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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012		D Employer identification number 03-0183483	
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization RUTLAND HOSPITAL INC		E Telephone number (802) 775-7111
	Doing Business As RUTLAND REGIONAL MEDICAL CENTER		G Gross receipts \$ 241,042,372
	Number and street (or P O box if mail is not delivered to street address) 160 ALLEN STREET	Room/suite	
	City or town, state or country, and ZIP + 4 RUTLAND, VT 05701		
	F Name and address of principal officer THOMAS WHUEBNER 160 ALLEN STREET RUTLAND, VT 05701		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
J Website: WWW.RRMC.ORG		H(c) Group exemption number	
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation 1892	M State of legal domicile VT

Part I		Summary		
Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE COMPREHENSIVE INPATIENT AND OUTPATIENT MEDICAL SERVICES AND TO IMPROVE HEALTH OF THE RESIDENTS OF RUTLAND AND SURROUNDING COMMUNITIES SEE SCHEDULE O FOR ADDITIONAL INFORMATION			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	17	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11	
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,753	
	6 Total number of volunteers (estimate if necessary)	6	332	
7a Total unrelated business revenue from Part VIII, column (C), line 12		7a	2,799,862	
b Net unrelated business taxable income from Form 990-T, line 34		7b	665,185	
Revenue			Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)	965,059	1,273,885
	9	Program service revenue (Part VIII, line 2g)	187,680,774	203,313,950
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	799,791	3,757,814
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,549	-295,204
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	189,452,173	208,050,445
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,265,028	1,473,293
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	107,256,177	113,044,636
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	85,725,318	90,464,149
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	194,246,523	204,982,078
	19	Revenue less expenses Subtract line 18 from line 12	-4,794,350	3,068,367
	Net Assets or Fund Balances			Beginning of Current Year
20		Total assets (Part X, line 16)	197,570,340	209,893,240
21		Total liabilities (Part X, line 26)	113,728,582	127,456,515
22		Net assets or fund balances Subtract line 21 from line 20	83,841,758	82,436,725

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

Sign Here	***** Signature of officer			2013-08-01 Date	
	EDWARD T OGORZALEK CFO & VP FISCAL SERVICES Type or print name and title				
Paid Preparer's Use Only	Preparer's signature	Brian D Todd	Date	Check if self-employed <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4	BKD LLP 910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523			EIN <input type="checkbox"/>
					Phone no <input type="checkbox"/> (417) 865-8701

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

TO IMPROVE THE HLTH OF THE RUTLAND REGION AND SURROUNDING COMMUNITIES BY PROVIDING APPROPRIATE, SUPERIOR, INTEGRATED, PREVENTATIVE, DIAGNOSTIC & THERAPEUTIC HEALTH SERVICES IN A CARING ENVIRONMENT THROUGH THE STRENGTH OF OUR PEOPLE, TECHNOLOGY & RELATIONSHIPS

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 \$ 75,325,358 including grants of \$) (Revenue \$ 92,902,121)

ANCILLARY CARE ANCILLARY CARE SERVICES INCLUDE OPERATING ROOM, EMERGENCY ROOM, PHYSICAL REHABILITATION, ANESTHESIOLOGY, ONCOLOGY, PULMONARY, RESPIRATORY, PHYSICAL THERAPY, CARDIAC CATH, ENDOSCOPY, AMBULATORY, DELIVERY, RADIATION, PSYCHIATRIC COUNSELING, OCCUPATIONAL THERAPY, RECOVERY, HIV CLINIC, AND SPEECH THERAPY SEE SCHEDULE O FOR MORE INFORMATION

4b

(Code) (Expenses \$ 40,067,550 including grants of \$) (Revenue \$ 49,417,096)

INPATIENT CARE INPATIENT CARE SERVICES INCLUDE MEDICAL AND SURGICAL, INTENSIVE CARE, HOSPITALISTS, REHABILITATION, PSYCHIATRIC, OBSTETRICS AND GYNECOLOGY, NURSERY, AND NURSING SEE SCHEDULE O FOR MORE INFORMATION

4c

(Code) (Expenses \$ 23,617,039 including grants of \$) (Revenue \$ 29,127,947)

