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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 07-01-2011 and ending 06-30-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

Heartland Regional Medical Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address)5325 FARAON

Room/suite

City or town, state or country, and ZIP + 4ST JOSEPH, MO 64506

F Name and address of principal officer

JOHN P WILSON

5325 FARAON

ST JOSEPH, MO 64506

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 HEARTLAND-HEALTH COM

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1985

M State of legal domicile

MO

Part I		Summary		
Activities & Governance	1	Briefly describe the organization's mission or most significant activities TO PROVIDE THE BEST HEALTH CARE AND TO IMPROVE THE LIVES OF THOSE IN 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	13
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	3,956
Revenue	6	Total number of volunteers (estimate if necessary)	6	632
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,106,067
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	-1,452,272
	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	194,597	440,211
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	497,961,978	535,301,968
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	14,660,677	7,569,764
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	12,470,717	24,450,689
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	525,287,969	567,762,632
	14	Benefits paid to or for members (Part IX, column (A), line 4)	3,399,946	2,225,116
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	253,054,219	277,928,007
	b	Total fundraising expenses (Part IX, column (D), line 25) ☐ 0	0	0
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	223,099,240	246,690,846
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	479,553,405	526,843,969
	19	Revenue less expenses Subtract line 18 from line 12	45,734,564	40,918,663
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	623,105,290	671,179,321
	21	Total liabilities (Part X, line 26)	286,772,368	323,359,830
	22	Net assets or fund balances Subtract line 21 from line 20	336,332,922	347,819,491

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

2013-05-15

Date

JOHN P WILSON CHIEF FINANCIAL OFFICER

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Michael J Engle

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4

BKD LLP

1201 Walnut Suite 1700

Kansas City, MO 641062246

EIN

Phone no (816) 221-6300

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐ Yes ☒ No

1

Briefly describe the organization's mission

SEE SCHEDULE O

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 \$ 484,253,539 including grants of \$ 1,645,345) (Revenue \$ 559,264,023)

SEE SCHEDULE O

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 \$ 484,253,539

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.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	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.		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.	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.		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.		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.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		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.		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.		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	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.	Yes	
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.		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.		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	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.	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.		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.	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		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.	Yes	
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.		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.		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.		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.		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.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	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.	Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V ☐						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	248			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	3,956			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	Yes			
b	If "Yes," enter the name of the foreign country: CJ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

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

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	CA , IL , MO , NC
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 P WILSON 5325 FARAON ST JOSEPH,MO 64506 (816) 271-6611

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

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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	12,982,692	50,417	1,179,496

2 Total number of individuals (including but not limited to those listed in Item 1) who received or accrued more than \$100,000 of reportable compensation from the organization. 318

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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)	(B)	(C)
Name and business address	Description of services	Compensation
CERNER CORP	SOFTWARE SYSTEMS	6,867,895
ST JOSEPH ONCOLOGY INC	PHYSICIAN COVERAGE	4,835,542
KELLY CONST GROUP INC	CONSTRUCTION	5,577,189
LAWHON CONSTRUCTION CO	CONSTRUCTION	2,157,653
LEHR CONSTRUCTION CO INC	CONSTRUCTION	3,606,448

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 ►106

Part VIII Statement of Revenue

				(A)	(B)	(C)	(D)
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	15,301			
	e	Government grants (contributions)	1e	170,185			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	254,725			
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f			440,211		
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621110	535,301,968	535,301,968		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f			535,301,968		
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)					
				5,577,279			5,577,279
	4	Income from investment of tax-exempt bond proceeds . .					
				720,647			720,647
	5	Royalties					
				0			
			(i) Real	(ii) Personal			
	6a	Gross rents	488,634				
	b	Less rental expenses					
	c	Rental income or (loss)	488,634				
	d	Net rental income or (loss)			488,634		488,634
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	35,103,018	8,167			
	b	Less cost or other basis and sales expenses	33,829,575	9,772			
	c	Gain or (loss)	1,273,443	-1,605			
	d	Net gain or (loss)			1,271,838		1,271,838
	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				
		a	171,009				
b	Less cost of goods sold		b				
		b	143,832				
c	Net income or (loss) from sales of inventory . .			27,177		27,177	
Miscellaneous Revenue		Business Code					
11a	Cafeteria	722210		2,096,953	2,096,953		
b	Refferal Lab	111000		1,637,335	1,518,754	118,581	
c	MEDICAL RECORD COPYING REVENUE	541380		400,932	400,932		
d	All other revenue			19,799,658	18,839,349	960,309	
e	Total. Add lines 11a-11d			23,934,878			
12	Total revenue. See Instructions			567,762,632	558,157,956	1,106,067	8,058,398

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	2,225,116	2,225,116		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	8,326,393	4,416,615	3,909,778	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	386,825	386,825		
7	Other salaries and wages	218,151,598	204,878,768	13,272,830	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	7,997,178	7,721,093	276,085	
9	Other employee benefits	30,314,602	27,631,822	2,682,780	
10	Payroll taxes	12,751,411	11,720,237	1,031,174	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	1,324,840	623,322	701,518	
c	Accounting	139,500		139,500	
d	Lobbying	145,358		145,358	
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	624,299		624,299	
g	Other	31,796,250	24,558,025	7,238,225	
12	Advertising and promotion	3,342,825	3,337,718	5,107	
13	Office expenses	25,944,561	23,824,863	2,119,698	
14	Information technology	452,452	452,452		
15	Royalties	0			
16	Occupancy	10,852,531	9,792,407	1,060,124	
17	Travel	905,964	869,972	35,992	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	2,277,467	1,727,820	549,647	
20	Interest	2,484,040	2,442,754	41,286	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	26,580,753	23,731,022	2,849,731	
23	Insurance	6,805,598	6,805,472	126	
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	REPAIRS AND MAINTENANCE	14,606,892	9,923,436	4,683,456	
b	PROVISION FOR UNCOLLECTIBLE	42,112,706	42,083,155	29,551	
c	FRA TAX	15,363,718	15,363,718		
d	MEDICAL SUPPLIES	59,132,798	59,132,798		
e					
f	All other expenses	1,798,294	604,129	1,194,165	
25	Total functional expenses. Add lines 1 through 24f	526,843,969	484,253,539	42,590,430	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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			11,208,512	1	16,812,886
	2	Savings and temporary cash investments			0	2	0
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			48,844,760	4	64,676,384
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			6,916,808	8	8,730,387
	9	Prepaid expenses and deferred charges			6,179,267	9	5,213,554
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	514,008,246			
	b	Less accumulated depreciation	10b	282,325,572	210,569,793	10c	231,682,674
	11	Investments—publicly traded securities			282,618,583	11	282,342,788
	12	Investments—other securities See Part IV, line 11			36,506,458	12	38,953,298
	13	Investments—program-related See Part IV, line 11			3,064,298	13	3,191,976
	14	Intangible assets			0	14	0
	15	Other assets See Part IV, line 11			17,196,811	15	19,575,374
	16	Total assets. Add lines 1 through 15 (must equal line 34)			623,105,290	16	671,179,321
Liabilities	17	Accounts payable and accrued expenses			76,538,064	17	116,705,273
	18	Grants payable			0	18	0
	19	Deferred revenue			27,151	19	53,758
	20	Tax-exempt bond liabilities			192,630,000	20	185,700,000
	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			4,690,042	23	3,896,839
	24	Unsecured notes and loans payable to unrelated third parties			0	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			12,887,111	25	17,003,960
	26	Total liabilities. Add lines 17 through 25			286,772,368	26	323,359,830
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			336,332,922	27	347,819,491
	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			336,332,922	33	347,819,491
	34	Total liabilities and net assets/fund balances			623,105,290	34	671,179,321

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	567,762,632
2	Total expenses (must equal Part IX, column (A), line 25)	2	526,843,969
3	Revenue less expenses Subtract line 2 from line 1	3	40,918,663
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	336,332,922
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-29,432,094
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	347,819,491

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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ 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?		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		

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 Heartland Regional Medical Center	Employer identification number 44-0545289
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Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

Part IIIPart III

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

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 Heartland Regional Medical Center	Employer identification number 44-0545289
---	--

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.														
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		145,358
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			145,358
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
------------	------------------	-------------

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
Heartland Regional Medical Center

Employer identification number
44-0545289

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

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

a

☐ Public exhibition

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
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
3b		

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		15,317,168		15,317,168
b Buildings		233,998,983	106,696,843	127,302,140
c Leasehold improvements		24,170,163	13,953,010	10,217,153
d Equipment		169,747,104	122,831,384	46,915,720
e Other		70,774,828	38,844,335	31,930,493
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				231,682,674

Schedule D (Form 990) 2011

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
UNCERTAIN TAX POSITIONS DISCLOSURE	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.

1

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ► _____

3 Enter total number of other organizations or entities ► _____

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes ☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☒ Yes ☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐ Yes ☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes ☒ No

Additional Data

Software ID:
Software Version:
EIN: 44-0545289
Name: Heartland Regional Medical Center

Part V Supplemental Information
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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
Heartland Regional Medical Center

Employer identification number
44-0545289

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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____%	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____%	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b		No
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)			14,445,419	0	14,445,419	2 740 %
b Medicaid (from Worksheet 3, column a)			85,837,550	72,734,564	13,102,986	2 490 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			100,282,969	72,734,564	27,548,405	5 230 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			7,377,477		7,377,477	1 400 %
f Health professions education (from Worksheet 5)			1,190,483		1,190,483	0 230 %
g Subsidized health services (from Worksheet 6)			1,068,065	249,524	818,541	0 100 %
h Research (from Worksheet 7)			402,531		365,463	0 070 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,225,116		2,225,116	0 420 %
j Total Other Benefits			12,263,672	249,524	11,977,080	2 220 %
k Total. Add lines 7d and 7j			112,546,641	72,984,088	39,525,485	7 450 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing			250,981		250,981	0.050 %
2Economic development			528,191		528,191	0.100 %
3Community support			466,669		466,669	0.090 %
4Environmental improvements						
5Leadership development and training for community members			734,071		734,071	0.140 %
6Coalition building			349,175		349,175	0.070 %
7Community health improvement advocacy			766,571		766,571	0.150 %
8Workforce development			16,715		16,715	
9Other						
10Total			3,112,373		3,112,373	0.600 %

Part IIIBad 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	20,073,665
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	155,227,738
6	Enter Medicare allowable costs of care relating to payments on line 5	6	179,877,934
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-24,650,196
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 IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

Name and address

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

HEARTLAND REGIONAL MEDICAL CENTER

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 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)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a ☐ 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? If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ 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)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☐ 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)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a ☐ 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? 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)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☐ 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? If "No," indicate why	Yes	
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? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 34

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		THE COSTING METHODOLOGY USED TO CALCULATED THE AMOUNTS REPORTED IN THE TABLE WAS THE COST TO CHARGE RATIO DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7, COLUMN F		COST IS FROM FORM 990, PART IX, LINE 25 COLUMN (A) WITH BAD DEBT OF \$42,112,706 SUBTRACTED FOR THE PURPOSE OF CALCULATING THE PERCENTAGE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7G		PHYSICIAN CLINIC COST \$1,068,065

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	FUNDING BY THE ORGANIZATION MAKES THE FOLLOWING COUNCILS AND PROGRAMS POSSIBLE HEALTHY COMMUNITIES INVESTOR COUNCIL, P-20 BUSINESS AND EDUCATION COUNCIL, THE EMPOWER PLANT, THE REGIONAL TECHNOLOGY INFRASTRUCTURE TEAM, POUND PLUNGE, YOUTH HEALTH PARTNERSHIP, SENIOR HEALTH, PROJECT FIT, WOMEN'S WELLNESS INITIATIVE, HEART WALK, DIABETES EXPO, PROJECT YOUTH ¹ , 4TH GRADE CHALLENGE, PATEE DENTAL CLINIC, HEALTH EXPRESS, CORPORATE CHALLENGE, HEALTH RISK ASSESSMENTS FOR LOCAL BUSINESSES, WELLNESS AMBASSADORS, ENVIRONMENTAL ASSESSMENTS, INCREASED AWARENESS OF THE NEED FOR PHILANTHROPIC EFFORTS AND VOLUNTEERISM TO SUPPORT PROGRAMS SUCH AS SUCCESS BY SIX, SOCIAL WELFARE BOARD, INTERFAITH COMMUNITY SERVICES, NATURE CENTER, NURSING SCHOLARSHIP PROGRAMS, SUPPORT OF AMERICAN RED CROSS PROGRAMS, SUPPORT OF LOCAL ARTS AND CULTURAL ACTIVITIES

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, LINE 4	PATIENT ACCOUNTS RECEIVABLE FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE MEDICAL CENTER RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE MEDICAL CENTER'S ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS INCREASED FROM 80% OF SELF-PAY ACCOUNTS RECEIVABLE AT JUNE 30, 2011, TO 91% OF SELF-PAY ACCOUNTS RECEIVABLE AT JUNE 30, 2012 IN ADDITION, THE MEDICAL CENTER'S WRITE-OFFS INCREASED APPROXIMATELY \$6,300,000 FROM APPROXIMATELY \$61,700,000 FOR THE YEAR ENDED JUNE 30, 2011, TO APPROXIMATELY \$68,000,000 FOR THE YEAR ENDED JUNE 30, 2012 BOTH INCREASES WERE THE RESULT OF NEGATIVE TRENDS EXPERIENCED IN THE COLLECTION OF AMOUNTS FROM SELF-PAY PATIENTS IN FISCAL YEAR 2012 COST TO PROVIDE BAD DEBT CARE IS BASED UPON THE SCHEDULE H COST TO CHARGE CALCULATION OF 47.63% SERVICES WERE PROVIDED IN GOOD FAITH BY THE ORGANIZATION THOSE WHO CHOOSE NOT TO PAY, WHO ARE NOT ELIGIBLE FOR FINANCIAL ASSISTANCE, CAUSE A DECREASE IN ASSETS OF THE ORGANIZATION, WHICH DECREASES THE ORGANIZATION'S ABILITY TO OFFER COMPENSATION THAT ATTRACTS HIGHLY-TRAINED STAFF OR DECREASES THE ORGANIZATION'S ABILITY TO INVEST IN MEDICAL TECHNOLOGY THOSE COSTS ARE A NECESSITY IF THE ORGANIZATION IS TO SURVIVE THOSE WHO CHOOSE NOT TO PAY PUSH THE BURDEN TO THOSE WHO WILL PAY IN THE END, IT IS THE COMMUNITY THAT PAYS FOR THOSE WHO WILL NOT PAY

Identifier	ReturnReference	Explanation
MEDICARE SHORTFALL	SCHEDULE H, PART III, LINE 8	THE MEDICARE ALLOWABLE FAILS TO COVER COST NON-PAYMENT BY MEDICARE RECIPIENTS FOR THEIR DEDUCTIBLE AND COINSURANCE AMOUNTS INCREASES FINANCIAL ASSISTANCE AND BAD DEBT THESE SHORTFALLS DECREASE THE ORGANIZATION'S POOL OF ASSETS AND IT'S ABILITY TO SUCCESSFULLY ATTRACT HIGHLY-TRAINED STAFF AND INVEST IN MEDICAL TECHNOLOGY IF SERVICES ARE TO BE MAINTAINED, THEN THE COSTS WILL HAVE TO BE COVERED BY THOSE WHO PAY THE BURDEN FALLS ON THE COMMUNITY

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES	SCHEDULE H, PART III, LINE 9B	THE ORGANIZATION HAS ESTABLISHED STANDARDS LD6014 PFS-COLLECTION GUIDELINES FOR MEDICAL CENTER), LD6503 (PFS OFFICE-PAYMENT ARRANGEMENTS AFM AND PFM) AND LD6465 (MEDICAL CENTER, HEARTLAND PARAMEDICS, HEARTLAND CLINIC AND LONG TERM ACUTE CARE HOSPITAL FINANCIAL ASSISTANCE) WHICH GOVERN COLLECTION PRACTICES FOR ALL TYPES OF PAYERS FROM THE CREATION OF THE PATIENT'S ACCOUNT DURING REGISTRATION TO THE FINAL ARRANGEMENTS NECESSARY TO BRING THE BALANCE TO ZERO

Identifier	ReturnReference	Explanation
MANAGEMENT COMPANIES & JOINT VENTURES	SCHEDULE H, PART IV	1 (A) MERCURY SURGERY CENTER (B) INVESTMENT IN SURGERY CENTER (C) 15% (D) 0% (E) 85% 2 (A) ST JOSEPH BUSINESS PARK LENDERS, LLC (B) DEVELOPMENT (C) 26% (D) 0% (E) 0% 3 (A) PREMIER PURCHASING PARTNERS, LP (B) GROUP BUYING POWER (C) 34% (D) 0% (E) 0% 4 (A) HEARTLAND HEALTH BUSINESS PLAZA, LLC (B) BUILDING LEASE (C) 21% (D) 0% (E) 79% 5 (A) BRIARCLIFF TUILERIES, LLC (B) BUILDING LEASE (C) 58 7% (D) 0% (E) 0%

Identifier	ReturnReference	Explanation
CHARGES FOR MEDICAL CARE	SCHEDULE H, PART V, LINE 19	IF AN INDIVIDUAL MEETS THE GUIDELINES FOR 100% WRITEOFF, THEN THEY ARE NOT CHARGED ANY AMOUNT IF THEY ARE ELIGIBLE FOR A 50% WRITEOFF, THEN THEY ARE ONLY CHARGED FOR 50% OF THE CHARGES, WHICH IS LOWER THAN THE AVERAGE OF THE 3 LOWEST NEGOTIATED COMMERICAL INSURANCE RATES

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 1	ASSESSMENTS WERE CONDUCTED THROUGH SURVEYS OF INDIVIDUALS AND GROUPS. ADDITIONAL INFORMATION WAS PROVIDED THROUGH COMMUNITY GROUPS AND GOVERNMENT AGENCIES IN THE VICINITY. A COLLABORATIVE THINK TANK OF LOCAL EDUCATION HEADS, STATE, COUNTY AND CITY GOVERNMENT LEADERS, LOCAL BUSINESS LEADERS AND AFFILIATED HOSPITAL AND FOUNDATION LEADERSHIP HAVE TARGETED SEVERAL CRITICAL AREAS. PREPARING TODAY'S STUDENTS TO BE TOMORROW'S WORKFORCE, OBESITY IN BOTH CHILDREN AND ADULTS, ENVIRONMENTAL PROTECTION, BUILDING PHILANTHROPY AND VOLUNTEERISM, REINFORCING THE MORAL OBLIGATION THAT COMPANIES AND INDIVIDUALS HAVE TO IMPROVE THEIR COMMUNITY.

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 2	AS PART OF THE PRE-REGISTRATION PROCESS, INSURANCE COVERAGE INFORMATION IS REQUESTED IF A CLIENT INDICATES INABILITY TO PAY, THEN THE CLIENT IS SCREENED FOR MEDICAID ELIGIBILITY AND ASSISTED IN THE APPLICATION PROCESS IF NO OTHER PAYMENT RESOURCES ARE AVAILABLE, THE CLIENT IS ADVISED OF THE FINANCIAL ASSISTANCE PROGRAM AND ENCOURAGED TO PROVIDE THE NECESSARY FINANCIAL DOCUMENTATION TO PROVE ELIGIBILITY CLIENTS WHO WERE NOT SCREENED BY PRE-REGISTRATION AND THEREFORE MISSED THE SCREENING PROCESS, HAVE THE ABILITY TO LEARN OF THE MEDICAID ELIGIBILITY AND FINANCIAL ASSISTANCE SERVICES BY CONTACTING THE BILLING DEPARTMENT UPON RECEIPT OF AN ACCOUNT STATEMENT FINANCIAL DOCUMENTATION IS STILL NECESSARY TO PROVE QUALIFICATION FOR THE FINANCIAL ASSISTANCE SERVICE

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 3	THE ORGANIZATION'S SERVICE AREA IS A 21 COUNTY URBAN/RURAL AREA LOCATED NEAR THE INTERSECTION OF A FOUR-STATE AREA THE POPULATION IS ELDERLY AND UNDER-INSURED THE LOCAL ECONOMY IS MADE UP OF AGRICULTURAL, SMALL MANUFACTURING AND SELF-EMPLOYED BUSINESSES, PRIMARILY BLUE COLLAR WORKERS THE ORGANIZATION SUPPORTS A PAYOR MIX OF 49% MEDICARE, 14% MEDICAID, 31% COMMERCIAL AND 6% SELF PAY 17 8% OF RESIDENTS LIVE BELOW THE NATIONAL POVERTY LEVEL AND 14 8% ARE UNINSURED 27 9% ARE SMOKERS, 10% HAVE DIABETES AND 23 6% HAVE A BODY MASS INDEX GREATER THAN 30 ONLY 21% OF THE RESIDENTS HAVE A COLLEGE DEGREE AND NEARLY 61% OF STUDENTS RECEIVE FREE OR REDUCED-COST LUNCH

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 4	THE ORGANIZATION RECOGNIZES THAT THE MAJOR HEALTH PROBLEMS OF OUR COMMUNITY ARE BASED IN HUMAN BEHAVIORS, WHICH IN TURN HAVE THEIR ROOT IN BASIC HUMAN CONDITIONS. OUR EFFORTS ADDRESS ALL LEVELS OF WHAT WE CALL THE HEALTH PYRAMID, THE ACTUAL PHYSICAL CONDITIONS FORMING ONLY THE TIP. WE HAVE PROGRAMS IN PLACE TO ADDRESS A WIDE VARIETY OF HUMAN BEHAVIORS THAT INFLUENCE HEALTH. COMMUNITY OUTREACH HEALTH IMPROVEMENT INITIATIVES HELP THOSE IN OUR COMMUNITY CHANGE THE HUMAN BEHAVIORS THAT PUT THEIR HEALTH AT RISK. TO REACH THE ROOT CAUSES, OUR AFFILIATED FOUNDATION ASSUMES A ROLE TO ADDRESS THE HUMAN CONDITIONS THAT AFFECT HEALTH. FUNDING BY THE ORGANIZATION MAKES THE FOLLOWING COUNCILS AND PROGRAMS POSSIBLE: HEALTHY COMMUNITIES INVESTOR COUNCIL, P-20 BUSINESS AND EDUCATION COUNCIL, THE EMPOWER PLANT, THE REGIONAL TECHNOLOGY INFRASTRUCTURE TEAM, POUND PLUNGE, YOUTH HEALTH PARTNERSHIP, SENIOR HEALTH, PROJECT FIT, WOMEN'S WELLNESS INITIATIVE, HEART WALK, DIABETES EXPO, PROJECT YOUTH!, 4TH GRADE CHALLENGE, PATEE DENTAL CLINIC, HEALTH EXPRESS, CORPORATE CHALLENGE, HEALTH RISK ASSESSMENTS FOR LOCAL BUSINESSES, WELLNESS AMBASSADORS, ENVIRONMENTAL ASSESSMENTS, INCREASED AWARENESS OF THE NEED FOR PHILANTHROPIC EFFORTS AND VOLUNTEERISM TO SUPPORT PROGRAMS SUCH AS SUCCESS BY SIX, SOCIAL WELFARE BOARD, INTERFAITH COMMUNITY SERVICES, NATURE CENTER, NURSING SCHOLARSHIP PROGRAMS, SUPPORT OF AMERICAN RED CROSS PROGRAMS, SUPPORT OF LOCAL ARTS AND CULTURAL ACTIVITIES.

