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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

St Agnes Healthcare Inc

Doing Business As

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

900 Caton Avenue No 040

Room/suite

City or town, state or country, and ZIP + 4

Baltimore, MD 212295201

F Name and address of principal officer

Bonnie Phipps

900 Caton Avenue No 040

Baltimore, MD 212295201

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.stagnes.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1862

M State of legal domicile

MD

Part I	Summary																																										
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>ST AGNES HEALTHCARE IS COMMITTED TO SPIRITUALLY-CENTERED HEALTH CARE WHICH IS ROOTED IN THE HEALING MINISTRY OF JESUS, WITH A SPECIAL CONCERN FOR THOSE WHO ARE POOR AND VULNERABLE AS A CATHOLIC HEALTHCARE MINISTRY, WE ARE DEDICATED TO THE ART OF HEALING TO IMPROVE THE LIVES OF THOSE THAT WE SERVE, WE ADVOCATE FOR A JUST SOCIETY</div></div>																																										
Revenue	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>																																										
	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>21</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>18</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</td><td>3,529</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>396</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>4,672,367</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>-34,721</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	21	4	Number of independent voting members of the governing body (Part VI, line 1b)	18	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	3,529	6	Total number of volunteers (estimate if necessary)	396	7a	Total unrelated business revenue from Part VIII, column (C), line 12	4,672,367	7b	Net unrelated business taxable income from Form 990-T, line 34	-34,721																								
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Net Assets or Fund Balances	<table><tr><th></th><th>Beginning of Current Year</th><th>End of Year</th></tr><tr><td>20</td><td>Total assets (Part X, line 16)</td><td>484,392,822</td></tr><tr><td>21</td><td>Total liabilities (Part X, line 26)</td><td>153,786,674</td></tr><tr><td>22</td><td>Net assets or fund balances Subtract line 21 from line 20</td><td>330,606,148</td></tr></table>		Beginning of Current Year	End of Year	20	Total assets (Part X, line 16)	484,392,822	21	Total liabilities (Part X, line 26)	153,786,674	22	Net assets or fund balances Subtract line 21 from line 20	330,606,148																														
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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

SCOTT FURNISS Senior Vice President/CFO

2013-05-14

Date

Preparer's signature

Eva Nicole Gass

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

P01286320

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

Deloitte Tax LLP

1750 Tysons Boulevard Ste 800

Mclean, VA 221024219

EIN ☐ 86-1065772

Phone no ☐ (703) 251-1000

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

☐

☒

1

Briefly describe the organization’s mission

ST AGNES HEALTHCARE IS A SPIRITUALLY CENTERED HOSPITAL WHICH IS ROOTED IN THE HEALING MINISTRY OF JESUS IN THE SPIRIT OF ST ELIZABETH ANN SETON, AND IN COLLABORATION WITH OTHERS, WE CONTINUALLY REACH OUT TO ALL PERSONS IN OUR COMMUNITY WITH A SPECIAL CONCERN FOR THOSE WHO ARE POOR AND VULNERABLE AS A CATHOLIC HEALTHCARE MINISTRY AND A MEMBER OF ASCENSION HEALTH, WE ARE DEDICATED TO THE ART OF HEALING TO SUSTAIN AND IMPROVE THE LIVES OF THE INDIVIDUALS, FAMILIES AND COMMUNITIES WE SERVE, WE ADVOCATE FOR A JUST SOCIETY THROUGH OUR WORDS AND DEEDS, WE MINISTER IN AN ATMOSPHERE OF DEEP RESPECT, LOVE AND COMPASSION PATIENTS ARE OUR PASSION OUR PHYSICIANS AND ASSOCIATES ARE OUR PRIDE HEALING IS OUR JOY WE ARE WIDELY KNOWN FOR THE WAY OUR PHYSICIANS, NURSES AND ASSOCIATES COMBINE SOPHISTICATED MEDICAL TECHNOLOGY WITH SPIRITUALITY AND COMPASSION SHOULDERS-TO-SHOULDER, WE STAND UNITED IN OUR COMMITMENT TO CARE FOR THOSE IN NEED WE WILL BE A LEADER IN SERVICE EXCELLENCE

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 \$ 146,343,166 including grants of \$) (Revenue \$ 249,891,041)

ST AGNES HOSPITAL PROVIDES A SUBSTANTIAL PORTION OF ITS SERVICES TOTHE ELDERLY AND POOR DURING THE FISCAL YEAR ENDING JUNE 30, 2012, APPROXIMATELY 36% OF THE VALUE OF SERVICES RENDERED WAS TO ELDERLY PATIENTS UNDER THE MEDICARE PROGRAM, AND APPROXIMATELY 11% OF THE VALUE OF SERVICES WAS PROVIDED TO PATIENTS WHO WERE DEEMED INDIGENT UNDER STATE, COUNTY, OR HOSPITAL GUIDELINES IN THE SPIRIT OF PRINCIPLES ADOPTED BY ASCENSION HEALTH, ST AGNES HOSPITAL HAS TAKEN PROACTIVE STEPS TO ADDRESS THOSE ISSUES THAT WILL AFFECT ACCESSIBILITY, THE FINANCING, AND THE DELIVERY OF HEALTHCARE TO ALL PERSONS, ESPECIALLY THE UNINSURED, UNDERINSURED, AND THE UNDERSERVED DURING THE FISCAL YEAR ENDING JUNE 30, 2012, THE ESTIMATED UNREIMBURSED COST OF SERVICES PROVIDED TO THE ELDERLY, UNINSURED, AND UNDERINSURED TOTALED \$19,713,479, INCLUDING \$14,567,028 FOR CHARITY CARE, AND \$5,146,451 OF UNREIMBURSED MEDICAID

4b

(Code) (Expenses \$ 7,116,831 including grants of \$ 259,282) (Revenue \$ 1,000,759)

COMMUNITY BENEFITS ARE PROGRAMS OR ACTIVITIES THAT PROVIDE TREATMENTAND/OR PROMOTE HEALTH AND HEALING AS A RESPONSE TO IDENTIFIED COMMUNITYNEEDS IN AN EFFORT TO PROMOTE HEALTHY LIVING, ST AGNES HAS MADE AVAILABLE WELLNESS PROGRAMS TO THE COMMUNITY THESE PROGRAMS INCLUDE, BUT ARE NOT LIMITED TO ADULT, INFANT AND CHILD CPR CLASSES, ASTHMA CURRICULA, BARIATRIC SEMINARS, BASIC LIFE SUPPORT CLASSES, BREAST HEALTH CLINICS AND SEMINARS, FIRST AID CLASSES, JOINT AND PAIN SEMINARS, RUNNING CLINICS, BABYSITTING CLASSES, BLOOD PRESSURE, CHOLESTEROL, AND BLOOD SUGAR SCREENINGS, DIABETES AND HEART DISEASE PREVENTION EDUCATION, INTERNATIONAL EARLY LUNG CARE ACTION PROJECT STUDIES, HEART HEALTH AWARENESS PROGRAMS FOR AFRICAN AMERICAN WOMEN, GASTRO ESOPHAGEAL REFLUX DISEASE SEMINARS, ACTIVITIES IN THE PEDIATRICS WAITING ROOM OF THE COMMUNITY CARE CLINIC PROMOTING EARLY DEVELOPMENT OF READING SKILLS, ACTIVITIES RELATED TO THE SUCCESSFUL DISCHARGE OF PATIENTS SUCH AS PROVIDING TRANSPORTATION, PRESCRIPTIONS, OXYGEN, DURABLE MEDICAL EQUIPMENT, AND SHORT-TERM STAYSIN NURSING OR REHABILITATION CENTERS, AND PROVIDING GYNECOLOGICAL SERVICES TO UNINSURED, LARGELY SPANISH SPEAKING PERSONS AT THE ESPERANZA CLINIC, AND THE WELL4LIFE PROGRAM, WHICH USES A MULTIDISCIPLINARY APPROACH TO WEIGHT LOSS, EXERCISE, LIFESTYLE AND MINDSET CHANGES, FOCUSED ON BATTLING OBESITY CHALLENGES ST AGNES HEALTHCARE HAS A LONG STANDING TRADITION OF PROVIDING MEDICALEDUCATION AND TRAINING ST AGNES ADMINISTERS A FIVE YEAR, FULLYACCREDITED, GENERAL SURGERY RESIDENCY PROGRAM CONSISTING OF TWENTYSURGICAL RESIDENTS THIS ACADEMICALLY ORIENTED, COMMUNITY BASED, UNIVERSITY AFFILIATED RESIDENCY PROGRAM IS THE SECOND OLDEST SURGICAL RESIDENCY PROGRAM IN THE UNITED STATES THE PROGRAM IS ACTIVE IN BOTH BASIC AND ADVANCED LAPAROSCOPIC SURGERY RESIDENTS ARE OFFERED A BROAD BASED SURGICAL EXPERIENCE WITH EXPOSURE NOT ONLY TO THE FIELD OF GREATER GENERAL SURGERY, BUT ALSO TO ALL THE SURGICAL SPECIALTIES THERE IS EXTENSIVE EXPERIENCE AND TRAINING IN MANAGING THE CRITICALLY ILL SURGICAL PATIENT ADDITIONALLY, THE PROGRAM ALSO CONTAINS ROTATIONS IN BURN MANAGEMENT, TRAUMA, TRANSPLANT AND GASTROINTESTINAL ENDOSCOPY THE DEPARTMENT OF SURGERY INCLUDES MORE THAN 198 SURGEONS IN 10 SURGICAL SPECIALTIES THERE ARE TWENTY-SIX FULL-TIME SURGEONS IN THE DEPARTMENT COMPLEMENTED BY ATTENDING SURGEONS WHO ARE DEDICATED TO THE RESIDENCY-TRAINING PROGRAM AND ARE ACTIVELY INVOLVED IN THE TEACHING PROGRAM MEDICAL STUDENTS HAVE ALSO BEEN A PART OF ST AGNES' TRAINING PROGRAM FOR MORE THAN SIX DECADES THE OPPORTUNITY FOR THE RESIDENTS TO TEACH THE STUDENTS CONTRIBUTES SIGNIFICANTLY TO THE PROFESSIONAL DEVELOPMENT OF THE RESIDENT AND PROVIDES A VITAL SERVICE TO THE STUDENT ST AGNES ALSO HAS A MEDICAL RESIDENCY PROGRAM CONSISTING OF FORTYRESIDENTS THE DYNAMIC INTERACTION BETWEEN THE FACULTY AND THE HOUSESTAFF CREATES A STIMULATING INTELLECTUAL ENVIRONMENT CENTERED ON THEKEY PRINCIPLES OF PATIENT CARE, EDUCATION AND CLINICAL RESEARCH SIMILAR TO THE SURGICAL RESIDENTS, THE MEDICAL RESIDENTS ARE INVOLVED IN THE TEACHING OF MEDICAL STUDENTS DUE TO ST AGNES' AFFILIATION WITH THE UNIVERSITY OF MARYLAND MEDICAL SCHOOL AND JOHNS HOPKINS SCHOOL OF MEDICINE, THE RESIDENTS ARE PRESENTED AN OPPORTUNITY TO ROTATE THROUGH THOSE HOSPITALS, FURTHER ENRICHING THE PATIENT CARE EXPERIENCE THE RESIDENCY PROGRAM ALLOWS THE RESIDENTS TO BECOME PROFICIENT IN OBTAINING CLINICAL DATA BY PATIENT INTERVIEW, PHYSICAL EXAMINATION, AND INTERPRETATION OF LABORATORY DATA THE RESIDENTS ALSO BECOME PROFICIENT IN UTILIZING CLINICAL DATA TO PRIORITIZE PROBLEMS AND FORMULATE DIFFERENTIAL DIAGNOSES THE TRAINING PROGRAM HELPS THE RESIDENTS LEARN TO FORMULATE DIAGNOSTIC AND THERAPEUTIC PLANS DEMONSTRATING AWARENESS OF RISKS, BENEFITS, COSTS, PATIENT PREFERENCES, AND ETHICAL AND PSYCHOSOCIAL ISSUES

4c

(Code) (Expenses \$ 142,795,180 including grants of \$) (Revenue \$ 158,690,911)

ST AGNES HOSPITAL PROVIDES THE FOLLOWING INPATIENT AND OUTPATIENT MEDICAL SERVICES TO THE COMMUNITY AMBULATORY CARE CENTER SERVICES, CARDIOVASCULAR SERVICES, CANCER TREATMENT SERVICES, EMERGENCY CARE CENTER SERVICES, LABORATORY SERVICES, ORTHOPEDIC SERVICES, PAIN MANAGEMENT, PRIMARY CARE PHYSICIANS, RADIOLOGY SERVICES, REHABILITATION SERVICES, SLEEP STUDIES, STROKE SERVICES, OBSTETRICS, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH THERAPY, WOUND CARE, RESPIRATORY THERAPY, SURGERY, PEDIATRICS, IMAGING CLINIC, BARIATRIC SERVICES, RESPIRATORY THERAPY, WOMEN'S HEALTH SERVICES, DIABETES WELLNESS PROGRAMS, PALLIATIVE CARE SERVICES, AND AN ANTICOAGULATION CLINIC SOME OF THE SERVICES LISTED OPERATE AT A LOSS IN ORDER TO ENSURE THAT ALL SERVICES ARE AVAILABLE TO MEET COMMUNITY HEALTH CARE NEEDS DURING THE FISCAL YEAR ENDING JUNE 30, 2012, OUR HOSPITAL TREATED 19,154 INPATIENT ADULTS AND CHILDREN IN THE COMMUNITY FOR A TOTAL OF 79,965 PATIENT DAYS OF SERVICE THE HOSPITAL ALSO PROVIDED SERVICES TO 514,590 OUTPATIENTS, INCLUDING 6,898 OUTPATIENT SURGERY PATIENTS, 70,097 EMERGENCY ROOM VISITS, AND 68,776 CLINIC VISITS

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)





















4e

Total program service expenses

\$ 296,255,177

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	298			
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	3,529			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	21		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	18
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	MD
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	Scott Furniss 900 Caton Avenue Baltimore, MD 21229 (410) 368-3130

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Sister Patricia Ann Bossle DC Board Director	1 80	X						0	0	0
(2) Sam V Sydney MD Board Director	2 10	X						0	0	0
(3) Marc G Bunting Board Director	2 40	X						0	0	0
(4) Hector L Torres Board Director	1 50	X						0	0	0
(5) A Gregory Kelly Jr Board Director	3 00	X						0	0	0
(6) Charles G Tildon III Board Director	2 10	X						0	0	0
(7) Bruce R Grndrod Jr Board Director	2 40	X						0	0	0
(8) Sister Ellen Marie Hagar Board Director	2 40	X						0	0	0
(9) M Sue Lovell Board Director	1 50	X						0	0	0
(10) James B Sellinger Board Director	2 70	X						0	0	0
(11) Mohannad Jishi Board Director	3 00	X						0	0	0
(12) Irene Knott Board Director	1 40	X						0	0	0
(13) Carole Miller MD Board Director	50 00	X						495,320	0	52,809
(14) Jack Stansbury Board Director	2 80	X						0	0	0
(15) Sister Mary Lou Stubbs Board Director	2 20	X						0	0	0
(16) Albert R Counselman Board Director	2 30	X						0	0	0
(17) Ronald Schack Board Director	1 40	X						0	0	0

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Gary N Geisel Board Chair	4 40	X		X				0	0	0
(19) Paul J Chew Board Vice Chair/Treasurer	2 80	X		X				0	0	0
(20) Bonnie L Phipps President	50 00	X		X				1,155,518	0	26,142
(21) Carlos S Ince Jr MD Secretary	1 80	X		X				0	0	0
(22) Scott Furniss Senior VP/CFO	50 00			X				259,389	0	28,080
(23) Adrian Long MD Executive VP/CMO	50 00				X			434,671	0	34,997
(24) George T Grace MD Medical Dir Plastic/Hand	50 00					X		921,426	0	50,769
(25) Howard S Hessian MD Medical Director Otolaryngology	50 00					X		793,259	0	47,488
(26) Lawrence Shin MD Orthopedic Surgeon	50 00					X		769,402	0	29,369
(27) Michael A Zatina MD Surgical Director Cardiovascular Inst	50 00					X		664,635	0	43,219
(28) Viney Setya MD Chief General Surgery	50 00					X		561,777	0	22,585
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								6,055,397	0	335,458

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶245

		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	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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) Name and business address	(B) Description of services	(C) Compensation
Eagleeye Radiology Inc 12100 Sunrise Valley Drive Reston, VA 20191	Radiology Services	1,105,000
Drs Hicken Cranley & Taylor PA 2300 W Joppa Road Lutherville, MD 21093	Contractual Services	960,762
Alliant Staffing 7201 Wisconsin Avenue Bethesda, MD 20814	Nursing Services	509,111
Access Nursing Services of MD Inc 480 Bedford Road Chappaqua, NY 10514	Nursing Services	408,949
Sleep Services of America Inc PO Box 198320 Atlanta, GA 30384	Contractual Services	400,667
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 ▶50		

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a						
	b	Membership dues	1b						
	c	Fundraising events	1c						
	d	Related organizations	1d	1,798,500					
	e	Government grants (contributions)	1e	155,890					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f						
	g	Noncash contributions included in lines 1a-1f \$ _____							
	h	Total. Add lines 1a-1f		1,954,390					
Program Service Revenue			Business Code						
	2a	Patient Revenue	621990	408,130,824	403,458,457	4,672,367			
	b	Ancillary Joint Vent	900099	4,835,590	4,835,590				
	c	System Support	900099	744,085	744,085				
	d	Medical Student	900099	544,579	544,579				
	e								
	f	All other program service revenue							
	g	Total. Add lines 2a-2f		414,255,078					
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		-3,804,345			-3,804,345		
	4	Income from investment of tax-exempt bond proceeds . .							
	5	Royalties							
	6a	Gross rents	(i) Real	(ii) Personal					
			789,346						
			b	Less rental expenses	1,461				
			c	Rental income or (loss)	787,885				
	d	Net rental income or (loss)		787,885			787,885		
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
			b	Less cost or other basis and sales expenses					
			c	Gain or (loss)					
	d	Net gain or (loss)							
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a						
			b	Less direct expenses	b				
			c	Net income or (loss) from fundraising events . .					
	9a	Gross income from gaming activities See Part IV, line 19	a						
			b	Less direct expenses	b				
			c	Net income or (loss) from gaming activities . .					
	10a	Gross sales of inventory, less returns and allowances	a						
			b	Less cost of goods sold	b				
			c	Net income or (loss) from sales of inventory . .					
Miscellaneous Revenue		Business Code							
11a	Cafeteria Revenue	900099	1,540,658			1,540,658			
b	Net Assets Released	900099	920,141			920,141			
c									
d	All other revenue		3,698,585			3,698,585			
e	Total. Add lines 11a-11d		6,159,384						
12	Total revenue. See Instructions		419,352,392	409,582,711	4,672,367	3,142,924			