DIAGNOSTIC SERVICES DIAGNOSTIC SERVICES INCLUDE LABORATORY, RADIOLOGY, ELECTROENCEPHALOGRAPHY, AND CT SCANNING SEE SCHEDULE O FOR MORE INFORMATION

4d

Other program services (Describe in Schedule O)





















(Expenses \$ 23,567,561 including grants of \$ 1,473,293) (Revenue \$ 29,066,924)

4e

Total program service expenses

\$ 162,577,508

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance				
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>				
		Yes	No	
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a 190		
b	Enter the number of Forms W-2G included in line 1a <i>Enter -0-</i> 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 1,753		
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		
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? <i>If "No," provide an explanation in Schedule O</i>	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? <i>If "No," provide an explanation in Schedule O</i> . . .	14b		

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

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

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
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. EDWARD T OGORZALEK 160 ALLEN STREET RUTLAND, VT 05701 (802) 775-7111

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

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

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

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

[illegible]

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	269,455				
	e	Government grants (contributions)	1e	366,714				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	637,716				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			1,273,885			
Program Service Revenue			Business Code					
	2a	NET PATIENT SERVICE REVENUE	900099	197,365,508	197,312,308	53,200		
	b	LABORATORY AND SCREENING SERV	621500	2,685,213		2,685,213		
	c	CAFETERIA	722210	918,504	918,504			
	d	ENTEROSTOMAL NURSING SERVICES	623000	61,449		61,449		
	e	OTHER REVENUES	900099	2,283,276	2,283,276			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			203,313,950			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			2,060,470		2,060,470	
	4	Income from investment of tax-exempt bond proceeds . .			0			
	5	Royalties			0			
	6a	(i) Real		(ii) Personal				
		Gross rents	89,565					
		b Less rental expenses	384,769					
		c Rental income or (loss)	-295,204					
	d	Net rental income or (loss)			-295,204		-295,204	
	7a	(i) Securities		(ii) Other				
		Gross amount from sales of assets other than inventory	34,265,865	38,637				
		b Less cost or other basis and sales expenses	32,578,327	28,831				
		c Gain or (loss)	1,687,538	9,806				
	d	Net gain or (loss)			1,697,344		1,697,344	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from fundraising events . .			0			
	9a	Gross income from gaming activities See Part IV, line 19		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from gaming activities . .			0			
	10a	Gross sales of inventory, less returns and allowances		a				
b	Less cost of goods sold		b					
c	Net income or (loss) from sales of inventory . .			0				
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			0				
12	Total revenue. See Instructions			208,050,445	200,514,088	2,799,862	3,462,610	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,473,293	1,473,293		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	4,179,883	2,779,270	1,400,613	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	202,463		202,463	
7	Other salaries and wages	84,846,231	71,461,561	13,384,670	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	6,393,905	4,701,263	1,692,642	
9	Other employee benefits	11,706,672	8,591,127	3,115,545	
10	Payroll taxes	5,715,482	4,181,810	1,533,672	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	489,138		489,138	
c	Accounting	153,574		153,574	
d	Lobbying	110,167		110,167	
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	311,076		311,076	
g	Other	14,094,979	9,723,476	4,371,503	
12	Advertising and promotion	754,222	274,446	479,776	
13	Office expenses	5,098,320	4,061,694	1,036,626	
14	Information technology	4,410,349	93,642	4,316,707	
15	Royalties	0			
16	Occupancy	4,748,360	3,503,981	1,244,379	
17	Travel	1,142,040	644,567	497,473	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	408,343	362,798	45,545	
20	Interest	2,238,131	1,637,559	600,572	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	11,901,478	8,707,879	3,193,599	
23	Insurance	2,700,140		2,700,140	
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 & DRUGS	21,802,575	21,802,575		
b	MEDICAID TAX ASSESSMENT	10,732,335	10,732,335		
c	BAD DEBTS	7,581,672	7,581,672		
d	LICENSES, DUES, SUBSCRIPTIONS	1,519,547	197,570	1,321,977	
e					
f	All other expenses	267,703	64,990	202,713	
25	Total functional expenses. Add lines 1 through 24f	204,982,078	162,577,508	42,404,570	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			3,575	1	4,075
	2	Savings and temporary cash investments			10,509,296	2	10,622,417
	3	Pledges and grants receivable, net			433,193	3	226,961
	4	Accounts receivable, net			25,472,660	4	22,402,032
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			2,298,513	7	2,532,829
	8	Inventories for sale or use			1,333,570	8	1,234,153
	9	Prepaid expenses and deferred charges			3,846,394	9	2,618,171
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	178,948,193			
	b	Less: accumulated depreciation	10b	106,983,031	77,317,073	10c	71,965,162
	11	Investments—publicly traded securities			69,834,842	11	89,940,764
	12	Investments—other securities. See Part IV, line 11			0	12	0
	13	Investments—program-related. See Part IV, line 11			0	13	0
	14	Intangible assets			0	14	0
	15	Other assets. See Part IV, line 11			6,521,224	15	8,346,676
	16	Total assets. Add lines 1 through 15 (must equal line 34)			197,570,340	16	209,893,240
Liabilities	17	Accounts payable and accrued expenses			26,182,460	17	28,296,490
	18	Grants payable			0	18	0
	19	Deferred revenue			0	19	0
	20	Tax-exempt bond liabilities			46,218,246	20	45,103,004
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			3,314,203	23	2,567,473
	24	Unsecured notes and loans payable to unrelated third parties			0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			38,013,673	25	51,489,548
	26	Total liabilities. Add lines 17 through 25			113,728,582	26	127,456,515
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			77,862,660	27	75,394,367
	28	Temporarily restricted net assets			5,300,456	28	6,363,716
	29	Permanently restricted net assets			678,642	29	678,642
	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			83,841,758	33	82,436,725
	34	Total liabilities and net assets/fund balances			197,570,340	34	209,893,240