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 5	THE ORGANIZATION IS AFFILIATED, THROUGH A PARENT BOARD, WITH A FOUNDATION, AN ACUTE LONG TERM CARE HOSPITAL, A MEDICAL TRANSPORT PROVIDER, A COMMUNITY HEALTH IMPROVEMENT SOLUTIONS SERVICE AND A HEALTH INFORMATION EXCHANGE, ALL OF WHICH COLLABORATE WITH EDUCATIONAL, GOVERNMENTAL AND LOCAL BUSINESS LEADERS TO IMPLEMENT PROGRAMS THAT WILL HELP TO ALLEVIATE THOSE ISSUES WHICH LEAD TO POOR HEALTH HABITS AND THE ULTIMATE NEED FOR MEDICAL CARE THE PARENT BOARD IS FILLED WITH LEADERS FROM THE COMMUNITY WHO REPRESENT THE EDUCATIONAL, MEDICAL, GOVERNMENTAL AND BUSINESS SECTORS IN THE COMMUNITY THE FOUNDATION HAS DIRECT OVERSIGHT FOR MANY OF THE PROGRAMS AND COUNCILS THAT ARE WORKING TO ELIMINATE THE FACTORS THAT LEAD TO THE NEED FOR MEDICARE CARE THE ACUTE LONG TERM CARE HOSPITAL IS A FACILITY DEDICATED TO THE CARE OF THOSE PATIENTS WHOSE CHRONIC ILLNESS REQUIRES A GREATER LENGTH OF STAY THAN THE NORM FOR ROUTINE ACUTE PATIENTS THE MEDICAL TRANSPORT PROVIDER IS THE SOLE AMBULANCE PROVIDER IN THE COUNTY, NOT SUPPORTED BY ANY ALTERNATIVE GOVERNMENT FUNDING THE COMMUNITY HEALTH IMPROVEMENT SOLUTIONS SERVICE WORKS WITH OTHER EMPLOYERS IN THE COMMUNITY TO EFFECT HEALTHY CHANGES IN THEIR WORKFORCES THE HEALTH INFORMATION EXCHANGE IS AN EFFORT TO MAKE ALL MEDICAL RECORD INFORMATION FOR A PATIENT ACCESSIBLE BY ANY PROVIDER AT ANY LOCATION

Additional Data

Software ID:
Software Version:
EIN: 44-0545289
Name: Heartland Regional Medical Center

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

[illegible]

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

[illegible]

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Heartland Regional Medical Center

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number
44-0545289

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) UNITED WAY OF ST JOSEPH118 SOUTH 5TH STREET ST JOESPH,MO 64501	44-0547802	501(c)(3)	192,375				SUPPORT
(2) HEARTLAND FOUNDATION5325 FARAON ST JOSEPH,MO 64506	43-1262768	501(C)(3)	1,778,857				SUPPORT
(3) ST JOSEPH MUSEUMS INCPO BOX 8096 ST JOSEPH,MO 64508	43-6038202	501(C)(3)	6,000				SUPPORT
(4) CITY OF ST JOSEPH 1920 GRAND AVE ST JOSEPH,MO 64505	44-0552219	GOVERNMENT	5,540				SUPPORT
(5) YWCA OF ST JOSEPH 304 N 8TH ST JOSEPH,MO 64501		501(C)(3)	7,750				SUPPORT
(6) INTER-SERVE1412 N 3RD ST JOSEPH,MO 64505	75-3197631	501(C)(3)	17,610				SUPPORT
(7) MISSOURI WESTERN STATE5425 DOWNS DRIVE ST JOSEPH,MO 64507	23-7035423	GOVERNMENT	23,700				SUPPORT

2

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

7

3

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

0

Part III

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

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

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
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS	SCHEDULE I, PART I, LINE 2	THE ORGANIZATION IS COMMITTED TO THE DEVELOPMENT OF A HEALTHY COMMUNITY WHICH INCLUDES THE HEALTH OF INDIVIDUALS, AN ADEQUATE NUMBER OF JOBS FOR THE WORKFORCE AND SUCCESSFUL BUSINESSES TO BOOST THE LOCAL ECONOMY GRANTS ARE PROVIDED TO LOCAL GROUPS THAT ACHIEVE THESE OBJECTIVES GENERALLY OUR OFFICERS, DIRECTORS OR EMPLOYEES ARE IN A VOLUNTEER POSITION OR ARE A BOARD MEMBER OF THE RECIPIENT ORGANIZATION

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
Heartland Regional Medical Center

Employer identification number
44-0545289

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ 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 or provision of all the expenses described above? If "No," complete Part III to explain	1b	Yes
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	☒ Compensation committee		
	☒ Written employment contract		
	☒ Independent compensation consultant		
	☒ Compensation survey or study		
	☐ Form 990 of other organizations		
	☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

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

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
OTHER COMPENSATION	SCHEDULE J, PART I, LINE 1A	MARK LANEY, M D , DIRCK CLARK, SCOTT KOELLIKER HAVE SOCIAL CLUB MEMBERSHIPS THAT ARE 100% BUSINESS. ANY FACILITY USAGE CHARGES ABOVE THE MEMBERSHIP FEES, PERTAINING TO PERSONAL USE, ARE PAID DIRECTLY TO THE CLUB BY THE EMPLOYEE, THEREFORE THE AMOUNTS WERE NOT INCLUDED IN THEIR W-2.
SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	ACCRUED 6/30/2012 ----- CURT KRETZINGER 86,463 JOHN P WILSON 75,227 DOUGLAS BRANDT 46,152 MARK LANEY, M D 116,634 DIRCK CLARK 32,467 MICHAEL PULIDO 44,242 LISA MICHAELIS 44,811 TAMA WAGNER 38,843 JOE BOYCE, M D 46,178 SCOTT KOELLIKER 49,656. THOSE LISTED ABOVE HAVE SIGNED SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS WHICH RECOGNIZE THE VALUE OF THE INDIVIDUAL AND THE MUTUAL BENEFIT OF CONTINUED EMPLOYMENT FOR AN EXTENDED PERIOD OF TIME BY ESTABLISHING A 457f PLAN. THE PLAN IS FUNDED YEARLY AS THE RESULT OF A CALCULATION DESCRIBED IN THE AGREEMENT WHICH WILL REWARD THE INDIVIDUALS WITH 100% VESTING AT NORMAL RETIREMENT AGE OR UPON DEATH OR UPON SEPARATION FROM SERVICE DUE TO DISABILITY OR UPON INVOLUNTARY SEPARATION FROM SERVICE WITHOUT CAUSE, WITH LUMP SUM PAYMENT WITHIN 90 DAYS OF EACH SITUATION TAKING INTO CONSIDERATION A NON-COMPETE COVENANT. SEPARATION WITH CAUSE MAKES SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT NULL AND VOID.
COMPENSATION PAID BY HEARTLAND REGIONAL MEDICAL CENTER	SCHEDULE J, PART II	THE COMPENSATION PROVIDED BY HEARTLAND REGIONAL MEDICAL CENTER FOR CURT KRETZINGER, JOHN P WILSON, DIRCK CLARK, DR MARK LANEY, DOUGLAS BRANDT, KAREN DITTEMORE, JOE BOYCE, MD, MICHAEL PULIDO, TAMA WAGNER AND LISA MICHAELIS IS FOR SERVICES TO ALL HEARTLAND ENTITIES. INCLUDED IN THE DEFERRED COMPENSATION ARE EMPLOYER CONTRIBUTIONS INTO QUALIFIED PLANS AND NON-QUALIFIED DEFERRED COMPENSATION PLANS THAT ARE SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE AND SEVERANCE THAT IS PROVIDED WITHIN THE EXECUTIVE'S EMPLOYMENT AGREEMENT. THEREFORE, THESE AMOUNTS MAY NEVER BE PAID.

Software ID:
Software Version:
EIN: 44-0545289
Name: Heartland Regional Medical Center

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				
MARK LANEY MD	(i) (ii)	581,821 0	232,000 0	20,133 0	126,434 0	18,035 0	978,423 0	0 0
DAVID CATHCART DO	(i) (ii)	256,730 0	7,500 0	3,424 0	8,009 0	6,776 0	282,439 0	0 0
JOHN OLSON MD	(i) (ii)	589,188 0	193,815 0	2,376 0	9,800 0	18,939 0	814,118 0	0 0
MAUREEN BOYLE MD	(i) (ii)	411,417 0	23,352 0	18,444 0	9,800 0	25,535 0	488,548 0	0 0
MICHAEL NELLESTEIN MD	(i) (ii)	716,913 0	8,333 0	18,876 0	9,800 0	23,252 0	777,174 0	0 0
ED KAMMERER MD	(i) (ii)	238,580 0	119,719 0	1,674 0	9,800 0	20,035 0	389,808 0	0 0
PADMAVATHI VELIGATI MD	(i) (ii)	406,650 0	23,352 0	18,876 0	9,800 0	0 0	458,678 0	0 0
CURT KRETZINGER	(i) (ii)	424,258 0	132,900 0	37,249 0	96,263 0	8,356 0	699,026 0	0 0
JOHN P WILSON	(i) (ii)	399,934 0	120,101 0	20,400 0	85,027 0	946 0	626,408 0	0 0
DOUGLAS BRANDT	(i) (ii)	203,433 0	47,154 0	23,813 0	56,140 0	18,035 0	348,575 0	0 0
JOE BOYCE MD	(i) (ii)	295,178 0	73,813 0	3,025 0	56,558 0	14,584 0	443,158 0	0 0
DIRCK CLARK	(i) (ii)	228,305 0	50,639 0	20,193 0	42,276 0	17,939 0	359,352 0	0 0
MICHAEL PULIDO	(i) (ii)	241,071 0	60,500 0	2,734 0	54,966 0	20,235 0	379,506 0	0 0
LYNN THUENTE	(i) (ii)	123,308 0	10,444 0	6,017 0	5,545 0	6,876 0	152,190 0	0 0
TAMA WAGNER	(i) (ii)	157,729 0	34,320 0	4,663 0	46,168 0	18,589 0	261,469 0	0 0
HELEN THOMPSON	(i) (ii)	86,846 0	0 0	157,712 0	9,219 0	11,106 0	264,883 0	0 0
RUDY WACKER	(i) (ii)	592,270 0	0 0	0 0	0 0	0 0	592,270 0	0 0
ROBERT PERMUT MD	(i) (ii)	171,567 0	0 0	0 0	0 0	0 0	171,567 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
LISA MICHAELIS	(i) (ii)	278,261 0	62,456 0	30,923 0	55,104 0	12,020 0	438,764 0	0 0
SCOTT KOELLIKER	(i) (ii)	224,043 0	47,475 0	12,496 0	60,260 0	21,035 0	365,309 0	0 0
MOHAN HINDUPUR MD	(i) (ii)	949,622 0	70,253 0	21,198 0	9,800 0	15,052 0	1,065,925 0	0 0
ROBERT GRANT MD	(i) (ii)	863,649 0	70,253 0	1,944 0	9,800 0	22,939 0	968,585 0	0 0
ARVIND SHARMA MD	(i) (ii)	812,380 0	70,253 0	18,444 0	9,800 0	21,035 0	931,912 0	0 0
FRANCISCO LAMMOGLIA MD	(i) (ii)	811,349 0	69,003 0	2,376 0	9,800 0	22,439 0	914,967 0	0 0
ALA ABABNEH MD	(i) (ii)	627,631 0	168,077 0	1,944 0	7,350 0	21,881 0	826,883 0	0 0

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
Heartland Regional Medical Center

Employer identification number
44-0545289

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	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF ST JOE	43-1203910	79075LAA5	05-17-2003	32,225,000	REFUND THE SERIES 2001 (C) BONDS		X		X		X
B	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF ST JOE	43-1203910	79075la09	09-30-2011	25,250,000	SERIES 2011 FIXED RATE		X		X		X
C	THE INDUSTRIAL DEVELOPMENT AUTHORITY OF ST JOE	43-1203910	79075LAB3	02-13-2009	70,000,000	SERIES 2009A VARIABLE RATE REV		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0			
2	Amount of bonds defeased	0		0		0			
3	Total proceeds of issue	32,225,000		25,250,000		70,000,000			
4	Gross proceeds in reserve funds	0		0		0			
5	Capitalized interest from proceeds	0		0		0			
6	Proceeds in refunding escrow	0		0		0			
7	Issuance costs from proceeds	260,055		216,452		1,026,303			
8	Credit enhancement from proceeds	0		0		0			
9	Working capital expenditures from proceeds	0		0		0			
10	Capital expenditures from proceeds	0		0		49,139,726			
11	Other spent proceeds	0		0		0			
12	Other unspent proceeds	0		0		19,833,971			
13	Year of substantial completion	2003		2012		2013			
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
		X		X			X		
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X			X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
B (I) FINANCE THE COSTS OF THE CONSTRUCTION AND EQUIPPING OF CERTAIN HEALTHCARE FACILITIES	0	
(II)PAY CERTAIN COSTS OF THE ISSUANCE OF BONDS	0	
(III)REFUND REVENUE BONDS	0	

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
Heartland Regional Medical Center

Employer identification number
44-0545289

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IVBusiness Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SEE PART IV					

Part VSupplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS WITH INTERESTED PERSONS	SCHEDULE L, PART IV	(A) DONNA WILSON (B) DONNA WILSON IS THE YOUTH HEALTH DIRECTOR FOR HEARTLAND REGIONAL MEDICAL CENTER AND IS THE WIFE OF JOHN WILSON, WHO IS THE CHIEF FINANCIAL OFFICER OF HEARTLAND REGIONAL MEDICAL CENTER (C) \$ 98,182 (D) SALARY FOR YOUTH HEALTH DIRECTOR SERVICES (E) NO (A) CORINNE KOELLIKER (B) CORINNE KOELLIKER IS A LASER TECHNICIAN FOR HEARTLAND REGIONAL MEDICAL CENTER, AND IS THE SISTER OF SCOTT KOELLIKER, WHO IS A KEY EMPLOYEE OF HEARTLAND REGIONAL MEDICAL CENTER (C) \$ 31,544 (D) SALARY FOR LASER TECHNICIAN SERVICES (E) NO (A) JON KOELLIKER (B) JON KOELLIKER IS A TS APPLICATIONS ANALYST FOR HEARTLAND REGIONAL MEDICAL CENTER, AND IS THE BROTHER OF SCOTT KOELLIKER, WHO IS A KEY EMPLOYEE OF HEARTLAND REGIONAL MEDICAL CENTER (C) \$ 104,814 (D) SALARY FOR TS APPLICATIONS ANALYST SERVICES (E) NO (A) MARINA KOELLIKER (B) MARINA KOELLIKER IS A REGISTERED NURSE FOR HEARTLAND REGIONAL MEDICAL CENTER, AND IS THE WIFE OF SCOTT KOELLIKER, WHO IS A KEY EMPLOYEE OF HEARTLAND REGIONAL MEDICAL CENTER (C) \$ 89,644 (D) SALARY FOR REGISTERED NURSE SERVICES (E) NO (A) TRACY HOWERY (B) TRACY HOWERY IS AN ADVANCED PRACTICE REGISTERED NURSE FOR HEARTLAND REGIONAL MEDICAL CENTER, AND IS THE DAUGHTER-IN-LAW OF DAVE HOWERY, WHO IS A DIRECTOR OF HEARTLAND REGIONAL MEDICAL CENTER (C) \$ 30,679 (D) SALARY FOR REGISTERED NURSE SERVICES (E) NO (A) JAMUNA HINDUPUR (B) JAMUNA HINDUPUR IS A CLINICAL TECHNICIAN FOR HEARTLAND REGIONAL MEDICAL CENTER, AND IS THE WIFE OF MOHAN HINDUPUR, WHO IS A HIGHLY COMPENSATED EMPLOYEE OF HEARTLAND REGIONAL MEDICAL CENTER (C) \$ 30,679 (D) SALARY FOR CLINICAL TECHNICIAN SERVICES (E) NO

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 Heartland Regional Medical Center	Employer identification number 44-0545289
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Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990, PART III, LINE 1	THE MISSION OF THE HEARTLAND REGIONAL MEDICAL CENTER IS TO ESTABLISH AND OPERATE A DIVERSIFIED HEALTH CARE DELIVERY SYSTEM THAT PROVIDES THE RIGHT CARE, AT THE RIGHT TIME, IN THE RIGHT PLACE, AT THE RIGHT COST WITH OUTCOMES SECOND TO NONE FOR THE PEOPLE LIVING IN NORTHWEST MISSOURI AND ADJACENT AREAS IN KANSAS, IOWA, AND NEBRASKA, REGARDLESS OF ABILITY TO PAY, WHILE ALSO STRIVING TO IMPROVE THE LIVES OF THOSE INDIVIDUALS BY FOCUSING ON PREVENTIVE HEALTH INITIATIVES SUCH AS EDUCATION, WELLNESS PROGRAMS, HEALTH-RELATED ACTIVITIES AND COMMUNITY BENEFIT PROGRAMS

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	HEARTLAND REGIONAL MEDICAL CENTER IS 352-BED MEDICAL SURGICAL HOSPITAL LOCATED IN ST JOSEPH, MISSOURI. IT SERVES A COMMUNITY OF 70,000 RESIDENTS. BECAUSE ST JOSEPH IS A BORDER TOWN, IT ALSO PROVIDES SERVICES TO THOSE LIVING IN THE ADJACENT STATES OF KANSAS, NEBRASKA AND IOWA. THE ECONOMY OF THE REGION IS BASED ON AGRICULTURE, MINOR MANUFACTURING AND SMALL BUSINESSES RESULTING IN A PAYOR MIX FOR THE HOSPITAL OF 63% GOVERNMENTAL, 31% COMMERCIAL AND 6% UNINSURED. THE HOSPITAL PROVIDES A WIDE RANGE OF INPATIENT AND OUTPATIENT SERVICES INCLUDING CARDIO-THORACIC, VASCULAR, ORTHOPEDIC AND GENERAL SURGERIES, MENTAL HEALTH SERVICES, ALONG WITH A FULL ARRAY OF DIAGNOSTIC AND THERAPEUTIC SERVICES. IT OPERATES A 24-HOUR EMERGENCY ROOM DESIGNATED AS A TRAUMA II CENTER BY THE STATE OF MISSOURI. THE HOSPITAL'S OBSTETRICS DEPARTMENT PROVIDES 18 LABOR/DELIVERY/RECOVERY/POST-PARTUM BEDS WHICH ARE ALSO DESIGNATED AS A LEVEL II CENTER. THE HOSPITAL PROVIDES RADIATION ONCOLOGY SERVICES, HOME HEALTH VISITS AND HOSPICE CARE. DURING THE YEAR, 17,718 PATIENTS WERE ADMITTED TO THE HOSPITAL RESULTING IN 76,207 PATIENT DAYS. A TOTAL OF 10,800 SURGERIES WERE PERFORMED, THE EMERGENCY ROOM SERVED 58,047 PATIENTS AND 233,254 VISITS WERE GENERATED BY OUTPATIENTS. THE HOSPITAL EMPLOYS 4,232 PEOPLE AND HAS A TOTAL OF 239 ACTIVE AND ASSOCIATE MEDICAL STAFF. THE EMPLOYED MEDICAL STAFF INCLUDES 213 PHYSICIANS, 2 DENTISTS, 1 CHIROPRACTOR AND 88 NURSE PRACTITIONERS/PHYSICIAN EXTENDERS COVERING 42 FAMILY MEDICINE AND SPECIALTY CLINICS IN ADDITION TO NUMEROUS SATELLITE CLINICS THROUGHOUT THE REGION RESULTING IN APPROXIMATELY 600,850 PATIENT VISITS DURING THE YEAR.