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	237,125	237,125		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	22,157	22,157		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,945,665		1,945,665	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	15,169,393	13,186,511	1,982,882	
7	Other salaries and wages	162,595,973	138,424,964	24,171,009	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	-20,791,320	-17,540,396	-3,250,924	
9	Other employee benefits	15,896,170	13,410,650	2,485,520	
10	Payroll taxes	12,771,656	10,774,684	1,996,972	
11	Fees for services (non-employees)				
a	Management				
b	Legal	528,816	53,169	475,647	
c	Accounting	137,172		137,172	
d	Lobbying	31,581		31,581	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	30,961,781	19,643,937	11,317,844	
12	Advertising and promotion	1,026,706	81,256	945,450	
13	Office expenses	3,534,997	334,723	3,200,274	
14	Information technology	11,549,979	11,549,979		
15	Royalties				
16	Occupancy	2,531,281	1,896,541	634,740	
17	Travel	208,240	89,967	118,273	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	216,552	125,267	91,285	
20	Interest	2,966,184		2,966,184	
21	Payments to affiliates	2,560,970		2,560,970	
22	Depreciation, depletion, and amortization	17,769,005	8,565,640	9,203,365	
23	Insurance	893,740	1,876,760	-983,020	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	61,532,126	61,532,126		
b	Bad Debts	12,520,879	12,520,879		
c	Utilization	11,470,118	11,470,118		
d	Utilities	3,767,758	3,767,758		
e					
f	All other expenses	13,824,463	4,231,362	9,593,101	
25	Total functional expenses. Add lines 1 through 24f	365,879,167	296,255,177	69,623,990	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			10,174,402	1	7,916,719
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net			3,295,641	3	3,455,326
	4	Accounts receivable, net			45,978,875	4	49,153,597
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net			554,544	7	385,634
	8	Inventories for sale or use			4,775,336	8	5,677,080
	9	Prepaid expenses and deferred charges			1,888,963	9	2,326,023
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	353,646,433			
	b	Less: accumulated depreciation	10b	137,348,730	212,342,203	10c	216,297,703
	11	Investments—publicly traded securities			3,017,359	11	2,865,447
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11			16,044,977	13	16,875,566
	14	Intangible assets			1,486,920	14	2,141,499
	15	Other assets. See Part IV, line 11			184,833,602	15	191,401,536
	16	Total assets. Add lines 1 through 15 (must equal line 34)			484,392,822	16	498,496,130
Liabilities	17	Accounts payable and accrued expenses			48,101,034	17	42,201,112
	18	Grants payable				18	
	19	Deferred revenue			11,710	19	3,070,851
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties			80,006,845	24	79,381,095
	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			25,667,085	25	28,288,994
	26	Total liabilities. Add lines 17 through 25			153,786,674	26	152,942,052
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			319,306,971	27	333,027,422
	28	Temporarily restricted net assets			11,168,819	28	12,402,229
	29	Permanently restricted net assets			130,358	29	124,427
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			330,606,148	33	345,554,078
	34	Total liabilities and net assets/fund balances			484,392,822	34	498,496,130

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	419,352,392
2	Total expenses (must equal Part IX, column (A), line 25)	2	365,879,167
3	Revenue less expenses Subtract line 2 from line 1	3	53,473,225
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	330,606,148
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-38,525,295
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	345,554,078

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		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 St Agnes Healthcare Inc	Employer identification number 52-0591657
---	--

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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>

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 St Agnes Healthcare Inc	Employer identification number 52-0591657
---	--

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

1	Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

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

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		31,581
	j Total lines 1c through 1i			31,581
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	LOBBYING EXPENSES REPRESENT THE DUES PAID TO NATIONAL AND STATE HOSPITAL ASSOCIATIONS, A PORTION OF WHICH IS SPECIFICALLY ALLOCABLE TO LOBBYING

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
St Agnes Healthcare Inc

Employer identification number
52-0591657

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

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

2

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

a

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

b

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

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

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

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

a

☐ Public exhibition

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

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	3,098,333	2,685,977	2,374,969	2,926,667
b	Contributions				
c	Investment earnings or losses	-153,860	412,356	311,008	-551,698
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance	2,944,473	3,098,333	2,685,977	2,374,969

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 96 000 %

c

Term endowment ▶ 4 000 %

3a

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

	Yes	No
(i) unrelated organizations	3a(i) Yes	
(ii) related organizations	3a(ii)	No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		488,600		488,600
b Buildings		147,009,223	27,300,151	119,709,072
c Leasehold improvements		1,926,670	996,350	930,320
d Equipment		82,632,120	54,441,276	28,190,844
e Other		121,589,820	54,610,953	66,978,867
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				216,297,703

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
		PART V, LINE 4, ENDOWMENT FUNDS WHITEFORD ENDOWMENT - 50% TO BE UTILIZED TO ERECT A WING OR ADDITIONAL BUILDING, ADDITIONAL 50% MAY BE USED TO SUPPORT HOSPITAL OPERATIONS JENKINS ENDOWMENT - THIS ENDOWMENT WAS ESTABLISHED IN 1911, A PORTION OF THE EARNINGS FROM THE FUND IS RESTRICTED FOR THE CARE OF CANCER PATIENTS IN AUGUST 2012, THE TIME RESTRICTIONS WILL HAVE BEEN MET AND ST AGNES PLANS TO USE THE REMAINING BALANCE TO FUND THE CAMPUS REVITALIZATION PROJECT BROWNE ENDOWMENT - ESTABLISHED FOR USE BY CARDIAC UNIT TO AID THE INDIGENT GITTINGS ENDOWMENT - CREATED TO PROVIDE A BED IN THE CHILDREN'S WARD PART X, THE ORGANIZATION DOES NOT CONDUCT A SEPARATE AUDIT OF ITS FINANCIAL STATEMENTS, BUT IS INCLUDED IN THE ASCENSION HEALTH SYSTEM CONSOLIDATED AUDITED FINANCIAL STATEMENTS PER THE FINANCIAL STATEMENTS OF ASCENSION HEALTH, THERE IS NO CURRENT YEAR ASC 740 (FORMERLY KNOWN AS FIN 48) FOOTNOTE

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
St Agnes Healthcare Inc

Employer identification number
52-0591657

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			14,567,028		14,567,028	4 140 %
b Medicaid (from Worksheet 3, column a)			10,585,924	5,439,473	5,146,451	1 460 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			25,152,952	5,439,473	19,713,479	5 600 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,643,408	57,327	2,586,081	0 740 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			2,985,936	673,508	2,312,428	0 660 %
h Research (from Worksheet 7)			448,137	269,924	178,213	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,039,350		1,039,350	0 280 %
j Total Other Benefits			7,116,831	1,000,759	6,116,072	1 730 %
k Total. Add lines 7d and 7j			32,269,783	6,440,232	25,829,551	7 330 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			78,205	30,000	48,205	0 010 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			78,205	30,000	48,205	0 010 %

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?	1Yes	
2	Enter the amount of the organization's bad debt expense	212,520,879	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3103,385	
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)	5143,364,770	
6	Enter Medicare allowable costs of care relating to payments on line 5	6124,831,658	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	718,533,112	
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9aYes	
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.	9bYes	

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

ST AGNES HEALTHCARE INC

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% 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 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

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? 8

Name and address		Type of Facility (Describe)
1	PLASTIC AND RECONSTRUCTIVE SURGERY 300 FREDERICK ROAD SUITE 200 CATONSVILLE, MD 21228	PLASTIC SURGERY
2	WOMEN'S CENTER IN COLUMBIA 10910 LITTLE PATUXENT PARKWAY STE 100 COLUMBIA, MD 21044	BLOOD DRAWING STATION
3	ST AGNES MEDICAL CENTER 700 GEIPE ROAD BALTIMORE, MD 21228	BLOOD DRAWING STATION
4	COMMUNITY CENTER OUTREACH AT BALTIMORE M 900 CATON AVENUE BALTIMORE, MD 21229	BLOOD DRAWING STATION
5	PINE HEIGHTS PROFESSIONAL BUILDING 1001 PINE HEIGHTS AVENUE SUITE 202 BALTIMORE, MD 21229	BLOOD DRAWING STATION
6	BENSON AVENUE MEDICAL CENTER 3421 BENSON AVENUE BALTIMORE, MD 21227	WOUND CARE CENTER
7	SETON IMAGING CENTER 3449 WILKINS AVENUE BALTIMORE, MD 21229	DIAGNOSTIC IMAGING
8	SURGERY CENTER OF ELLICOTT CITY 10025 GOVERNOR WARFIELD PKWY SUITE 410 COLUMBIA, MD 21044	OUTPATIENT SURGICAL CENTER
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, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 3c GENERALLY, DISCOUNTED CARE TO LOW INCOME INDIVIDUALS IS PROVIDED ON A SLIDING SCALE FOR THOSE NOT EXCEEDING 300% OF THE FEDERAL POVERTY LEVEL FOR EMERGENCY DEPARTMENT PATIENTS AND OTHER OUTPATIENTS (ACCOUNT BALANCES UNDER \$500 00) MAY BE GRANTED CHARITY EXCLUSIVELY BASED UPON THE USE OF THE AUTOMATED ELIGIBILITY SOFTWARE ONLY IN THOSE INSTANCES, A SIGNED/COMPLETED APPLICATION WILL NOT BE REQUIRED ADDITIONALLY, PATIENTS MAY ALSO BE ELIGIBLE FOR CHARITY CARE IF THEY MEET CRITERIA THAT WOULD DETERMINE THAT THEY ARE EXPERIENCING A FINANCIAL HARDSHIP FINANCIAL HARDSHIP IS DEFINED AS MEDICAL DEBT FOR MEDICALLY NECESSARY SERVICES INCURRED BY A FAMILY WITH INCOME BELOW 500% OF THE FEDERAL POVERTY LEVEL THAT EXCEEDS 25% OF THE FAMILY INCOME OVER A 12 MONTH PERIOD MEDICAL DEBT IS OUT OF POCKET EXPENSES, EXCLUDING COPAYMENTS, COINSURANCE AND DEDUCTIBLES FOR MEDICAL COSTS BILLED BY ST AGNES HEALTHCARE THE PATIENT AND ANY IMMEDIATE FAMILY MEMBER OF THE PATIENT LIVING IN THE SAME HOUSEHOLD ARE ELIGIBLE

Identifier	ReturnReference	Explanation
		<p>Part I, Line 7 THE COSTING METHODOLOGY USED TO COMPLETE LINE 7A (CHARITY CARE) AND LINE 7B (UNREIMBURSED MEDICAID) IN THE TABLE WAS THE COST TO CHARGE RATIO THE COST TO CHARGE RATIO WAS CALCULATED IN ACCORDANCE WITH WORKSHEET 2 OF THE INTERNAL REVENUE SERVICE INSTRUCTIONS FOR SCHEDULE H, WHICH SUGGESTS USING THE OPERATING EXPENSES FROM THE FILING ENTITY'S FINANCIAL STATEMENTS, EXCLUDING BAD DEBT AND CERTAIN OTHER ADJUSTMENTS, AND APPLYING THE RESULT TO THE GROSS CHARGES FROM THE FILING ENTITY'S FINANCIAL STATEMENTS THE RESULTING RATIO IS USED TO CALCULATE CHARITY CARE AT COST AND UNREIMBURSED MEDICAID PART I LINE 7 CHARITY CARE AT COST - LINE 7A COLUMN D MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL MARYLAND'S UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE PT I LINE 7 UNREIMBURSED MEDICAID - COLUMN C,D,E,FMARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL MARYLAND'S UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO , MEDICAID RECOGNIZES FULL REIMBURSEMENT THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE-SETTING SYSTEM THE AMOUNTS REPORTED IN PART I,LINE 7B REPRESENT UNREIMBURSED MEDICAID COSTS FOR UNREGULATED HEALTH CARE ACTIVITIES AND THE MEDICAID ASSESSMENT PART I LINE 7 COLUMN FBAD DEBT EXPENSE FROM PART IX, STATEMENT OF FUNCTIONAL EXPENSES,EXCLUDED FROM THE DENOMINATOR USED TO CALCULATE TOTALCHARITY CARE EXPENSE WAS \$12,520,879</p>

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 THE STATE OF MARYLAND IS AN "ALL PAYOR" STATE REGULATED BY THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) WHERE ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL THEREFORE, SELF PAY DISCOUNTS, ARE LARGELY NOT APPLICABLE FOR REGULATED ACTIVITY AND HAVE NO IMPACT ON BAD DEBT EXPENSE THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE, AT COST, ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS ESTIMATED BY EXAMINING ALL BAD DEBT WRITE-OFFS AT THE PATIENT ACCOUNT LEVEL DURING THE FISCAL YEAR THOSE ACCOUNTS THAT HAD AN INSURANCE CLASSIFICATIONS OF CHARITY, CHARITY PENDING, OR MEDICAID PENDING THAT WAS SUBSEQUENTLY WRITTEN OFF TO BAD DEBT, ARE ASSUMED TO BE PATIENTS THAT WOULD HAVE BEEN ELIGIBLE FOR ASSISTANCE UNDER THE CHARITY CARE POLICY IF SUFFICIENT INFORMATION WOULD HAVE BEEN PROVIDED TO MAKE THAT DETERMINATION THE SUM OF THOSE ACCOUNTS IS REPORTED IN SECTION A, LINE 3 PART III LINE 4</p> <p>SECTION A - BAD DEBT EXPENSENET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYORS, AND OTHERS FOR SERVICES PROVIDED AND INCLUDES ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH THIRD-PARTY PAYORS REVENUE UNDER CERTAIN THIRD-PARTY PAYOR AGREEMENTS IS SUBJECT TO AUDIT, RETROACTIVE ADJUSTMENTS, AND SIGNIFICANT REGULATORY ACTIONS PROVISIONS FOR THIRD-PARTY PAYOR SETTLEMENTS AND ADJUSTMENTS ARE ESTIMATED IN THE PERIOD THE RELATED SERVICES ARE PROVIDED AND ADJUSTED IN FUTURE PERIODS AS ADDITIONAL INFORMATION BECOMES AVAILABLE AND AS FINAL SETTLEMENTS ARE DETERMINED LAWS AND REGULATIONS GOVERNING THE MEDICARE AND MEDICAID PROGRAMS ARE COMPLEX AND SUBJECT TO INTERPRETATION AS A RESULT, THERE IS AT LEAST A POSSIBILITY THAT RECORDED ESTIMATES WILL CHANGE BY A MATERIAL AMOUNT IN THE NEAR TERM DURING 2012 AND 2011, APPROXIMATELY 46 2% AND 45 3%, RESPECTIVELY, OF NET PATIENT SERVICE REVENUE WAS RECEIVED UNDER THE MEDICARE PROGRAM AND 15 2% AND 15 0%, RESPECTIVELY, UNDER VARIOUS STATE MEDICAID PROGRAMS THE HEALTH MINISTRY GRANTS CREDIT WITHOUT COLLATERAL TO ITS PATIENTS, MOST OF WHOM ARE LOCAL RESIDENTS AND ARE INSURED UNDER THIRD-PARTY PAYOR ARRANGEMENTS SIGNIFICANT CONCENTRATIONS OF ACCOUNTS RECEIVABLE AT JUNE 30, 2012 AND 2011 INCLUDE MEDICARE (27 2% AND 24 0%, RESPECTIVELY) AND VARIOUS STATES' MEDICAID (19 6% AND 22 2%, RESPECTIVELY) PROGRAMS THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF EXPECTED NET COLLECTIONS CONSIDERING ECONOMIC CONDITIONS, HISTORICAL EXPERIENCE, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY, INCLUDING THOSE AMOUNTS NOT COVERED BY INSURANCE THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE AND REASONABLE EFFORTS TO COLLECT FROM THE PATIENT HAVE BEEN EXHAUSTED, THE HEALTH MINISTRY FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST DUE PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY ASCENSION HEALTH ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE HEALTH MINISTRY'S POLICIES</p>

Identifier	ReturnReference	Explanation
		Part III, Line 8 INCLUDED IN LINE 5 AND 6 OF SECTION B ARE MEDICARE ALLOWABLE COSTS AND REIMBURSEMENT REPORTED ON THE HOSPITAL'S MEDICARE COST REPORT THIS INCLUDES REIMBURSABLE ACUTE HOSPITAL SERVICES IN ADDITION, THE HOSPITAL HAS ALSO INCLUDED MEDICARE NET REVENUES AND EXPENSES FOR NON-HOSPITAL SERVICES NECESSARY TO SUPPORT HOSPITAL OPERATIONS THIS INCLUDES PROFESSIONAL RADIOLOGY, ANESTHESIA AND OTHER PHYSICIAN SPECIALTY SERVICES THE MEDICARE SURPLUS OF \$30,191,601 FOR HOSPITAL SERVICES WAS CALCULATED BY SUBTRACTING THE MEDICARE COSTS (GROSS MEDICARE REVENUE MULTIPLIED BY THE COST TO CHARGE RATIOS REPORTED ON THE MEDICARE COST REPORT) FROM THE MEDICARE PAYMENTS NON-HOSPITAL SERVICES SHORTFALL OF \$11,658,489 WAS CALCULATED BY MULTIPLYING EACH NON-HOSPITAL SERVICES' MEDICARE PATIENT SHARE BY THE NON-HOSPITAL SERVICES' ANNUAL OPERATING LOSS MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL THIS UNIQUE PAYMENT SYSTEM IS DESIGNED FOR ALL PAYORS TO SHARE THE COST OF HEALTHCARE EQUALLY, MEANING THE COST SHIFTING TO PRIVATE PAYORS, THAT IS COMMONLY SEEN IN OTHER STATES, IS NOT EXPERIENCED IN MARYLAND THIS MODEL RESULTS IN A SURPLUS OF PAYMENT OVER EXPENSE