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	208,050,445
2	Total expenses (must equal Part IX, column (A), line 25)	2	204,982,078
3	Revenue less expenses Subtract line 2 from line 1	3	3,068,367
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	83,841,758
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-4,473,400
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	82,436,725

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 type="checkbox"/> Consolidated basis <input checked="" 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		

Additional Data

Software ID:
Software Version:
EIN: 03-0183483
Name: RUTLAND HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
BILL BANNERMAN DIRECTOR	1 0	X						0	0	0
GORDON H CHADER DIRECTOR THROUGH 03/2012	1 0	X						0	0	0
J CHRISTIAN HIGGINS MD DIRECTOR	1 0	X						149,721	177,888	15,993
JESSICA L ANDERSON VICE CHAIRMAN	1 0	X		X				0	0	0
JOAN F GAMBLE SECRETARY	1 0	X		X				0	0	0
JON S READNOUR ESQ CHAIR	1 0	X		X				0	0	0
KIRK DUFTY MD DIRECTOR THROUGH 04/2012	1 0	X						265,357	0	26,151
MARK K FOLEY DIRECTOR	1 0	X						0	0	0
MATTHEW A CONWAY MD DIRECTOR	1 0	X						258,052	0	38,430
RONALD J CIOFFI DIRECTOR	1 0	X						0	0	0
CLAUDE LAPERLE DIRECTOR	1 0	X						0	0	0
DANIEL M FOLEY MD DIRECTOR	1 0	X						324,789	0	31,081
JOHN R BUTTERLY MD DIRECTOR	1 0	X						0	0	0
MICHAEL DICK MD DIRECTOR	1 0	X						0	0	0
STEPHEN LEFFLER MD DIRECTOR	1 0	X						0	0	0
CORT JONES DIRECTOR	1 0	X						0	0	0
TJ SABOTKA DIRECTOR	1 0	X						0	0	0
MICHAEL MCCORMACK DIRECTOR	1 0	X						0	0	0
TODD GREGORY MD DIRECTOR BEG 05/2012	1 0	X						240,285	0	38,408
THOMAS W HUEBNER PRESIDENT & CEO	40 0			X				443,856	0	43,567
EDWARD T OGORZALEK CFO & VP FISCAL SERVICES	40 0			X				248,049	0	48,224
MARY T NEMETH VP CORPORATE SUPPORT SVCS	40 0				X			188,060	0	29,669
BAXTER HOLLAND VP PROFESSIONAL SUPPORT SVCS	40 0				X			324,242	0	37,954
DORCAS WARD VP HOSPITAL SVC	40 0				X			187,015	0	36,306
BARBARA ROBINSON VP CLINICAL SERVICES	40 0				X			212,116	0	35,055