Identifier	Return Reference	Explanation
BUSINESS/FAMILY RELATIONSHIPS	FORM 990, PART VI, SECTION A, LINE 2	BRIAN BRADLEY , JOHN P WILSON, JOE BOYCE, MD, DIRCK CLARK, DOUGLAS BRANDT, KAREN DITTEMORE HAVE A BUSINESS RELATIONSHIP THEY ARE EITHER OFFICERS AND/OR DIRECTORS OF LEWIS AND CLARK INFORMATION EXCHANGE, A RELATED NOT-FOR-PROFIT CORPORATION KAREN BAKER, CAROL ROEVER, JOHN P. WILSON, CURT KRETZINGER, DOUGLAS BRANDT, KAREN DITTEMORE HAVE A BUSINESS RELATIONSHIP THEY ARE EITHER OFFICERS AND/OR DIRECTORS OF REGIONAL EMERGENCY MEDICAL SERVICES AUTHORITY , A RELATED NOT-FOR-PROFIT CORPORATION JOHN P WILSON, CURT KRETZINGER, DIRCK CLARK, DOUGLAS BRANDT, KAREN DITTEMORE, MARK LANEY , M D , SCOTT KOELLIKER, LISA MICHAELIS HAVE A BUSINESS RELATIONSHIP THEY ARE EITHER OFFICERS AND/OR DIRECTORS OF MIDWESTERN HEALTH MANAGMENT, INC , COMMUNITY HEALTH PLAN, INC , COMMUNITY HEALTH PLAN INSURANCE COMPANY , HHS PROPERTIES, INC , UPTOWN HOUSING, INC , UPTOWN ST JOSEPH REDEVELOPMENT CORPORATION WHICH ARE RELATED FOR PROFIT CORPORATIONS

Identifier	Return Reference	Explanation
CHANGES TO ORGANIZATIONAL DOCUMENTS	FORM 990, PART VI, SECTION A, LINE 4	THE SOLE MEMBER (HEARTLAND HEALTH) SHALL HAVE THE FOLLOWING POWERS OVERALL STRATEGIC DIRECTION (EXCLUDING MATTERS RELATED PRIMARILY TO THE ACCOUNTABLE CARE ORGANIZATION (ACO) OPERATED BY THE HOSPITAL, INCLUDING SPECIFICALLY ANY MEDICARE SHARED SAVINGS PROGRAM CREATED UNDER THE AFFORDABLE CARE ACT), APPOINTMENT OF AUDITORS AND LEGAL COUNSEL, ESTABLISHMENT OF BANKING RELATIONSHIPS AND MANAGEMENT OF CASH AND OTHER ASSETS (EXCLUDING ACO SHARED SAVINGS DISTRIBUTIONS AND REPAYMENT OF SHARED LOSSES), LONG-RANGE PLANNING, ADOPTION OF ANNUAL OPERATING PLANS AND APPLICATION FOR CERTIFICATES OF NEED IN ADDITION TO EXISTING POWERS, THE BOARD OF DIRECTORS SHALL HAVE THE FOLLOWING POWERS AND AUTHORITY RELATED TO THE OVERSIGHT AND OPERATION OF THE ACO RECEIVING AND DISTRIBUTING SHARED SAVINGS, REPAYING SHARED LOSSES, IF APPLICABLE, ESTABLISHING, REPORTING, AND ENSURING ACO PARTICIPANT AND ACO PROVIDERS/SUPPLIERS COMPLIANCE WITH ACO PROGRAM REQUIREMENTS, INCLUDING THE QUALITY PERFORMANCE STANDARDS, FULFILLING ANY OTHER ACO FUNCTIONS AS REQUIRED UNDER APPLICABLE ACO REGULATIONS, STATUTES, OR CONTRACT TERMS, OVERSIGHT AND STRATEGIC DIRECTION OF THE ACO, HOLDING ACO MANAGEMENT (HOSPITAL PRESIDENT AND OTHER OFFICERS) ACCOUNTABLE FOR THE ACO'S ACTIVITIES THE CHIEF EXECUTIVE OFFICER OF THE HOSPITAL SHALL BE A DIRECTOR BY VIRTUE OF HIS OFFICE THE REMAINDER OF THE BOARD OF DIRECTORS SHALL BE A SELF-PERPETUATING BOARD, AND ANY VACANCIES OCCURRING THEREIN MAY BE FILLED AT ANY REGULAR OR SPECIAL MEETING OF THE BOARD OF DIRECTORS BY AN AFFIRMATIVE VOTE OF A MAJORITY OF THE REMAINING DIRECTORS WITH THE EXCEPTION OF DIRECTORS WHO ARE DIRECTORS BY VIRTUE OF THEIR OFFICE, A DIRECTOR MAY BE REMOVED, WITH OR WITHOUT CAUSE, BY A VOTE OF TWO-THIRDS OF THE ENTIRE BOARD OF DIRECTORS THE BOARD OF DIRECTORS SHALL FILL ANY VACANCY IN THE BOARD OF DIRECTORS DIRECTORS MAY PARTICIPATE IN A REGULAR OR SPECIAL MEETING OF THE BOARD OF DIRECTORS BY ANY MEANS OF COMMUNICATION BY WHICH DIRECTORS PARTICIPATING MAY SIMULTANEOUSLY HEAR EACH OTHER DURING THE MEETING, OR BY ANY OTHER MEANS RECOGNIZED UNDER MISSOURI LAW A DIRECTOR PARTICIPATING IN A MEETING BY THIS MEANS IS DEEMED TO BE PRESENT IN PERSON AT THE MEETING THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE PRESIDENT SHALL SERVE AS MEMBERS OF THE EXECUTIVE COMMITTEE BY VIRTUE OF THEIR OFFICES THE REMAINING MEMBERS OF THE EXECUTIVE COMMITTEE SHALL BE ELECTED BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS AN ADDED DUTY OF THE FINANCE COMMITTEE IS TO REVIEW AND MAKE RECOMMENDATIONS ON THE RECEIPT AND DISTRIBUTION OF ANY ACO SHARED SAVINGS AND THE REPAYMENT OF ANY ACO SHARED LOSSES AN ADDED DUTY OF THE SERVICE/QUALITY COMMITTEE IS TO REVIEW AND MAKE RECOMMENDATIONS REGARDING THE ACO'S QUALITY ASSURANCE AND IMPROVEMENT PROGRAM COMMITTEE MEMBERS MAY PARTICIPATE IN A COMMITTEE MEETING BY ANY MEANS OF COMMUNICATION BY WHICH ALL MEMBERS PARTICIPATING MAY SIMULTANEOUSLY HEAR EACH OTHER DURING THE MEETING, OR BY ANY OTHER MEANS RECOGNIZED UNDER MISSOURI LAW A COMMITTEE MEMBER PARTICIPATING IN A MEETING BY THIS MEANS IS DEEMED TO BE PRESENT IN PERSON AT THE MEETING THE OFFICERS OF THE CORPORATION SHALL BE THE PRESIDENT (CHIEF EXECUTIVE OFFICER), A CHIEF OPERATING OFFICER, A SECRETARY AND A CHIEF FINANCIAL OFFICER (TREASURER), AND SUCH OTHER OFFICERS AND ASSISTANT OFFICERS AS MAY BE DEEMED NECESSARY BY THE BOARD OF DIRECTORS OR THE PRESIDENT THE PRESIDENT, SECRETARY AND CHIEF FINANCIAL OFFICER SHALL BE ELECTED BY THE BOARD OF DIRECTORS AND SHALL HOLD OFFICE FOR A TERM OF ONE YEAR, OR UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIED, UNLESS SOONER REMOVED BY THE BOARD OF DIRECTORS THE CHIEF OPERATING OFFICER AND OTHER OFFICERS SHALL BE SELECTED BY THE PRESIDENT AND SHALL HOLD OFFICE UNTIL REMOVED BY THE PRESIDENT OR THE BOARD OF DIRECTORS ANY OFFICER MAY BE REMOVED OR DISCHARGED BY THE BOARD OF DIRECTORS VACANCIES IN THE OFFICE OF PRESIDENT, SECRETARY AND CHIEF FINANCIAL OFFICER SHALL BE FILLED BY THE BOARD OF DIRECTORS THE PRESIDENT SHALL BE THE CHIEF EXECUTIVE OFFICER OF THE HOSPITAL AND SHALL HAVE THE AUTHORITY TO DIRECT AND ADMINISTER ALL THE ACTIVITIES AND DEPARTMENTS OF THE HOSPITAL, SUBJECT TO SUCH POLICIES AS MAY BE ADOPTED BY THE BOARD OF DIRECTORS, OR ANY COMMITTEES TO WHICH THE BOARD OF DIRECTORS HAS DELEGATED POWER FOR SUCH ACTION IN ADDITION TO OTHER DUTIES, THE PRESIDENT SHALL BE RESPONSIBLE FOR THE IMPLEMENTATION OF ALL POLICIES ESTABLISHED BY THE BOARD OF DIRECTORS ADDITIONALLY, THE PRESIDENT SHALL MANAGE THE OPERATIONS OF THE ACO THE MEDICAL STAFF SHALL DEVELOP AND ADOPT THE MEDICAL STAFF BYLAWS AND STANDARDS, WHICH SHALL BECOME EFFECTIVE WHEN APPROVED BY THE BOARD OF DIRECTORS NEITHER THE BOARD OF DIRECTORS NOR THE MEDICAL STAFF MAY UNILATERALLY AMEND THE MEDICAL STAFF BYLAWS OR STANDARDS, EXCEPT AS SET FORTH BELOW THE BOARD OF DIRECTORS SHALL MAINTAIN COMPLETE AND ULTIMATE RESPONSIBILITY AND AUTHORITY OVER THE HOSPITAL AND THE MEDICAL STAFF ACCORDINGLY, IF AN AMENDMENT TO THE

Identifier	Return Reference	Explanation
CHANGES TO ORGANIZATIONAL DOCUMENTS	FORM 990, PART VI, SECTION A, LINE 4	MEDICAL STAFF BYLAWS OR STANDARDS IS URGENTLY NEEDED IN ORDER TO ADDRESS AN ISSUE OF QUALITY, PATIENT SAFETY, LIABILITY, REGULATORY COMPLIANCE, LEGAL COMPLIANCE, OR OTHER CRITICAL OBLIGATIONS OF THE HOSPITAL, AND THE MEDICAL STAFF AND THE MEDICAL STAFF EXECUTIVE COMMITTEE ARE INCAPABLE OF, OR REFUSE TO MAKE THE NECESSARY AMENDMENT TO THE MEDICAL STAFF BYLAWS OR STANDARDS, THE BOARD OF DIRECTORS MAY EXERCISE ITS AUTHORITY TO UNILATERALLY AMEND THE MEDICAL STAFF BYLAWS OR STANDARDS AS NECESSARY. IN SUCH A SITUATION, THE BOARD OF DIRECTORS' AMENDMENT SHALL BE FINAL, AND ALL VOTING MEMBERS OF THE MEDICAL STAFF SHALL BE NOTIFIED OF THE AMENDMENT WITHIN TEN (10) DAYS OF THE AMENDMENT BECOMING FINAL. ALL ASPECTS OF MEMBERSHIP STATUS AND SPECIFIC CLINICAL PRIVILEGES SHALL BE GRANTED OR WITHHELD TO A PRACTITIONER ON THE BASIS OF CRITERIA RELATED TO GOOD PATIENT CARE AT THE HOSPITAL, TO PROFESSIONAL ABILITY AND JUDGMENT, OR TO COMMUNITY OR HOSPITAL NEEDS, AND NOT ON THE BASIS OF SEX, RACE, AGE, SEXUAL ORIENTATION, HANDICAP OR DISABLED, CREED, COLOR, NATIONAL ORIGIN, RELIGION, ANCESTRY, GENETIC HISTORY, MARITAL STATUS OR MILITARY/VETERAN STATUS. IN THE EVENT OF A CONFLICT BETWEEN THE MEDICAL STAFF EXECUTIVE COMMITTEE AND THE MEDICAL STAFF, A PROCESS IS OUTLINED IN THE BYLAWS FOR CONFLICT MANAGEMENT. THE BOARD OF DIRECTORS SHALL, AFTER CONSIDERING THE RECOMMENDATIONS OF THE MEDICAL STAFF, THE HEARTLAND CLINIC AND OTHER INDEPENDENT HEALTH PRACTITIONERS PROVIDING PATIENT CARE SERVICES, SPECIFY REVIEW AND EVALUATION ACTIVITIES TO ASSESS, PRESERVE AND IMPROVE THE OVERALL QUALITY AND EFFICIENCY OF PATIENT CARE. ACKNOWLEDGING ITS RESPONSIBILITY FOR CARE WHICH IS TO BE PROVIDED TO PATIENTS, THE BOARD OF DIRECTORS SHALL REQUIRE THAT THE MEDICAL STAFF, THE HEARTLAND CLINIC AND OTHER HEALTH CARE PROFESSIONALS PROVIDING PATIENT CARE SERVICES CONDUCT ACTIVITIES THAT CONTRIBUTE TO THE PRESERVATION AND IMPROVEMENT OF THE QUALITY AND EFFICIENCY OF PATIENT CARE. ADDITIONALLY INCLUDED IS ON-GOING MONITORING AND EVALUATION OF PATIENT CARE PRACTICE THROUGH DEFINED FUNCTIONS OF THE MEDICAL STAFF, THE HEARTLAND CLINIC, OTHER PROFESSIONAL SERVICES AND THE HOSPITAL ADMINISTRATION, MANAGEMENT OF CLINICAL AFFAIRS, INCLUDING ENFORCEMENT OF MEDICAL STAFF STANDARDS AND CLINICAL POLICIES AND CONSULTATION REQUIREMENTS, INITIATION OF DISCIPLINARY ACTIONS, SURVEILLANCE OVER REQUIREMENTS FOR MONITORING THE EXERCISE OF CLINICAL PRIVILEGES, SUCH OTHER MEASURES AS THE BOARD OF DIRECTORS MAY, AFTER RECEIVING AND CONSIDERING THE ADVICE OF THE MEDICAL STAFF, THE OTHER PROFESSIONAL SERVICE, THE HEARTLAND CLINIC AND/OR THE HOSPITAL ADMINISTRATION, DEEM NECESSARY FOR THE PRESERVATION AND IMPROVEMENT OF THE QUALITY AND EFFICIENCY OF PATIENT CARE. THE BOARD OF DIRECTORS SHALL, UPON RECOMMENDATION OF THE SERVICE/QUALITY COMMITTEE, ADOPT AND IMPLEMENT A QUALITY ASSURANCE AND IMPROVEMENT PROGRAM FOR THE THE ACO. SUCH PROGRAM SHALL PROMOTE EVIDENCE-BASED MEDICINE AND PROMOTE PATIENT ENGAGEMENT, INCLUDING COMPLIANCE WITH PATIENT EXPERIENCE OF CARE SURVEY REQUIREMENTS, COMPLIANCE WITH BENEFICIARY REPRESENTATIVE REQUIREMENTS, PROCESS FOR EVALUATING THE HEALTH NEEDS OF ACO'S POPULATION, COMMUNICATION OF CLINICAL KNOWLEDGE/EVIDENCE-BASED MEDICINE TO BENEFICIARIES IN A WAY THAT IS UNDERSTANDABLE TO THEM, BENEFICIARY ENGAGEMENT AND SHARED DECISION-MAKING THAT TAKES INTO ACCOUNT THE BENEFICIARIES' UNIQUE NEEDS, PREFERENCES, VALUES, AND PRIORITIES, WRITTEN STANDARDS IN PLACE FOR BENEFICIARY ACCESS AND COMMUNICATION, AND A PROCESS IN PLACE FOR BENEFICIARIES TO ACCESS THEIR MEDICAL RECORD. THE REFERENCE TO VOLUNTEERS IS NOW TERMED AS VOLUNTEER AMBASSADORS. THE BYLAWS MAY BE AMENDED, ALTERED, A BRIDGED, ADDED TO OR REPEALED AT ANY MEETING OF THE BOARD OF DIRECTORS BY AN AFFIRMATIVE VOTE OF TWO-THIRDS OF THE ENTIRE BOARD OF DIRECTORS.

Identifier	Return Reference	Explanation
MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINE 6	HEARTLAND HEALTH, A MISSOURI NONPROFIT CORPORATION, IS THE SOLE MEMBER OF HEARTLAND REGIONAL MEDICAL CENTER

Identifier	Return Reference	Explanation
GOVERNING BOARD DECISIONS SUBJECT TO APPROVAL OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINE 7B	THE SOLE MEMBER (HEARTLAND HEALTH) SHALL HAVE THE FOLLOWING POWERS: OVERALL STRATEGIC DIRECTION (EXCLUDING MATTERS RELATED PRIMARILY TO THE ACCOUNTABLE CARE ORGANIZATION (ACO) OPERATED BY THE HOSPITAL, INCLUDING SPECIFICALLY ANY MEDICARE SHARED SAVINGS PROGRAM CREATED UNDER THE AFFORDABLE CARE ACT), APPOINTMENT OF AUDITORS AND LEGAL COUNSEL, ESTABLISHMENT OF BANKING RELATIONSHIPS AND MANAGEMENT OF CASH AND OTHER ASSETS (EXCLUDING ACO SHARED SAVINGS DISTRIBUTIONS AND REPAYMENT OF SHARED LOSSES), LONG-RANGE PLANNING, ADOPTION OF ANNUAL OPERATING PLANS AND APPLICATION FOR CERTIFICATES OF NEED

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION A, LINE 11B	AN INDEPENDENT ACCOUNTING FIRM PREPARES AND REVIEWS THE 990 THE TREASURER AND ASSISTANT TREASURER OF HEARTLAND REGIONAL MEDICAL CENTER REVIEW THE 990 THE 990 IS THEN POSTED TO A WEBSITE FOR ALL VOTING MEMBERS TO ACCESS BEFORE IT IS FILED

Identifier	Return Reference	Explanation
MONITORING OF CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	UPON AGREEING TO FILL A BOARD POSITION, THE PROSPECTIVE MEMBER IS REQUIRED TO SIGN A CONFLICT OF INTEREST DOCUMENT WHICH DISCLOSES FAMILY AND BUSINESS RELATIONSHIPS THAT COULD BE CONSIDERED IN CONFLICT WITH THEIR POSITION ON THE BOARD. IN THIS DOCUMENT, THEY AGREE THAT THEY WILL DISCLOSE ANY ACTIVITIES IN WHICH THEY MAY NOT BE INDEPENDENT IN REGARDS TO A TRANSACTION. THIS DOCUMENT IS DISTRIBUTED AND HELD BY LEGAL COUNSEL. THE MEMBER ALSO SIGNS HEARTLAND'S CODE OF CONDUCT DOCUMENT IN WHICH THEY AGREE TO ETHICAL BEHAVIOR AND ADHERING TO CONFIDENTIALITY POLICIES. THIS DOCUMENT IS HELD BY THE CORPORATE COMPLIANCE OFFICE. ANNUALLY, THE CORPORATE COMPLIANCE OFFICER DISTRIBUTES A SURVEY TO EACH BOARD MEMBER TO FACILITATE DISCLOSURE OF ANY REPORTABLE ACTIVITIES. DURING THE COURSE OF BOARD MEETINGS, BOARD MEMBERS WILL DISMISS THEMSELVES FROM MEETINGS AND/OR ABSTAIN FROM VOTING DURING DISCUSSIONS OF ISSUES THAT RELATE TO THOSE SPECIFIC MEMBERS OR THE COMPANIES THAT THEY REPRESENT. FOR EXAMPLE, PHYSICIAN BOARD MEMBERS ABSTAIN FROM VOTING ON THEIR OWN RE-CREDENTIALING, UNIVERSITY BOARD MEMBERS ARE DISMISSED DURING DISCUSSIONS OF UNIVERSITY-RELATED ACTIVITIES AND LEGAL COUNSEL IS DISMISSED DURING DISCUSSION AND VOTING ON LEGAL COUNSEL REVIEW AND SELECTION. ALL DISMISSALS AND ABSTENTIONS ARE RECORDED IN THE MINUTES OF THE BOARD MEETING. ANNUALLY, THE OFFICERS AND KEY EMPLOYEES ARE REQUIRED TO SIGN A CODE OF CONDUCT DOCUMENT IN WHICH THEY AGREE TO ETHICAL BEHAVIOR AND ADHERING TO CONFIDENTIALITY POLICIES. THEY ALSO RECIEVE A QUESTIONNAIRE WHICH FACILITATES THE DISCLOSURE OF ANY REPORTABLE ACTIVITIES TO THE CORPORATE COMPLIANCE OFFICER.