Identifier	ReturnReference	Explanation
		<p>Part III, Line 9b IT IS ST AGNES HEALTHCARE'S POLICY TO PLACE ACCOUNTS THAT HAVE BEEN WRITTEN OFF TO BAD DEBT WITH A COLLECTION AGENCY FOR ADDITIONAL COLLECTION EFFORT PATIENTS MAY APPLY FOR FINANCIAL ASSISTANCE AT ANY TIME DURING THE REVENUE CYCLE PATIENTS WHO WORK TO APPLY FOR CHARITY CARE WHOSE ACCOUNT RESIDES AT THE AGENCY WILL BE REFERRED TO THE HOSPITAL BY THE AGENCY THE AGENCY WILL DELETE THE ACCOUNT AND THE HOSPITAL WILL WORK WITH THE PATIENT TO COMPLETE THE CHARITY CARE APPLICATION PROCESS EMERGENCY DEPARTMENT PATIENTS AND OTHER OUTPATIENTS (ACCOUNT BALANCES UNDER \$500 00) MAY BE GRANTED CHARITY EXCLUSIVELY BASED UPON THE USE OF AN AUTOMATED ELIGIBILITY SOFTWARE A SIGNED/COMPLETED APPLICATION WILL NOT BE REQUIRED IN THOSE INSTANCES PART V, SECTION B 13G ST AGNES HEALTHCARE DISPLAYS SIGNAGE, IN BOTH ENGLISH AND SPANISH IN ALL REGISTRATION AREAS THAT INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS AND CONTACT INFORMATION THE SIGNAGE IS ACCOMPANIED BY BROCHURES THAT EXPLAIN THE VARIOUS FINANCIAL ASSISTANCE PRAGRAMS THAT ARE AVAILABLE THE MARYLAND STATE FINANCIAL ASSISTANCE APPLICATION IS ALSO AVAILABLE REGISTRATION AREAS ARE ROUTINELY CHECKED TO INSURE THESE MATERIALS ARE PROMINENTLY DISPLAYED ST AGNES HEALTHCARE HAS EMPLOYEES WHO ARE RESPONSIBLE FOR SCREENING ADMISSIONS TO IDENTIFY PATIENTS WHO MAY BE ELIGIBLE FOR CHARITY, MEDICAID, OR OTHER STATE PROGRAMS ONCE THESE PATIENTS ARE IDENTIFIED, ST AGNES HEALTHCARE EMPLOYEES ASSIST THEM WITH COMPLETING THE ELIGIBILITY PROCESS ALL IMPATIENTS ARE PROVIDED THE PATIENT BILLING AND FINANCIAL ASSISTANCE INFORMATION SHEET AT THE TIME OF ADMISSION IT IS ALSO MAILED TO THE PATIENT WITH THE SUMMARY BILL THAT IS SENT AFTER DISCHARGE THE INFORMATION SHEET IS PROVIDED IN BOTH ENGLISH AND SPANISH AND PROVIDES THE PATIENT WITH INFORMATION REGARDING ST AGNES HEALTHCARE'S FINANCIAL ASSISTANCE AND MEDICAL ASSISTANCE AND THE PATIENT'S RIGHTS AND OBLIGATIONS A PUBLIC NOTICE IS ALSO PUBLISHED ANNUALLY IN THE BALTIMORE SUN NEWSPAPER NOTIFYING THE PUBLIC OF THE AVAILABILITY OF UNCOMPENSATED CARE AT ST AGNES HEALTHCARE ADDITIONALLY, THE CHARITY APPLICATION PROCESS IS ALSO DESCRIBED ON OUR WEBSITE PART V, SECTION B 19D A STATE REGULATORY AGENCY, THE HEALTH SERVICES COST REVIEW COMMISSION, ESTABLISHES RATES FOR ALL MARYLAND HOSPITALS ALL PAYORS ARE CHARGED THE SAME RATE PART V, SECTION B 21 A STATE REGULATORY AGENCY, THE HEALTH SERVICES COST REVIEW COMMISSION, ESTABLISHES RATES FOR ALL MARYLAND HOSPITALS ALL PAYORS ARE CHARGED THE SAME RATE</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 2 ST AGNES HEALTHCARE TYPICALLY PREPARES A COMMUNITY NEEDS ASSESSMENT ON A THREE YEAR CYCLE THE HEALTH STATUS OF A COMMUNITY CAN BE MEASURED BY A VARIETY OF METHODS CONSIDERATIONS CAN INCLUDE BIRTH AND DEATH RATES, LIFE EXPECTANCY, MORBIDITY, HEALTH INSURANCE COVERAGE, HEALTH RESOURCES AVAILABILITY, AND POPULATION DATA TO THE EXTENT POSSIBLE, ST AGNES HEALTHCARE SEEKS TO CONSIDER MANY OF THESE FACTORS ST AGNES HEALTHCARE'S COMMUNITY NEEDS ASSESSMENT FOCUSES ON HEALTH STATUS INDICATORS THAT HAVE BEEN GROUPED INTO FOUR KEY AREAS DEMOGRAPHICS, SOCIOECONOMIC STATUS, HEALTH STATUS, AND HEALTH RESOURCE UTILIZATION/PHYSICIAN MANPOWER NEEDS TO SUPPORT THE ANALYSIS, READILY AVAILABLE DATA WAS GATHERED FROM THE U S CENSUS AND MARYLAND DISCHARGE DATABASES FOR INPATIENT AND EMERGENCY SERVICES, AND POPULATION FORECASTS THE FIRST HEALTH STATUS INDICATOR GROUPING INVOLVES DEMOGRAPHICS THE ANALYSIS OF DEMOGRAPHIC DATA INCLUDES A REVIEW OF POPULATION DENSITY, POPULATION AGE LESS THAN OR EQUAL TO FIVE YEARS OLD, POPULATION AGE GREATER THAN OR EQUAL TO SIXTY-FIVE YEARS OLD, FEMALE POPULATION AGES FIFTEEN TO FORTY-FOUR, FEMALE POPULATION GROWTH AGES FIFTEEN TO FORTY-FOUR, POPULATION GROWTH AGE GREATER THAN OR EQUAL TO SEVENTY-FIVEYEARS OLD, AND MINORITY POPULATION THE SECOND HEALTH STATUS INDICATOR GROUPING INVOLVES SOCIOECONOMIC STATUS THE ANALYSIS OF SOCIOECONOMIC DATA INCLUDES A REVIEW OF THE PERCENT OF HOUSEHOLDS IN POVERTY, CHILDREN LIVING IN POVERTY, AVERAGE HOUSEHOLD INCOME, POPULATION OF UNINSURED, POPULATION AGE EIGHTEEN TO TWENTY-FOUR WITH A HIGH SCHOOL DIPLOMA, TOTAL POPULATION WITHOUT A HIGH SCHOOL DIPLOMA, POPULATION WITH DISABILITIES, UNEMPLOYED CIVILIAN LABOR FORCE, LEVEL OF RENTAL HOUSING, AND LEVEL OF VACANT HOUSING THE THIRD DATA GROUPING INVOLVES A MORE DETAILED REVIEW OF CERTAIN ADDITIONAL HEALTH STATUS INDICATORS THE HEALTH STATUS ANALYSIS REVIEWS AMBULATORY SENSITIVE HOSPITALIZATIONS, SUCH AS ASTHMA, CONGESTIVE HEART FAILURE, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, DIABETES, HYPERTENSION, AND PNEUMONIA THE HEALTH STATUS ANALYSIS ALSO EXAMINES MATERNAL AND INFANT HEALTH, INCLUDING THE LEVEL OF BIRTHS TO TEEN MOMS, THE LEVEL OFLOW BIRTH WEIGHT INFANTS, THE LEVEL OF BIRTH DEFECTS, THE LEVEL OF INFANT MORTALITY, AND THE LEVEL OF BIRTHS WITH INSUFFICIENT PRENATAL CARE ADDITIONALLY, MAJOR DISEASE PREVALENCE IS ALSO EXAMINED THIS INCLUDES EXAMINING THE CANCER, CARDIOVASCULAR, AND STROKE DISCHARGES PER ONE THOUSAND POPULATION MAJOR DISEASE PREVALENCE ALSO INCLUDES EXAMINING LIFESTYLE BEHAVIORS AND INDICATORS, SUCH AS OBESITY, MENTAL HEALTH, SUBSTANCE ABUSE, TOBACCO USE AND HIV THE FINAL DATA GROUPING EXAMINES HEALTH RESOURCE UTILIZATION AND THE PHYSICIAN MANPOWER NEED THIS ANALYSIS REVIEWS ACUTE CARE DISCHARGES, ACUTE CARE INPATIENT DAYS, AND OUTPATIENT EMERGENCY VISITS PER ONE THOUSAND POPULATION FURTHERMORE, PRIMARY CARE AND SPECIALTY PHYSICIAN NEEDS ARE EVALUATED THE ASSESSMENT PROVIDES A COMPARATIVE ANALYSIS OF THE COMMUNITIES THAT COMPRISE ST AGNES HEALTHCARE'S SERVICE AREA THE PRIMARY METHODOLOGY UTILIZED IS A RANKING OF THE COMMUNITY SCORES FOR EACH INDICATOR AGAINST THE CENTRAL MARYLAND AVERAGE AN INDEX IS CREATED WHERE 1 0 IS THE AVERAGE OF CENTRAL MARYLAND IN THE ANALYSIS, ANY SCORE ABOVE 1 0 IS WORSE THAN AVERAGE AND ANYTHING BELOW 1 0 IS BETTER THAN AVERAGE COMPOSITE SCORES ARE DEVELOPED FOR EACH OF THE FOUR MAJOR ASSESSMENT AREAS AND THESE ARE THEN SUMMARIZED TO GENERATE A COMPOSITE OVERALL NEED INDEX THIS METHODOLOGY IS MODELED AFTER THE APPROACH FORMERLY UTILIZED BY THE MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE FOR THE STATEWIDE PRIMARY CARE ACCESS PLAN</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 3 ST AGNES HEALTHCARE DISPLAYS SIGNAGE, IN BOTH ENGLISH AND SPANISH IN ALL REGISTRATION AREAS THAT INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS AND CONTACT INFORMATION THE SIGNAGE IS ACCOMPANIED BY BROCHURES THAT EXPLAIN THE VARIOUS FINANCIAL ASSISTANCE PROGRAMS THAT ARE AVAILABLE THE MARYLAND STATE FINANCIAL ASSISTANCE APPLICATION IS ALSO AVAILABLE REGISTRATION AREAS ARE ROUTINELY CHECKED TO INSURE THESE MATERIALS ARE PROMINENTLY DISPLAYED ST AGNES HEALTHCARE HAS EMPLOYEES WHO ARE RESPONSIBLE FOR SCREENING ADMISSIONS TO IDENTIFY PATIENTS WHO MAY BE ELIGIBLE FOR CHARITY, MEDICAID, OR OTHER STATE PROGRAMS ONCE THESE PATIENTS ARE IDENTIFIED, ST AGNES HEALTHCARE EMPLOYEES ASSIST THEM WITH COMPLETING THE ELIGIBILITY PROCESS ALL INPATIENTS ARE PROVIDED THE PATIENT BILLING AND FINANCIAL ASSISTANCE INFORMATION SHEET AT THE TIME OF ADMISSION IT IS ALSO MAILED TO THE PATIENT WITH THE SUMMARY BILL THAT IS SENT AFTER DISCHARGE THE INFORMATION SHEET IS PROVIDED IN BOTH ENGLISH AND SPANISH AND PROVIDES THE PATIENT WITH INFORMATION REGARDING ST AGNES HEALTHCARE'S FINANCIAL ASSISTANCE POLICY, HOW TO APPLY FOR FINANCIAL ASSISTANCE AND MEDICAL ASSISTANCE AND THE PATIENT'S RIGHTS AND OBLIGATIONS A PUBLIC NOTICE IS ALSO PUBLISHED ANNUALLY IN THE BALTIMORE SUN NEWSPAPER NOTIFYING THE PUBLIC OF THE AVAILABILITY OF UNCOMPENSATED CARE AT ST AGNES HEALTHCARE

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 4 THE AREAS SURROUNDING ST AGNES HEALTHCARE HAVE A DIVERSE SOCIOECONOMIC C OMPOSITION WITH A MIX OF URBAN AND SUBURBAN COMMUNITIES THAT ARE CONSISTENT WITH THE RANGE OF COMMUNITIES FOUND IN ANY LARGE METROPOLITAN REGION FOR ST AGNES HEALTHCARE, THE CHALLENGE OF SERVING THESE COMMUNITIES LIES IN MEETING THE DIFFERENT NEEDS ASSOCIATED BETWEEN SOME OF THE POOREST AND MOST AFFLUENT NEIGHBORHOODS IN CENTRAL MARYLAND ALL LOCATED WITHIN A THREE MILE RADIUS OF THE HOSPITAL CAMPUS A FURTHER CHALLENGE IS THE RAPIDLY CHANGING C OMPOSITION OF THE NEIGHBORHOODS LOCATED MOST IMMEDIATE TO ST AGNES HEALTHCARE, WHICH OVER THE LAST FIVE YEARS, HAVE EXPERIENCED INCREASING URBAN BLIGHT ST AGNES HEALTHCARE'S SERVICE AREA SPANS FIVE MARYLAND COUNTIES INCLUDING BALTIMORE COUNTY, BALTIMORE CITY, ANNE ARUNDEL COUNTY, HOWARD COUNTY, AND CARROLL COUNTY WITHIN THOSE COUNTIES, ELEVEN COMMUNITIES ARE SERVED REPRESENTING 22 POSTAL ZIP CODES THOSE COMMUNITIES INCLUDE ARBUTUS, BROOKLYN/LINTHICUM, CATONSVILLE, ELLICOTT CITY, GLEN BURNIE, SOUTH CARROLL, PASADENA, SOUTH BALTIMORE CITY, SOUTHWEST BALTIMORE CITY, WEST BALTIMORE CITY, AND WOODLAWN THIS STUDY AREA REPRESENTS APPROXIMATELY 81% OF THE DISCHARGES FOR ST AGNES HEALTHCARE, WITH ARBUTUS AND CATONSVILLE RELYING MOST HEAVILY ON ST AGNES HEALTHCARE FOR THEIR INPATIENT HEALTH CARE NEEDS THE DEMOGRAPHICS OF ST AGNES HEALTHCARE'S SERVICE AREA AVERAGE OUT TO BE THE SAME AS CENTRAL MARYLAND OVERALL HOWEVER, INDEPENDENTLY EACH INDICATOR VARIES SUBSTANTIALLY FROM CENTRAL MARYLAND THE SERVICE AREA SHOWS A SIGNIFICANTLY HIGHER THAN AVERAGE POPULATION DENSITY OF 2,345 PER SQUARE MILE, COMPARED TO 1,155 FOR CENTRAL MARYLAND CHILDREN UNDER AGE FIVE AND ADULTS SIXTY-FIVE AND OLDER TOTALED 49,793 AND 89,932 RESPECTIVELY, COMPARED TO CENTRAL MARYLAND AVERAGES OF 165,227 AND 314,862 RESPECTIVELY FEMALES AGES FIFTEEN TO FORTY-FOUR TOTALED 157,576 FOR THE SERVICE AREA WHILE THE CENTRAL MARYLAND AVERAGE WAS 554,037 THE SERVICE AREA IS SIGNIFICANTLY MORE RACIALLY AND ETHNICALLY DIVERSE THAN THE CENTRAL MARYLAND AVERAGES SPECIFICALLY, COMMUNITIES THAT COMPRISE THE SOUTHWEST CORNER OF BALTIMORE CITY AND BALTIMORE COUNTY CONTAIN POPULATIONS WHERE 90% OF THE POPULATIONS CONSIST OF NONWHITE RACIAL OR ETHNIC GROUPS TYPICAL TO THE URBAN ENVIRONMENT, EACH COMMUNITY LOCATED IN BALTIMORE CITY IS PROJECTED TO EXPERIENCE A POPULATION DECLINE, WHILE SUBURBAN AREAS LIKE ELLICOTT CITY, SOUTH CARROLL, AND PASADENA ARE PROJECTED TO HAVE POPULATION GROWTH THE OVERALL POPULATION GROWTH IS EXPECTED TO EXCEED THE CENTRAL MARYLAND AVERAGE, BUT THE GROWTH RATE OF PERSONS OVER THE AGE OF SEVENTY-FIVE IS EXPECTED TO LAG BEHIND THE DEMOGRAPHIC ANALYSIS SHOWS THAT WEST BALTIMORE CITY CONTINUES TO EXHIBIT DEMOGRAPHIC CHARACTERISTICS WITH HIGHER NEED, WHILE ARBUTUS AND CATONSVILLE EXHIBIT COMPARATIVELY LOWER NEED CHARACTERISTICS LOWER SOCIOECONOMIC STATUS IS HIGHLY CORRELATED WITH POOR HEALTH OUTCOMES, DECREASED ACCESS TO HEALTH SERVICES, AND UNHEALTHY LIFESTYLES OVERALL, THE ST AGNES HEALTHCARE SERVICE AREA IS MARKED BY A LESS FAVORABLE SOCIOECONOMIC STATUS THAN THAT OF CENTRAL MARYLAND AS A WHOLE THE INDICES ARE DIVIDED AS URBAN COMMUNITIES ARE LESS FAVORABLE AND SUBURBAN COMMUNITIES ARE MORE FAVORABLE THAN THE CENTRAL MARYLAND AVERAGE THE PERCENTAGE OF HOUSEHOLDS WITH LOW INCOME WAS 40% FOR THE SERVICE AREA, COMPARED TO 30% FOR THE CENTRAL MARYLAND AVERAGE THE AVERAGE HOUSEHOLD INCOME IN THE SERVICE AREA WAS LOWEST IN WEST BALTIMORE CITY AT \$39,014 AND HIGHEST IN ELLICOTT CITY AT \$101,620 THE OVERALL AVERAGE FOR THE SERVICE AREA WAS \$68,017 COMPARED TO THE CENTRAL MARYLAND AVERAGE WHICH WAS \$83,587 THE RATE OF UNINSURED PATIENTS WAS CLOSELY TIED TO AVERAGE HOUSEHOLD INCOME WITH WEST BALTIMORE CITY SHOWING THE HIGHEST UNINSURED RATE, 39%, AND ELLICOTT CITY SHOWING THE LOWEST UNINSURED RATE, 6% OVERALL, THE SERVICE AREA HAD A 20% UNINSURED RATE WHILE THE CENTRAL MARYLAND AVERAGE HAD A 16% RATE INCOME AND EDUCATION ATTAINMENT CAN BE CAUSAL FACTORS FOR MANY HEALTH DISPARITIES IN THE COMMUNITY HIGHER EDUCATION PROVIDES GREATER POTENTIAL FOR HIGHER INCOME, WHICH ENABLES INCREASED ACCESS TO MEDICAL CARE, BETTER HOUSING, ACCESS TO SAFER NEIGHBORHOODS, AND INCREASED LIKELIHOOD OF DEVELOPING HEALTHIER LIFESTYLE BEHAVIORS THE NEEDS ASSESSMENT DATA SHOWED THAT ST AGNES HEALTHCARE'S SERVICE AREA UNDERPERFORMED THE CENTRAL MARYLAND AVERAGE IN OTHER SOCIOECONOMIC MEASURES THIS INCLUDES THE PERCENTAGE OF INDIVIDUALS AGE TWENTY-FIVE AND OLDER WITH LESS THAN A HIGH SCHOOL DIPLOMA, THE UNEMPLOYMENT RATE, THE PERCENTAGE OF RENTED HOUSING, AND THE PERCENTAGE OF VACANT HOUSING ST AGNES HEALTHCARE ALSO PERFORMS A COMMUNITY HEALTH STATUS ASSESSMENT THIS ASSESSMENT CAPTURES DATA FOR WHITE AND NONWHITE POPULATIONS SEPARATELY, WHICH HIGHLIGHTS THE RACIAL DISPARITIES PRESENT WITHIN EACH COMMUNITY AND THE INFLUENCE ON HEALTH STATUS AND HOSPITALIZATION RATES ST AGNES HEALTHCARE EVALUATES AMBULATORY SENSITIVE HOSP</p>