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CHRISTOPHER LAFAVE VP PHYSICIAN PRACTICES	40 0				X			164,141	0	27,107
DARREN CHILDS VP QUALITY IMPROVEMENT	40 0				X			154,927	0	32,236
KATHLEEN LETENDRE VP PLANNING & ORG EXCELLENCE	40 0				X			152,051	0	31,737
JI CHEN DIRECTOR OF PHARMACY	40 0				X			168,632	0	11,272
JOHN KIJEWSKI VP - CIO	40 0				X			192,340	0	23,060
HARVEY REICH MEDICAL DIRECTOR ICU	40 0					X		389,186	0	43,483
MICHAEL KENOSH MEDICAL DIRECTOR REHAB SVCS	40 0					X		474,133	0	38,655
ROBERT GIERING PHYSICIAN	40 0					X		397,536	0	37,577
EITAN SOBEL PHYSICIAN	40 0					X		339,609	0	35,312
JOSEPH WILLIAMS PHYSICIAN	40 0					X		344,507	0	31,507
MARY KOHANSKI FORMER VP HUMAN RESOURCES							X	190,922		11,541

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
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

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

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

Part IIIPart III

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

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

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

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

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

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

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

Name of the organization RUTLAND HOSPITAL INC	Employer identification number 03-0183483
--	--

Part I-A

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

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

Part I-B

Complete if the organization is exempt under section 501(c)(3).

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

Part I-C

Complete if the organization is exempt under section 501(c) except section 501(c)(3).

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

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

Part II-A

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

- A

Check

☒

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

Check

☒

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input checked="" 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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			132,449
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).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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
LOBBYING EXPENSES	SCHEDULE C, PART II-B, LINE 1G AND 1I	THE ORGANIZATION PAID LOBBYING FEES OF \$75,799 TO A PROFESSIONAL GOVERNMENT AFFAIRS AND COMMUNICATION STRATEGIES COMPANY. THE ORGANIZATION'S CEO, THOMAS HUEBNER, SPENDS TIME EACH YEAR WORKING DIRECTLY WITH STATE LEGISLATORS TO IMPROVE SERVICES FOR THE RUTLAND REGION. APPROXIMATELY 5.02%, OR \$22,282, OF HIS SALARY IS ALLOCATED TO THIS ACTIVITY. ALSO, DUES ARE PAID TO THE HOSPITAL ASSOCIATION AND THE VERMONT HOSPITAL ASSOCIATION. A PORTION OF DUES IS ATTRIBUTABLE TO LOBBYING. \$ 7,535 AHA 26,833 VHA ----- \$ 34,368

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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.

Name of the organization RUTLAND HOSPITAL INC	Employer identification number 03-0183483
--	--

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?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii)

Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

1b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

2b

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	6,260,684	11,229,688	10,241,135	10,799,491	
1b Contributions					
1c Investment earnings or losses	1,265,080	253,308	988,553	-558,357	
1d Grants or scholarships					
1e Other expenditures for facilities and programs	105,876	5,222,312			
1f Administrative expenses					
1g End of year balance	7,419,888	6,260,684	11,229,688	10,241,134	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 84 010 %

b

Permanent endowment ▶ 15 990 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

Yes

No

3a(ii)

Yes

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		224,094		224,094
1b Buildings		38,117,984	18,556,903	19,561,081
1c Leasehold improvements		32,241,261	14,417,059	17,824,202
1d Equipment		104,364,711	72,775,130	31,589,581
1e Other		4,000,143	1,233,939	2,766,204
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				71,965,162