Identifier	Return Reference	Explanation
COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	ANNUAL REVIEW--PERFORMED DURING FISCAL YEAR 2011 FOR THE FOLLOWING FISCAL YEAR MARKET DATA IS PROVIDED BY INTEGRATED HEALTHCARE STRATEGIES (IHS) A COMPENSATION COMMITTEE COMPRISED OF THE HEARTLAND HEALTH BOARD CHAIR, HEARTLAND HEALTH BOARD VICE-CHAIR AND THREE ADDITIONAL HEARTLAND HEALTH BOARD MEMBERS AND INDEPENDENT LEGAL COUNSEL, AS SCRIBE, OVERSEE AN ANNUAL SALARY REVIEW PROCESS FOR OFFICERS, ADMINISTRATORS AND KEY EMPLOYEES FOR EACH POSITION TO BE REVIEWED, THE FULL SCOPE OF DUTIES AND RESPONSIBILITIES, NUMBERS OF STAFF MANAGED, PROCESSES MANAGED, APPROXIMATE REVENUE, EXPENSE, OR CAPITAL DOLLARS MANAGED ARE PROVIDED TO A THIRD PARTY CONSULTANT (FOR THIS PERIOD--IHS) THAT SPECIALIZES IN RESEARCH MARKET SALARY DATA FACILITY SIZE, NOT-FOR-PROFIT STATUS AND THE SCOPE OF EACH JOB POSITION IS COMPARED TO LIKE FACILITIES TO DETERMINE BASE COMPENSATION AND INCENTIVE COMPENSATION FOR EACH POSITION THE DATA GATHERED BY THE MARKET RESEARCH FIRM IS REVIEWED BY THE COMPENSATION COMMITTEE, OUTLIER ISSUES ARE RESOLVED AND BASED UPON PRESENT FINANCIAL INDICATORS, THE COMMITTEE MAKES THEIR DETERMINATION OF COMPENSATION LEVELS FOR THE NEXT PAY YEAR

Identifier	Return Reference	Explanation
AVAILABILITY OF DOCUMENTS	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY OR FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	FORM 990, PART XI, LINE 5	UNREALIZED GAINS(LOSSES) ON INVESTMENTS \$ (1,324,588) NET ASSET TRANSFER \$ (1,520,000) CHANGE IN FAIR VALUE \$ (5,014,930) CHANGES IN MIN PENS LIAB \$(21,572,578) ----- \$(29,432,096)

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MARK LANEY , MD TITLE DIRECTOR, OFFICER HOURS 6

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.DAVID CATHCART, DO TITLE.DIRECTOR, STAFF PHYSICIAN HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOHN OLSON, MD TITLE DIRECTOR, STAFF PHYSICIAN HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DENNIS DOBYAN, MD TITLE DIRECTOR HOURS 10

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME CURT KRETZINGER TITLE OFFICER HOURS 8

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOHN P WILSON TITLE OFFICER HOURS 10

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DOUGLAS BRANDT TITLE OFFICER, CONTROLLER HOURS 10

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME KAREN DITTEMORE TITLE OFFICER, ADMIN ASST HOURS 10

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME:JOE BOYCE, MD TITLE:OFFICER HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DIRCK CLARK TITLE OFFICER HOURS 3

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME LISA MICHAELIS TITLE MEDICAL CENTER ADMINISTRATOR HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SCOTT KOELLIKER TITLE HEARTLAND CLINIC ADMINISTRATOR HOURS 1

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 Heartland Regional Medical Center	Employer identification number 44-0545289
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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) NORTHLAND EXPANSION LLC 5323 FARAON ST JOSEPH, MO 64506	DEVELOPMENT	MO	0	4,000	HRMC

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) HEARTLAND HEALTH 5325 FARAON ST JOSEPH, MO 64506 43-1283316	HEALTHCARE	MO	501(C)(3)	11A	NA		No
(2) HEARTLAND FOUNDATION 5325 FARAON ST JOSEPH, MO 64506 43-1262768	SUPPORT	MO	501(C)(3)	9	HH	Yes	
(3) HEARTLAND LONG TERM ACUTE CARE HOSPITAL 5325 FARAON ST JOSEPH, MO 64506 26-1972987	HEALTH`	MO	501(C)(3)	3	HH	Yes	
(4) LEWIS AND CLARK INFORMATION EXCHANGE 5325 FARAON ST JOSEPH, MO 64506 32-0290671	DATA SHARING	MO	501(C)(3)	9	HH	Yes	
(5) REGIONAL EMERGENCY MEDICAL SERVICES AUTH 5325 FARAON ST JOSEPH, MO 64506 27-3923442	AMBULANCE SVC	MO	501(C)(3)	9	HH	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?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) BRIARCLIFF TUILERIES OFFICE LLC 6300 N REVERE SUITE 225 KANSAS CITY, MO 64151 45-3338381	DEVELOPMENT	MO	HRMC	RENTAL INCOME	-25,091	794,254		No			No	58 727 %

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) MIDWESTERN HEALTH MANAGEMENT INC 5325 FARAON ST JOSEPH, MO 64506 43-1264358	HEALTHCARE	MO	HH	C CORP	0	0	0 %
(2) COMMUNITY HEALTH PLAN INC 5325 FARAON ST JOSEPH, MO 64506 43-1690582	INSURANCE	MO	HH	C CORP	0	0	0 %
(3) COMMUNITY HEALTH PLAN INSURANCE COMPANY 5325 FARAON ST JOSEPH, MO 64506 43-1210152	INSURANCE	MO	HH	C CORP	0	0	0 %
(4) HHS PROPERTIES INC 5325 FARAON ST JOSEPH, MO 64506 43-1593799	INVESTMENT	MO	HH	C CORP	0	0	0 %
(5) UPTOWN HOUSING INC 5325 FARAON ST JOSEPH, MO 64506 26-1416252	REDEVELOPMENT	MO	HH	C CORP	0	0	0 %
(6) UPTOWN ST JOSEPH REDEVELOPMENT CORP 5325 FARAON ST JOSEPH, MO 64506 20-1742813	REDEVELOPMENT	MO	HH	C CORP	0	0	0 %
(7) HEALTH CARE BENEFIT TRUST 5325 FARAON ST JOSEPH, MO 64506 43-1286484	HEALTH CARE	MO	HH	TRUST	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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

No

1b

Yes

1c

No

1d

Yes

1e

Yes

1f

Yes

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

No

1p

Yes

1q

No

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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 44-0545289
Name: Heartland Regional Medical Center

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

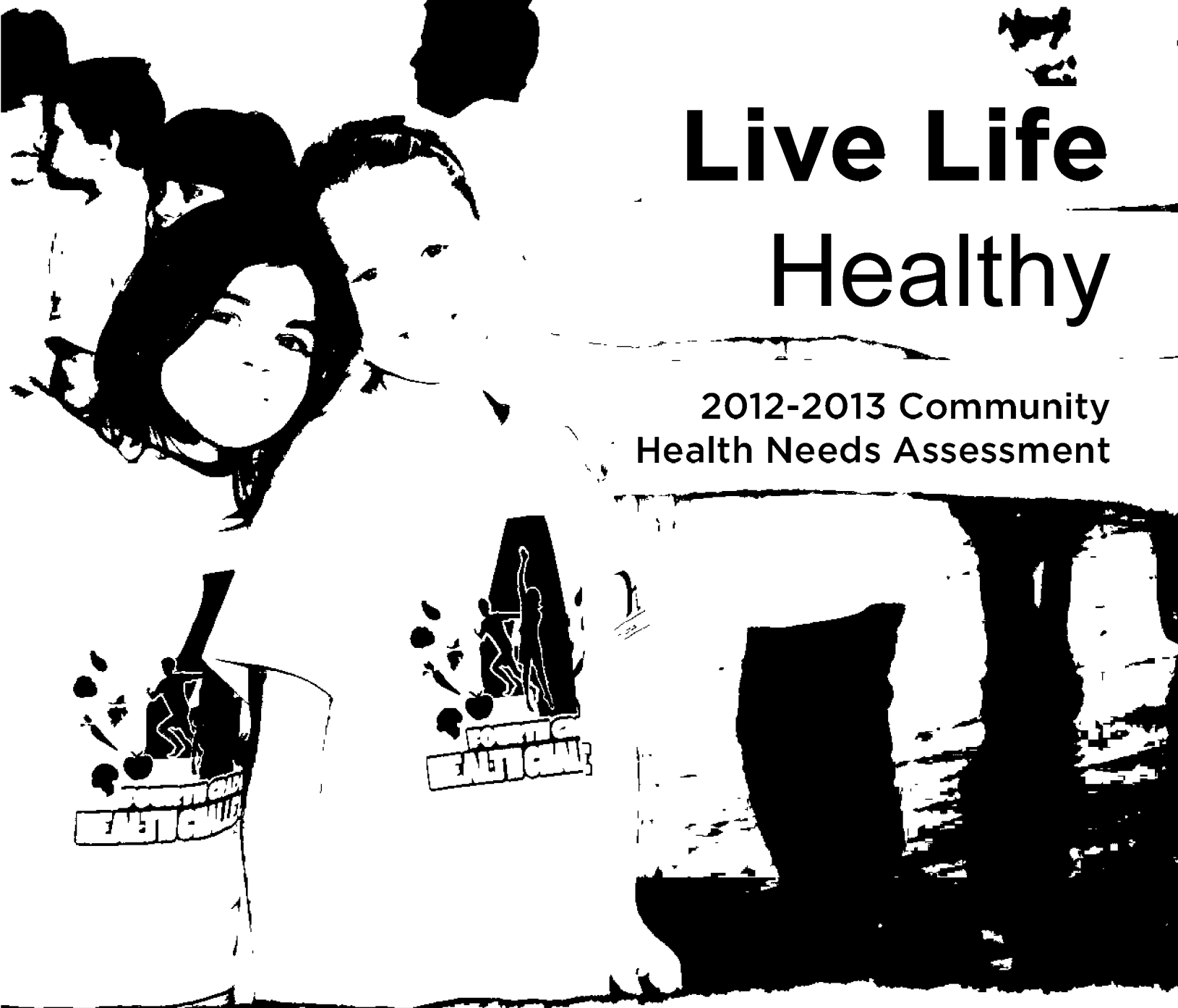
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
MIDWESTERN HEALTH MANAGEMENT INC 5325 FARAON ST JOSEPH, MO 64506 43-1264358	HEALTHCARE	MO	HH	C CORP	0	0	0 %
COMMUNITY HEALTH PLAN INC 5325 FARAON ST JOSEPH, MO 64506 43-1690582	INSURANCE	MO	HH	C CORP	0	0	0 %
COMMUNITY HEALTH PLAN INSURANCE COMPANY 5325 FARAON ST JOSEPH, MO 64506 43-1210152	INSURANCE	MO	HH	C CORP	0	0	0 %
HHS PROPERTIES INC 5325 FARAON ST JOSEPH, MO 64506 43-1593799	INVESTMENT	MO	HH	C CORP	0	0	0 %
UPTOWN HOUSING INC 5325 FARAON ST JOSEPH, MO 64506 26-1416252	REDEVELOPMENT	MO	HH	C CORP	0	0	0 %
UPTOWN ST JOSEPH REDEVELOPMENT CORP 5325 FARAON ST JOSEPH, MO 64506 20-1742813	REDEVELOPMENT	MO	HH	C CORP	0	0	0 %
HEALTH CARE BENEFIT TRUST 5325 FARAON ST JOSEPH, MO 64506 43-1286484	HEALTH CARE	MO	HH	TRUST	0	0	0 %

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) COMMUNITY HEALTH PLAN INSURANCE COMPANY	P	112,666	FMV
(2) COMMUNITY HEALTH PLAN	P	403,787	FMV
(3) MIDWESTERN HEALTH MANAGEMENT INC	B	700,000	FMV
(4) MIDWESTERN HEALTH MANAGEMENT INC	E	117,979	FMV
(5) MIDWESTERN HEALTH MANAGEMENT INC	I	237,470	FMV
(6) MIDWESTERN HEALTH MANAGEMENT INC	K	1,281,789	FMV
(7) MIDWESTERN HEALTH MANAGEMENT INC	L	906,433	FMV
(8) MIDWESTERN HEALTH MANAGEMENT INC	P	11,914,774	FMV
(9) HHS PROPERTIES INC	B	300,000	FMV
(10) HHS PROPERTIES INC	J	176,197	FMV
(11) LEWIS AND CLARK INFORMATION EXCHANGE	D	604,085	FMV
(12) LEWIS AND CLARK INFORMATION EXCHANGE	K	87,557	FMV
(13) LEWIS AND CLARK INFORMATION EXCHANGE	P	737,924	FMV
(14) NORTHLAND EXPANSION LLC	D	1,420,555	FMV
(15) REGIONAL EMERGENCY MEDICAL SERVICES AUTHORITY	D	3,934,597	FMV
(16) REGIONAL EMERGENCY MEDICAL SERVICES AUTHORITY	F	839,405	FMV
(17) REGIONAL EMERGENCY MEDICAL SERVICES AUTHORITY	K	805,722	FMV
(18) REGIONAL EMERGENCY MEDICAL SERVICES AUTHORITY	L	100,139	FMV
(19) REGIONAL EMERGENCY MEDICAL SERVICES AUTHORITY	P	3,639,147	FMV
(20) HEARTLAND LONG TERM ACUTE CARE HOSPITAL	D	8,860,365	FMV

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
(21)	HEARTLAND LONG TERM ACUTE CARE HOSPITAL	I	520,000	FMV
(22)	HEARTLAND LONG TERM ACUTE CARE HOSPITAL	K	4,129,353	FMV
(23)	HEARTLAND LONG TERM ACUTE CARE HOSPITAL	P	6,458,337	FMV
(24)	HEARTLAND FOUNDATION	D	68,751	FMV
(25)	HEARTLAND FOUNDATION	P	1,267,124	FMV
(26)	HEARTLAND FOUNDATION	B	1,778,857	FMV



Live Life Healthy

2012-2013 Community
Health Needs Assessment



Heartland Health

Heartland Regional
Medical Center





Executive Summary



The IRS has set new requirements for non-profit (Section 501(c) (3)) hospitals that include completing a Community Health Needs Assessment (CHNA). Heartland Regional Medical Center (HRMC) is conducting this assessment not only due to the IRS requirement, but also because it is the right thing to do. The CHNA is vital to our mission of improving the health of individuals and communities in our region. This assessment will ensure that our efforts are directed toward the health issues that are of the most importance to the people we serve. HRMC will conduct a CHNA every three years and adopt an implementation strategy to meet the community health needs identified through the assessment.

Following best practice as specified by Missouri Hospital Association, we gathered information for the Community Health Needs Assessment from a variety of sources.

Community Survey

A community survey was conducted to determine the health need priorities, according to the opinion of individuals in HRMC's service area. The survey was administered by American Viewpoint, one of the most widely-respected public opinion research and strategic message consulting firms in the United States.

Focus Groups

To complete the qualitative aspect of the data gathering associated with community health needs, the query was introduced to six focus groups comprised of community members, including those with broad interests and those with special knowledge of the subject. HRMC recruited all participants and LAN Resources, LLC, moderated each group.

Analysis of Existing Data

Several groups have survey data concerning health issues. A scorecard was developed from the existing data to factor in when determining the primary community health needs. To monitor our success in improving the health of the community, we have been gathering our own population health data for more than 25 years. The health scorecard represents the newer data, from July of 2012, more than three years newer than data available from national sources.

We analyzed a wide variety of data in each of these areas. Below is a list of data sources used.

- Agency for Healthcare Research and Quality (AHRQ) PQI (prevention quality indicators)
- Missouri Department of Health
- Local Behavioral Risk Factor Surveillance System (BRFSS) (stjoehealthinfo.org)
- State BRFSS
- Missouri Hospital Association (MHA) report. Assessing the Health of Our Communities
- County Health Rankings
- University of Wisconsin Population Health Institute
- St. Joseph Health Department.
- American Community Survey (ACS)
- Missouri Economic Research and Information Center (MERIC)
- Success by Six/United Way
- Head Start

The Primary Health Issues

By combining the data from the community survey, external data sources and the community focus groups, the top three community health needs were determined.

- Mental Health services
- Adult and childhood obesity
- Education on health and health resources

HRMC Current Response to These Issues

Mental Health

HRMC has an overarching mental health strategy. The plan has three phases.

Phase I – HRMC's initiatives and services

Phase II – Community-based initiatives

Phase III – A new delivery system

Adult and Childhood Obesity

HRMC has a dual approach to managing obesity in our population, a clinical method and community programming.

Education on Health and Health Resources

HRMC offers nearly 50 educational programs throughout the year to help maintain a healthy lifestyle. These are well-advertised and most of them are free of charge.



Prior Community Benefit Reporting

In FY11, HRMC made a total community investment of \$47,536,594. In addition, HRMC annually donates standby ambulance and first aid services to support community events. In 2012, HRMC donated 195 hours of ambulance time costing the organization \$54,150.00.

Based on the specified primary community health needs identified in this assessment, HRMC's community benefit giving strategy will be realigned to address community efforts dedicated to meeting these needs.

CHNA Action Plan

To fully meet the needs specified by the CHNA research results, HRMC will implement a three-year action plan.

Specific steps in the action plan include.

Mental Health Services

- Community opinion is that HRMC should take the lead in this initiative, but encourages HRMC to work with community partners. HRMC is willing to assume this role and collaborate when possible, but will address the need whether or not a partnership is possible.
- Review and update Communities of Hope community readiness, needs and resource assessment report
- Offer telemedicine to other sites

Adult and Childhood Obesity

- Continue and expand Pound Plunge and 4th Grade Challenge
- Compile a comprehensive web-based information area with calendar of all activity-based events in our area, for easy reference and planning
- Increase access to healthy food and health experts in underserved areas

Health and Health Resource Education

- Compile a comprehensive web-based information area with calendar of all health education opportunities in our area, for easy reference and planning
- Earned media stories
- Encourage HRMC caregivers to participate in education events in the community, focusing on their area of expertise
- Incorporate into primary care physician visits





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About the Community

Health Needs Assessment



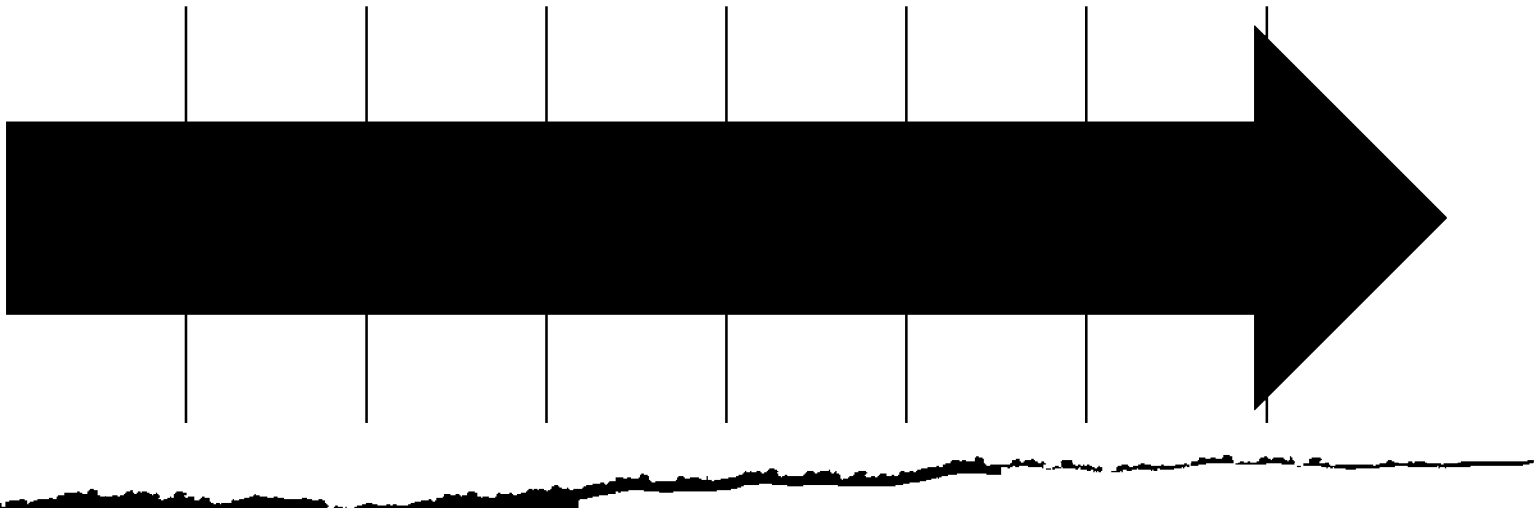
The IRS has set new requirements for non-profit (Section 501(c) (3)) hospitals that include completing a Community Health Needs Assessment (CHNA). HRMC is conducting this assessment not only due to the IRS requirement, but also because it is the right thing to do. The CHNA is vital to our mission of improving the health of individuals and communities in our region. This assessment will ensure that our efforts are directed toward the health issues that are of the most importance to the people we serve. HRMC will conduct a CHNA every three years and adopt an implementation strategy to meet the community health needs identified through the assessment.

New requirements for Section 501(c) (3) Status a. Community Health Needs Assessment

- The organization must conduct a “community health needs assessment” (CHNA) not less frequently than every three years and adopt an implementation strategy to meet the community health needs identified through the assessment.
- A CHNA must include input from persons “representing the broad interests of the community served by the hospital facility,” including those “with special knowledge of or expertise in public health.”
- The assessment must be made widely available to the public.
- Under Section 501(r), a hospital organization is required to conduct a CHNA for each of its hospital facilities once every three taxable years.
- The CHNA requirements are effective for taxable years beginning after March 23, 2012.

Process and Methodology

This diagram shows the steps followed in the Community Health Needs Assessment.



Community Survey

A community survey was conducted to determine the health need priorities, according to the opinion of individuals in HRMC's service area. We sincerely thank all of the respondents to the survey for their valuable input. The survey was administered by American Viewpoint, one of the most widely-respected public opinion research and strategic message consulting firms in the United States. Founded in 1985 by Linda DiVall, the company has established a national reputation for outstanding quantitative and qualitative research in politics, corporate affairs, public policy and government relations. Interviews were conducted August 27-29, 2012 with 500 residents across the service area. Approximately 25 percent of interviews conducted with cell phone only households. The margin of error for the full sample (n=500) is +/- 4.4 percent at the 95 percent confidence level.

The sample included men and women between from the ages of 18 to more than 65, with household incomes ranging from below \$20K

to above \$50K. Among the respondents were those who had lived in St. Joseph for less than five years to those who had lived in the community all their lives.

The respondents were asked to respond to this question. **What do you think is the biggest and 2nd biggest health challenge in the community?**

They were given a list of ten health issues to choose from.

- Adult Obesity
- Childhood Obesity
- Breast Cancer
- Dental Care
- Lung Cancer
- Mental Health
- Illegal Drug Use
- Heart Disease
- Diabetes
- Smoking

Of the respondents, 38 percent considered adult obesity to be the biggest health issue facing our community. When combined with 20 percent ranking of childhood obesity, the issue of weight and the inherent health risk factors involved dominated the response. Heart disease followed at 24 percent and

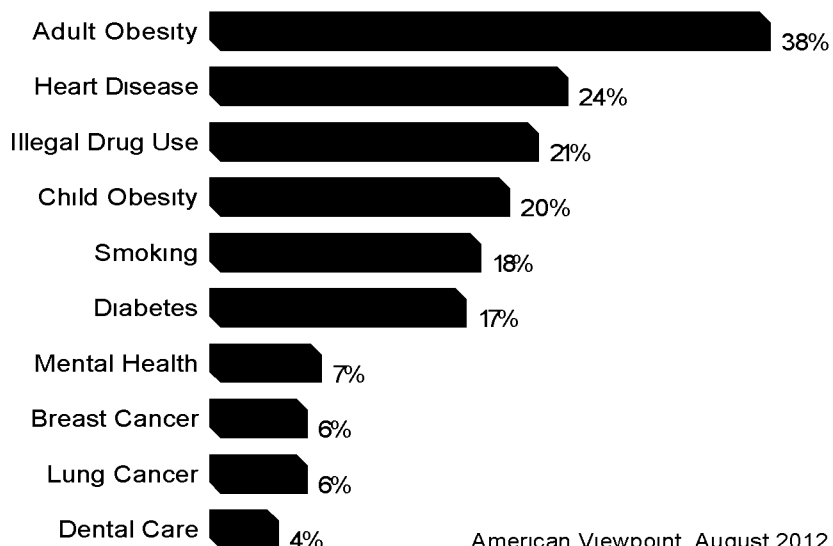
the third issue ranked was illegal drug use at 21 percent. However, when considering the interconnectivity of the issue of illegal drug use and mental health, theoretically, these combined represent 28 percent of responses, which elevates these issues combined to the second most pressing need.



What do you think is the biggest/2nd biggest health challenge in the community?

(1st and 2nd choices combined)

Adult obesity is seen as the biggest health challenge facing the area and is of even greater concern when combined with child obesity. Clearly promoting the Pound Plunge will be important to show the active role HRMC is taking in tackling the most important health challenges facing the area.