Identifier	ReturnReference	Explanation
		ITALIZATIONS, WHICH ARE ACUTE CARE HOSPITAL ADMISSIONS THAT POTENTIALLY COULD HAVE BEEN PREVENTED THROUGH BETTER OVERALL PATIENT MANAGEMENT, PRIMARILY THROUGH PRIMARY CARE SYSTEMS ST AGNES HEALTHCARE COLLECTED DATA ON SIX DIFFERENT CHRONIC ILLNESSES, WHICH INCLUDE ASTHMA, CONGESTIVE HEART FAILURE, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, DIABETES, HYPERTENSION, AND PNEUMONIA FOR EACH CHRONIC ILLNESS EXAMINED, ST AGNES HEALTHCARE'S SERVICE AREA HAD HIGHER RATES OF ILLNESS, FOR BOTH WHITE AND NONWHITE POPULATIONS, WHEN COMPARED TO THE CENTRAL MARYLAND AVERAGE IN COMPARING THE RACIAL DISPARITIES, THE RATE OF HOSPITALIZATION IN THE ST AGNES HEALTHCARE SERVICE AREA PROVES TO BE INFLUENCED BY SOCIOECONOMIC FACTORS MORE SO THAN RACE IN LESS AFFLUENT COMMUNITIES, THE NONWHITE POPULATION HAD A HIGHER RATE OF HOSPITALIZATION THAN THE WHITE POPULATION OF THE SAME COMMUNITY HOWEVER, THE INVERSE IS TRUE IN THE AFFLUENT COMMUNITIES WHERE THE NONWHITE POPULATION HAS A LOWER ADMISSION RATE THAN THEIR WHITE COUNTERPARTS ST AGNES HEALTHCARE COMPILES AND ANALYZES MATERNAL AND INFANT HEALTH DATA ONE OF THE MOST POTENTIALLY VULNERABLE POPULATIONS IN THE SERVICE AREA IS POVERTY-STRICKEN WOMEN AND THEIR CHILDREN, ESPECIALLY THOSE LIVING IN POVERTY THE SOCIOECONOMIC ANALYSIS REVEALED THAT AN ESTIMATED 40% OF CHILDREN IN THE SERVICE AREA ARE LIVING IN POVERTY, WITH THE URBAN AREAS EXPERIENCING RATES OF GREATER THAN 50% THE QUALITY OF LIFE AND HEALTH STATUS OF WOMEN HAS FAR REACHING IMPLICATIONS TEEN PREGNANCY, ACCESS TO ADEQUATE PRENATAL CARE, LOW BIRTH WEIGHT AND BIRTH DEFECTS GENERATE INCREASED DEMANDS FOR FUTURE HEALTH CARE NEEDS AND IMPACT NOT JUST THIS GENERATION, BUT SUBSEQUENT GENERATIONS AS THE CYCLE OF POVERTY IS CONTINUED THE HEALTH STATUS ASSESSMENT EXAMINED THE PERCENTAGE OF BIRTHS TO TEEN MOMS, PERCENTAGE OF NEWBORNS WITH LOW BIRTH WEIGHTS, THE PERCENTAGE OF BIRTH DEFECTS, INFANT MORTALITY, AND THE PERCENTAGE OF MOTHERS WITH INSUFFICIENT PRENATAL CARE IN NEARLY EVERY CATEGORY, THE SERVICE AREA HAD MORE INCIDENCES THAN THE CENTRAL MARYLAND AVERAGE THE PERCENTAGE OF INFANTS WITH LOW BIRTH WEIGHT, FOR WHITE POPULATIONS, AND THE INFANT MORTALITY RATES, WITH NONWHITE POPULATIONS, WERE THE ONLY TWO AREAS THAT HAD SLIGHTLY LESS INCIDENCES THAN THE CENTRAL MARYLAND AVERAGE UNLIKE AMBULATORY HOSPITALIZATION, THE NONWHITE POPULATIONS HAVE SUBSTANTIALLY HIGHER RATES OF BIRTHS TO TEEN MOTHERS, INFANTS WITH LOW BIRTH WEIGHT, INFANTS WITH BIRTH DEFECTS, AS WELL AS BIRTHS WITH INSUFFICIENT PRENATAL CARE IN ALL COMMUNITIES WITHIN THE SERVICE AREA ST AGNES HEALTHCARE ALSO ANALYZES MAJOR DISEASE PREVALENCE TRADITIONALLY, MORTALITY DATA IS UTILIZED TO EVALUATE THE IMPACT OF LEADING CAUSES OF DISEASE AND ILLNESS IN THE COMMUNITY HOWEVER, VITAL STATISTIC DATA IS NOT READILY AVAILABLE AT THE ZIP CODE LEVEL THEREFORE, AS A PROXY, THE ASSESSMENT UTILIZED ACUTE CARE DISCHARGE DATA FROM THE LEADING CAUSES OF MORTALITY, INCLUDING CANCER, CARDIOVASCULAR, AND STROKE THE ANALYSIS REVEALED ONCE AGAIN THAT THE SERVICE AREA EXPERIENCED HIGHER DISEASE PREVALENCE OF CANCER, CARDIOVASCULAR, AND STROKE THAN THE CENTRAL MARYLAND AVERAGE, WITH STROKE BEING THE LEAST FAVORABLE FURTHERMORE, NONWHITE POPULATIONS SHOWED A GREATER NEED IN EACH OF THE THREE MAJOR DISEASE CATEGORIES THAN WHITE POPULATIONS ALSO, CONTINUING THE TREND, THE URBAN AREAS OF WEST BALTIMORE, SOUTH BALTIMORE, SOUTHWEST BALTIMORE, AND BROOKLYN HAVE THE LEAST FAVORABLE INDICES FOR THESE MAJOR DISEASES FINALLY, THE NEEDS ASSESSMENT ALSO EXAMINES LIFESTYLE BEHAVIOR AS A COMPONENT OF THE OVERALL HEALTH STATUS, WHICH INCLUDES INDICATORS RELATED TO OBESITY, MENTAL HEALTH, HIV, SUBSTANCE ABUSE, AND TOBACCO USE THIS DATA IS ACCUMULATED BY EXAMINING ICD-9 DIAGNOSIS CODING SIMILAR TO THE OTHER HEALTH AND WELLNESS MEASURES, THE SERVICE AREA WAS LESS FAVORABLE THAN THE CENTRAL MARYLAND AVERAGE FOR EVERY LIFESTYLE BEHAVIOR INDICATOR

Identifier	ReturnReference	Explanation
		Part VI, Line 5 THE INFORMATION PROVIDED AS COMMUNITY SUPPORT, IN PART II, COMMUNITY BUILDING ACTIVITIES, REPRESENTS FUNDS SPENT FOR DISASTER READINESS AND PUBLIC HEALTH EMERGENCY ACTIVITIES THESE COSTS, WHICH ARE PARTIALLY FUNDED BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE, SUPPORT ACTIVITIES SUCH AS EDUCATION AND PREPAREDNESS TRAINING, DECONTAMINATION EQUIPMENT AND SUPPLIES NEEDED FOR VICTIM'S EASE, COMFORT AND TRACKING DURING DECONTAMINATION PART VI, LINE 5 ST AGNES HEALTHCARE FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUNITY IN VARIOUS WAYS A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY RESIDES IN ST AGNES HEALTHCARE'S SERVICE AREA AND IS NEITHER COMPOSED OF EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION THE GOVERNING BODY HAD EIGHTEEN VOTING MEMBERS, SEVENTEEN OF WHICH WERE INDEPENDENT COMMUNITY MEMBERS ADDITIONALLY, ST AGNES HEALTHCARE HAS AN OPEN MEDICAL STAFF AND CREDENTIALS ALL QUALIFIED MEDICAL STAFF, INCLUDING COMMUNITY BASED PROVIDERS ST AGNES HEALTHCARE APPLIES SURPLUS FUNDS TO IMPROVE PATIENT CARE IN VARIOUS WAYS FOR INSTANCE, SURPLUS FUNDS ARE USED TO REINVEST IN THE LATEST EQUIPMENT AND TECHNOLOGIES TO IMPROVE PATIENT SAFETY, COMFORT, AND OUTCOMES SURPLUS FUNDS ARE ALSO USED TO RENOVATE EXISTING FACILITIES AND CONSTRUCT NEW FACILITIES IN ORDER TO IMPROVE THE HEALTHCARE ENVIRONMENT AS A MEMBER OF A NATIONAL HEALTH SYSTEM, ASCENSION HEALTH, SURPLUS FUNDS GENERATED BY ST AGNES HEALTHCARE MAY ALSO BE DIRECTED TO ASCENSION HEALTH TO APPLY TOWARDS STRATEGIC INITIATIVES OR TO BE REDISTRIBUTED TO OTHER MEMBER HEALTHCARE PROVIDERS WITHIN ASCENSION HEALTH THIS ALLOWS ST AGNES TO NOT ONLY SERVICE THE SURROUNDING COMMUNITY, BUT ALSO HELP FUND THE CARE FOR THE UNDERPRIVILEGED THROUGHOUT MANY PARTS OF THE UNITED STATES

Identifier	ReturnReference	Explanation
		Part VI, Line 6 ST AGNES HEALTHCARE IS A MEMBER OF ASCENSION HEALTH, A NATIONAL HEALTH CARE SYSTEM ASCENSION HEALTH IS THE SOLE CORPORATE MEMBER OF ST AGNES HEALTHCARE ST AGNES HEALTHCARE IS THE SOLE CORPORATE MEMBER OF SETON MEDICAL GROUP INC , WHICH PROVIDES PRIMARY CARE, GYNECOLOGY AND OBSTETRICS CARE FOR PATIENTS IN ST AGNES HEALTHCARE'S SERVICE AREA ST AGNES HEALTHCARE IS ALSO THE SOLE CORPORATE MEMBER OF ST AGNES FOUNDATION, THE PHILANTHROPIC ARM OF ST AGNES HEALTHCARE PART VI LINE 8 SUPPLEMENTAL INFORMATIONST AGNES HEALTHCARE FILES A COMMUNITY BENEFIT REPORT WITH THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC), THE REGULATORY AGENCY IN THE STATE OF MARYLAND THE REPORT IS THEN MADE PUBLIC BY THE HSCRC ADDITIONALLY, COMMUNITY BENEFIT INFORMATION IS AVAILABLE IN THE ST AGNES HEALTHCARE ANNUAL REPORT AND ST AGNES HEALTHCARE FACT SHEET BOTH DOCUMENTS ARE AVAILABLE ON THE HOSPITAL WEBSITE

Identifier	ReturnReference	Explanation
	Part VI, Line 4, Continued	<p>ALSO, CONSISTENT WITH THE PREVIOUS MEASURES, THE URBAN AREAS EXPERIENCED THE LEAST FAVORABLE RESULTS THE LEAST FAVORABLE OVERALL WAS SOUTH BALTIMORE CITY, WHICH WAS FOUND TO HAVE THE HIGHEST UTILIZATION RATES FOR MENTAL HEALTH, HIV, AND EMERGENCY ROOM SUBSTANCE ABUSE VISITS RACIAL DISPARITIES ARE EVIDENT IN URBAN AREAS, WHERE THE RATE OF ADMISSION FOR THE NONWHITE POPULATION IS SIGNIFICANTLY HIGHER THAN THAT OF THE WHITE POPULATION, ESPECIALLY IN THE CASES OF OBESITY, HIV AND TOBACCO USE THE MOST FAVORABLE COMPOSITE INDEX SCORES WERE IN SUBURBAN AREAS LIKE ELLICOTT CITY AND SOUTH CARROLL, WHICH WERE NEARLY 100% BELOW THEIR URBAN COMMUNITY COUNTERPARTS THE FINAL COMPONENT OF THE COMMUNITY NEEDS ASSESSMENT EXAMINED HEALTH RESOURCE UTILIZATION AND PHYSICIAN MANPOWER NEED THIS ANALYSIS UTILIZES ACUTE CARE ADMISSION RATES, ACUTE CARE DAYS, AND OUTPATIENT EMERGENCY ROOM VISIT RATES THE LOGIC UNDERLYING OUR ANALYSIS OF THESE INDICATORS IS THAT COMMUNITIES WITH HIGH UTILIZATION RATES HAVE A GREATER NEED FOR HEALTH CARE RESOURCES ALL THREE MEASURES SHOWED LESS FAVORABLE RESULTS THAN THE CENTRAL MARYLAND AVERAGE THE INDEX SCORES WERE 1 12, 1 22, AND 1 22 FOR ADMISSIONS, DAYS, AND EMERGENCY ROOM VISITS, RESPECTIVELY THE PHYSICIAN MANPOWER NEED INDEX SCORE WAS 89 THE CENTRAL MARYLAND AVERAGE IS INDEXED AT 1 0, WITH SCORES GREATER THAN 1 0 INDICATING LESS FAVORABLE RESULTS AND SCORES LESS THAN 1 0 INDICATING FAVORABLE RESULTS THE OVERALL AVERAGE INDEX SCORE FOR HEALTH RESOURCE UTILIZATION AND PHYSICIAN MANPOWER NEED WAS 89 IN SUMMARY, ALL OF THE COMPONENTS OF THE NEEDS ASSESSMENT WERE SUMMARIZED AND INDEXED RESULTING IN AN OVERALL INDEX SCORE OF 1 09 OVERALL, THE ST AGNES HEALTHCARE SERVICE AREA HAS HIGHER DEMONSTRATED NEED ACROSS ALL MEASURES WHEN COMPARED TO THE CENTRAL MARYLAND REGION THE OVERALL NEED IS HIGHLY CORRELATED TO SOCIOECONOMIC STATUS, WITH RACIAL DIVERSITY ALONE HAVING LESS OF AN INFLUENCE ON HEALTH CARE STATUS</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
St Agnes Healthcare Inc

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
52-0591657

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) MHEI WHO WILL CARE 6820 DEERPATH ROAD ELKRIDGE,MD 21075	52-0901664	501(c)(3)	150,000		FMV		NURSING
(2) CATHOLIC CHARITIES OF THE 320 CATHEDRAL STREET BALTIMORE,MD 21201	52-0591538	501(c)(3)	20,000		FMV		SUPPORT/DONATIONS
(3) THE JOURNEY HOME 100 S CHARLES STREET BALTIMORE,MD 21201	52-0591543	501(c)(3)	10,000		FMV		SPONSORSHIP
(4) MARYLAND PATIENT SAFETY 6820 DEERPATH ROAD ELKRIDGE,MD 21075	26-2188491	501(c)(3)	8,000		FMV		SPONSORSHIP
(5) GREATER BALTIMORE COMMITTEE 11 SOUTH CALVERT STREET BALTIMORE,MD 21202	52-0645650	501(c)(4)	5,400		FMV		SPONSORSHIP

2

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

4

3

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

1

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) STUDENT INTERNSHIP RECRUITMENT SCHOLARSHIP	2	22,157	0	FMV	

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 DISCRETIONARY GRANTS OR ASSISTANCE TO OTHER ORGANIZATIONS ARE APPROVED BY EITHER THE CHIEF EXECUTIVE OFFICER OR THE CHIEF FINANCIAL OFFICER

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
St Agnes Healthcare Inc

Employer identification number
52-0591657

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	Yes
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	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	

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Carole Miller MD	(i)	321,178	172,906	1,236	29,730	23,079	548,129	0
	(ii)	0	0	0	0	0	0	0
(2) Bonnie L Phipps	(i)	577,060	259,948	318,510	10,612	15,530	1,181,660	0
	(ii)	0	0	0	0	0	0	0
(3) Scott Furniss	(i)	235,096	23,565	728	8,110	19,970	287,469	0
	(ii)	0	0	0	0	0	0	0
(4) Adrian Long MD	(i)	339,630	40,911	54,130	13,230	21,767	469,668	0
	(ii)	0	0	0	0	0	0	0
(5) George T Grace MD	(i)	786,257	131,096	4,073	27,525	23,244	972,195	0
	(ii)	0	0	0	0	0	0	0
(6) Howard S Hessian MD	(i)	781,866	8,864	2,529	27,525	19,963	840,747	0
	(ii)	0	0	0	0	0	0	0
(7) Lawrence Shin MD	(i)	685,702	83,200	500	6,125	23,244	798,771	0
	(ii)	0	0	0	0	0	0	0
(8) Michael A Zatina MD	(i)	571,649	89,777	3,209	27,525	15,694	707,854	0
	(ii)	0	0	0	0	0	0	0
(9) Viney Setya MD	(i)	558,645	0	3,132	13,230	9,355	584,362	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	CLUB DUES ARE AVAILABLE TO SENIOR LEADERSHIP AND ARE SHOWN AS A TAXABLE FRINGE BENEFIT. AVERAGE HOURS PER WEEK, ALL PERSONS LISTED AT PART VII AND SCHEDULE J AS WORKING 50 HOURS ARE FULL-TIME EMPLOYEES OF THE ORGANIZATION. THE USE OF 50 HOURS ON THIS RETURN IS INTENDED TO DENOTE THAT SUCH PERSONS MAY WORK SIGNIFICANTLY MORE HOURS DURING THE WEEK ON AVERAGE. ST AGNES HEALTHCARE IS A MEMBER OF ASCENSION HEALTH. BONNIE PHIPPS, PRESIDENT AND CEO OF ST AGNES HEALTHCARE, ALSO SERVES IN AN OVERSIGHT ROLE TO OTHER ASCENSION HEALTH FACILITIES AS A MINISTRY MARKET LEADER. THE COMPENSATION EARNED AS A MINISTRY MARKET LEADER IS PAID THROUGH ST AGNES HEALTHCARE, AND THEREFORE, REPORTED ON THIS FORM 990. THE COMPENSATION HAS NOT BEEN ALLOCATED BACK TO THE ENTITIES DERIVING THE BENEFIT. PART I, LINE 3 THE COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER (CEO) OF ST AGNES HEALTHCARE IS DETERMINED BY ASCENSION HEALTH, THE PARENT COMPANY OF ST AGNES HEALTHCARE. ASCENSION HEALTH USES INDEPENDENT COMPENSATION CONSULTANTS, WHO USE COMPENSATION SURVEYS AND STUDIES, TO ESTABLISH THE PAY RANGE FOR THE CEO OF ST AGNES HEALTHCARE. THE ASCENSION HEALTH EXECUTIVE COMPENSATION COMMITTEE APPROVES THE RECOMMENDED SALARY FOR THE CEO OF ST AGNES HEALTHCARE. THE ASCENSION HEALTH EXECUTIVE COMPENSATION COMMITTEE PROVIDES THE LOCAL ST AGNES HEALTHCARE COMPENSATION COMMITTEE THE ANALYSIS PERFORMED BY THE INDEPENDENT CONSULTANT FOR REVIEW AND APPROVAL.
	Part I, Line 4b	HOWARD S. HESSAN, GEORGE T. GRACE, CAROLE MILLER AND MICHAEL A. ZATINA PARTICIPATED IN 457F SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLANS. HOWARD HESSAN'S NON-VESTED PLAN VALUE WAS \$63,254.79. GEORGE GRACE'S NON-VESTED VALUE WAS \$37,040.11. CAROLE MILLER'S NON-VESTED VALUE WAS \$198,638.75. MICHAEL ZATINA'S NON-VESTED PLAN VALUE WAS \$23,269.89. AT JUNE 30, 2012.