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	208,050,445
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	204,982,078
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,068,367
4	Net unrealized gains (losses) on investments	4	479,289
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-4,952,689
9	Total adjustments (net) Add lines 4 - 8	9	-4,473,400
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,405,033

Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements	1	196,069,066
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	479,289
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-12,845,437
e	Add lines 2a through 2d	2e	-12,366,148
3	Subtract line 2e from line 1	3	208,435,214
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	-384,769
c	Add lines 4a and 4b	4c	-384,769
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	208,050,445

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	197,474,099
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	384,769
e	Add lines 2a through 2d	2e	384,769
3	Subtract line 2e from line 1	3	197,089,330
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	311,076
b	Other (Describe in Part XIV)	4b	7,581,672
c	Add lines 4a and 4b	4c	7,892,748
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	204,982,078

Part XIVSupplemental 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
ENDOWMENT FUND PURPOSE	SCHEDULE D, PART V, LINE 4	RRMC'S ENDOWMENTS CONSIST OF VARIOUS INDIVIDUAL DONOR-RESTRICTED AND BOARD DESIGNATED FUNDS WHICH WERE ESTABLISHED FOR GENERAL OPERATIONAL AND CERTAIN DEPARTMENTAL PURPOSES. AS REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (GAAP), NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS. RRMC'S GOVERNING BODY HAS INTERPRETED THE STATE OF VERMONT PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (SPMIFA), ADOPTED IN MAY OF 2009, AS REQUIRING PRESERVATION OF THE FAIR VALUE OF THE ORIGINAL GIFT AS OF THE GIFT DATE OF THE DONOR-RESTRICTED ENDOWMENT FUNDS. ABSENT EXPLICIT DONOR STIPULATIONS TO THE CONTRARY, AS A RESULT OF THIS INTERPRETATION, RRMC CLASSIFIES AS PERMANENTLY RESTRICTED NET ASSETS (A) THE ORIGINAL VALUE OF GIFTS DONATED TO THE PERMANENT ENDOWMENT, (B) THE ORIGINAL VALUE OF SUBSEQUENT GIFTS TO THE PERMANENT ENDOWMENT AND (C) ACCUMULATIONS TO THE PERMANENT ENDOWMENT MADE IN ACCORDANCE WITH THE DIRECTION OF THE APPLICABLE DONOR GIFT INSTRUMENT AT THE TIME THE ACCUMULATION IS ADDED TO THE FUND. THE REMAINING PORTION OF DONOR-RESTRICTED ENDOWMENT FUNDS IS CLASSIFIED AS TEMPORARILY RESTRICTED NET ASSETS UNTIL THOSE AMOUNTS ARE APPROPRIATED FOR EXPENDITURE BY RRMC IN A MANNER CONSISTENT WITH THE STANDARD OF PRUDENCE PRESCRIBED BY SPMIFA. IN ACCORDANCE WITH SPMIFA, RRMC CONSIDERS THE FOLLOWING FACTORS IN MAKING A DETERMINATION TO APPROPRIATE OR ACCUMULATE DONOR-RESTRICTED ENDOWMENT FUNDS: 1. DURATION AND PRESERVATION OF THE FUND; 2. PURPOSES OF RRMC AND THE FUND; 3. GENERAL ECONOMIC CONDITIONS; 4. POSSIBLE EFFECT OF INFLATION AND DEFLATION; 5. EXPECTED TOTAL RETURN FROM INVESTMENT INCOME AND APPRECIATION OR DEPRECIATION OF INVESTMENTS; 6. OTHER RESOURCES OF RRMC; 7. INVESTMENT POLICIES OF RRMC.
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.
OTHER CHANGES IN NET ASSETS	SCHEDULE D, PART XI, LINE 8	\$(11,784,886) NET LOSS FROM DEF BEN PEN PLAN AND POSTRETRMT BEN COSTS (1,604,997) TRANSFER TO AFFILIATES 9,217,462 CHANGE IN FV OF INVESTMENTS ACCT FOR UNDER FASB 825 (780,268) LOSS ON INTEREST RATE SWAP AGREEMENT ----- \$(4,952,689)
OTHER REVENUE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XII, LINE 2D	\$(11,784,886) NET LOSS FROM DEF BEN PEN PLAN AND POSTRETRMT BEN COSTS (1,604,997) TRANSFER TO AFFILIATES 9,217,462 CHANGE IN FV OF INVESTMENTS ACCT FOR UNDER FASB 825 (780,268) LOSS ON INTEREST RATE SWAP AGREEMENT (7,581,672) PROVISION FOR UNCOLLECTIBLE ACCOUNTS (311,076) INVESTMENT EXPENSES ----- \$(12,845,437)
OTHER REVENUE INCLUDED ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	\$(384,769) RENTAL EXPENSES
OTHER EXPENSE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART IX, LINE 25	SCHEDULE D, PART XIII, LINE 2D	\$ 384,769 RENTAL EXPENSES
OTHER EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XIII, LINE 4B	\$ 7,581,672 PROVISION FOR UNCOLLECTIBLE ACCOUNTS