American Viewpoint, August 2012

Focus Groups

To complete the qualitative aspect of the data gathering associated with community health needs, the query was introduced to six focus groups on November 8 and 9, 2012, comprised of community members, including those with broad interests and those with special knowledge of the subject. Thank you to all of the participants who gave their time and expertise in this endeavor. HRMC recruited all participants and LAN Resources, LLC, moderated each group. At the beginning of each session, the focus group participants were given a blank sheet of paper and were asked to write down the first word or short phrase that came to mind when asked the question, "What is the number one health concern of our community?" The papers were collected and the group discussed each of the responses to ensure they knew what resources are currently in place through HRMC and to verify that the need was seen as important by the majority of the group.

The groups represented.

- Physicians (2 focus groups)
- Community members
- Clinical staff - registered nurses and care managers
- Hospital leadership
- Community health leaders

The results from the focus groups were surprisingly similar for all. In all groups, 100 percent expressed the opinion that mental health issues are not being adequately addressed in our community. Resources in our area are not sufficient to meet the ever-growing need for both inpatient and outpatient mental health treatment. The wait time for an appointment with a psychiatric provider is generally four to six weeks. The agencies dedicated to providing mental health services operate in silos and there is no coordinated effort. A community mental health steering committee formerly met on a regular basis to discuss issues and provide direction, but this committee is not currently active. This void has

brought about more fragmentation of time, effort and resources. A designated leader or organizer needs to emerge to take control of this health issue in our area. A community member expressed his frustration with this issue, "Huge deficit in the community with mental health. Nearly impossible to find help for those people, especially inpatient needs or those that need overnight services. It is probably one of the worst crises in health care." A psychiatrist from HRMC also paints a grim picture of the situation, "It takes about two months to see a doctor. Getting an appointment is a huge issue. Within our larger area, especially North Central, there are no mental health providers available. We get a lot of referrals from that area. Finding long-term care is difficult. Those services are limited to nursing homes, which require a Level 2 screening and being nonviolent to get care. This causes a problem discharging patients since they have no place to go."

Additionally, 100 percent agreed obesity and weight management in both children and adults is a major issue. The majority indicated that tools exist to address this problem, but that more education is needed to enable adults to manage their weight and help prevent weight issues in children. One community health leader commented, "People are living off limited resources and can't afford healthy food. People lack the knowledge of basic nutrition to use their money wisely. How can we partner better with Second Harvest Community Food Bank to provide more healthy food to the needy?" A physician also stated, "The problem with obesity is that dieting is really difficult. The one way to combat that is to promote more activity. There are so many activities available to do, but we never advertise, so no one knows."

The third most pressing problem as determined by focus group participants (80 percent) is lack of education on health and health resources. Again, almost all agreed that the tools and resources exist for people to better manage their own health, the problem seems to lie with education and making the information readily accessible. A nurse commented, "We



Eating Hints

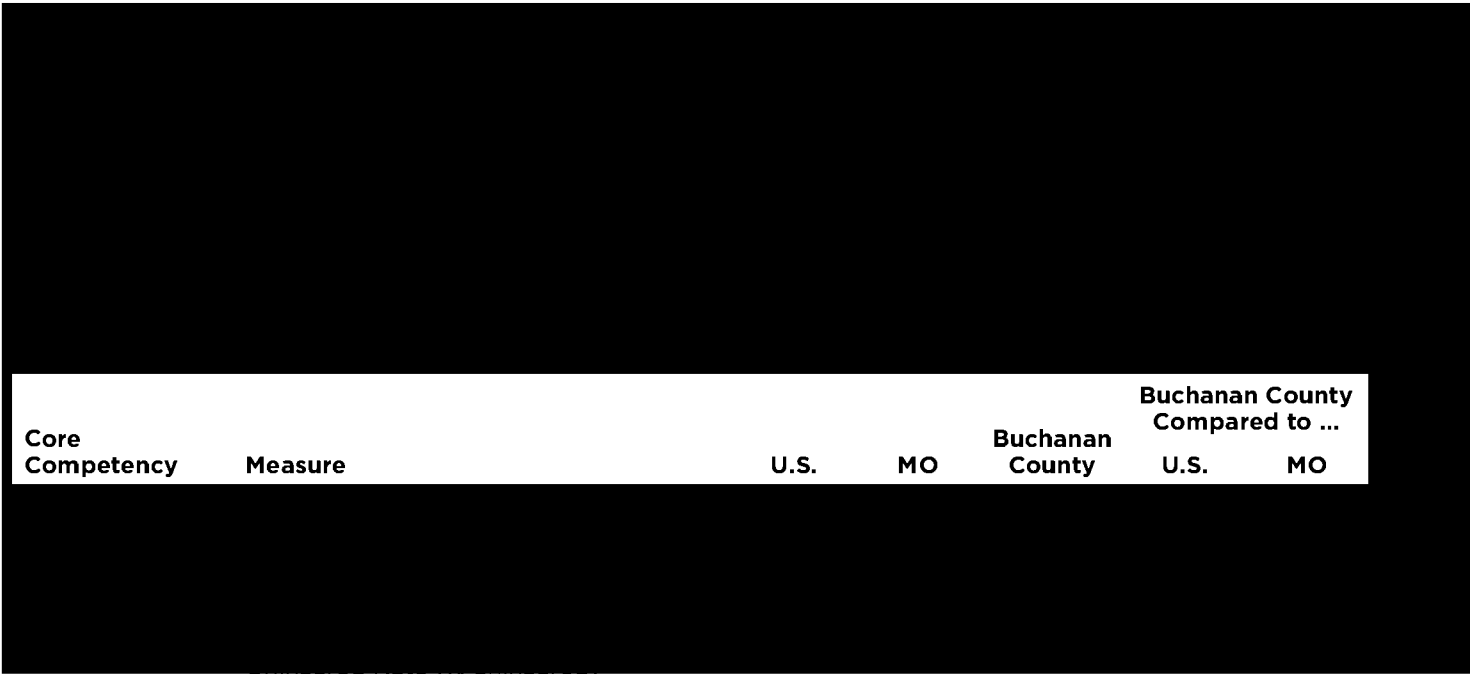
Before, During, and After Cancer Treatment



National Cancer Institute

don't know what the resources are, so we can't communicate what's available. I've been in the community for more than 20 years, employed with HRMC for 10 years. The biggest thing we lack is being 'consistent with our message.' We have the tools and the info, but we need to do a better job teaching [patients] about their health issues and how to manage them." A community member suggested an information clearinghouse. "It is not a hospital's role/job

for preventative health, but there needs to be a good place for one to find information on preventative health. HRMC can be the leader in this. We look to the hospital as the avenue for health education. It would be nice to have a compiled list of activities, trail information (what is the best time to use them), etc. and where to exercise. A website could bring all of this together."



Core Competency	Measure	Buchanan County Compared to ...				
		U.S.	MO	Buchanan County	U.S.	MO



Community

Income/Poverty (% below poverty)

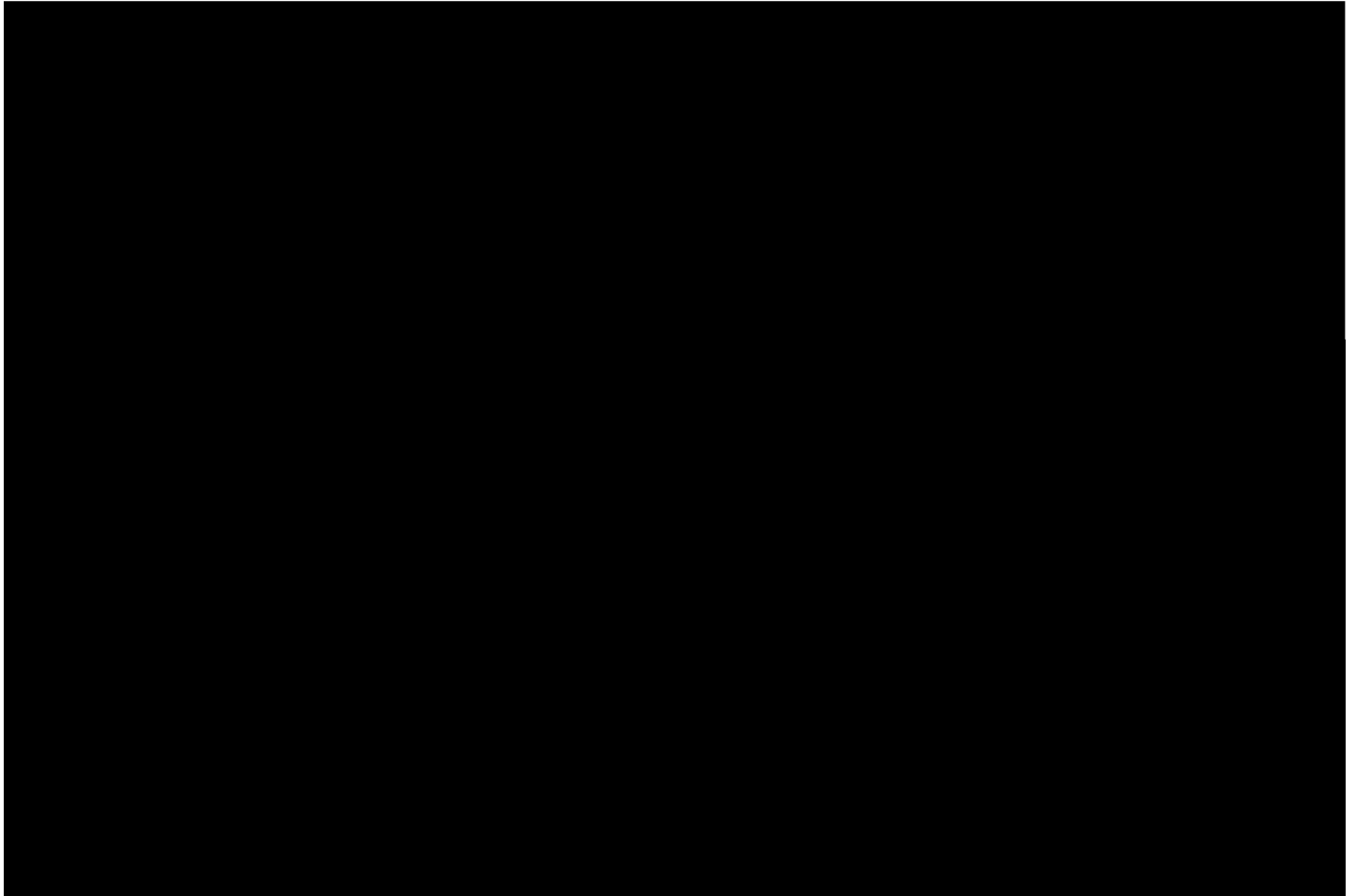
15.9

13.5

15.9



HRMC's role is much more than a hospital. We are a fully engaged community partner in addressing the health and social issues in our region. St. Joseph and the area present unique health and social challenges. We recognize that the major health problems of our community are based in human behaviors, which in turn have their root in basic human conditions. Our efforts address all levels of what we call the health pyramid, the actual physical conditions forming only the tip.



We have programs in place to address a wide variety of human behaviors that influence health. Community outreach health improvement initiatives help those in our community change the human behaviors that put their health at risk. To reach the root causes, HRMC seeks to address the human conditions that affect health, to chip away the foundation of the health pyramid. HRMC's long term goal is to "flip the triangle" or spend more time and resources on the human condition, health promotion and illness prevention so that less is needed for acute care for illness and disease due to improved community and individual health.

To monitor our success in improving the health of the community, we have been gathering our own population health data for more than 25 years. The health scorecard shown to the left represents the newer data, from July of 2012, more than three years newer than data available from national sources. The category best and safest represents data collected that impacts the top of the pyramid, delivering the best and safest care to our patients. Individual health improvement involves the community outreach programs we provide to improve the health of those in our service area. Community health improvement represents our efforts to modify the root causes of the risky behaviors that affect physical health.



We analyze a wide variety of data in each of these areas. Below is a list of the analyzed measures in each competency and the data sources used.

Core Competency: Delivering Best and Safest

The measures in this area are preventable hospitalizations, smoking-attributable deaths and access to affordable health care.

The data sources used.

- Agency for Healthcare Research and Quality (AHRQ) PQI (prevention quality indicators)
- Missouri Hospital Association (MHA)
- Missouri Department of Health
- Local Behavioral Risk Factor Surveillance System (BRFSS) (Stjoehealthinfo.org)
- State BRFSS

Core Competency: Individual Health Improvement

The measures in this area are current smoking rate, physical activity, obesity, substance abuse and mental health.

The data sources used.

- Missouri Hospital Association (MHA) report. Assessing the Health of Our Communities
- County Health Rankings
- University of Wisconsin Population Health Institute
- St. Joseph Health Department.

Core Competency: Community Health Improvement

The measures in this area are income/poverty, education, employment, early life experience, housing and community.

The data sources used.

- American Community Survey (ACS)
- Missouri Economic Research and Information Center (MERIC)
- Success by Six/United Way,
- Head Start

By combining the data from the community survey, external data sources and community focus groups, the top three community health needs were determined:

- Mental Health services
- Adult and childhood obesity
- Education on health and health resources

The Primary Health Issues



HRMC current response to these issues:

Mental Health

HRMC has an overarching mental health strategy. The plan has three phases:

Phase I - HRMC's initiatives and services

Phase II - Community-based initiatives

Phase III - A new delivery system

Phase I - HRMC

To address the growing need for Mental Health services, HRMC has an inpatient Mental Health Unit. This consists of a 24-bed acute care, inpatient, adult psychiatric unit, serving persons age 18 years and older, including the geriatric population. Through contractual agreement with the Missouri Department of Mental Health, the unit provides services for a 19-county region in northwest Missouri. We also serve the HRMC region which includes northwest Missouri and adjacent counties in Kansas, Iowa and Nebraska. The unit provides care to an average 23 patients per day with an average stay of six days.

As part of a mental health services plan, an 8-bed medical-behavioral unit was opened on a patient floor to address the need for more psychiatric inpatient services. This unit averages six to seven patients per day with an average stay of five days.

Many psychiatric patients enter the medical center through the Emergency Department (ED). To better serve them, a mental health team was formed to strategize the care and streamline the placement of mental health patients. A Psychiatric Evaluation Service was formed within the ED, providing three secure treatment areas, with one-on-one observation coverage, staffed 12 hours a day by psychiatric trained clinicians, who remain in-house and on-call for the other 12 hours.

To meet the increasing need for outpatient mental health services, in August 2011 HRMC opened HRMC Psychiatric Clinic. We offer individual outpatient mental health services for adult and adolescent patients who need to be assessed and treated for a variety of psychiatric conditions. Outpatient services include.

- Psychiatric evaluations
- Individual evaluations conducted by psychiatric nurse specialists and social workers
- Mental health diagnostic assessment and evaluation
- Medication management



Programs available include.

- Mental Health
- Relapse prevention
- Cognitive behavioral therapy
- Family therapy
- Educational sessions regarding addiction and dependency
- Educational sessions regarding dual diagnosis of mental health and substance abuse diagnosis

HRMC has also recently begun providing electroconvulsive therapy (ECT), a medical treatment most commonly used in patients with major depression or bipolar disorder that have not responded to other treatments. ECT is the gold standard therapy for severe depression. It is pain-free, very safe and works more quickly and in most cases more effectively than most medications, with fewer side effects.

Phase II – Community-based Initiatives

To better serve the needs of mental health patients outside the inpatient setting, HRMC has developed an outreach plan. One of the completed steps was bringing a Mental Health Community Services Team Leader on board to oversee Phase II. Expanding and enhancing outpatient services are also planned. These efforts include a partial hospitalization program in downtown St. Joseph, a location closer to a concentration of those seeking mental health services, expanding care management to all outpatient services and increasing outpatient clinic hours to meet increased volume. Phase II also involves collaborating with correctional facilities, primary care physicians, HRMC's Pain Center and Northwest Health Services federally qualified health center.

Phase III – A New Delivery System

This new system involves integration with all local and regional mental health providers. The goals of this phase are to provide community-based assessment, triage, care management and measurement of outcomes. Phase III may also involve expanding the continuum of care, including residential care facilities. In an ideal system, the partners in Phase III would collaborate on financing, governance, and filling the gaps in care.

- Individual therapy
- Family therapy
- Couple therapy
- Substance abuse counseling

The five providers at the clinic (two part time psychiatrists, two part time nurse practitioners and one full time licensed certified social worker) see 550-600 patients per month.

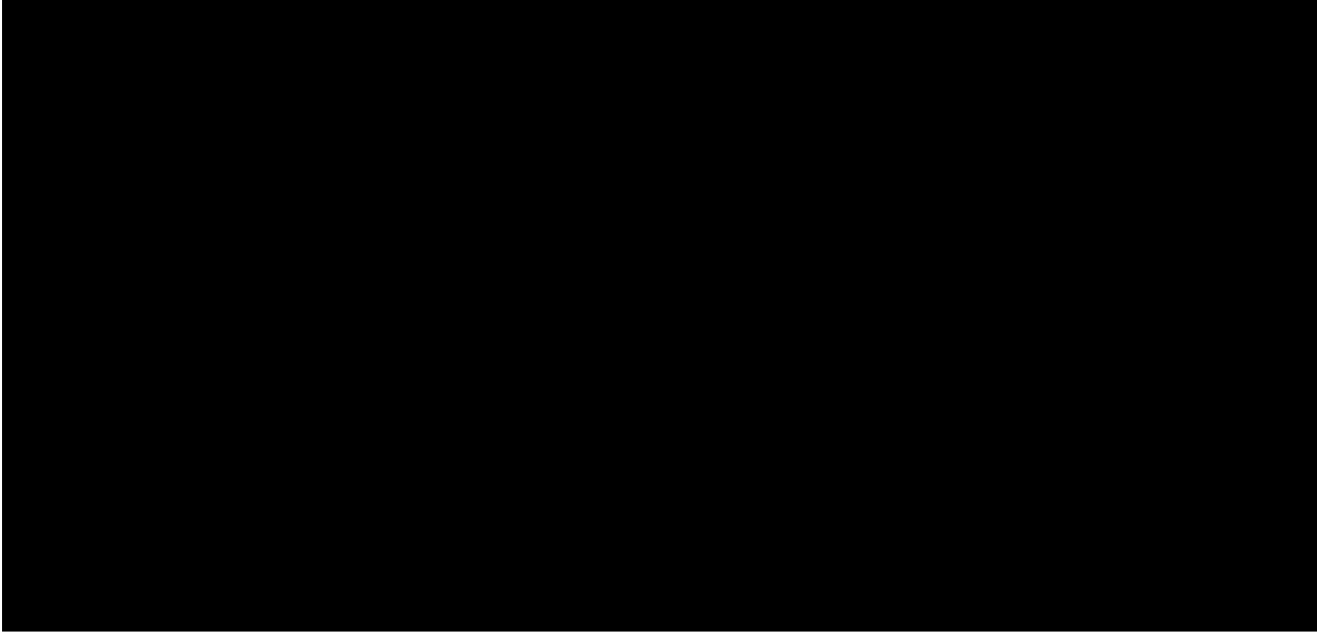
In November of 2012 HRMC introduced The Intensive Outpatient Program (IOP). This is a group program for patients needing alternatives to safely cope with substance abuse issues, who require more structure and support than available through individual outpatient therapy and those with a mental health diagnosis. The IOP Program is conveniently scheduled during evening hours. It offers structured, group therapy sessions by trained professionals.

Adult and Childhood Obesity

HRMC has a dual approach to managing obesity in our population; a clinical method and community programming.

In Heartland Clinic, when a patient sees their primary care physician, automated text from our electronic medical record is pulled into the patient's record and prints with depart instructions based on the patient's documented age, height, weight and body mass index (BMI). Providers also have the ability to select educational information on other topics regarding diet and exercise.

For example, the following is automatically included for all patients age two and above, regardless of BMI.



HRMC also offers bariatric surgery right here in our community. HRMC Weight Management Center has been designated as a Bariatric Surgery Center of Excellence (BSCOE) by the American Society for Metabolic and Bariatric Surgery (ASMBS). HRMC Bariatric Center is unique by offering two bariatric surgeons, a program manager, dietitian, psychologist, physical therapist and a bariatric nurse practitioner for a multi-disciplinary team approach.

Children's Mercy Hospital has provided monthly outreach clinics at HRMC's Lakeside Pediatrics for many years. This partnership has expanded to a larger and more kid-friendly outreach clinic — Children's Mercy Kansas City-Heartland Specialty Clinics, here at HRMC. The new location is now home to Children's Mercy Cardiology and Endocrine/Diabetes clinics. The expansion enables the clinics to add additional specialties in the future, such as child/adolescent-weight loss, to help address childhood obesity. Children's Mercy consistently ranks among the leading children's hospitals in the nation and was the first hospital in Missouri and Kansas to earn the prestigious Magnet designation for excellence in patient care from the American Nurses Credentialing Center.

To address adult obesity in our community and to promote the adoption of healthier lifestyles, HRMC developed Pound Plunge. The event began as a community partnership between HRMC and radio station K-JO 105.5. The two collaborated to develop a fun event that would bring the community together and promote healthy lifestyles. This 12-week weight-loss competition challenges teams of four, individuals or corporate teams to adopt a healthy lifestyle and lose weight in the process. Teams and individuals register online, attend a Kick-Off event, weekly weigh-ins and Fitness sessions while competing for great prizes. At the beginning of its seventh year, in the past six years, more than 12,000 people have taken the Pound Plunge, losing more than 80,000 pounds. During 2012, Robert C. Betts, Jr., participated and won the grand prize of the Pound Plunge. "I had some health issues I really needed to address, and I needed a healthy regimen. The Pound Plunge was the best thing for me," says Robert. Robert considers the experience "life changing" and he is hoping it has the same impact on his friend. Robert will be participating in the 2013 Pound Plunge with a friend and his goal is already set —

he hopes to lose another 50 pounds. "No one really realizes how your life improves after losing that kind of weight. I really recommend it to anybody that wants to lose weight, eat healthy and exercise. It's amazing how great you will feel."