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Agnes Healthcare Inc

Employer identification number
52-0591657

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Albert Counselman	Board/Family Member	55,474	Compnsation		No

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization St Agnes Healthcare Inc	Employer identification number 52-0591657
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Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	CERTAIN PERSONS REPORTED ON PART VII ARE EMPLOYED BY AND/OR SERVE AS OFFICER, DIRECTOR, TRUSTEE, OR KEY EMPLOYEE AT A RELATED TAX EXEMPT ORGANIZATION

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	ST AGNES HEALTHCARE HAS A SOLE CORPORATE MEMBER, ASCENSION HEALTH

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	ST AGNES HEALTHCARE HAS A SOLE CORPORATE MEMBER, ASCENSION HEALTH, WHO HAS THE ABILITY TO ELECT MEMBERS TO THE GOVERNING BODY OF ST AGNES HEALTHCARE

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	ASCENSION HEALTH HAS DESIGNED A SYSTEM AUTHORITY MATRIX WHICH ASSIGNS AUTHORITY FOR KEY DECISIONS THAT ARE NECESSARY IN THE OPERATION OF THE SYSTEM. SPECIFIC AREAS THAT ARE IDENTIFIED IN THE AUTHORITY MATRIX ARE: NEW ORGANIZATIONS AND MAJOR TRANSACTIONS, GOVERNING DOCUMENTS, APPOINTMENTS/REMOVALS, EVALUATION, DEBT LIMITS, STRATEGIC AND FINANCIAL PLANS, SYSTEM POLICIES AND PROCEDURES. THESE AREAS ARE SUBJECT TO CERTAIN LEVELS OF APPROVAL BY ASCENSION HEALTH PER THE SYSTEM AUTHORITY MATRIX.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	MANAGEMENT, INCLUDING CERTAIN OFFICERS, WORKS DILIGENTLY TO COMPLETE THE FORM 990 AND ATTACHED SCHEDULES IN A THOROUGH MANNER. MANAGEMENT PRESENTS THE FORM TO THE FINANCE COMMITTEE AND CERTAIN MEMBERS OF THE AUDIT COMMITTEE AND ADDRESSES ANY QUESTIONS THAT ARISE. ONCE THE FINANCE COMMITTEE AND AUDIT COMMITTEE REVIEW IS COMPLETED, THE FORM 990 IS THEN MADE AVAILABLE TO THE FULL BOARD OF DIRECTORS VIA A SECURE WEBSITE. MANAGEMENT TEAM MEMBERS ARE AVAILABLE TO ANSWER ANY BOARD MEMBER QUESTIONS. AFTER THE BOARD OF DIRECTORS REVIEW IS COMPLETE, MANAGEMENT FILES THE FORM 990 WITH THE INTERNAL REVENUE SERVICE.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	ANNUALLY , A CONFLICTS OF INTEREST DISCLOSURE FORM IS DISTRIBUTED TO BOARD MEMBERS, THE EXECUTIVE TEAM, BOARD COMMITTEES, PURCHASING AGENTS, LEGAL COUNSEL, MEDICAL LEADERSHIP, AND CERTAIN MEMBERS OF MANAGEMENT OFFICERS, DIRECTORS AND KEY EMPLOYEES ARE REQUIRED TO COMPLETE THE ANNUAL DISCLOSURE ANY CONFLICTS, OR POTENTIAL CONFLICTS THAT ARE IDENTIFIED ARE EXAMINED BY THE CORPORATE RESPONSIBILITY OFFICER AND APPROPRIATE MEASURES ARE TAKEN

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	THE COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER (CEO) OF ST AGNES HEALTHCARE IS DETERMINED BY ASCENSION HEALTH, THE PARENT COMPANY OF ST AGNES HEALTHCARE. ASCENSION HEALTH USES INDEPENDENT COMPENSATION CONSULTANTS, WHO USE COMPENSATION SURVEYS AND STUDIES, TO ESTABLISH THE PAY RANGE FOR THE CEO OF ST AGNES HEALTHCARE. THE ASCENSION HEALTH EXECUTIVE COMPENSATION COMMITTEE APPROVES THE RECOMMENDED SALARY FOR THE CEO OF ST AGNES HEALTHCARE. THE ASCENSION HEALTH EXECUTIVE COMPENSATION COMMITTEE PROVIDES THE LOCAL ST AGNES HEALTHCARE COMPENSATION COMMITTEE THE ANALYSIS PERFORMED BY THE INDEPENDENT CONSULTANT FOR REVIEW AND APPROVAL. FORM 990, PART VI, SECTION B, LINE 15B. THE ANNUAL COMPENSATION REVIEW FOR OFFICER LEVEL STAFF IS PERFORMED BY AN OUTSIDE COMPENSATION CONSULTING FIRM, WHICH SPECIALIZES IN EXECUTIVE COMPENSATION. ON AN ANNUAL BASIS, THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, SENDS AN ENGAGEMENT LETTER OUTLINING THE POSITIONS REQUIRING COMPENSATION ANALYSIS, AND SEEKS ANALYSIS AND RECOMMENDATIONS. THE CONSULTING FIRM THEN PERFORMS A MARKET ANALYSIS OF COMPENSATION AND BENEFITS FOR THE EXECUTIVES WITH RECOMMENDED SALARY RANGES BY EXECUTIVE POSITION, AND THOSE ARE REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE. THE SENIOR VP/CHIEF FINANCIAL OFFICER, EXECUTIVE VP/CHIEF MEDICAL OFFICER, VP OPERATIONS & CAPITAL PROJECTS, SENIOR VP PATIENT CARE SERVICES ARE ALL INCLUDED IN THE GROUP OF PERSONS WHOSE COMPENSATION IS REVIEWED BY AN OUTSIDE CONSULTING FIRM.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	THE ORGANIZATION WILL PROVIDE ANY DOCUMENTS OPEN TO PUBLIC INSPECTION UPON WRITTEN REQUEST

Identifier	Return Reference	Explanation
	Part VII Hours Devoted to a Related Organization	BOARD MEMBER, BONNIE PHIPPS, AND KEY EMPLOYEES ADRIAN LONG WORK AT ST AGNES HEALTHCARE AS WELL AS RELATED ORGANIZATIONS, SETON MEDICAL GROUP AND ST AGNES FOUNDATION. FOR DISCLOSURE PURPOSES, THE AVERAGE HOURS WORKED AT RELATED ORGANIZATIONS IS ESTIMATED BY USING THE NUMBER OF HOURS SERVED ON BOARD COMMITTEES FOR RELATED ORGANIZATIONS. BONNIE PHIPPS WORKS 2.88 HOURS PER WEEK, ON AVERAGE, SERVING ON COMMITTEES AT SETON MEDICAL GROUP AND ST AGNES FOUNDATION. SCOTT FURNISS WORKS 2.3 HOURS PER WEEK, ON AVERAGE, SERVING ON COMMITTEES AT SETON MEDICAL GROUP AND ST AGNES FOUNDATION. ADRIAN LONG WORKS 1.38 HOURS PER WEEK, ON AVERAGE, SERVING ON COMMITTEES AT SETON MEDICAL GROUP. YOLANDA COPELAND AND WILLIAM GRESKOVICH WERE UNNECESSARILY REPORTED AS KEY EMPLOYEES IN PRIOR YEARS DUE TO NOT MEETING THE THIRD CRITERIA OF THE DEFINITION FOR A KEY EMPLOYEE. THESE INDIVIDUALS ARE NOT AND WERE NOT WITHIN THE TOP 20 HIGHEST PAID EMPLOYEES (EXCLUDING OFFICERS, DIRECTORS, AND TRUSTEES) OF THE ORGANIZATION AND RELATED ORGANIZATIONS. THEREFORE, MS COPELAND AND MR GRESKOVICH ARE NOT BEING REPORTED AS FORMER KEY EMPLOYEES EVEN THOUGH THEY CONTINUE TO BE EMPLOYED BY THE ORGANIZATION.

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	TRANSFER TO ASCENSION HEALTH -4,713,576 TRANSFER TO SPONSOR -395,340 DEFERRED PENSION COSTS -5,289,213 CAPITAL TRANSFER TO SETON MEDICAL GROUP -3,982,062 LAB OUTREACH EXPENSES -4,297,488 LAB OUTREACH UTILIZATION -409,628 DONATED EQUIPMENT 1,824,137 NET CHANGE IN INTEREST IN FOUNDATION ASSETS 1,344,326 SPECIAL PURPOSE FUNDS UNREALIZED GAINS -49,970 SPECIAL PURPOSE FUNDS RESTRICTED CONTRIBUTIONS 957,155 NET ASSETS RELEASED FROM RESTRICTION -1,024,689 SPECIAL PURPOSE FUNDS INVESTMENT INCOME 652 OTHER PENSION ADJUSTMENT -22,489,608 ROUNDING 9 Total to Form 990, Part XI, Line 5 -38,525,295

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
St Agnes Healthcare Inc

Employer identification number
52-0591657

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) ASCENSION HEALTH PO BOX 45998 ST LOUIS, MO 63145 31-1662309	NATIONAL HEALTH OFFICE	MO	501(C)(3)	BOX 11A	N/A		No
(2) SETON MEDICAL GROUP 900 CATON AVENUE BALTIMORE, MD 21229 39-2064992	PROVIDE HEALTH CARE SERVICES TO THE COMMUNITY	MD	501(C)(3)	BOX 3-HOSPITAL	ST AGNES HOSPITAL	Yes	
(3) ST AGNES FOUNDATION 900 CATON AVENUE BALTIMORE, MD 21229 52-1415083	PROVIDES FUNDING TO THE HOSPITAL AND THE COMMUNITY	MD	501(C)(3)	BOX 11-509(A)3-TYPE	ST AGNES HOSPITAL	Yes	
(4) ST AGNES AUXILIARY 900 CATON AVENUE BALTIMORE, MD 21229 52-0643673	FUNDRAISING	MD	501(C)(3)	BOX 9	ST AGNES HOSPITAL	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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ST AGNES HEALTH VENTURES INC 900 CATON AVENUE BALTIMORE, MD 21229 52-1733632	HOLDING COMPANY	MD	N/A	C	69,468	1,177,144	100 000 %

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

Yes

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) SETON MEDICAL GROUP	B	3,982,062	FAIR MARKET VALUE
(2) ST AGNES FOUNDATION	C	1,798,500	FAIR MARKET VALUE
(3) ST AGNES FOUNDATION	L	910,398	FAIR MARKET VALUE
(4) ST AGNES FOUNDATION	P	759,357	FAIR MARKET VALUE
(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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CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY
INFORMATION

Ascension Health Alliance
Years Ended June 30, 2012 and 2011
With Reports of Independent Auditors

Ascension Health Alliance

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2012 and 2011

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Report of Independent Auditors

The Board of Directors
Ascension Health Alliance

We have audited the accompanying consolidated balance sheets of Ascension Health Alliance (as identified in Note 1) 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 Ascension Health Alliance'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Ascension Health Alliance's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ascension Health Alliance's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Ernst & Young LLP

September 12, 2012

Ascension Health Alliance

Consolidated Balance Sheets (Dollars in Thousands)

	June 30,	
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 306,469	\$ 1,107,846
Short-term investments	216,914	237,461
Accounts receivable, less allowances for uncollectible accounts (\$1,145,935 and \$1,079,706 at June 30, 2012 and 2011, respectively)	1,962,549	1,687,189
Inventories	223,647	190,514
Due from brokers (see Notes 4 and 5)	789,271	—
Estimated third-party pay or settlements	159,871	89,747
Other (see Notes 4 and 5)	756,216	438,063
Total current assets	4,414,937	3,750,820
Long-term investments (see Notes 4 and 5)	10,468,457	8,117,951
Property and equipment, net	6,603,603	5,987,804
Other assets		
Investment in unconsolidated entities	946,971	889,077
Capitalized software costs, net	645,112	486,842
Other	696,814	720,565
Total other assets	2,288,897	2,096,484
 Total assets	 <u>\$ 23,775,894</u>	 <u>\$ 19,953,059</u>

	June 30,	
	2012	2011
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	\$ 45,363	\$ 29,563
Long-term debt subject to short-term remarketing arrangements*	1,094,425	1,662,950
Accounts payable and accrued liabilities	2,009,229	1,814,600
Estimated third-party payor settlements	457,030	276,810
Due to brokers (see Notes 4 and 5)	880,613	—
Current portion of self-insurance liabilities	206,057	191,551
Other (see Notes 4 and 5)	435,874	103,093
Total current liabilities	5,128,591	4,078,567
Noncurrent liabilities		
Long-term debt (senior and subordinated)	3,655,406	2,546,785
Self-insurance liabilities	518,995	448,624
Pension and other postretirement liabilities	492,366	396,058
Other (see Notes 4 and 5)	1,057,644	676,648
Total noncurrent liabilities	5,724,411	4,068,115
Total liabilities	10,853,002	8,146,682
Net assets		
Unrestricted		
Controlling interest	11,836,414	11,332,631
Noncontrolling interests	647,236	42,739
Unrestricted net assets	12,483,650	11,375,370
Temporarily restricted	336,027	331,563
Permanently restricted	103,215	99,444
Total net assets	12,922,892	11,806,377
Total liabilities and net assets	\$ 23,775,894	\$ 19,953,059

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders with stated repayment installments through 2047 as well as certain serial mode bonds with scheduled remarketing mandatory tender dates occurring prior to June 30, 2013. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, drawing upon the \$1,000,000 line of credit, and issuing commercial paper. The commercial paper program is supported by the \$1,000,000 line of credit, as discussed in the Long-Term Debt note.

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health Alliance

Consolidated Statements of Operations and Changes in Net Assets (Dollars in Thousands)

	Year Ended June 30,	
	2012	2011
Operating revenue		
Net patient service revenue	\$ 15,620,035	\$ 14,565,006
Other revenue	990,613	841,521
Total operating revenue	16,610,648	15,406,527
Operating expenses		
Salaries and wages	6,671,985	6,188,630
Employee benefits	1,450,458	1,444,867
Purchased services	771,953	771,836
Professional fees	1,042,327	889,375
Supplies	2,309,541	2,261,568
Insurance	102,917	92,168
Bad debts	1,005,844	991,974
Interest	135,563	129,014
Depreciation and amortization	674,178	656,859
Other	1,827,002	1,556,110
Total operating expenses before impairment, restructuring and nonrecurring gains (losses), net	15,991,768	14,982,401
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring gains (losses), net	618,880	424,126
Self-insurance trust fund investment return	17,197	90,402
Impairment, restructuring, and nonrecurring gains (losses), net	297,548	(92,387)
Income from operations	933,625	422,141
Nonoperating gains (losses)		
Investment return	(137,383)	1,129,859
Loss on extinguishment of debt	(2,828)	(1,007)
(Loss) gain on interest rate swaps	(74,773)	30,879
Income from unconsolidated entities	8,802	11,915
Contributions from business combinations	326,333	—
Other	(69,510)	(68,999)
Total nonoperating gains, net	50,641	1,102,647
Excess of revenues and gains over expenses and losses	984,266	1,524,788
Less noncontrolling interests	15,840	27,484
Excess of revenues and gains over expenses and losses attributable to controlling interest	968,426	1,497,304

Continued on next page

Ascension Health Alliance

Consolidated Statements of Operations and Changes in Net Assets (continued) (Dollars in Thousands)

	Year Ended June 30,	
	2012	2011
Unrestricted net assets, controlling interest		
Excess of revenues and gains over expenses and losses	\$ 968,426	\$ 1,497,304
Transfers to sponsors and other affiliates, net	(19,947)	(14,495)
Contributed net assets	(400)	(374)
Net assets released from restrictions for property acquisitions	68,940	70,555
Pension and other postretirement liability adjustments	(451,555)	793,897
Change in unconsolidated entities' net assets	(15,890)	1,175
Other	9,207	(2,778)
Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations and cumulative effect of change in accounting principle	558,781	2,345,284
(Loss) gain from discontinued operations	(54,998)	19,421
Cumulative effect of change in accounting principle	—	(45,993)
Increase in unrestricted net assets, controlling interest	503,783	2,318,712
Unrestricted net assets, noncontrolling interests		
Excess of revenues and gains over expenses and losses	15,840	27,484
Distributions of capital	(578,445)	(33,854)
Contributions of capital	1,167,102	7,973
Increase in unrestricted net assets, noncontrolling interests	604,497	1,603
Temporarily restricted net assets, controlling interest		
Contributions and grants	100,880	100,679
Net change in unrealized gains/losses on investments	(5,333)	15,714
Investment return	4,695	8,295
Net assets released from restrictions	(104,028)	(103,654)
Other	8,250	496
Increase in temporarily restricted net assets, controlling interest	4,464	21,530
Permanently restricted net assets, controlling interest		
Contributions	5,082	8,030
Net change in unrealized gains/losses on investments	(25)	1,692
Investment return	(217)	(62)
Other	(1,069)	(87)
Increase in permanently restricted net assets, controlling interest	3,771	9,573
Increase in net assets	1,116,515	2,351,418
Net assets, beginning of year	11,806,377	9,454,959
Net assets, end of year	\$ 12,922,892	\$ 11,806,377

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health Alliance

Consolidated Statements of Cash Flows (Dollars in Thousands)

	Year Ended June 30,	
	2012	2011
Operating activities		
Increase in net assets	\$ 1,116,515	\$ 2,351,418
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	674,178	656,859
Amortization of bond premiums	(10,663)	(9,951)
Loss on extinguishment of debt	2,828	1,007
Provision for bad debts	1,005,844	991,974
Pension and other postretirement liability adjustments	451,555	(793,897)
Contributed net assets	400	374
Contributions from business combinations	(305,162)	—
Interest, dividends, and net losses (gains) on investments	122,323	(1,245,900)
Change in market value of interest rate swaps	77,568	(25,257)
Deferred gain on interest rate swaps	(303)	(303)
Gain on sale of assets, net	(13,950)	(21,373)
Cumulative effect of change in accounting principle	—	45,993
Impairment and nonrecurring expenses	45,956	35,384
Contribution of noncontrolling interest in CHIMCO Alpha Fund, LLC	(440,015)	—
Transfers to sponsor and other affiliates, net	19,947	14,495
Restricted contributions, investment return, and other	(117,621)	(117,351)
Other restricted activity	(7,537)	(1,393)
Nonoperating depreciation expense	308	311
(Increase) decrease in		
Short-term investments	35,298	(9,496)
Accounts receivable	(1,173,282)	(1,105,326)
Inventories and other current assets	245,684	18,530
Due from brokers	(83,976)	—
Investments classified as trading	(985,261)	(293,254)
Other assets	(8,752)	(218,609)
Increase (decrease) in		
Accounts payable and accrued liabilities	51,319	105,184
Estimated third-party payor settlements, net	28,121	53,294
Due to brokers	(277,720)	—
Other current liabilities	(281,300)	36,331
Self-insurance liabilities	(45,390)	(9,846)
Other noncurrent liabilities	(365,398)	235,877
Net cash (used in) provided by continuing operating activities	(238,486)	695,075
Net cash provided by (used in) and adjustments to reconcile change in net assets for discontinued operations	107,776	(15,718)
Net cash (used in) provided by operating activities	(130,710)	679,357

Continued on next page

Ascension Health Alliance

Consolidated Statements of Cash Flows (continued) (Dollars in Thousands)

	Year Ended June 30,	
	2012	2011
Investing activities		
Property, equipment, and capitalized software additions, net	\$ (853,144)	\$ (728,610)
Proceeds from sale of property and equipment	2,104	25,701
Net cash used in investing activities	(851,040)	(702,909)
Financing activities		
Issuance of long-term debt	1,832,269	691,240
Repayment of long-term debt	(1,779,632)	(804,536)
Decrease in assets under bond indenture agreements	17,513	467
Transfers to sponsors and other affiliates, net	(7,398)	(34,246)
Restricted contributions, investment return, and other	117,621	117,351
Net cash provided by (used in) financing activities	180,373	(29,724)
Net decrease in cash and cash equivalents	(801,377)	(53,276)
Cash and cash equivalents at beginning of year	1,107,846	1,161,122
Cash and cash equivalents at end of year	\$ 306,469	\$ 1,107,846

The accompanying notes are an integral part of the consolidated financial statements

Ascension Health Alliance

Notes to Consolidated Financial Statements *(Dollars in Thousands)*

June 30, 2012

1. Organization and Mission

Organizational Structure

Ascension Health Alliance is a Missouri nonprofit corporation formed on September 13, 2011. Ascension Health Alliance is the sole corporate member and parent organization of Ascension Health, a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Health Ministries, located in 21 of the United States and the District of Columbia.