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
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

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 checked="" 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 type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input checked="" type="checkbox"/> Other 500. %</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)			2,773,933		2,773,933	1 410 %
b Medicaid (from Worksheet 3, column a)			39,833,657	25,776,968	14,056,689	7 120 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			2,876,647	3,489,828	-613,181	0 310 %
d Total Charity Care and Means-Tested Government Programs			45,484,237	29,266,796	16,217,441	8 220 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,417,175	5,760	1,411,415	0 720 %
f Health professions education (from Worksheet 5)			223,682	0	223,682	0 110 %
g Subsidized health services (from Worksheet 6)			12,047,546	9,107,644	2,939,902	1 490 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,298,114		1,298,114	0 660 %
j Total Other Benefits			14,986,517	9,113,404	5,873,113	2 980 %
k Total. Add lines 7d and 7j			60,470,754	38,380,200	22,090,554	11 200 %

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			2,672		2,672	0 %
3Community support			27,094		27,094	0 010 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building			81,410		81,410	0 040 %
7Community health improvement advocacy			14,396		14,396	0 010 %
8Workforce development			141,319		141,319	0 070 %
9Other						
10Total			266,891		266,891	0 130 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense	2	7,581,672
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	940,127
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	56,445,187
6	Enter Medicare allowable costs of care relating to payments on line 5	6	73,850,880
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-17,405,693
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?	9a	Yes
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b	Yes

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
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)

RUTLAND HOSPITAL

Name of Hospital Facility:

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

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

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500</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 checked="" type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

Part V

Facility Information (continued)

Section 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? 5

Name and address		Type of Facility (Describe)
1	RUTLAND HEART CENTER 12 COMMONS STREET RUTLAND, VT 05701	PATIENT CLINIC
2	RUTLAND REG DIABETES & ENDOCRINOLOGY CTR 8 ALBERT CREE DRIVE RUTLAND, VT 05701	PATIENT CLINIC
3	RUTLAND REGIONAL GENERAL SURGERY 241 STRATTON ROAD RUTLAND, VT 05701	PATIENT CLINIC
4	RUTLAND REGIONAL WOMEN'S HEALTH 147 ALLEN STREET RUTLAND, VT 05701	PATIENT CLINIC
5	RUTLAND REGIONAL DIGESTIVE SERVICES 254 STRATTON ROAD RUTLAND, VT 05701	PATIENT CLINIC
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
ELIGIBILITY FOR DISCOUNTED CARE	SCHEDULE H, PART I, LINE 3B	THE ORGANIZATION WILL PROVIDE DISCOUNTED CARE TO LOW INCOME INDIVIDUALS WHOSE FAMILY INCOME FALLS BETWEEN 201% AND 500% OF THE FEDERAL POVERTY GUIDELINES USING A GRADUATED RANGE OF DEDUCTIBLES FROM \$250 AT THE LOWEST LEVEL TO \$3,000 AT THE HIGHEST LEVEL

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSES	SCHEDULE H, PART I, LINE 7, COLUMN F	THE PERCENT OF TOTAL EXPENSE ON SCHEDULE H, PART I, LINE 7, COLUMN (F), WAS CALCULATED USING TOTAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A) LESS BAD DEBT EXPENSE OF \$7,581,672 THE COST TO CHARGE RATIO COMPUTED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATIONS ON IRS WORKSHEETS 1 AND 3