To address the increasing issue of childhood obesity, HRMC introduced the 4th Grade Challenge, in a partnership with the St. Joseph School District. Childhood obesity is a problem within the St. Joseph school district, with 33 percent of grade school children meeting the CDC definition of obese and more than two-thirds considered overweight. The 4th Grade Challenge is a program created for children who are at the age when they can begin to make choices for themselves. The objective of the program is to improve these students' health by providing an eight week curriculum with fun, hands-on activities designed to encourage healthy eating habits, exercise and making wise lifestyle choices. The 4th Grade Challenge began its fifth year in September 2012. Originally implemented in four schools, it was expanded to included eight schools in 2009, and now includes all sixteen elementary schools in the St. Joseph School District. One fourth grade student commented, "The 4th Grade Challenge taught me that if you have a lot more weight on your body, you can't do half the things you used to do." Another said, "It taught me to look at labels and find foods that are good for me, and that I can't just eat a lot of junk food and to exercise more." HRMC has also engaged members of the St. Joseph Chamber of Commerce Health and Productivity Roundtable to help teach students the lifelong value of healthy choices.

Using adult volunteers from business achieves two goals, the adults provide valuable assistance with the program, and the adults themselves also learn the value and benefits of a healthy lifestyle, which makes them outstanding ambassadors for workplace wellness.

HRMC is a partner in the Social Innovation for Missouri grant. Through this grant, community gardens were created at two St. Joseph elementary schools and two more are planned. Children learn about the benefits of eating fruits and vegetables as part of the learning experience combined with the gardens. Healthy cooking classes are also offered in the schools.



Education on Health and Health Resources

HRMC offers many educational programs to help maintain a healthy lifestyle. Some events and seminars include.

- Diabetes Expo for patients and families
- Spirit of Women Day of Dance – health education for women and families
- Educational programs through Human Motion Institute.
 - Joint and Arthritis
 - Spine Health
 - Sports Injury and Prevention
 - Concussion Identification and Management
 - Stroke Education
 - Fall Prevention
- Diabetes Symposium for providers
- Colorectal Health Symposium – public health education on this disease
- Breast cancer awareness events
- Pound Plunge
- 4th Grade Challenge
- Men's Tune Up Prostate Screening – health education for men
- Heart Walk – heart health education
- Lung and Skin Cancer Screening Seminar
- Clinic Minute – monthly television spot featuring public health information
- Spiritual Health Services Education.
 - Advance care planning education
 - Grief and Loss education series
 - Kid's Palooza focused on assisting children with grief
- End-of-life care education to nursing care facilities and community groups provided by Hands of Hope Hospice
- Care Management, the Learning Center and the Call Center provide support for community health education.
 - Care management works with patients one-on-one to understand their health conditions and gain health literacy around how to access the system and best practices for optimum health.

- The care management team also provides content and expertise for Senior Health Club luncheons and performs a variety of ad hoc community outreach efforts such as going to the food kitchen to meet with community members.
- The call center provides both general health information to callers and a service to triage and direct callers to the most appropriate venue of care.
- The Learning Center provides centralized resources for chronic condition education such as diabetes, congestive heart failure, hypertension, etc.
- Heartland Counseling provides.
 - Workshops or presentations on certain topics such as workplace stress, conflict resolution, etc. for area employers
 - Career fairs for local schools
 - Assistance with the "JUMP Program" a mentoring program for pregnant and parenting teens
- 5th Grade Challenge session on building healthy bones and another on bystander CPR
- Coffee Talk – health education presentation at local shopping mall open to the public
- Disaster Services.
 - Emergency Preparedness for St. Joseph School District nurses
 - Community Emergency Response Team (CERT) Program for all schools
 - Emergency Preparedness Coalition
 - Disaster preparedness
- Health education combined with community gardens at schools
- Healthy cooking classes at four schools this school year
- Blood pressure screenings and Home Health education public events
- Head Start screenings

These are well-advertised and most of them are free of charge.





Heartland Regional Medical Center

Accountants' Report and Consolidated Financial Statements

June 30, 2012 and 2011



Heartland Regional Medical Center
June 30, 2012 and 2011

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Independent Accountants' Report

Board of Directors
Heartland Regional Medical Center
St. Joseph, Missouri

We have audited the accompanying consolidated balance sheets of Heartland Regional Medical Center (the Medical Center) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Heartland Regional Medical Center as of June 30, 2012 and 2011, and the results of its operations and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

BKD, LLP

September 21, 2012

Heartland Regional Medical Center
Consolidated Balance Sheets
June 30, 2012 and 2011

Assets

	2012	2011
Current Assets		
Cash and cash equivalents	\$ 16,936,514	\$ 11,216,254
Patient accounts receivable, net of allowance, 2012 – \$18,241,000, 2011 – \$15,033,000	56,942,583	49,499,434
Inventories	8,730,387	6,916,808
Prepaid expenses and other	7,746,022	6,179,267
Estimated amounts due from third-party payers	3,787,677	-
Due from affiliates	1,349,666	1,417,641
Current portion of assets limited as to use	<u>1,540,000</u>	<u>1,850,000</u>
Total current assets	97,032,849	77,079,404
Assets Limited as to Use, Net of Current Portion	314,785,646	314,343,567
Due from Affiliates	14,737,211	11,485,991
Notes Receivable	3,191,976	3,064,298
Other Assets	4,451,885	3,182,890
Deferred Financing Costs, Net	3,421,009	4,221,141
Property and Equipment, Net	<u>240,197,540</u>	<u>214,023,064</u>
Total assets	<u><u>\$ 677,818,116</u></u>	<u><u>\$ 627,400,355</u></u>

Liabilities and Net Assets

	2012	2011
Current Liabilities		
Current maturities of long-term debt	\$ 5,435,018	\$ 5,228,406
Accounts payable	20,105,080	14,588,779
Construction payable	7,653,138	1,292,340
Accrued expenses	38,019,809	29,974,744
Estimated amounts due to third-party payers	-	654,674
Total current liabilities	71,213,045	51,738,943
Long-Term Debt, Net of Current Portion	190,850,994	196,439,521
Derivative Instruments	16,032,250	10,869,776
Accrued Self-Insured Costs, Net of Current Portion	17,209,900	13,939,441
Accrued Costs for Pension and Supplemental Retirement Plans	33,837,161	16,769,911
Other Non-Current Liabilities	865,110	1,309,841
Total liabilities	330,008,460	291,067,433
Net Assets		
Unrestricted	347,809,656	336,332,922
Total liabilities and net assets	\$ 677,818,116	\$ 627,400,355

Heartland Regional Medical Center

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	\$ 529,274,919	\$ 497,961,978
Other	34,980,861	16,471,295
Total unrestricted revenues, gains and other support	<u>564,255,780</u>	<u>514,433,273</u>
Operating Expenses		
Salaries and wages	219,737,085	201,271,111
Employee benefits	54,413,035	47,631,188
Professional fees	12,658,861	10,729,266
Supplies	83,509,856	74,806,401
General, administrative and other	63,582,563	55,766,399
Insurance	6,562,455	302,829
Depreciation and amortization	26,938,139	25,406,689
Interest	2,716,878	5,083,325
Provision for uncollectible accounts	42,083,155	37,806,349
Federal reimbursement allowance	15,363,718	21,342,085
Total operating expenses	<u>527,565,745</u>	<u>480,145,642</u>
Operating Income	<u>36,690,035</u>	<u>34,287,631</u>
Other Income (Expenses)		
Interest and dividend income from investments	4,340,137	4,149,930
Net gain on sale of investments	1,273,443	7,475,759
Change in net unrealized gains and losses on trading securities	(1,324,588)	24,025,832
Change in fair value of derivative instruments	(147,800)	818,967
Net loss on disposal of property and equipment	(1,605)	(7,209)
Other	(1,442,996)	(1,001,513)
Total other income	<u>2,696,591</u>	<u>35,461,766</u>
Excess of Revenues Over Expenses	39,386,626	69,749,397
Net assets transferred to Heartland Foundation	(520,000)	(1,985,325)
Net assets transferred to Midwestern	(700,000)	(1,500,000)
Net assets transferred to Properties	(300,000)	(325,000)
Donated equipment	197,616	11,000
Change in fair value of cash flow hedging derivatives	(5,014,930)	1,718,168
Change in defined benefit pension plan gain/(loss)	<u>(21,572,578)</u>	<u>4,558,523</u>
Increase in Unrestricted Net Assets	11,476,734	72,226,763
Net Assets, Beginning of Year	<u>336,332,922</u>	<u>264,106,159</u>
Net Assets, End of Year	<u><u>\$ 347,809,656</u></u>	<u><u>\$ 336,332,922</u></u>

Heartland Regional Medical Center
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Activities		
Increase in net assets	\$ 11,476,734	\$ 72,226,763
Items not requiring (providing) cash		
Depreciation and amortization	26,938,139	25,406,689
Loss on sale of property and equipment	1,605	7,209
Net gain on sale of investments	(985,167)	(7,475,759)
Forgiveness of notes receivable	947,888	717,654
Amortization of bond discount and issuance costs	312,384	406,007
Gain on extinguishment of debt	(2,201,413)	-
Net assets transferred to Heartland Foundation	520,000	1,985,325
Net assets transferred to Midwestern	700,000	1,500,000
Net assets transferred to Properties	300,000	325,000
Net assets transferred to LTACH	441,592	-
Donated equipment	(197,616)	(11,000)
Change in fair value of derivative instruments	147,800	(818,967)
Change in fair value of cash flow hedging derivatives	5,014,930	(1,718,168)
Change in net unrealized gains and losses on securities	1,296,040	(25,241,392)
Change in defined benefit pension plan gain/(loss)	21,572,578	(4,558,523)
Changes in		
Patient accounts receivable	(7,443,149)	3,299,505
Inventories	(1,813,579)	515,634
Prepaid expenses and other	(1,497,176)	(133,252)
Due from affiliates	(3,183,245)	(6,316,321)
Accounts payable	5,705,104	5,406,897
Accrued expenses, accrued pension costs and other	3,095,005	(3,022,112)
Estimated receivable from/payable to third-party payers	(4,442,351)	2,402,091
Accrued self-insured costs, noncurrent portion	3,270,459	(271,680)
Net cash provided by operating activities	<u>59,976,562</u>	<u>64,631,600</u>
Investing Activities		
Purchase of property and equipment, net of proceeds from sale	(46,987,724)	(30,416,615)
Increase in assets limited as to use, net	(442,952)	(18,670,885)
(Increase) decrease in other long-term investments	(1,467,471)	253,609
Issuance of notes receivable	(1,183,935)	(888,842)
Payments received on notes receivable	38,534	330,039
Net assets transferred to Heartland Foundation	(520,000)	(1,985,325)
Net assets transferred to Midwestern	(700,000)	(1,500,000)
Net assets transferred to Properties	(300,000)	(325,000)
Net cash used in investing activities	<u>(51,563,548)</u>	<u>(53,203,019)</u>

Heartland Regional Medical Center
Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Financing Activities		
Principal payments under debt agreements	\$ (5,421,527)	\$ (9,648,862)
Proceeds from issuance of long-term debt	28,017,983	4,645,800
Payment of deferred financing fees	(248,214)	-
Payments under bond repurchase agreement	<u>(25,040,996)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,692,754)</u>	<u>(5,003,062)</u>
Increase in Cash and Cash Equivalents	5,720,260	6,425,519
Cash and Cash Equivalents, Beginning of Year	<u>11,216,254</u>	<u>4,790,735</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 16,936,514</u></u>	<u><u>\$ 11,216,254</u></u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 4,326,973	\$ 4,852,286
Property and equipment purchases included in accounts payable	7,653,138	1,481,143

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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

Nature of Operations

Heartland Regional Medical Center (the Medical Center) is a Missouri nonprofit corporation that operates a general medical and surgical hospital and employs both primary and specialty physicians. Services are provided primarily to residents of Northwest Missouri and adjacent areas in Kansas, Iowa and Nebraska. The Medical Center has a 21% interest in Heartland Health Business Plaza, LLC, which is a Missouri limited liability company (*see Note 11*). The Medical Center has a 50% interest in Village at Burlington Creek Office, LLC, which is a Missouri limited liability company (*see Note 12*).

The consolidated financial statements include the accounts of these entities, which is collectively referred to herein as the Medical Center. Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Heartland Health (Heartland), a Missouri nonprofit corporation, is the parent of the Medical Center, Community Health Plan, Inc. (CHP), Community Health Plan Insurance Company (CHPIC), Heartland Foundation (the Foundation), Midwestern Health Management, Inc. (Midwestern), HHS Properties, Inc. (Properties), Heartland Long Term Acute Care Hospital (LTACH), Lewis and Clark Information Exchange (LACIE) and Regional Emergency Medical Services Authority (REMSA).

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consisted primarily of cash on hand, bank deposits, money market accounts and other short-term interest-bearing accounts with maturities at the date of purchase of three months or less.

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

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At June 30, 2012, the Medical Center's cash accounts did not exceed federally insured limits.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Patient Accounts Receivable

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

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

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

The Medical Center's allowance for doubtful accounts for self-pay patients increased from 80% of self-pay accounts receivable at June 30, 2011, to 91% of self-pay accounts receivable at June 30, 2012. In addition, the Medical Center's write-offs increased approximately \$6,300,000 from approximately \$61,700,000 for the year ended June 30, 2011, to approximately \$68,000,000 for the year ended June 30, 2012. Both increases were the result of negative trends experienced in the collection of amounts from self-pay patients in fiscal year 2012.

Inventories

Inventories consist of supplies and are valued at the lower of cost (first-in, first-out) or market (net realizable value).

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value in the consolidated balance sheets. Donated investments are reported at fair value at the date of receipt, which is then treated as cost. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses, unless the income or loss is restricted by donor or law. Investment income or loss is reported as other revenue for operating cash, assets that are designated for self-insured claims and debt service funds. All other investment income or loss is reported as other income (expense).

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Investment income on investment of temporarily restricted funds is added to the temporarily restricted net assets to the extent restricted by donor.

Investments in Unconsolidated Companies

Investments in unconsolidated companies, which are more than 20% and not more than 50% owned and that are not otherwise deemed to be a controlled organization or trading investment, are accounted for under the equity method. All other investments in unconsolidated companies are recorded at the lower of cost or fair value. The investments in unconsolidated companies are included as a component of other assets in the accompanying consolidated balance sheets.

Assets Limited as to Use

Assets limited as to use include (1) assets held by trustees and (2) assets set aside by the Board of Trustees for future capital and equipment purchases and payment of self-insured claims over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Medical Center are included in current assets.

Costs of Borrowing

Financing costs and discounts are amortized over the period the related debt is outstanding using the interest method. These costs are included as a component of interest expense in the accompanying consolidated statements of operations and changes in net assets.

Long-lived Asset Impairment

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

No asset impairment was recognized during the years ended June 30, 2012 and 2011.

Property and Equipment

Property and equipment acquisitions are recorded at cost (except donated property and equipment, which are recorded at fair market value at date of receipt) and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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

Land improvements	5 - 10 years
Buildings and fixed equipment	5 - 40 years
Moveable equipment	3 - 20 years

Interest incurred and interest earned on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Guarantee

The Medical Center guarantees certain third-party debt of a health care organization. Should the Medical Center be obligated to perform under the guarantee agreement, the Medical Center may seek reimbursement from the related organization of amounts expended under the guarantee.

The maximum amount guaranteed is \$725,000. At June 30, 2012, the total outstanding balance on the guaranteed loan was \$367,000.

Contributions

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

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

Income Taxes

The Medical Center is a nonprofit corporation described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. However, the Medical Center is subject to federal income tax on any unrelated business taxable income. Heartland Business Plaza, LLC and Village at

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Burlington Creek Office, LLC are limited liability companies that are taxed as partnerships. With a few exceptions, the Medical Center is no longer subject to U.S. federal, state and local income tax examinations by tax authorities before 2008.

Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, the changes in fair value of the derivatives that are designated as a hedge, permanent transfers to and from affiliates for other than goods and services, changes in minimum pension liability, and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets).

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center 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 payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

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.

Charity Care

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

Estimated Accrued Self-Insured Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported based on an evaluation of pending claims and actual claims experience.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

In 2012, the Medical Center adopted the provisions of Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, which eliminates the practice of netting claim liabilities with expected insurance recoveries for balance sheet presentation. Claim liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Prior to the adoption of ASU 2010-24, accounting principles generally accepted in the United States of America required a health care provider to accrue only an estimate of the malpractice claims cost for both reported claims and claims incurred but not reported where the risk of loss had not been transferred to the financially viable insurer. There was no material impact of the ASU adoption to the Medical Center's financial statements.

Functional Expenses

The Medical Center provides general health care services to residents within its geographic location. Expenses related to providing these services in 2012 and 2011 were approximately \$494,966,000 and \$439,307,000, respectively, including approximately \$32,599,000 and \$40,838,000, respectively, for supporting activities.

Transfers Between Fair Value Hierarchy Levels

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

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

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

Subsequent Events

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

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Note 2: Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of the annual cost report and audit by the Medicare Administrative Contractor. Classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Medicare cost reports have been audited by the Medicare Administrative Contractor through June 30, 2009.

Effective January 1, 2000, the Medical Center was designated as a rural and sole community hospital by the Centers for Medicare and Medicaid Services (CMS). This designation increases the reimbursement rates paid to the Medical Center for services rendered to certain patients who participate in the Medicare program.

Medicaid. Outpatient hospital services are reimbursed on a percentage of charges, except for certain services that are reimbursed according to a fee schedule. Inpatient services are reimbursed on a per diem basis.

The Medical Center participates in the Medicaid Federal Reimbursement Allowance Program (FRA). Under FRA, the Medical Center received reimbursement of approximately \$21,073,000 and \$25,638,000, which is reflected as a component of net patient service revenue, and paid taxes of approximately \$15,364,000 and \$21,342,000 in 2012 and 2011, respectively.

Managed Care. The Medical Center has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations (including CHP) and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per day and discounts from established charges.

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

A summary of gross and net patient service revenue for the years ended June 30, 2012 and 2011 follows:

	2012	2011
Gross patient service revenue, net of charity care charges	\$925,895,000	\$868,103,000
Deductions from gross patient service revenue		
Medicare and Medicaid contractual adjustments	335,151,000	315,787,000
Discounts and other allowances	61,469,000	54,354,000
Total deductions from gross patient service revenue	396,620,000	370,141,000
Net patient service revenue	\$529,275,000	\$497,962,000

Note 3: Charity Care and Unreimbursed Costs

The Medical Center's charity care policy is to provide health care services to patients whose income level is at or below 300% of the poverty guidelines used by the Department of Health and Human Services. The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services furnished under its charity care policy and the estimated cost of those services. In addition, the Medical Center provides care to patients eligible to participate in the Medicaid program, which was enacted as Title XIX of the Social Security Act to provide assistance to the needy under a joint federal and state agreement. The following information presents certain measures of the level of charity care provided during the years ended June 30, 2012 and 2011:

	2012	2011
Charity charges foregone, based on established rates	\$ 30,328,000	\$ 28,936,000
Estimated costs and expenses incurred to provide charity care	\$ 13,057,000	\$ 12,129,000
Estimated costs and expenses incurred to provide services to Medicaid patients in excess of reimbursement	14,527,000	10,357,000
Total estimated unreimbursed costs and expenses	\$ 27,584,000	\$ 22,486,000

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

In addition to providing direct patient charity care and in furtherance of its exempt purpose to benefit the various communities served by the Medical Center's health care facilities, the Medical Center operates an emergency room open to the public 24 hours per day, seven days per week; provides facilities for teaching and training various medical personnel; provides various community services, including screenings to detect forms of cancer and conducting sports physicals for high school athletes; sponsors support groups; provides community health education classes; and publishes health-related articles in newspapers and magazines.

Note 4: Concentration of Credit Risk

The Medical Center provides health care services through its inpatient and outpatient care facilities. The Medical Center grants credit without collateral or other security to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at June 30, 2012 and 2011, is:

	2012	2011
Medicare	35%	31%
Medicaid	17%	17%
Managed care/commercial	24%	27%
Patients (self-pay)	24%	25%
	<u>100%</u>	<u>100%</u>

The mix of gross patient service revenue was as follows for the years ended June 30, 2012 and 2011:

	2012	2011
Medicare	48%	49%
Medicaid	15%	15%
Managed care/commercial	31%	30%
Patients (self-pay)	6%	6%
	<u>100%</u>	<u>100%</u>

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Note 5: Long-term Debt

Long-term debt consists of the following at June 30, 2012 and 2011:

	2012	2011
Long-term debt		
Series 2001A Variable Rate Revenue Bonds	\$ 36,500,000	\$ 42,250,000
Series 2001B Variable Rate Refunding Revenue Bonds	17,825,000	22,950,000
Series 2001D Variable Rate Revenue Bonds	32,450,000	45,225,000
Series 2003E Variable Rate Refunding Revenue Bonds	4,050,000	12,400,000
Series 2009A Variable Rate Demand Revenue Bonds	69,625,000	69,805,000
Series 2011 Fixed Rate Refunding Revenue Bonds	25,250,000	-
Mortgage payable, due monthly in payments of \$45,000, including interest at 4.35%, due August 10, 2015, collateralized by certain real estate	3,993,040	4,347,884
Mortgage payable, due annually in payments of \$520,914, plus interest at prime through 2012, collateralized by certain real estate	-	520,914
Mortgage payable, due monthly in payments of \$21,534, including interest at 5.3%, due December 1, 2027, collateralized by certain real estate	2,661,893	-
Note payable, bearing interest at LIBOR plus 180 basis points, principal and interest payable monthly through 2024, collateralized by certain real estate	1,333,599	1,427,512
Note payable, bearing interest at LIBOR plus 140 basis points, principal and interest payable monthly through July 2013, collateralized by certain real estate	2,529,001	2,741,617
Note payable, principal payable annually through 2015	68,479	-
Total long-term debt	196,286,012	201,667,927
Less current maturities	5,435,018	5,228,406
Total long-term debt, net	<u>\$190,850,994</u>	<u>\$196,439,521</u>

Series 2001 Bonds

The Medical Center entered into a Master Trust Indenture dated November 1, 2001 (the 2001 Master Indenture), whereby, the Obligated Group is jointly and severally obligated for payment of all principal and interest on all obligations issued under the 2001 Master Indenture. The Medical Center, as the sole member of the Obligated Group, is subject to various covenants under the 2001 Master Indenture containing restrictions and limitations with respect to the incurrence of encumbrances, incurrence of indebtedness, completion of consolidation and mergers, the transfer of assets and the addition and withdrawal of members of the Obligated Group.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Pursuant to a Bond Trust Indenture, a loan agreement and other related agreements dated November 1, 2001, the Medical Center borrowed \$151,450,000 through issuance of Health Facilities Revenue Bonds (Heartland Regional Medical Center) Series 2001A, B, C and D Bonds by The Industrial Development Authority of St. Joseph, Missouri. The loan proceeds of the Series 2001A and D Bonds were used to finance a portion of the cost of acquisition, construction and equipping of a five-floor addition to the Medical Center; fund capitalized interest on the Series 2001A and D Bonds; fund a portion of the Debt Service Reserve Fund and pay certain expenses incurred in connection with the issuance of the Series 2001A and D Bonds. The loan proceeds of Series 2001B and C Bonds were used to advance refund Series 1992 and 1993 Revenue Bonds; fund a portion of the Debt Service Reserve Funds and pay certain expenses incurred in connection with the issuance of the Series 2001B and C Bonds and the advance refunding of the Series 1992 and 1993 Bonds. Payment of principal and interest on the Series 2001 Bonds is insured under a financial guaranty insurance policy between the Medical Center and AMBAC Assurance Corporation. In May 2003, the Series 2001C Bonds were advance refunded by the issuance of the Health Facilities Refunding Revenue Bonds Series 2003E.