In addition to serving as the sole corporate member of Ascension Health, Ascension Health Alliance serves as the member or shareholder of various other subsidiaries, including Ascension Health Global Mission, Ascension Health Insurance, Ltd., Edessa Insurance Company, Ltd., the Resource Group, LLC, Clinical Holdings Corporation, Catholic Healthcare Investment Management Company (CHIMCO), Ascension Health Ventures, LLC, Ascension Health Leadership Academy, LLC, and AH Holdings, LLC. Ascension Health Alliance and its member organizations are referred to collectively as the System.

Sponsorship

Ascension Health Alliance is sponsored by Ascension Health Ministries, a Public Juridic Person. The Participating Entities of Ascension Health Ministries are the Daughters of Charity of St. Vincent de Paul in the United States, St. Louise Province, the Congregation of St. Joseph, the Congregation of the Sisters of St. Joseph of Carondelet, and the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province. As more fully described in the Organizational Changes note, Alexian Brothers Health System, which was previously sponsored by the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province, became part of Ascension Health on January 1, 2012.

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay. The

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization and Mission (continued)

System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons
- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome
- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs. The cost of providing care to persons living in poverty and community benefit programs is estimated using each facility's internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service.

The amount of traditional charity care provided, determined on the basis of net cost, excluding the provision for bad debt expense, was \$468,970 and \$408,894 for the years ended June 30, 2012 and 2011, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by Ascension Health Alliance or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

	Year Ended June 30,	
	2012	2011
Other revenue	\$ 82,473	\$ 138,469
Nonoperating gains, net	8,802	11,915

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of other financial instruments are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year, as well as assets limited as to use of approximately \$148,000 and \$146,000, at June 30, 2012 and 2011, respectively, which represent assets to be used for payment of the current portion of self-insurance liabilities

Long-Term Investments and Investment Return

As further discussed in the Organizational Changes and Pooled Investment Fund notes, a significant portion of the System's investments historically held in the Ascension Legacy Portfolio (formerly the Health System Depository, or HSD) were transferred to the CHIMCO Alpha Fund, LLC (Alpha Fund), a limited liability company organized in the state of Delaware, in April 2012. Certain System investments continue to be held in the Ascension Legacy Portfolio. Additional System investments include those held and managed by the Health Ministries' consolidated foundations.

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds, U S government, state, municipal and agency obligations, asset-backed securities, corporate and foreign fixed income securities, and equity securities, including private equity securities. Investments also include alternative investments, including investments in hedge funds and private equity and other funds, which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

Long-term investments include assets limited as to use of approximately \$916,000 and \$848,000, at June 30, 2012 and 2011, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment returns on investments, excluding returns

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO.

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the table below include software in progress of \$363,347 and \$199,137 at June 30, 2012 and 2011, respectively.

	June 30,	
	2012	2011
Goodwill	\$ 126,666	\$ 118,871
Other, net	<u>26,688</u>	<u>29,404</u>
	153,354	148,275
Capitalized software costs	1,216,876	972,317
Less accumulated amortization	<u>571,764</u>	<u>485,475</u>
	645,112	486,842
Total intangible assets, net	<u>\$ 798,466</u>	<u>\$ 635,117</u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2012 and 2011 was \$90,685 and \$86,490, respectively.

During the year ended June 30, 2010, the System began a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through December 2014. The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System. Capitalized costs of Symphony were approximately \$279,000 and \$162,000 at June 30, 2012 and 2011, respectively, and are included in capitalized software costs in the preceding table. Certain costs of this project were also expensed. See the Impairment, Restructuring, and Nonrecurring Gains (Losses) discussion below for additional information about costs associated with Symphony.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. A summary of property and equipment at June 30, 2012 and 2011, is as follows:

	June 30,	
	2012	2011
Land and improvements	\$ 673,292	\$ 619,465
Building and equipment	13,107,833	12,329,647
	13,781,125	12,949,112
Less accumulated depreciation	7,463,388	7,110,865
	6,317,737	5,838,247
Construction in progress	285,866	149,557
Total property and equipment, net	\$ 6,603,603	\$ 5,987,804

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2012 and 2011 was \$581,032 and \$567,070, respectively.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Several capital projects have remaining construction and related equipment purchase commitments of approximately \$179,000

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, change in unconsolidated entities' net assets, cumulative effect of a change in accounting principle, discontinued operations, and contributions received of property and equipment.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating.

Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by \$149,931 and \$70,973 for the years ended June 30, 2012 and 2011, respectively.

During both 2012 and 2011, approximately 36% of net patient service revenue was earned under the Medicare program and 11% under various states' Medicaid programs. The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of net accounts receivable at June 30, 2012 and 2011, include Medicare (20%) and various states' Medicaid programs (10%).

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in healthcare coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies.

Impairment, Restructuring, and Nonrecurring Gains (Losses)

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on future discounted net cash flows or other estimates of fair value.

During the year ended June 30, 2012, the System recorded total impairment, restructuring and nonrecurring gains, net of \$297,548. This amount was comprised primarily of pension curtailment gains of \$414,294, as discussed in the Retirement Plans note, partially offset by long-lived asset impairments and restructuring charges of \$61,151, and \$55,595 of nonrecurring expenses associated with Symphony.

For the year ended June 30, 2011, the System recorded total impairment, restructuring and nonrecurring losses, net of \$92,387, comprised of long-lived asset impairments of approximately \$21,834 and restructuring and nonrecurring expenses of approximately \$70,553. The restructuring and nonrecurring expenses for the year ended June 30, 2011, included approximately \$44,355 of nonrecurring expenses associated with Symphony. Symphony nonrecurring expenses include project management and process reengineering costs, as well as costs to establish a shared service center and develop a business intelligence data warehouse.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method

Income Taxes

The member healthcare entities of Ascension Health Alliance are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a)

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of the System. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined, however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of Ascension Health Alliance.

Reclassifications

Certain reclassifications were made to the 2011 accompanying consolidated financial statements to conform to the 2012 presentation.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date. For the year ended June 30, 2012, the System evaluated subsequent events through September 12, 2012, representing the date on which the accompanying audited consolidated financial statements were issued. During this period, there were no material subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes

Business Combinations

Effective January 1, 2012, Ascension Health, a subsidiary of Ascension Health Alliance, became sole corporate member of Alexian Brothers Health System (Alexian Brothers), a Catholic healthcare system that operates acute and specialty care hospitals, ambulatory care clinics, physician practices and senior living facilities in Illinois, Missouri, Tennessee, and Wisconsin. This transaction resulted in a net increase to unrestricted net assets of \$326,333, reflected as contributions from business combinations in the Consolidated Statement of Operations and Changes in Net Assets during the year ended June 30, 2012. Furthermore, this addition resulted in a contribution of restricted net assets of \$16,337, included in other changes in net assets in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2012.

Pooled Investment Fund

For the year ended June 30, 2011, and prior to April 2012, the System held a significant portion of its investments in the Ascension Legacy Portfolio, an investment pool of funds in which the System and a limited number of nonprofit healthcare providers participated. In April 2012, a significant portion of the assets in the Ascension Legacy Portfolio was transferred to the Alpha Fund, a separate legal entity created during the year ended June 30, 2012. Certain System assets continue to be held through the Ascension Legacy Portfolio, and subsequent to April 2012, the Ascension Legacy Portfolio no longer holds assets for unrelated entities.

Prior to April 2012, CHIMCO, a wholly owned subsidiary of Ascension Health Alliance, managed the investment portfolio of Ascension Health Alliance held in the Ascension Legacy Portfolio. CHIMCO provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The System did not consolidate the Ascension Legacy Portfolio prior to April 2012. Accordingly, the System's investments recorded in the consolidated financial statements consisted only of the System's pro-rata share of the Ascension Legacy Portfolio's investments held for participants prior to April 2012.

The Alpha Fund includes the investment interests of Ascension Health Alliance and other Alpha Fund members. CHIMCO manages and serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. Ascension Health Alliance began consolidating the Alpha Fund in April 2012.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes (continued)

The portion of the Alpha Fund's net assets representing interests held by entities other than Ascension Health Alliance are reflected in noncontrolling interests in the Consolidated Balance Sheet at June 30, 2012, which amount to \$589,493 at June 30, 2012

The consolidation of the Alpha Fund by the System in April 2012 resulted in an increase of net assets of \$440,015, representing the noncontrolling interests of the Alpha Fund as of the date investments were transferred into the Alpha Fund. Additional information about the Alpha Fund is included in the Pooled Investment Fund note.

Divestitures and Discontinued Operations

Effective October 1, 2011, Seton Health System, Inc. (Seton Health) in Troy, New York, separated from the System and became part of a newly formed nonprofit healthcare organization that operates in the state of New York. The operations of Seton Health are reflected in the System's consolidated financial statements as discontinued operations.

Ascension Health Alliance reported a decrease in net assets from discontinued operations of \$54,998 for the year ended June 30, 2012, representing the contribution of net assets related to the separation of Seton Health and the deficit of revenues over expenses for previously discontinued lines of business in Michigan. These entities had recorded operating revenues totaling \$39,659 during the period that they were operational during the year ended June 30, 2012.

Ascension Health Alliance reported an increase in net assets from discontinued operations of \$19,421 for the year ended June 30, 2011, representing the excess of revenues over expenses for previously discontinued lines of business in Michigan, New York, and Tennessee. These entities had recorded operating revenues totaling \$186,902 during the period that they were operational during the year ended June 30, 2011.

Other

In March 2012, Ascension Health Alliance and Daughters of Charity Health System (DCHS) entered into a non-binding memorandum of understanding to explore having DCHS join Ascension Health, a subsidiary of Ascension Health Alliance. Completion of the proposed transaction is subject to the execution of final agreements and obtaining all necessary approvals.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

3. Organizational Changes (continued)

In June 2012, Ascension Health Alliance and Marian Health System, Inc (Marian) entered into a non-binding memorandum of understanding to explore having Marian join Ascension Health Alliance. Completion of the proposed transaction is subject to the execution of final agreements and obtaining all necessary approvals.

4. Pooled Investment Fund

As discussed in the Organizational Changes note, in April 2012, substantially all of the System's investments previously held in the Ascension Legacy Portfolio were transferred to the Alpha Fund, in which Ascension Health Alliance and certain other entities are members. At June 30, 2012, a significant portion of the System's investments consist of Ascension Health Alliance's interest in the Alpha Fund.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds and private credit funds. Collectively, these funds have liquidity terms ranging from weekly to annual with notice periods ranging from 1 to 93 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was approximately \$683,000 at June 30, 2012, cannot currently be redeemed. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2012, contractual agreements of the Alpha Fund expire between July 1, 2012 and March 31, 2018. The remaining unfunded capital commitments of the Alpha Fund total approximately \$729 million for 51 individual funds as of June 30, 2012. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, option and forward contracts as well as warrants and swaps.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Pooled Investment Fund (continued)

These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

At June 30, 2012, the notional value of Alpha Fund derivatives outstanding was approximately \$2,071,000. The fair value of Alpha Fund derivatives in an asset position was \$71,936 at June 30, 2012, while the fair value of Alpha Fund derivatives in a liability position was \$36,266 at June 30, 2012. These derivatives are included in long-term investments in the Consolidated Balance Sheet at June 30, 2012.

The Alpha Fund also participates in a securities lending program, whereby a portion of the Alpha Fund's investments are loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis. The fair value of collateral held by the Alpha Fund associated with such lending agreements amounts to approximately \$320,000 and is included in other current assets in the Consolidated Balance Sheet at June 30, 2012, while the liability associated with the obligation to repay such collateral is also approximately \$320,000, and is included in other current liabilities in the Consolidated Balance Sheet at June 30, 2012. In addition, the Alpha Fund has liabilities for investments sold, not yet purchased, representing obligations of the Alpha Fund to purchase investments in the market at prevailing prices. The fair value of this Alpha Fund liability is approximately \$160,000 and is included in other noncurrent liabilities in the Consolidated Balance Sheet at June 30, 2012.

Due from brokers and due to brokers on the Consolidated Balance Sheet at June 30, 2012, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily amounts for security transactions not yet settled, as well as cash held by brokers for securities sold, not yet purchased.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments

The System's cash and investments are reported in the June 30, 2012, Consolidated Balance Sheet as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund as well as the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	<u>June 30, 2012</u>
Cash and cash equivalents	\$ 306,469
Short-term investments	216,914
Long-term investments	<u>10,468,457</u>
Subtotal	10,991,840
Other Alpha Fund and Ascension Legacy Portfolio assets and liabilities	
In other current assets	360,999
In other long-term assets	2,924
In accounts payable and accrued liabilities	(12,779)
In other current liabilities	(322,873)
In other noncurrent liabilities	(157,073)
Due from (to) brokers, net	<u>(91,342)</u>
Total cash and investments, net	10,771,696
Less noncontrolling interests of Alpha Fund	<u>589,493</u>
System cash and investments, including assets limited as to use	10,182,203
Less assets limited as to use	<u>1,064,385</u>
System unrestricted cash and investments, net	<u><u>\$ 9,117,818</u></u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2012, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows

	<u>June 30, 2012</u>
Cash and cash equivalents and short-term investments	\$ 498,902
Pooled short-term investment funds	416,087
U S government, state, municipal and agency obligations	3,271,474
Corporate and foreign fixed income securities	980,322
Asset-backed securities	1,057,735
Equity securities	1,574,188
Private equity, alternative investments and other investments	<u>3,193,132</u>
Total cash and cash equivalents, short-term investments and long-term investments	<u><u>\$ 10,991,840</u></u>

At June 30, 2011, the System's investments consisted of its pro rata share of the Ascension Legacy Portfolio's funds held for participants and certain other investments such as those investments held and managed by foundations. The System's June 30, 2011 investments are reported in the accompanying Consolidated Balance Sheet as presented in the table that follows. Assets limited as to use are discussed in the Short-Term Investments and Long-Term Investments and Investment Return sections of the Significant Accounting Policies note. Long-term investments include investments designated for a specific purpose by resolution of the System Board or local Health Ministry Boards which were approximately \$601,000 at June 30, 2011.

	<u>June 30, 2011</u>
Cash and cash equivalents	\$ 1,107,846
Short-term investments	237,461
Long-term investments	<u>8,117,951</u>
System cash and investments	9,463,258
Less assets limited as to use	<u>994,297</u>
System unrestricted cash and investments	<u><u>\$ 8,468,961</u></u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2011, the composition of cash and investments classified as cash and cash equivalents, short-term investments, assets limited as to use and other long-term investments is summarized as follows

	<u>June 30, 2011</u>
Cash and cash equivalents	\$ 450,436
Short-term investments	60,559
U S government, state, municipal and agency obligations	49,958
Corporate and foreign fixed income securities	50,762
Asset-backed securities	60,280
Equity securities	314,672
Private equity and other investments	<u>164,895</u>
Subtotal, included in cash and cash equivalents, short-term investments, and long-term investments	1,151,562
Ascension Health Alliance's pro rata share of Ascension Legacy Portfolio funds held for participants	<u>8,311,696</u>
Total cash and cash equivalents, short-term investments and long-term investments	<u><u>\$ 9,463,258</u></u>

The System's pro rata share of the Ascension Legacy Portfolio's funds held for participants was \$8,311,696 at June 30, 2011, representing approximately 76.6% of the funds held for participants in the Ascension Legacy Portfolio

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments (continued)

The following is a condensed balance sheet of the Ascension Legacy Portfolio at June 30, 2011, including the interests of the System and all other participating entities

	<u>June 30, 2011</u>
Assets	
Cash	\$ 26,757
Loans, interest, and other receivables	88,180
Due from brokers	799,869
Securities lending collateral	378,877
Derivative asset	33,208
Investments, at fair value	
Short-term investments	747,955
U S government obligations	3,056,988
Corporate and foreign fixed income securities	1,260,685
Asset-backed securities	1,764,404
Equity, private equity, and other investments	2,287,580
Equity method investments	2,026,142
Total assets	<u>\$ 12,470,645</u>
Liabilities and funds held for participants	
Due to brokers	\$ 1,032,350
Derivative liability	34,768
Investments sold, not yet purchased	166,663
Other payables	6,743
Payable under securities lending program	380,684
Total liabilities	<u>1,621,208</u>
Funds held for participants	10,849,437
Total liabilities and funds held for participants	<u>\$ 12,470,645</u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments (continued)

Net investments under CHIMCO management and held in the Ascension Legacy Portfolio at March 31, 2012, yet not included in the Alpha Fund or the Ascension Legacy Portfolio while still managed by CHIMCO at April 1, 2012, were approximately \$1,820,000. As of June 30, 2012, the System's membership interest in the Alpha Fund as well as the noncontrolling interest (see Note 2) in the Alpha Fund, representing interests held by entities other than Ascension Health Alliance, total \$8,840,551 and \$589,493, respectively.

Investment return recognized by the System for the years ended June 30, 2012 and 2011, is summarized in the following table. Total investment return includes the System's return in the Ascension Legacy Portfolio as well as the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

	Year Ended June 30,	
	2012	2011
Investment return in Ascension Legacy Portfolio	\$ 57,921	\$ 1,142,327
Interest and dividends	51,453	17,001
Net losses on investments reported at fair value	(233,826)	80,409
Restricted investment income	3,386	6,163
Total investment return	(121,066)	1,245,900
Less return earned by noncontrolling interests of Alpha Fund	(9,264)	—
System investment return	<u>\$ (111,802)</u>	<u>\$ 1,245,900</u>

6. Fair Value Measurements

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The System follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1 – Quoted prices (unadjusted) that are readily available in active markets or exchanges for identical assets or liabilities on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets or exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to the determination of fair value for Level 3 assets and liabilities require management judgment and estimation.

