052	87,584	86,306	81,472	78,884	78,344	76,572	74,955	74,490	71,730
Physical therapy	16,750	16,294	15,868	7,942	7,174	7,116	6,672	6,494	6,508	5,697
Women's care	1,422	1,262	1,105	908	764	755	676	586	543	558
Total ancillary visits	103,174	104,940	102,979	90,322	86,822	86,215	83,920	82,035	81,398	77,785
Diagnostic visits										
Radiology	118,268	117,720	116,316	80,535	87,226	83,599	79,523	76,716	77,507	74,440
Cath Lab										
Inpatient cases	1,428	1,458	1,534	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outpatient cases	1,773	1,805	1,877	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Cath Lab cases	3,201	3,263	3,411	2,336	3,470	3,534	3,503	3,335	3,127	2,908
Total outpatient visits	121,464	120,983	119,727	93,201	90,696	87,133	83,026	80,051	80,434	77,349
Total outpatient services	548,880	559,642	484,693	480,158	463,520	277,736	260,074	256,137	255,929	245,545
Employees										
Hospital	2,844	2,880	2,776	2,774	N/A	N/A	N/A	N/A	N/A	N/A
System	3,305	3,357	3,205	3,[illegible]	N/A	N/A	N/A	N/A	N/A	N/A
FTEs										
Hospital	2,543	2,466	2,323	2,287	N/A	N/A	N/A	N/A	N/A	N/A
System	3,038	2,881	2,695	2,598	N/A	N/A	N/A	N/A	N/A	N/A

* For the year ended May 31, 2010, these statistics were compiled utilizing historical billing units for the years ended May 31, 2005 through 2009

See accompanying independent auditors' report

Additional Data

Software ID:
Software Version:
EIN: 61-1286361
Name: OWENSBORO MEDICAL HEALTH SYSTEM INC

Form 990, Special Condition Description:

Special Condition Description

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
BeaCharles BOARD MEMBER	30	X								
BLAZER SUZANNE NORTHERN BOARD MEMBER	30	X						0	0	0
KNIGHT ROBERT MD BOARD MEMBER	30	X						0	0	0
RICE JEFF BOARD MEMBER	30	X							0	0
SCHERM JANICE BOARD MEMBER	30	X						0	0	0
WOODWARD TERRY BOARD MEMBER	30	X						0	0	0
HENDERSON GEORGE BOARD MEMBER	30	X						0	0	0
MADDOX TOM MD BOARD MEMBER	30	X						0	0	0
PRESSER RON BOARD MEMBER	30	X						0	0	0
SCHELL ROBERT MD BOARD MEMBER	30	X						0	0	0
POYNTER GERALD BOARD MEMBER	30	X						0	0	0
CHANDLER BILLY UNTIL 102011 BOARD MEMBER	30	X						0	0	0
MILES BILLY JOE UNTIL 102011 BOARD MEMBER	30	X								
PAYNE RON UNTIL 102011 BOARD MEMBER	30	X								
Nunley Deborah As of 102011 Secretary	30	X		X						
KINCHELOE ANN MURPHY SECRETARY (UNTIL 10/2011)	30	X		X						
BRADEN ALAN CHAIRMAN	30	X		X						
SMITH TED G VICE - CHAIRMAN	30	X		X						
BARBER JEFFREY PRESIDENT / CEO	46 0			X				852,947	0	75,425
STOGSDILL VICKI VICE PRESIDENT OF NURSING SVC	40 0				X			397,853	0	41,681
BEGLEY II EARNEST E CHIEF LEGAL OFFICER	40 0				X			330,766	0	41,163
HACKBARTH JR JOHN CHIEF FINANCIAL OFFICER	47 0				X			402,161	0	40,277
JONES LISA VICE PRESIDENT OF CLINICAL SVC	40 0				X			256,016	0	35,201
MEDLEY JR RICHARD W CHIEF MEDICAL OFFICER	40 0				X			283,218	0	23,817
MILLS MICHAEL VICE PRESIDENT - ANCILLARY SVC	40 0				X			241,164	0	34,207

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RANALLO RUSSELL VICE PRESIDENT - FINANCIAL SVC	40 0				X			287,782	0	38,022
STRAHAN GREG CHIEF OPERATIONS OFFICER	47 0				X			540,040	0	50,224
SUTER MIA CHIEF DEVELOPMENT OFFICER	40 0				X			361,423	0	29,765
TYLER MD TERRY W CHIEF OUTPATIENT IMAG OFFICER	30 0				X			525,113	0	49,035
Adams R D Physician	40 0					X		523,371	0	23,302
Khanna Sohit Physician	40 0					X		522,615	0	49,035
Chapman William Staff Psychiatrist	40 0					X		234,940	0	29,263
Blanda Shanda Administrative Director	50 0					X		219,848	0	27,611
Peak Ashley Staff Psychiatrist	40 0					X		193,669	0	26,156