The Series 2001 Bonds are secured by a mortgage dated November 1, 2001 to the Master Trustee and may bear interest at an auction, weekly, commercial paper, long-term or fixed rate. An entire series of the Series 2001 Bonds may be in only one rate mode at the same time. Initially, all of the Series 2001 Bonds were issued in an auction rate mode. The interest rate at June 30, 2012 and 2011, on the Series 2001A, B and D Bonds was 0.39% and 0.47%, respectively.

The Series 2001A Bonds are subject to scheduled mandatory redemptions prior to final maturity beginning on December 3, 2015 through December 10, 2026 in annual principal amounts ranging from \$925,000 to \$6,725,000. The Series 2001B Bonds are subject to scheduled mandatory redemption through November 16, 2023 in annual principal amounts ranging from \$725,000 to \$4,675,000. The Series 2001D Bonds are subject to scheduled mandatory redemption prior to final maturity in annual principal amounts graduating from \$6,560,000 on December 17, 2026 to \$5,935,000 at final maturity on December 11, 2031.

Series 2003E Bonds

Pursuant to a Supplemental Master Trust Indenture and other related agreements dated May 13, 2003, the Obligated Group borrowed \$32,225,000 through issuance of Health Facilities Refunding Revenue Bonds Series 2003E by the Industrial Development Authority of St. Joseph, Missouri. The loan proceeds were used to advance refund the Taxable Health Facilities Refunding Revenue Bonds, Series 2001C.

The Series 2003E Bonds are secured by a mortgage dated November 1, 2001 to the Master Trust and may bear interest at an auction, weekly, commercial paper, long-term or fixed rate. The entire Series 2003E Bonds may be in only one rate mode at the same time. Initially, all of the Series 2003E Bonds were issued in an auction rate mode. The interest rate at June 30, 2012 and 2011, on the Series 2003E Bonds was 0.39% and 0.46%, respectively.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

The Series 2003E Bonds are subject to scheduled mandatory redemption prior to final maturity in annual principal amounts graduating from \$1,300,000 on November 15, 2012 to \$1,400,000 at final maturity on November 20, 2014.

Series 2009A Bonds

Pursuant to a Supplemental Master Trust Indenture and other related agreements dated February 26, 2009, the Obligated Group borrowed \$70,000,000 through issuance of Health Facilities Variable Rate Demand Revenue Bonds 2009A by the Industrial Development Authority of St. Joseph, Missouri. The loan proceeds were used to finance the cost of the construction and equipping of certain health care facilities and pay certain costs of issuance of the Bonds, including credit enhancement for the Bonds.

The Series 2009A Bonds are secured by a mortgage dated November 1, 2001 to the Master Trust and may bear interest at a weekly rate that may be converted to a daily, long-term, fixed rate or auction rate upon satisfaction of certain conditions. The entire Series 2009A Bonds may be in only one rate mode at the same time. Initially all of the Series 2009A Bonds were issued in a weekly rate mode. The interest rate at June 30, 2012 and 2011 on the Series 2009A Bonds was 0.15% and 0.08%, respectively. Heartland maintains a letter of credit totaling \$70,920,548 expiring in May 2014 that can be drawn on should the bonds not be remarketed. Advances under the letter of credit not repaid on the date of advance are considered term loans payable in eight quarterly installments of principal plus interest commencing one year from the date of advance.

The Series 2009A Bonds are subject to scheduled mandatory redemption prior to final maturity in annual principal amounts graduating from \$130,000 on November 15, 2012 to \$5,880,000 at final maturity on November 15, 2043.

Series 2011 Bonds

Pursuant to a Supplemental Master Trust Indenture and other related agreements dated September 1, 2011, the Obligated Group borrowed \$25,250,000 through issuance of Health Facilities Refunding Revenue Bonds 2011 by the Industrial Development Authority of St. Joseph, Missouri.

Loan proceeds were used to refund the August 2011 repurchase of 2001A, B, D and 2003E auction rate bonds with a par value of \$27,975,000 for a total of \$25,040,996 (90% of par value), including accrued interest. The repurchased bonds had maturity dates ranging from 2014 through 2031. As a result of the repurchase, the Medical Center recognized a gain on extinguishment of debt of approximately \$2,937,000 and expensed deferred financing costs of approximately \$736,000.

The Series 2011 Bonds are secured by a mortgage dated November 1, 2001 to the Master Trust and bear interest at a fixed rate of 3%.

The Series 2011 Bonds are subject to scheduled mandatory redemption prior to final maturity in annual principal amounts graduating from \$2,560,000 on November 15, 2012 to \$4,035,000 at final maturity on November 15, 2021.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

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Trustee-Held Funds

The 2001 Master Trust Indenture, as supplemented, requires that deposits be made to trustee-held accounts, which must be used for specific purposes, until each respective debt issue is retired. These trustee-held funds aggregated approximately \$21,516,000 and \$40,306,000 at June 30, 2012 and 2011, respectively. Included in trustee-held funds at June 30, 2012 was approximately \$20.5 million related to the project fund created as part of the Series 2009A bond issue. In November 2011, the Medical Center met requirements under the Master Trust Indenture for release of moneys held in the debt service reserve funds for the Series 2001A, 2001B, 2001D and 2003E bonds.

Derivative Instruments

The Medical Center has entered into an interest rate swap agreement with a financial institution to effectively convert the variable rate Series 2001A Bonds and Series 2001B Bonds with an aggregate outstanding balance of \$64,125,000 and \$65,200,000 at June 30, 2012 and 2011, respectively, to bear interest at a fixed rate of 3.97% through December 10, 2026. Also, the Medical Center has entered into an interest rate swap agreement with a financial institution to effectively convert the variable rate Series 2003E Bonds with an aggregate outstanding balance of \$9,450,000 and \$12,400,000 at June 30, 2012 and 2011, respectively, to bear interest at a fixed rate of 3.71% through November 20, 2014. The Medical Center has designated these interest rate swap agreements as a hedge of its \$58,375,000 variable rate revenue bonds and the notional balances decline in direct relation to the scheduled repayment of the bonds. In September 2011, the Bonds under which the swap agreements were initiated were partially refunded and redeemed but the swaps remained in place. The Medical Center evaluated the agreements for hedge ineffectiveness, noting only a portion was effective. The percent of the Bonds refunded were deemed to equal the ineffective portion of the hedge. The refunded portion of the Series 2001A and 2001B Bonds was 15% and the refunded portion of the Series 2003B Bonds was 43.5%. The changes in fair value of such agreements since the date of refunding of the Bonds are allocated based on these percentages between the effective portion and ineffective portion. The effective portion is reported as a component of change in unrestricted net assets and changes in fair value of the agreement are recorded as change in fair value of cash flow hedging derivative on the accompanying Consolidated Statements of Operations. At the date of partial refunding, the cumulative loss in fair value of the swap agreements (recorded in Unrestricted Net Assets) was \$2,336,378, and this amount is currently being amortized through the termination date of the swap agreements, which occur in 2014 and 2026.

In connection with the issuance of the Series 2001D Bonds, the Medical Center entered into a 20-year interest rate swap agreement with a fixed notional amount of \$45,225,000 with a financial institution to reduce the future potential volatility of interest expense related to the Series 2001D Bonds. The Medical Center has not designated this interest rate swap agreement as a hedge of its Series 2001D Bonds and, accordingly, changes in the fair value of the interest rate swap agreement are reported in the accompanying Consolidated Statements of Operations as change in fair value of derivative instruments in Other Income (Expense).

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The table below presents certain information regarding the Medical Center's interest rate swap agreements designated as a cash flow hedge and the interest rate swap agreements undesignated.

	2012	2011
<u>Noncurrent Liabilities</u>		
Interest rate swap - hedged (effective)	\$ 12,713,572	\$ 9,884,362
Interest rate swap - hedged (ineffective)	2,414,840	-
Interest rate swap - unhedged	903,838	985,414
	<u>\$ 16,032,250</u>	<u>\$ 10,869,776</u>
<u>Other Income (Expense)</u>		
Change in fair value of derivative instruments (unhedged)	\$ 81,576	\$ 818,967
Change in fair value of derivative instruments (ineffective)	(78,461)	-
Amortization of cumulative loss in fair value (ineffective)	(150,915)	-
	<u>\$ (147,800)</u>	<u>\$ 818,967</u>
Change in Fair Value of Cash Flow Hedging		
Derivatives (effective)	<u>\$ (5,014,930)</u>	<u>\$ 1,718,168</u>

Auction Rate Bonds

The Series 2001 and Series 2003 Bonds were issued as "auction rate securities," with variable interest rates determined each 35 days in accordance with the auction procedures set forth in the Bond Indenture relating to the Bonds. The Bonds are insured through bond insurance purchased from AMBAC Assurance Corporation (the "Insurer") and the Insurer's credit rating affects the rating of the Bonds. On November 8, 2010, Ambac Financial Group, Inc., the parent company of the Insurer, filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code which does not include the Insurer. At June 30, 2012, the Insurer was not rated by Standard & Poor's Ratings Services.

There have been severe disruptions of the auction rate markets nationally as a result of actual and threatened downgrades in bond insurers, repercussions from the subprime mortgage markets and factors unrelated to the creditworthiness of the Medical Center, as a result of which the Medical Center has experienced "failed auctions" since February 2008. Interest rates on the failed auctions default to the maximum rate defined in the related Bond agreements. The Bonds maximum auction rate is the lesser of 15% or 175% of the higher of after-tax commercial paper rate or the Securities Industry and Financial Markets Association (SIFMA) index. Beginning with the first failed auction in February 2008, the rates on the Bonds ranged from 0.14% to 13.93%, with the most recent auction rate on September 5, 2012 of 0.30%.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Subsequent Event

In September 2012, the Medical Center issued a preliminary offering statement for the issuance of \$50,000,000 of Fixed Rate Health Facilities Revenue bonds. The final offering statement is anticipated to be issued in October 2012. The proceeds from the pending bond offering will be used to provide funding for several capital projects. The bonds are to be paid in varying amounts through 2043.

Debt Maturities

Aggregate annual maturities of long-term debt at June 30, 2012 are as follows:

Year Ending June 30,	Long-term Debt
2013	\$ 5,435,018
2014	8,352,645
2015	6,211,444
2016	8,828,325
2017	6,209,729
Thereafter	<u>161,248,851</u>
	<u><u>\$196,286,012</u></u>

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
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Note 6: Assets Limited as to Use

Assets limited as to use include:

	2012	2011
U.S. Government mortgage-backed securities	\$ 17,728,405	\$ 45,311,273
U.S. Treasury securities	-	2,114,355
Municipal securities	12,391,845	1,849,758
Corporate notes	42,918,804	39,590,064
Common collective trust	37,872,623	38,554,294
Private investment funds	33,982,858	33,574,984
Common and preferred stocks	37,739,222	37,822,448
Mutual funds		
PIMCO Total Return Fund	17,788,013	40,307,134
T Rowe Price Institutional Structure Fund	67,523,894	60,270,632
PIMCO Unconstrained Bond Fund	31,642,756	-
Other mutual funds	5,301,292	5,460,585
Cash and short-term investments	5,475,730	7,490,080
Foreign issues	4,511,350	3,075,458
Accrued interest and other investments	1,448,854	772,502
	<u>\$ 316,325,646</u>	<u>\$ 316,193,567</u>

The value of the investment in common collective trust has been recorded using the equity method of accounting. This investment is primarily comprised of international common stocks with a goal to provide a long-term return in non-U.S. dollar denominated equity securities. Total assets, liabilities and equity of the total trust was approximately \$70,875,000, \$150,000 and \$70,725,000, respectively, at June 30, 2012. Withdrawals of funds require a written notification to the fund of at least 5 days and are not subject to time restrictions. Heartland has no unfunded commitments to the trust.

The fair value of private investment funds has been estimated using the net asset value per share of the investments. These investments are primarily in partnerships directed through several portfolio managers that follow multiple investment strategies with a goal to maintain a low volatility with returns that outperform the U.S. equity markets. Withdrawals of funds require a written notification to the fund 100 days prior to redemption and are subject to redemption semi-annually. Heartland has no unfunded commitments to the funds.

As permitted by Topic 825, Heartland has elected to measure the private investment funds at fair value. Management has elected the fair value option for these items because it more accurately reflects the portfolio returns and financial position of Heartland. Changes in fair value for these items are reported in change in net unrealized gains and losses on trading securities in the accompanying consolidated statements of operations.

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
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A summary of the limitations or restrictions on these investments at June 30, 2012 and 2011 follows:

	2012	2011
Board-designated for capital improvements and self-insured claims	\$294,809,878	\$275,887,634
Series 2009A Project Fund held by trustee	20,585,327	31,368,160
Held by trustee under bond indenture agreements	930,441	8,937,773
Total assets limited as to use	316,325,646	316,193,567
Less current portion required for current liabilities	1,540,000	1,850,000
Noncurrent assets limited as to use	<u>\$314,785,646</u>	<u>\$314,343,567</u>

A summary of investment return for 2012 and 2011 is comprised of the following:

	2012	2011
Interest and dividend income	\$ 6,044,147	\$ 5,645,735
Net gain on sale of investments	985,167	7,475,759
Change in net unrealized gains and losses	<u>(1,296,040)</u>	<u>25,241,392</u>
Total investment return	<u>\$ 5,733,274</u>	<u>\$ 38,362,886</u>
Reconciliation of total investment return reporting		
Investment income reported as:		
Other operating revenue	\$ 1,444,282	\$ 2,711,365
Other non-operations income (expense)		
Interest and dividend income from investments	4,340,137	4,149,930
Net gain on sale of investments	1,273,443	7,475,759
Change in net unrealized gains and losses	<u>(1,324,588)</u>	<u>24,025,832</u>
Total investment return	<u>\$ 5,733,274</u>	<u>\$ 38,362,886</u>

Heartland Regional Medical Center
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Note 7: Employee Benefit Plans

The Medical Center participates in Heartland's defined contribution plan (the DC Plan) and Heartland's defined benefit pension plan (the DB Plan), which collectively cover substantially all employees of Heartland.

Under the DC Plan, Heartland will contribute 3% of the employees' annual compensation. Heartland will also match 50% of the first 2% of annual compensation that has been voluntarily contributed by the employees. The Medical Center's expense related to the DC Plan was approximately \$6,392,000 and \$5,971,000 during the years ended June 30, 2012 and 2011, respectively, and is reflected as a component of employee benefits in the accompanying consolidated statements of operations.

Effective January 1, 2001, amendments were made to the DB Plan that affected the participation of employees of Heartland as follows: (a) certain employees' benefits were frozen under the DB Plan, and those employees began participating in the DC Plan; (b) certain employees were given a choice of continuing to accrue benefits under the DB Plan or switching to the DC Plan; (c) certain employees remain active in the DB Plan and are not eligible to participate in the DC Plan; and (d) employees hired after January 1, 2001 are not eligible to participate in the DB Plan, but are eligible to participate in the DC Plan.

The Medical Center's funding policy for the DB Plan is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Medical Center may determine to be appropriate from time to time. The Medical Center expects to contribute \$7,200,000 to the plan in fiscal 2013.

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Notes to Consolidated Financial Statements
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The Medical Center uses a June 30 measurement date for the DB Plan. Significant balances, costs and assumptions are:

	Pension Benefits	
	2012	2011
Change in Benefit Obligation		
Beginning of year	\$ 96,929,662	\$ 90,270,833
Service cost	1,147,028	1,076,587
Interest cost	5,114,951	5,068,588
Actuarial loss	17,779,971	4,989,600
Benefits paid and expenses	<u>(4,806,583)</u>	<u>(4,475,946)</u>
End of year	<u>116,165,029</u>	<u>96,929,662</u>
Change in Fair Value of Plan Assets		
Beginning of year	81,015,737	66,216,315
Actual return on plan assets	(76,286)	12,075,368
Employer contribution	7,200,000	7,200,000
Benefits paid and expenses	<u>(4,806,583)</u>	<u>(4,475,946)</u>
End of year	<u>83,332,868</u>	<u>81,015,737</u>
Funded status	<u><u>\$(32,832,161)</u></u>	<u><u>\$(15,913,925)</u></u>

The Medical Center's share of pension expense was approximately \$2,342,000 and \$3,379,000 in 2012 and 2011, respectively.

	2012	2011
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	3.98%	5.35%
Rate of compensation increase	2.00% to 3.00% (Age Graded)	4.00% to 5.00% (Age Graded)
Weighted-average assumptions used to determine benefit costs:		
Discount rate	5.35%	5.75%
Expected return on plan assets	7.75%	8.00%
Rate of compensation increase	4.00% to 5.00% (Age Graded)	4.00% to 5.00% (Age Graded)

Heartland Regional Medical Center
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The following table presents the components of net periodic pension cost as of June 30, 2012 and 2011:

	2012	2011
Service cost	\$ 1,147,028	\$ 1,076,587
Interest cost	5,114,951	5,068,588
Expected return on plan assets	(6,366,285)	(5,446,751)
Recognized net actuarial losses	<u>2,649,964</u>	<u>2,919,506</u>
Net periodic pension expense	<u><u>\$ 2,545,658</u></u>	<u><u>\$ 3,617,930</u></u>
	2012	2011
Assets and liabilities recognized in the Balance Sheets		
Noncurrent liabilities	<u><u>\$ 32,832,161</u></u>	<u><u>\$ 15,913,925</u></u>
Amounts recognized in the Statements of Operations		
Amounts arising during the period		
Net loss	<u><u>\$ 2,649,964</u></u>	<u><u>\$ 2,919,506</u></u>

Amounts that have been recognized in unrestricted net assets but not yet recognized as components of net periodic benefit cost consist of:

	2012	2011
Net loss	\$ 57,349,543	\$ 35,774,915
Net prior service cost	9,736	11,786

Other changes in plan assets and benefit obligations recognized in other comprehensive income:

	2012	2011
Current year actuarial gain/(loss)	\$(24,222,542)	\$ 1,639,017
Amortization of actuarial loss	2,647,914	2,917,456
Amortization of prior service cost	<u>2,050</u>	<u>2,050</u>
	<u><u>\$(21,572,578)</u></u>	<u><u>\$ 4,558,523</u></u>

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next two fiscal years is \$2,050.

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

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The accumulated benefit obligation for the defined benefit pension plan was \$114,226,498 and \$93,496,669 at June 30, 2012 and 2011, respectively.

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

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permits investment in common stocks, corporate bonds and debentures, U.S. Government securities and other specified investments, based on certain target allocation percentages.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns. The target asset allocation percentages for 2012 are as follows:

	Target	Minimum	Maximum
Equity securities	55%	40%	70%
Fixed income securities	35	35	40
Alternative investments	10	5	15

For equity securities, the plan agreement restricts investments in U.S. dollar-denominated common stock of foreign companies traded in the U.S. markets to a maximum of 12.5% of total plan assets or 25% of total equity securities. Additionally, no more than 5% of the plan's total assets may be invested in the stock of any one company.

For corporate and U.S. Government debt securities, the plan agreement restricts investments to securities bearing a BBB rating or higher and no more than 5% of the plan's total assets may be invested in any single non-U.S. government security.

At June 30, 2012 and 2011, plan assets by category are as follows:

	2012	2011
Equity securities and equity mutual funds	55%	66%
U.S. Government and Corporate debt securities	35%	34%
Other investments	10%	-
	<u>100%</u>	<u>100%</u>

Defined Benefit Plan Assets

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

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Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include money market funds, corporate stocks and fixed income mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. For alternative investments, the net asset value reported by the fund was used to determine fair value. Level 2 investments include alternative investments such as hedge funds and partnerships. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3. There were no Level 3 investments.

The fair values of Medical Center's pension plan assets at June 30, 2012 and 2011, by asset category are as follows:

2012				
Fair Value Measurements Using				
	Fair Value	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 550,020	\$ 550,020	\$ -	\$ -
Corporate stocks	11,237,521	11,237,521	-	-
Fixed income mutual funds	29,431,320	29,431,320	-	-
Equity mutual hedge funds	41,903,006	-	41,903,006	-
	<u>\$ 83,121,867</u>	<u>\$ 41,218,861</u>	<u>\$ 41,903,006</u>	<u>\$ -</u>
2011				
Fair Value Measurements Using				
	Fair Value	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 2,816,939	\$ 2,816,939	\$ -	\$ -
Corporate stocks	12,803,656	12,803,656	-	-
Fixed income mutual funds	27,570,041	27,570,041	-	-
Equity mutual hedge funds	37,735,830	-	37,735,830	-
	<u>\$ 80,926,466</u>	<u>\$ 43,190,636</u>	<u>\$ 37,735,830</u>	<u>\$ -</u>

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
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The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2012:

2013	\$ 4,877,453
2014	5,156,002
2015	5,493,849
2016	5,673,944
2017	6,060,894
2018-2022	34,524,306

The Medical Center sponsors a health and welfare plan (the Health Care Plan), which provides health and dental coverage to substantially all employees.