As of June 30, 2012 and 2011, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Cash and cash equivalents and short-term investments

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, and credit rating, interest rate and par value.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

U. S. government, state, municipal and agency obligations

The fair value of investments in U S government, state, municipal and agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

Corporate and foreign fixed income securities

The fair value of investments in U S and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

Asset-backed securities

The fair value of U S agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

Equity securities

The fair value of investments in U S and international equity securities is primarily determined using techniques consistent with the income approach. The values for underlying investments are fair value estimates determined by external fund managers based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

Private equity, alternative investments and other investments

The fair value of private equity investments is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

Alternative investments consist of hedge funds, private equity funds, commodity funds, and real estate partnerships. Alternative investments are valued using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity and recovery rates.

Securities lending collateral

The fair value of collateral received under the Alpha Fund's securities lending program is valued using the calculated net asset value for the commingled fund in which the collateral is invested. The underlying investments in the commingled fund are valued using techniques consistent with the market approach, which uses significant observable market inputs such as available trade, quotes, benchmark curves, sector groupings, and matrix pricing.

Benefit plan assets

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

Interest rate swap assets and liabilities

The fair value of interest rate swaps is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Investments sold, not yet purchased

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

The following table summarizes fair value measurements, by level, at June 30, 2012, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Cash and cash equivalents	\$ 78,301	\$ 3,419	\$ –	\$ 81,720
Short-term investments	14,567	79,321	–	93,888
Pooled short-term investment funds	416,087	–	–	416,087
U.S. government, state, municipal and agency obligations	–	3,264,037	7,437	3,271,474
Corporate and foreign fixed income securities	–	859,904	120,418	980,322
Asset-backed securities	–	1,042,438	15,297	1,057,735
Equity securities	1,546,579	14,491	13,118	1,574,188
Private equity, alternative investments and other investments	8,699	3,327	3,096,973	3,108,999
Assets not at fair value				407,427
Cash and investments				<u>\$ 10,991,840</u>
Securities lending collateral, in other current assets	\$ –	\$ 321,937	\$ –	\$ 321,937
Benefit plan assets, in other noncurrent assets	136,435	–	36,932	173,367
Interest rate swaps, in other noncurrent assets	–	94,082	–	94,082
Investments sold, not yet purchased, in other noncurrent liabilities	–	157,073	–	157,073
Interest rate swaps, included in other noncurrent liabilities	–	248,511	–	248,511

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2012, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following Level 3 investments of the Alpha Fund are included in transfers in the table below

	U.S. Government, State, Municipal and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity, Alternative Investments and Other Investments	Benefit Plan Assets
June 30, 2012						
Beginning balance	\$ 442	\$ 5,024	\$ 1,924	\$ 15,515	\$ 86,166	\$ 31,795
Total realized and unrealized gains (losses)						
Included in income from operations	21	192	(7)	886	(391)	—
Included in nonoperating gains (losses)	6	904	(149)	(69)	(33,994)	—
Included in changes in net assets	—	—	—	—	1,290	20
Purchases	—	77,943	2,919	—	458,171	8,716
Settlements	—	—	—	—	—	(91)
Issuances	—	—	—	—	—	35
Sales	—	(57,768)	(2,700)	(3,588)	(90,500)	(5,408)
Transfers into Level 3	6,968	94,201	15,012	374	2,676,231	2,649
Transfers out of Level 3	—	(78)	(1,702)	—	—	(784)
Ending balance	<u>\$ 7,437</u>	<u>\$ 120,418</u>	<u>\$ 15,297</u>	<u>\$ 13,118</u>	<u>\$ 3,096,973</u>	<u>\$ 36,932</u>

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur

As discussed in the Organizational Changes and Pooled Investment Fund notes, the System recognized its pro rata share of the Ascension Legacy Portfolio's investments held for participants in the Consolidated Balance Sheet at June 30, 2011, which represented 76.6% of the net asset value of the Ascension Legacy Portfolio as of June 30, 2011. The Ascension Legacy Portfolio's investments at June 30, 2011, included equities, various fixed income securities, and alternative investments

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011, for Ascension Legacy Portfolio's financial assets and liabilities, measured at fair value on a recurring basis in Ascension Legacy Portfolio's financial statements

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Assets included in				
Securities lending collateral	\$ —	\$ 378,877	\$ —	\$ 378,877
Derivative asset	19,649	2,303	11,256	33,208
Short-term investments	689,742	58,213	—	747,955
U S government obligations	—	3,046,822	10,166	3,056,988
Corporate and foreign fixed income securities	—	1,144,643	116,042	1,260,685
Asset-backed securities	—	1,719,704	44,700	1,764,404
Equity, private equity, and other investments	2,240,360	—	47,220	2,287,580
Liabilities included in				
Derivative liability	1,162	3,116	30,490	34,768
Investments sold, not yet purchased	—	166,663	—	166,663

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2011, the changes in the fair value of Ascension Legacy Portfolio's assets measured using significant unobservable inputs (Level 3) consisted of the following

	U.S. Government Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity, Private Equity, and Other Investments	Net Derivatives
June 30, 2011					
Beginning balance	\$ 7.340	\$ 167.473	\$ 26.069	\$ 423.575	\$ (40.449)
Total realized and unrealized gains included in nonoperating gains (losses)	202	8.209	1.514	99.730	180.214
Purchases, issuances, and settlements	1.199	(42.171)	19.814	(476.085)	(158.999)
Transfers into (out of) Level 3	1.425	(17.469)	(2.697)	—	—
Ending balance	<u>\$ 10.166</u>	<u>\$ 116.042</u>	<u>\$ 44.700</u>	<u>\$ 47.220</u>	<u>\$ (19.234)</u>
 The amount of total gains (losses) for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011	 <u>\$ 107</u>	 <u>\$ (1.948)</u>	 <u>\$ 781</u>	 <u>\$ 5.872</u>	 <u>\$ (146.992)</u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011, for all other financial assets and liabilities, measured at fair value on a recurring basis in the System's consolidated financial statements

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Cash and cash equivalents	\$ 86,946	\$ 6,954	\$ —	\$ 93,900
Short-term investments	15,592	44,768	—	60,360
U S government, state, municipal and agency obligations	—	49,516	442	49,958
Corporate and foreign fixed income securities	—	45,738	5,024	50,762
Asset-backed securities	—	58,356	1,924	60,280
Equity securities	284,701	14,456	15,515	314,672
Private equity, alternative investments and other investments	594	3,423	86,166	90,183
Assets not at fair value				431,447
Cash and investments				<u>\$ 1,151,562</u>
Benefit plan assets, in other noncurrent assets	\$ 137,391	\$ —	\$ 31,795	\$ 169,186
Interest rate swaps, included in other noncurrent assets	—	64,426	—	64,426
Interest rate swaps, included in other noncurrent liabilities	—	141,287	—	141,287

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

During the year ended June 30, 2011, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) consisted of the following

	U.S. Government, State, Municipal and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity, Alternative Investments and Other Investments	Benefit Plan Assets
June 30, 2011						
Beginning balance	\$ 442	\$ 4,845	\$ 189	\$ 6,164	\$ 68,171	\$ 28,369
Total realized and unrealized gains (losses)						
Included in income from operations	—	412	(16)	231	445	—
Included in nonoperating gains (losses)	—	—	—	—	(73)	—
Included in changes in net assets	—	—	—	—	315	—
Purchases, issuances, and settlements	—	(233)	1,463	9,120	18,373	2,611
Transfers into (out of) Level 3	—	—	288	—	(1,065)	815
Ending balance	<u>\$ 442</u>	<u>\$ 5,024</u>	<u>\$ 1,924</u>	<u>\$ 15,515</u>	<u>\$ 86,166</u>	<u>\$ 31,795</u>

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur

7. Significant Investments in Unconsolidated Entities

The System has a 50% membership interest in Via Christi Health, Inc (VCH) The System accounts for this membership interest under the equity method of accounting The System's investment in VCH is \$493,105 and \$499,910 at June 30, 2012 and 2011, respectively, and is reported in the Consolidated Balance Sheets in investment in unconsolidated entities The System's investment in VCH reflects the financial performance of VCH one month in arrears

At June 30, 2012 and 2011, the difference between the amount at which the System's investment in VCH is carried in the accompanying Consolidated Balance Sheets and its interest in the underlying net assets of VCH is \$30,321 and \$30,568, respectively This difference relates primarily to the excess of the fair value of VCH property and equipment and long-term debt over their carrying values at the date the System received the interest in VCH The difference is being amortized over the remaining life of the property and equipment and term of the long-term debt

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Significant Investments in Unconsolidated Entities (continued)

Condensed financial information of VCH as of and for the years ended June 30, 2012 and 2011, is summarized below

	June 30,	
	2012	2011
Current assets	\$ 752,074	\$ 748,221
Noncurrent assets	954,184	932,313
Total assets	<u>\$ 1,706,258</u>	<u>\$ 1,680,534</u>
Current liabilities	\$ 131,366	\$ 120,335
Noncurrent liabilities	581,391	555,415
Total liabilities	712,757	675,750
Net assets	993,501	1,004,784
Total liabilities and net assets	<u>\$ 1,706,258</u>	<u>\$ 1,680,534</u>
Total revenues	\$ 1,096,449	\$ 1,094,925
Total expenses	(1,063,364)	(1,072,680)
Total investment return	(16,482)	97,573
Excess of revenues over expenses	<u>\$ 16,603</u>	<u>\$ 119,818</u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Long-Term Debt

Long-term debt at June 30, 2012 and 2011, is comprised of the following, and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Alexian Brothers Health System Master Trust Indenture.

	June 30,	
	2012	2011
Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture		
Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047, interest (0.27% at June 30, 2012) tied to a market index plus a spread	\$ 308,605	\$ 320,480
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039, interest (0.15% to 0.16% at June 30, 2012) set at prevailing market rates	225,665	246,730
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033, interest (0.15% to 0.16% at June 30, 2012) set at prevailing market rates, swapped to fixed rates of 5.454 and 5.544% through maturity	307,300	150,325
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046, interest (1.505% at June 30, 2012) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016	153,800	153,800
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046, interest (4.10% at June 30, 2012) swapped to a variable rate tied to a market index plus a spread through November 2016	153,690	153,690
Fixed rate serial and term bonds payable in installments through November 2051, interest at 4.125% to 5.75%	1,308,105	984,635
Fixed rate serial and term bonds payable in installments through November 2039, interest at 5.00% swapped to variable rates over the life of the bonds	587,360	599,490
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from April 2013 through May 2018, interest at 0.90% to 5.00% through the purchase dates	904,185	823,560
Fixed rate serial mode bonds payable through 2033 with purchase dates through May 2012, interest at 1.25%, swapped to fixed rates of 5.454% to 5.544% through maturity	–	156,975

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Long-Term Debt (continued)

	June 30,	
	2012	2011
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture		
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2027, interest (0.16% at June 30, 2012) set at prevailing market rates	\$ 56,060	\$ 57,815
Fixed rate serial mode bonds payable through 2027 with purchase dates through November 2012, interest at 5.00%, swapped to variable mode through the purchase dates	49,810	149,470
Fixed rate serial mode bonds payable through 2027 with purchase dates through May 2018, interest at 1.50% to 5.00%	396,705	303,270
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	4,451,285	4,100,240
Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture		
Fixed rate term bonds payable in installments through February 2038, interest at 3.50% to 5.50%	161,565	–
Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture	161,565	–
Total hospital revenue bonds under the Ascension Health Alliance Senior Master Trust Indenture, Ascension Health Alliance Subordinate Master Trust Indenture, and the Alexian Brothers Health System Master Trust Indenture	4,612,850	4,100,240
Other debt		
Obligations under capital leases	33,221	34,865
Other	37,936	36,960
	4,684,007	4,172,065
Unamortized premium, net	111,187	67,233
Less current portion	(45,363)	(29,563)
Less long-term debt subject to short-term remarketing arrangements	(1,094,425)	(1,662,950)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	\$ 3,655,406	\$ 2,546,785

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Long-Term Debt (continued)

	June 30,	
	2012	2011
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	\$ 2,919,702	\$ 1,953,354
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	515,278	528,917
Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	167,257	—
Other	53,169	64,514
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	<u>\$ 3,655,406</u>	<u>\$ 2,546,785</u>

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2012, are as follows

	Ascension Health Alliance MTIs	Alexian Brothers Health System MTI	Other Debt	Total
Year ending June 30				
2013	\$ 22,810	\$ 4,565	\$ 17,989	\$ 45,364
2014	57,785	3,290	5,978	67,053
2015	61,180	340	5,072	66,592
2016	51,650	7,485	2,787	61,922
2017	67,620	13,130	15,853	96,603
Thereafter	4,190,240	132,755	23,479	4,346,474
Total	<u>\$ 4,451,285</u>	<u>\$ 161,565</u>	<u>\$ 71,158</u>	<u>\$ 4,684,008</u>

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are estimated based on discounted cash flow analyses that consider current incremental borrowing rates for similar types of borrowing arrangements. The fair value of both Ascension Health Alliance and Alexian Brothers fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2012 and 2011. During the years ended June 30, 2012 and 2011, interest paid was approximately \$148,300 and \$146,000, respectively. Capitalized interest was approximately \$2,000 and \$7,100 for the years ended June 30, 2012 and 2011, respectively.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

8. Long-Term Debt (continued)

Certain members of Ascension Health Alliance formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by Ascension Health Alliance. Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. Ascension Health Alliance may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health Alliance with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by Ascension Health Alliance. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI. Ascension Health Alliance may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with Ascension Health Alliance, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Long-Term Debt (continued)

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to Ascension Health Alliance at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2012, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to Ascension Health Alliance to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

On January 1, 2012, Alexian Brothers became part of Ascension Health Alliance. Subsequently, Ascension Health Alliance redeemed or refinanced a portion of Alexian Brothers' debt, however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds). The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee.

In May 2012, Ascension Health Alliance issued a total of \$435,370 of tax-exempt bonds, Series 2012A through 2012E, through four different issuing authorities in four different states. The proceeds of the bonds, including original issue premium, were used to reimburse Ascension Health Alliance for previous capital expenditures.

Due to aggregate financing activity during the fiscal years ended June 30, 2012 and 2011, losses on extinguishment of debt of \$2,828 and \$1,007 were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Ascension Health Alliance is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively. See the Derivative Instruments note for a discussion of these derivatives.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Long-Term Debt (continued)

As of June 30, 2012, the Senior Credit Group has a line of credit of \$1,000,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes, towards which bank commitments totaling \$1,000,000 extend to November 9, 2014. As of June 30, 2012 and 2011, there were no borrowings under the line of credit.

As of June 30, 2012, the Subordinate Credit Group has a \$50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of \$50,000 extends to December 27, 2012. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this \$50,000 revolving line of credit, letters of credit totaling \$26,067 have been issued as of June 30, 2012. No borrowings were outstanding under the letters of credit as of June 30, 2012 and 2011.

9. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2012 and 2011, the notional values of outstanding interest rate swaps were \$2,189,232 and \$2,310,187, respectively.

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. At June 30, 2012 and 2011, the fair value of interest rate swaps in an asset position was \$94,082 and \$64,426, respectively, while the fair value of interest rate swaps in a liability position was \$248,511 and \$141,287, respectively.

Prior to July 1, 2006, the System designated certain of its interest rate swaps as cash flow hedges, for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets. As of June 30, 2012, the deferred net gain associated with these interest rate swaps was \$4,660. The portion of this gain that will be reclassified into nonoperating gains (losses) over the next 12 months is immaterial.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Derivative Instruments (continued)

Beginning July 1, 2006, previously designated cash flow hedging relationships were de-designated for accounting purposes. Accordingly, all changes in the fair value of interest rate swaps have been recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. A net nonoperating loss of \$77,568 was recognized for the year ended June 30, 2012, while a net nonoperating gain of \$25,257 was recognized for the year ended June 30, 2011.

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria. The System's collateral requirements are based upon Ascension Health Alliance's Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies, as well as the net liability position of total interest rate swap agreements outstanding with each counterparty. At June 30, 2012 and 2011, based upon the System's net liability positions and Senior Debt Credit Ratings, no collateral on interest rate swap agreements was required to be posted. The aggregate net fair value of interest rate swap agreements with credit-risk-related contingent features on June 30, 2012 and 2011, was a liability of \$154,429 and \$76,861, respectively.

10. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans covering substantially all eligible employees of certain System entities. Benefits are based on each participant's years of service and compensation. Substantially all of the System Plans' assets are invested in a master trust (the Trust) consisting of cash and cash equivalents, equity, fixed income funds, and alternative investments. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

10. Retirement Plans (continued)

During the year ended June 30, 2012, the System approved and communicated to employees a redesign of associate retirement benefits, which affects certain System Plans, as well as provides an enhanced comprehensive defined contribution plan. These changes will become effective January 1, 2013. This redesign resulted in the recognition of one-time curtailment gains of \$415,834, of which \$414,294 was recognized in total impairment, restructuring and nonrecurring gains for the year ended June 30, 2012, with the remaining amount recognized in nonoperating losses for the year ended June 30, 2012. This redesign also resulted in a one-time decrease to the projected benefit obligation as of December 31, 2011. The projected benefit obligation is included in pension and other postretirement liabilities in the Consolidated Balance Sheets.

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2012 and 2011, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements

	Year Ended June 30,	
	2012	2011
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 5,734,449	\$ 5,618,553
Service cost	194,906	208,253
Interest cost	311,981	304,365
Amendments	(5,463)	(476)
Assumption change	873,252	(154,944)
Actuarial loss (gain)	1,051	(29,136)
Acquisitions	131,174	—
Curtailment	(561,854)	—
Benefits paid	(242,250)	(212,166)
Projected benefit obligation at end of year	6,437,246	5,734,449
Accumulated benefit obligation at end of year	6,341,693	5,140,261
Change in plan assets		
Fair value of plan assets at beginning of year	5,397,593	4,624,393
Actual return on plan assets	711,555	848,439
Employer contributions	14,421	136,927
Acquisitions	111,358	—
Benefits paid	(242,250)	(212,166)
Fair value of plan assets at end of year	5,992,677	5,397,593
Net amount recognized at end of year and funded status	\$ (444,569)	\$ (336,856)

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2012 and 2011, was 93.1% and 94.1%, respectively. The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2012 and 2011, was 94.5% and 105.0%, respectively.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2012 and 2011, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans

	Year Ended June 30,	
	2012	2011
Unrecognized prior service credit	\$ (16,230)	\$ (69,548)
Unrecognized actuarial loss	433,352	33,874
	<u>\$ 417,122</u>	<u>\$ (35,674)</u>

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2012 and 2011, include

	Year Ended June 30,	
	2012	2011
Current year actuarial loss (gain)	\$ 48,601	\$ (671,223)
Amortization of actuarial loss (gain)	350,877	(130,321)
Current year prior service credit	(5,463)	(476)
Amortization of prior service credit	58,781	11,855
	<u>\$ 452,796</u>	<u>\$ (790,165)</u>

	Year Ended June 30,	
	2012	2011
Components of net periodic benefit cost		
Service cost	\$ 194,906	\$ 208,253
Interest cost	311,981	304,365
Expected return on plan assets	(447,703)	(361,295)
Amortization of prior service credit	(10,646)	(11,855)
Amortization of actuarial loss	16,931	130,321
Curtailement gain	(415,834)	—
Settlement gain	(111)	—
Net periodic benefit cost	<u>\$ (350,476)</u>	<u>\$ 269,789</u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2013, are approximately \$6,500 and \$63,900, respectively

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below

	June 30,	
	2012	2011
Weighted-average discount rate	4.42%	5.63%
Weighted-average rate of compensation increase	4.00%	4.00%
Weighted-average expected long-term rate of return on plan assets	8.43%	8.50%

The System Plans' assets are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield and private credit. Deflation strategies include core fixed income, absolute return hedge funds and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value as determined by each fund's investment manager, which approximates fair value. The fair value of the System Plans' alternative investments as of June 30, 2012, is reported in the fair value measurement table that follows. Collectively, these

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

funds have liquidity terms ranging from weekly to annual with notice periods ranging from 1 to 93 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately \$515,000 at June 30, 2012, cannot be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2012, investment periods expire between July 2012 and March 2018. The remaining unfunded capital commitments of the Trust total approximately \$528,000 for 50 individual contracts as of June 30, 2012.

The weighted-average asset allocation for the System Plans at the end of fiscal 2012 and 2011 and the target allocation for fiscal 2013, by asset category, are as follows:

Asset Category	Target Allocation	Percentage of Plan Assets at Year-End	
	2013	2012	2011
Growth	50%	49%	52%
Deflation	30	32	32
Inflation	20	19	16
Total	100%	100%	100%

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2012 and 2011, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Short-term investments	\$ 192,025	\$ 5,392	\$ –	\$ 197,417
Derivative assets –				
interest rate	53,054	92,049	757	145,860
Derivative assets – other	10,937	653	13,472	25,062
U S government obligations	–	2,189,580	1,903	2,191,483
Corporate and foreign fixed				
income securities	70,238	387,734	28,308	486,280
Asset-backed securities	–	194,201	14,243	208,444
Equity securities	782,558	–	23,200	805,758
Alternative investments	–	–	1,993,923	1,993,923
Assets not at fair value				874,681
Total				<u>6,928,908</u>
Derivative liabilities – interest				
rate	1,990	51,180	33	53,203
Derivative liabilities – other	3,859	134	6,022	10,015
Investments sold,				
not yet purchased	–	29,342	–	29,342
Liabilities not at fair value				843,671
Total				<u>936,231</u>
Fair value of plan assets				<u>\$ 5,992,677</u>

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Short-term investments	\$ 433,526	\$ 12,682	\$ –	\$ 446,208
Derivative assets –				
interest rate	717	3	65,727	66,447
Derivative assets – other	74	2,939	1,159	4,172
U S government obligations	–	1,734,828	2,129	1,736,957
Corporate and foreign fixed				
income securities	–	406,793	19,462	426,255
Asset-backed securities	–	265,277	4,427	269,704
Equity securities	1,186,520	–	1,701	1,188,221
Alternative investments	–	–	1,591,483	1,591,483
Assets not at fair value				221,405
Total				5,950,852
Derivative liabilities – interest				
rate	17	283	258,882	259,182
Derivative liabilities – other	307	1,067	16,371	17,745
Investments sold,				
not yet purchased	–	56,451	–	56,451
Liabilities not at fair value				219,881
Total				553,259
Fair value of plan assets				\$ 5,397,593

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

For the years ended June 30, 2012 and 2011, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following

	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Securities	Asset- Backed Securities	Equity Securities	Alternative Investments
June 30, 2012						
Beginning balance	\$ (208,367)	\$ 2,129	\$ 19,462	\$ 4,427	\$ 1,701	\$ 1,591,483
Total actual return on plan assets	167,900	48	1,431	(211)	(196)	(14,183)
Purchases, issuances, and settlements	48,641	(274)	9,662	10,517	21,690	416,623
Transfers (out of) into Level 3	—	—	(2,247)	(490)	5	—
Ending balance	<u>\$ 8,174</u>	<u>\$ 1,903</u>	<u>\$ 28,308</u>	<u>\$ 14,243</u>	<u>\$ 23,200</u>	<u>\$ 1,993,923</u>

Actual return on plan assets relating to plan assets still held at June 30, 2012	\$ 9,095	\$ 11	\$ (820)	\$ (477)	\$ —	\$ (49,802)
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	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Securities	Asset- Backed Securities	Equity Securities	Alternative Investments
June 30, 2011						
Beginning balance	\$ (258,049)	\$ 2,241	\$ 52,193	\$ 4,790	\$ 122,447	\$ 1,163,027
Total actual return on plan assets	57,843	99	1,976	(8)	33,096	171,459
Purchases, issuances, and settlements	(8,161)	(211)	(29,882)	376	(153,343)	256,997
Transfers out of Level 3	—	—	(4,825)	(731)	(499)	—
Ending balance	<u>\$ (208,367)</u>	<u>\$ 2,129</u>	<u>\$ 19,462</u>	<u>\$ 4,427</u>	<u>\$ 1,701</u>	<u>\$ 1,591,483</u>

Actual return on plan assets relating to plan assets still held at June 30, 2011	\$ (25,056)	\$ 65	\$ (195)	\$ 195	\$ —	\$ 154,299
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The Trust has entered into a series of interest rate swap agreements with a net notional amount of \$948,150. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 60% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the System Plans follows:

Expected employer contributions 2013	\$ 32,500
Expected benefit payments	
2013	371,100
2014	364,200
2015	371,800
2016	384,900
2017	396,900
2018–2022	2,065,000

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above reflect the total benefits expected to be paid from the Trust.

Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2012 and 2011, is \$47,428 and \$44,446, respectively. The net obligation included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2012 and 2011, is \$12,423 and \$10,086, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2012, was \$6,551.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Retirement Plans (continued)

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were \$128,250 and \$113,337 during 2012 and 2011, respectively.

11. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Trust funds and two captive insurance companies, Ascension Health Insurance, Ltd. (AHIL) and Edessa Insurance Company, Ltd. (Edessa) are established for the self-insurance programs. Edessa was acquired as part of the Alexian Brothers business combination, as discussed in the Organizational Changes note. Actuarially determined amounts, discounted at 6% for the System, excluding Alexian Brothers which are discounted at 3%, are contributed to the trusts and the captive insurance companies to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which are discounted at 6% in 2012 and 2011 for the System, except for Alexian Brothers, which are not discounted. Those entities not participating in the self-insured programs are insured under separate policies.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

11. Self-Insurance Programs (continued)

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and through AHIL and Edessa

AHIL has a self-insured retention of \$10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to \$185,000. AHIL retains \$5,000 per occurrence and \$5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first \$25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers.

Edessa has a self-insured retention of \$1,000 per occurrence with no aggregate. Excess coverage is provided through Edessa with limits up to \$110,000. Edessa retains \$10,000 per occurrence and \$20,000 annual aggregate for professional liability. The remaining excess coverage is reinsured by commercial carriers.

Self-insured entities in the states of Indiana and Wisconsin are provided professional liability coverage on an occurrence basis with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of \$71,687 and \$69,073 for the years ended June 30, 2012 and 2011, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of approximately \$596,381 and \$522,489 at June 30, 2012 and 2011, respectively.

AHIL and Edessa also offer physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana and Illinois. Coverage is offered to physicians with limits ranging from \$100 per claim to \$1,000 per claim with various aggregate limits.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Self-Insurance Programs (continued)

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to \$1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Workers' compensation coverage for Alexian Brothers is self-insured up to \$400 per occurrence with no aggregate. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation expense of \$40,256 and \$41,973 for the years ended June 30, 2012 and 2011, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of \$110,657 and \$98,867 at June 30, 2012 and 2011, respectively.

12. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are as follows:

Year ending June 30	
2013	\$ 208,072
2014	191,994
2015	152,166
2016	117,939
2017	96,213
Thereafter	250,031
Total	<u>\$ 1,016,415</u>

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs), and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

12. Lease Commitments (continued)

The System's future minimum noncancelable payments associated with operating leases where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

	Future Payments Where the System is Lessee	Future Receipts Where the System is Sublessor/ Lessor	Net Future Payments (Receipts)
Year ending June 30			
2013	\$ 208,072	\$ 32,929	\$ 175,143
2014	191,994	27,783	164,211
2015	152,166	21,691	130,475
2016	117,939	17,004	100,935
2017	96,213	13,398	82,815
Thereafter	250,031	275,190	(25,159)
Total	<u>\$ 1,016,415</u>	<u>\$ 387,995</u>	<u>\$ 628,420</u>

Rental expense under operating leases amounted to \$341,918 and \$290,692 in 2012 and 2011, respectively.

13. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Contingencies and Commitments (continued)

In September 2010, Ascension Health received a letter from the U S Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators were provided to certain Medicare beneficiaries in accordance with national coverage criteria. In connection with this nationwide review, identified System hospitals are reviewing applicable medical records and responding to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. Through September 12, 2012, the DOJ has not asserted any claims against any System hospitals. The System continues to fully cooperate with the DOJ in its investigation.

The System enters into agreements with nonemployed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for the System's obligation under these guarantees were \$26,675 and \$15,395 at June 30, 2012 and 2011, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets. The maximum amount of future payments that the System could be required to make under these guarantees is approximately \$26,300 and is included in the table that follows.

The System entered into agreements with sponsors for support through January 2017. The System's obligation under these agreements totals \$65,808 at June 30, 2012, and is included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 28 years.

Ascension Health Alliance

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

13. Contingencies and Commitments (continued)

The following summary represents the maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2012

Hospital de la Concepción 2000 Series A debt guarantee	\$ 31,075
St Vincent de Paul Series 2000A debt guarantee	28,300
Rehab Hospital of Indiana, Inc guarantee	8,210
Advantage Health Solution	5,272
Mercy Care Plan guarantee	5,000
Physician revenue guarantees	26,300
Information technology commitments	39,622
Other	27,054
Total guarantees and other commitments	<u>\$ 170,833</u>

Supplementary Information

Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs, the Credit Group Consolidated Balance Sheets, the Credit Group Consolidated Statements of Operations and Changes in Net Assets, and the Schedule of Credit Group Cash and Investments are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Ernst & Young LLP

September 12, 2012

Ascension Health Alliance

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs *(Dollars in Thousands)*

Years Ended June 30, 2012 and 2011

The net cost, excluding the provision for bad debt expense, of providing care to persons living in poverty and community benefit programs is as follows

	June 30,	
	2012	2011
Traditional charity care provided	\$ 468,970	\$ 408,894
Unpaid cost of public programs for persons living in poverty	406,057	374,083
Other programs for persons living in poverty and other vulnerable persons	75,724	71,267
Community benefit programs	335,436	372,644
Care of persons living in poverty and community benefit programs	<u>\$ 1,286,187</u>	<u>\$ 1,226,888</u>

Ascension Health Alliance

Credit Group¹ Financial Statements Consolidated Balance Sheets (Dollars in Thousands)

	June 30,	
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 278,692	\$ 1,107,846
Short-term investments	216,914	237,461
Accounts receivable, less allowances for uncollectible accounts (\$1,102,806 and \$1,079,706 at June 30, 2012 and 2011, respectively)	1,842,575	1,687,189
Inventories	207,048	190,514
Due from brokers	789,271	—
Estimated third-party payor settlements	158,513	89,747
Other	746,147	438,063
Total current assets	4,239,160	3,750,820
Long-term investments	10,356,808	8,117,951
Property and equipment, net	5,953,207	5,987,804
Other assets		
Investment in unconsolidated entities	448,612	389,167
Capitalized software costs, net	635,871	486,842
Due from Alexian Brothers Health System	324,362	—
Other	675,802	720,565
Total other assets	2,084,647	1,596,574
 Total assets	 \$ 22,633,822	 \$ 19,453,149

Continued on next page

¹ The Credit Group Financial Statements are comprised of the System (see Note 1) excluding the System's investment in Via Christi Health, Inc. and assets liabilities and net assets of Alexian Brothers Health System. The Credit Group Financial Statements also include the System's noncontrolling interest (see Note 2) of the CHIMCO Alpha Fund, LLC (Alpha Fund) (see Notes 4 and 5), which represents \$589,493, or approximately 6.3%, of the Alpha Fund's net assets. See Note 5 for further discussion of noncontrolling interests of the Alpha Fund.

	June 30,	
	2012	2011
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	\$ 38,276	\$ 29,563
Long-term debt subject to short-term remarketing arrangements	1,094,425	1,662,950
Accounts payable and accrued liabilities	1,876,862	1,814,600
Estimated third-party pay or settlements	371,831	276,810
Due to brokers	880,613	–
Current portion of self-insurance liabilities	206,057	191,551
Other	429,611	103,093
Total current liabilities	4,897,675	4,078,567
Noncurrent liabilities		
Long-term debt (senior and subordinated)	3,488,091	2,546,785
Self-insurance liabilities	490,117	448,624
Pension and other postretirement liabilities	470,858	396,058
Other	1,236,189 ²	676,648
Total noncurrent liabilities	5,685,255	4,068,115
Total liabilities	10,582,930	8,146,682
Net assets		
Unrestricted		
Controlling interest	10,979,371	10,832,721
Noncontrolling interests	647,515 ³	42,739
Unrestricted net assets	11,626,886	10,875,460
Temporarily restricted	322,365	331,563
Permanently restricted	101,641	99,444
Total net assets	12,050,892	11,306,467
Total liabilities and net assets	\$ 22,633,822	\$ 19,453,149

² Includes \$238,142 representing the amount due to ABHS from Ascension Health Alliance attributable to ABHS's interest in investments held by Ascension Health Alliance

³ Includes \$589,493 attributable to the Alpha Fund (see Notes 4 and 5)

Ascension Health Alliance

Credit Group¹ Financial Statements Consolidated Statements of Operations and Changes in Net Assets (Dollars in Thousands)

	Year Ended June 30,	
	2012	2011
Operating revenue		
Net patient service revenue	\$ 15,113,938	\$ 14,565,006
Other revenue	971,911	789,975
Total operating revenue	16,085,849	15,354,981
Operating expenses		
Salaries and wages	6,461,456	6,188,630
Employee benefits	1,403,062	1,444,867
Purchased services	754,188	771,836
Professional fees	1,014,882	889,375
Supplies	2,235,902	2,261,568
Insurance	89,987	92,168
Bad debts	983,648	991,974
Interest	128,010	129,014
Depreciation and amortization	651,473	656,859
Other	1,774,154	1,556,110
Total operating expenses before impairment, restructuring, and nonrecurring gains, net	15,496,762	14,982,401
Income from operations before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring gains (losses), net	589,087	372,580
Self-insurance trust fund investment return	17,197	90,402
Impairment, restructuring, and nonrecurring gains (losses)	301,153	(92,387)
Income from operations	907,437	370,595
Nonoperating gains (losses)		
Investment return	(137,550)	1,129,859
Loss on extinguishment of debt	(2,828)	(1,007)
(Loss) gain on interest rate swaps	(74,773)	30,879
Income from unconsolidated entities	8,830	11,915
Contributions from business combinations	6,655	—
Other	(69,475)	(68,999)
Total nonoperating (losses) gains, net	(269,141)	1,102,647
Excess of revenues and gains over expenses and losses	638,296	1,473,242
Less noncontrolling interests	16,119	27,484
Excess of revenues and gains over expenses and losses attributable to controlling interest	622,177	1,445,758

Continued on next page

¹ Includes the loss of \$136,778 attributable to the Alpha Fund. Of the Alpha Fund's loss, a loss of \$9,278 is included in the noncontrolling interests.

	Year Ended June 30,	
	2012	2011
Unrestricted net assets, controlling interest		
Excess of revenues and gains over expenses and losses	\$ 622,177	\$ 1,445,758
Transfer to sponsors and other affiliates, net	(44,947)	(14,495)
Contributed net assets	(400)	(374)
Net assets released from restrictions for property acquisitions	68,741	70,555
Pension and other postretirement liability adjustments	(447,982)	793,897
Change in unconsolidated entities' net assets	(4,991)	5,592
Other	9,050	(2,778)
Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations and cumulative effect of change in accounting principle	201,648	2,298,155
(Loss) gain from discontinued operations	(54,998)	19,421
Cumulative effect of change in accounting principle	—	(45,993)
Increase in unrestricted net assets, controlling interest	146,650	2,271,583
Unrestricted net assets, noncontrolling interests		
Excess of revenues and gains over expenses and losses	16,119	27,484
Distributions of capital	(578,445)	(33,854)
Contributions of capital	1,167,102	7,973
Increase in unrestricted net assets, noncontrolling interests	604,776 ²	1,603
Temporarily restricted net assets, controlling interest		
Contributions and grants	100,667	100,679
Net change in unrealized gains/losses on investments	(5,333)	15,714
Investment return	4,695	8,295
Net assets released from restrictions	(102,713)	(103,654)
Other	(6,514)	496
(Decrease) increase in temporarily restricted net assets, controlling interest	(9,198)	21,530
Permanently restricted net assets, controlling interest		
Contributions	5,081	8,030
Net change in unrealized gains/losses on investments	(25)	1,692
Investment return	(217)	(62)
Other	(2,642)	(87)
Increase in permanently restricted net assets, controlling interest	2,197	9,573
Increase in net assets	744,425	2,304,289
Net assets, beginning of year	11,306,467	9,002,178
Net assets, end of year	\$ 12,050,892	\$ 11,306,467

² Includes net contributions of \$598,771, comprised of distributions of \$548,962 and contributions of \$1,147,733, attributable to the Alpha Fund

Ascension Health Alliance

Schedule of Credit Group Cash and Investments (Dollars in Thousands)

June 30, 2012

The Credit Group's cash and investments at June 30, 2012, are presented in the table that follows. Total cash and investments, net, includes both the Credit Group's membership interest in the Alpha Fund as well as the noncontrolling interests held by other Alpha Fund members. Credit Group unrestricted cash and investments, net, represent the Credit Group's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	<u>June 30, 2012</u>
Cash and cash equivalents	\$ 278,692
Short-term investments	216,914
Long-term investments	10,356,808
Subtotal	<u>10,852,414</u>
Other Alpha Fund and Ascension Legacy Portfolio assets and liabilities	
In other current assets	360,999
In other long-term assets	2,924
In accounts payable and accrued liabilities	(12,779)
In other current liabilities	(322,873)
In other noncurrent liabilities	(157,073)
Due from (to) brokers, net	(91,342)
Total cash and investments, net	<u>10,632,270</u>
Less noncontrolling interests of Alpha Fund	589,493
Less Alexian Brothers Health System Interest in investments held by Ascension Health Alliance	<u>238,124</u>
Credit Group cash and investments, including assets limited as to use	9,804,653
Less assets limited as to use	1,064,385
Credit Group unrestricted cash and investments, net	<u>\$ 8,740,268</u>

At June 30, 2011, the Credit Group's investments were comprised of its pro rata share of the Ascension Legacy Portfolio's funds held for participants and certain other investments.

	<u>June 30, 2011</u>
Cash and cash equivalents	\$ 1,107,846
Short-term investments	237,461
Long-term investments	8,117,951
Credit Group cash and investments	9,463,258
Less assets limited as to use	994,297
Credit Group unrestricted cash and investments	<u>\$ 8,468,961</u>