Heartland adopted supplemental, nonqualified, retirement benefit plans and non-competition agreements for key Medical Center executives in 2005, 2006, 2007, 2010, 2011 and 2012. The plans replace previous deferred compensation agreements. The total estimated cost for these plans is being charged to operating expense over the expected remaining service period for each individual. The expense charged to operations during 2012 and 2011 was \$1,326,000 and \$309,000, respectively.

Note 8: Related Party Transactions

All members of Heartland share certain corporate expenses, including administrative services and data processing and provide goods and services to each other in varying amounts. During the years ended June 30, 2012 and 2011, the Medical Center purchased consulting, planning, collecting and other corporate services aggregating approximately \$1,629,000 and \$1,410,000, respectively, from other Heartland affiliates. These services are charged to the Medical Center at cost with no markup.

During the years ended June 30, 2012 and 2011, the Medical Center made transfers of net assets to certain affiliates totaling \$1,520,000 and \$3,810,325, respectively.

Heartland Regional Medical Center
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The following amounts were due from (to) the Medical Center's affiliates at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Midwestern	\$ (117,979)	\$ 482,130
Properties	(15,912)	201
CHP	1,131,665	1,195,483
CHPIC	-	8,057
LTACH	8,860,366	7,557,747
Foundation	1,380,461	1,376,561
LACIE	913,679	309,594
REMSA	3,934,597	1,973,859
	<u>16,086,877</u>	<u>12,903,632</u>
Less current portion	<u>1,349,666</u>	<u>1,417,641</u>
	<u><u>\$ 14,737,211</u></u>	<u><u>\$ 11,485,991</u></u>

Note 9: Leases

The Medical Center leases certain equipment under noncancelable operating leases, which expire through 2015. The Medical Center also has agreements to lease real estate, which expire through 2058. A schedule of future minimum lease payments, net of subleases, under noncancelable operating leases with an initial term of more than one year, were:

2013	\$ 8,586,656
2014	6,842,049
2015	5,980,048
2016	5,644,597
2017	5,570,143
Thereafter	<u>21,834,442</u>
Future minimum lease payments	<u><u>\$ 54,457,935</u></u>

Total rent expense was approximately \$8,970,000 and \$8,782,000 during the years ended June 30, 2012 and 2011, respectively.

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
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Note 10: Property and Equipment

Property and equipment at June 30, 2012 and 2011 consist of the following:

	2012	2011
Land and land improvements	\$ 29,738,291	\$ 25,887,548
Buildings and fixed equipment	260,935,567	243,321,336
Moveable equipment	211,909,548	198,220,182
Construction in progress	24,617,693	7,070,913
	<u>527,201,099</u>	<u>474,499,979</u>
Less accumulated depreciation	287,003,559	260,476,915
	<u><u>\$240,197,540</u></u>	<u><u>\$214,023,064</u></u>

As of June 30, 2012 and 2011, the Medical Center has committed approximately \$64,000,000 and \$27,000,000, respectively, for costs related to various construction projects.

Note 11: Heartland Health Business Plaza, LLC Joint Venture

In July 2001, the Medical Center and a group of physicians entered into a joint venture arrangement and formed Heartland Health Business Plaza, LLC (the Joint Venture), which is incorporated in the State of Missouri. At the formation of the Joint Venture, the Medical Center contributed \$260,000 for a 21% interest in the Joint Venture and the group of physicians contributed \$1,000,000 for a 79% interest in the Joint Venture. The Joint Venture is a consolidated subsidiary in the accompanying consolidated financial statements because the Medical Center acts as the managing member of the Joint Venture and is in charge of the Joint Venture's day-to-day operations.

In June 2002, the Medical Center sold the Heartland Health Business Plaza building (the Building) to the Joint Venture for \$7,560,000. The Joint Venture financed the purchase of the Building through the use of its \$1,260,000 capital contributions and a \$6,300,000 mortgage from a financial institution. The Joint Venture then entered into a lease agreement with the Medical Center, whereby, the Medical Center could lease the Building from the Joint Venture for a term of five years with an option to extend the lease for three additional five-year periods. Pursuant to the lease agreement, the Medical Center will pay the Joint Venture an annual rent of \$964,894. Because of the Medical Center's continuing involvement in the Building, the gain of \$902,150 resulting from the Medical Center's sale of the Building to the Joint Venture will be deferred until such time as the Medical Center no longer has continuing involvement in the Building sale transaction or the lease agreement is discontinued. The gain deferred from the sale of the Building has been eliminated in the accompanying consolidated financial statements.

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Note 12: Village at Burlington Creek Office, LLC Joint Venture

In November 2011, the Medical Center and a group of other parties entered into a joint venture arrangement and formed Village at Burlington Creek Office, LLC (Burlington Creek), which is incorporated in the State of Missouri. At the formation of Burlington Creek, the Medical Center contributed \$819,000 for a 50% interest in the joint venture and the other parties contributed \$819,000 for a total 50% interest in the joint venture collectively. Burlington Creek is a consolidated subsidiary in the accompanying consolidated financial statements because the Medical Center has a 50% interest and the ability to exercise control over operations.

Burlington Creek owns two office buildings and during 2011 the Medical Center entered into a lease of one of the buildings for a term of fifteen years with a future right to purchase the building. Pursuant to the lease agreement, the Medical Center will pay Burlington Creek an annual rent of \$296,184. The annual rent payments have been eliminated in the accompanying consolidated financial statements.

Note 13: Self-Insurance

The Medical Center's professional and general liability insurance coverage is provided from a commercial carrier under a claims-made policy. Under such policy, claims made and reported to the insurance carrier are covered during the policy term when the incident is reported. Accruals for uninsured losses and the corresponding charge to operations, if any, are based upon management's estimate of losses related to both asserted and unasserted claims considering the nature of specific claims, incidents and past history. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term but reported subsequently will be uninsured. It is management's intent to renew the claims-made policy annually.

The Medical Center's professional and general liability insurance coverage includes self-insurance for a specified deductible amount per claim. The Medical Center has accrued for the uninsured portion of the actuarially estimated losses based on pending claims, historical claims experience and industry data. Accrued losses have been discounted at a rate of 3.0% at June 30, 2012 and 2011. Management believes that the accrued liability for uninsured losses is adequate to cover losses incurred to date, but the accrual is necessarily based on estimates and, therefore, the ultimate liability may be less or more than anticipated.

The Medical Center is also self-insured for workers' compensation claims. Stop-loss coverage has been purchased for individual claims exceeding \$325,000 per year. The Medical Center has accrued for the uninsured portion of the actuarially estimated losses based upon pending and historical claims experience.

At June 30, 2012 and 2011, current accrued expenses include \$1,920,000 and \$2,200,000, respectively, for professional and general liability and workers' compensation claims estimated to be paid within one year.

Health care benefits are provided through a health and welfare plan sponsored by Heartland (*see Note 7*)

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Activity in the Medical Center's accrued professional and general liability and workers' compensation claims liability during 2012 and 2011 is summarized as follows:

	2012	2011
Balance, beginning of year	\$ 16,139,441	\$ 17,011,121
Current year claims incurred and changes in estimates for claims incurred in prior years	4,928,753	745,303
Claims and expenses paid	<u>(1,938,294)</u>	<u>(1,616,983)</u>
Balance, end of year	<u><u>\$ 19,129,900</u></u>	<u><u>\$ 16,139,441</u></u>

Note 14: Fair Value of Financial Instruments

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

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

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

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Investments and Financial Instruments Included in Cash

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equity securities and money market mutual funds. Level 2 securities include U.S. Government agency obligations and private investment funds. For investments, other than the private investment funds, the inputs used by the pricing service to determine fair value may include one, or a combination of observable inputs such as benchmark yields, broker/dealer quotes, issuer spreads, benchmark securities and reference data market research publications. For the private investment funds, the net asset value reported by the fund was used to determine fair value. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3. There were no Level 3 investments.

Interest Rate Swap Agreement

The fair value of interest rate swaps are estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Fair Value Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2012 and 2011:

		2012		
		Fair Value Measurements Using		
		Quoted Prices		
		in Active	Significant	Significant
		Markets for	Other	Unobservable
		Identical	Observable	Inputs
		Assets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
	Fair Value			
Financial Assets				
U.S. Government mortgage-backed securities	\$ 17,728,405	\$ -	\$ 17,728,405	\$ -
Municipal securities	12,391,845	-	12,391,845	-
Corporate notes	42,918,804	42,918,804	-	-
Private investment funds	33,982,858	-	33,982,858	-
Common and preferred stocks	37,739,222	37,739,222	-	-
Mutual funds				
PIMCO Total Return Fund	17,788,013	17,788,013	-	-
PIMCO Unconstrained Bond Fund	31,642,756	31,642,756	-	-
T Rowe Price Institutional Structure Fund	67,523,894	67,523,894	-	-
Other mutual funds	5,301,292	5,301,292	-	-
Cash and short-term investments	5,475,139	5,475,139	-	-
Foreign issues	4,511,350	4,511,350	-	-
Financial Liabilities				
Interest rate swap agreement	(16,032,250)	-	(16,032,250)	-

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

		2011		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
U S Government mortgage-backed securities	\$ 45,311,273	\$ -	\$ 45,311,273	\$ -
U S Treasury securities	2,114,355	-	2,114,355	-
Municipal securities	1,849,758	-	1,849,758	-
Corporate notes	39,590,064	39,590,064	-	-
Private investment funds	33,574,984	-	33,574,984	-
Common and preferred stocks	37,822,448	37,822,448	-	-
Mutual funds				
PIMCO Total Return Fund	40,307,134	40,307,134	-	-
T Rowe Price Institutional Structure Fund	60,270,632	60,270,632	-	-
Other mutual funds	5,460,585	5,460,585	-	-
Cash and short-term investments	7,560,480	7,560,480	-	-
Foreign issues	3,075,458	3,075,458	-	-
Financial Liabilities				
Interest rate swap agreement	(10,869,776)	-	(10,869,776)	-

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

Cash and Cash Equivalents

The carrying amount approximates fair value.

Long-term Debt

The carrying amount of the variable rate bonds and notes is assumed to approximate fair value. Fair value of fixed rate bonds is estimated to approximate carrying value based on the borrowing rates currently available to the Medical Center for debt with similar terms and maturities.

Estimates of fair values are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates. The fair market value of the Medical Center's financial instruments at June 30, 2012 and 2011 approximates the carrying value except as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, excluding interest rate swaps	\$185,700,000	\$198,382,758	\$ 192,630,000	\$ 193,566,953

Heartland Regional Medical Center

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Note 15: Future Change in Accounting Principle

The Financial Accounting Standards Board recently issued Accounting Standards Update (ASU) No. 2011-07, "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and Allowance for Doubtful Accounts for Certain Health Care Entities." The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts related to patient service revenue to a deduction from patient service revenue and to provide enhanced disclosures around the Medical Center's policies related to uncollectible accounts. The Medical Center will apply the ASU during its fiscal year ending June 30, 2013, through retrospective application to previous years' statements for comparative purposes. The change will have no effect on the operating income or on the change in net assets.

Note 16: Commitments and Contingencies

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services. The Medical Center has a corporate compliance plan intended to meet federal guidelines. As a part of this plan, the Medical Center performs periodic internal reviews of its compliance with laws and regulations. As part of the Medical Center's compliance efforts, the Medical Center investigates and attempts to resolve and remedy all reported or suspected incidents of material noncompliance with applicable laws, regulations or policies on a timely basis. The Medical Center believes that these compliance programs and procedures lead to substantial compliance with current laws and regulations.

The Medical Center is in various stages of responding to inquiries and investigations. These various inquiries and investigations could result in fines and/or financial penalties, which could be material. At this time, the Medical Center is unable to estimate the possible liability, if any, that may be incurred as a result of these inquiries and investigations, but the Medical Center does not believe it would materially affect the financial position of the Medical Center.

Litigation and Claims

There are several court actions filed against the Medical Center by former patients and others seeking compensatory damages. Certain of these actions include claims for punitive damages that are not covered by insurance. In the opinion of management, losses, if any, that may be incurred upon the ultimate resolution of these claims would not have a material effect on the Medical Center's financial position.

Heartland Regional Medical Center
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

Current Economic Conditions

The current protracted economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Medical Center.

Current economic and financial market conditions, including the rising unemployment rate, have made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Medical Center's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values (including defined benefit pension plan investments) and allowances for accounts receivable that could negatively impact the Medical Center.

Heartland Regional Medical Center

Consolidating Balance Sheet

June 30, 2012

Assets

	Heartland Regional Medical Center	Heartland Health Business Plaza, LLC	Northland Expansion, LLC	Burlington Creek, LLC	Eliminations	Consolidated
Current Assets						
Cash and cash equivalents	\$ 16,812,886	\$ 7,440	-	\$ 116,188	\$ -	\$ 16,936,514
Patient accounts receivable, net of allowance of \$18,241,000	56,942,583	-	-	-	-	56,942,583
Inventories	8,730,387	-	-	-	-	8,730,387
Prepaid expenses and other	7,723,123	-	-	22,899	-	7,746,022
Estimated amounts due from third-party payers	3,787,677	-	-	-	-	3,787,677
Due from affiliates	1,349,666	-	-	-	-	1,349,666
Current portion of assets limited as to use	1,540,000	-	-	-	-	1,540,000
Total current assets	96,886,322	7,440	-	139,087	-	97,032,849
Assets Limited as to Use, Net of Current Portion						
	314,785,646	-	-	-	-	314,785,646
Due from Affiliates						
	16,161,961	(4,195)	(1,420,555)	-	-	14,737,211
Notes Receivable						
	3,191,976	-	-	-	-	3,191,976
Other Assets						
	5,049,733	-	-	-	(597,848)	4,451,885
Deferred Financing Costs, Net						
	3,421,009	-	-	-	-	3,421,009
Property and Equipment, Net						
	231,682,674	3,204,934	1,410,720	3,899,212	-	240,197,540
Total assets	\$ 671,179,321	\$ 3,208,179	\$ (9,835)	\$ 4,038,299	\$ (597,848)	\$ 677,818,116

Heartland Regional Medical Center

Consolidating Balance Sheet (Continued)

June 30, 2012

Liabilities and Net Assets

	Heartland Regional Medical Center	Heartland Health Business Plaza, LLC	Northland Expansion, LLC	Burlington Creek, LLC	Eliminations	Consolidated
Current Liabilities						
Current maturities of long-term debt	\$ 5,063,700	\$ 371,318	\$ -	\$ -	\$ -	\$ 5,435,018
Accounts payable	20,081,013	-	-	24,067	-	20,105,080
Construction payable	7,653,138	-	-	-	-	7,653,138
Accrued expenses	37,943,579	-	-	76,230	-	38,019,809
Total current liabilities	70,741,430	371,318	-	100,297	-	71,213,045
Long-Term Debt, Net of Current Portion	184,567,379	3,621,722	-	2,661,893	-	190,850,994
Derivative Instruments	16,032,250	-	-	-	-	16,032,250
Accrued Self-Insured Costs, Net of Current Portion	17,209,900	-	-	-	-	17,209,900
Accrued Costs for Pension and Supplemental Retirement Plans	33,837,161	-	-	-	-	33,837,161
Other Non-Current Liabilities	971,710	-	-	-	(106,600)	865,110
Total liabilities	323,359,830	3,993,040	-	2,762,190	(106,600)	330,008,460
Net Assets-Unrestricted	347,819,491	(784,861)	(9,835)	1,276,109	(491,248)	347,809,656
Total liabilities and net assets	\$ 671,179,321	\$ 3,208,179	\$ (9,835)	\$ 4,038,299	\$ (597,848)	\$ 677,818,116

Heartland Regional Medical Center

Consolidating Statement of Operations

Year Ended June 30, 2012

Unrestricted Revenues, Gains and Other Support

Net patient service revenue
 Other
 Total unrestricted revenues, gains and other support

Operating Expenses

Salaries and wages
 Employee benefits
 Professional fees
 Supplies
 General, administrative and other
 Insurance
 Depreciation and amortization
 Interest
 Provision for uncollectible accounts
 Federal reimbursement allowance

Total operating expenses

Operating Income

Other Income (Expenses)

Interest and dividend income from investments
 Net gain on sale of investments
 Change in net unrealized gains and losses on trading securities
 Change in fair value of derivative instruments
 Net loss on disposal of property and equipment
 Other
 Total other income (expense)

Excess of Revenues Over (Under) Expenses

Net asset transfers
 Donated equipment
 Change in fair value of cash flow hedging derivatives
 Change in defined benefit pension plan gain/(loss)

Increase (Decrease) in Unrestricted Net Assets

	Heartland Regional Medical Center	Heartland Health Business Plaza, LLC	Northland Expansion, LLC	Burlington Creek, LLC	Eliminations	Consolidated
\$	\$ 529,274,919	\$ -	\$ -	\$ -	\$ -	\$ 529,274,919
	33,989,368	991,042	-	309,612	(309,161)	34,980,861
	563,264,287	991,042	-	309,612	(309,161)	564,255,780
	219,725,238	-	-	11,847	-	219,737,085
	54,413,035	-	-	-	-	54,413,035
	12,631,949	2,075	-	24,837	-	12,658,861
	83,505,201	-	-	4,655	-	83,509,856
	63,642,769	2,821	-	147,630	(210,657)	63,582,563
	6,557,950	-	-	4,505	-	6,562,455
	26,580,744	248,335	9,835	99,225	-	26,938,139
	2,484,040	185,155	-	47,683	-	2,716,878
	42,083,155	-	-	-	-	42,083,155
	15,363,718	-	-	-	-	15,363,718
	526,987,799	438,386	9,835	340,382	(210,657)	527,565,745
	36,276,488	552,656	(9,835)	(30,770)	(98,504)	36,690,035
	4,340,125	-	-	12	-	4,340,137
	1,273,443	-	-	-	-	1,273,443
	(1,324,588)	-	-	-	-	(1,324,588)
	(147,800)	-	-	-	-	(147,800)
	(1,605)	-	-	-	-	(1,605)
	(1,019,602)	-	-	(315)	(423,079)	(1,442,996)
	3,119,973	-	-	(303)	(423,079)	2,696,591
	39,396,461	552,656	(9,835)	(31,073)	(521,583)	39,386,626
	(1,520,000)	(446,072)	-	(88,000)	534,072	(1,520,000)
	197,616	-	-	-	-	197,616
	(5,014,930)	-	-	-	-	(5,014,930)
	(21,572,578)	-	-	-	-	(21,572,578)
\$	\$ 11,486,569	\$ 106,584	\$ (9,835)	\$ (119,073)	\$ 12,489	\$ 11,476,734

Additional Data

Software ID:

Software Version:

EIN: 44-0545289

Name: Heartland Regional Medical Center

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			
MARK LANEY MD DIRECTOR, OFFICER	54 0	X		X				833,954	0	144,469
FRANK LEONE DIRECTOR	1 0	X						0	0	0
AL PURCELL DIRECTOR	1 0	X						0	0	0
CAROL ROEVER DIRECTOR	1 0	X						0	0	0
STEVE SCHRAM DIRECTOR	1 0	X						0	0	0
BARBARA WURTZLER DIRECTOR	1 0	X						0	0	0
DAVID CATHCART DO DIRECTOR, STAFF PHYSICIAN	59 0	X						267,654	0	14,785
JOHN OLSON MD DIRECTOR, STAFF PHYSICIAN	59 0	X						785,379	0	28,739
KAREN BAKER DIRECTOR	1 0	X						0	0	0
BRIAN BRADLEY DIRECTOR	1 0	X						0	0	0
DENNIS DOBYAN MD DIRECTOR	1 0	X						0	50,417	0
JAMES GRAVES DIRECTOR	1 0	X						0	0	0
DAN HEGEMAN DIRECTOR	1 0	X						0	0	0
DAVE HOWERY DIRECTOR	1 0	X						0	0	0
JOHN JARRETT DIRECTOR	1 0	X						0	0	0
ANDREW MCCREA DIRECTOR	1 0	X						0	0	0
MAUREEN BOYLE MD DIRECTOR, STAFF PHYSICIAN	60 0	X						453,213	0	35,335
MICHAEL NELLESTEIN MD DIRECTOR, STAFF PHYSICIAN	60 0	X						744,122	0	33,052
CURT KRETZINGER OFFICER	52 0			X				594,407	0	104,619
JOHN P WILSON OFFICER	50 0			X				540,435	0	85,973
DOUGLAS BRANDT OFFICER, CONTROLLER	50 0			X				274,400	0	74,175
KAREN DITTEMORE OFFICER, ADMIN ASST	50 0			X				64,942	0	12,228
JOE BOYCE MD OFFICER	59 0			X				372,016	0	71,142
DIRCK CLARK OFFICER	57 0			X				299,137	0	60,215
MICHAEL PULIDO OFFICER	60 0			X				304,305	0	75,201

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				
LYNN THUENTE OFFICER	60 0			X				139,769	0	12,421	
BARBIE SQUIRES OFFICER	60 0			X				80,971	0	4,110	
TAMA WAGNER OFFICER	60 0			X				196,712	0	64,757	
LISA MICHAELIS MEDICAL CENTER ADMINISTRATOR	59 0				X			371,640	0	67,124	
SCOTT KOELLIKER HEARTLAND CLINIC ADMINISTRATOR	59 0				X			284,014	0	81,295	
REBECCA PRESTON MD PHYSICIAN ADMINISTRATOR	60 0				X			0	0	0	
MOHAN HINDUPUR MD STAFF PHYSICIAN	60 0					X		1,041,073	0	24,852	
ROBERT GRANT MD STAFF PHYSICIAN	60 0					X		935,846	0	32,739	
ARVIND SHARMA MD STAFF PHYSICIAN	60 0					X		901,077	0	30,835	
FRANCISCO LAMMOGLIA MD STAFF PHYSICIAN	60 0					X		882,728	0	32,239	
ALA ABABNEH MD STAFF PHYSICIAN	60 0					X		797,652	0	29,231	
ED KAMMERER MD DIRECTOR, STAFF PHYSICIAN	60 0						X	359,973	0	29,835	
PADMAVATHI VELIGATI MD DIRECTOR, STAFF PHYSICIAN	60 0						X	448,878	0	9,800	
HELEN THOMPSON OFFICER	0 0						X	244,558	0	20,325	
RUDY WACKER OFFICER	0 0						X	592,270	0	0	
ROBERT PERMUT MD OFFICER	0 0						X	171,567	0	0	