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, LINE 4	THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE THEY DO , HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE RPMC REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS RPMC PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, RPMC BILLS THIRD-PARTY PAYERS DIRECTLY AND BILLS THE PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT THE AMOUNT OF BAD DEBT LISTED ON LINE 2 AGREES TO BAD DEBT EXPENSE PER THE AUDITED FINANCIAL STATEMENTS BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU USING AN AVERAGE OF DATA FROM 2007-2011, APPROXIMATELY 12.4 PERCENT OF RUTLAND COUNTY WAS CONSIDERED TO LIVE IN POVERTY

Identifier	ReturnReference	Explanation
COMMUNITY BENEFITS	SCHEDULE H, PART III, LINE 8	SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY

Identifier	ReturnReference	Explanation
MEDICARE COSTING METHODOLOGY	SCHEDULE H, PART III, LINE 8	THE ORGANIZATION USES INFORMATION FROM THE MEDICARE COST REPORT TO COMPUTE THE MEDICARE ALLOWABLE COSTS OF CARE ON LINE 6

Identifier	ReturnReference	Explanation
PROVISIONS OF DEBT COLLECTION POLICY	SCHEDULE H, PART III, LINE 9B	THE PAYMENT PLAN POLICY REQUIRES PAYMENTS OF A MINIMUM OF \$25 00 PER MONTH, AND THAT ALL BALANCES BE PAID WITHIN 10 MONTHS THE FREE CARE POLICY SPECIFICALLY STATES THAT ALL UNINSURED AND UNDERINSURED PATIENTS BE GIVEN INFORMATION ON THE FREE CARE PROGRAM, AND THAT STAFF PERFORM DUE DILIGENCE TO GIVE THEM INFORMATION AND HAVE THE APPLICATION RETURNED, AND THAT THE HOSPITAL SEND 3 STATEMENTS AND A FINAL NOTICE BEFORE SENDING AN ACCOUNT TO BAD DEBT IT ALSO STATES THAT RPMC WILL REFRAIN FROM EXTRAORDINARY COLLECTION ACTIONS TO OBTAIN PAYMENT FOR A DEBT

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	<p>IN APRIL 2009, THE RUTLAND COUNTY HEALTH ASSESSMENT WAS COMPLETED RUTLAND REGIONAL MEDICA L CENTER AND THE BOWSE HEALTH TRUST CONVENED THE ASSESSMENT TEAM THAT GUIDED THE HEALTH AS SESSMENT THE ASSESSMENT TEAM REPRESENTED THE FOLLOWING ORGANIZATIONS RUTLAND REGIONAL ME DICAL CENTER (RRMC), JAMES T BOWSE COMMUNITY HEALTH TRUST, RUTLAND COUNTY UNITED WAY, VER MONT DEPARTMENT OF HEALTH, RUTLAND AREA VISITING NURSES ASSOCIATION AND HOSPICE (RAVNAH), COMMUNITY HEALTH CLINICS OF THE RUTLAND REGION (CHCRR) [THE NEXT ASSESSMENT WILL BE COMPL ETED BEFORE SEPTEMBER 2013]THE HEALTH ASSESSMENT WAS CONDUCTED IN FIVE (5) PHASES PHASE 1 ANALYSIS OF VERMONT AND RUTLAND COUNTY DATA PHASE 2 SURVEY OF RUTLAND COUNTY RESIDENT S PHASE 3 COMMUNITY LEADER FOCUS GROUPS PHASE 4 PRIORITIZING MEETING WITH COMMUNITY LEAD ERS PHASE 5 DEVELOPMENT OF THE EXECUTIVE SUMMARY / FINAL REPORT DATA ANALYSIS OVER 36 SOU RCES OF EXISTING DATA WERE ANALYZED IN ORDER TO IDENTIFY AREAS FOR FURTHER STUDY THE DATA DESCRIBES RUTLAND COUNTY AS A POPULATION THAT IS OLDER, LESS EDUCATED AND LOWER INCOME TH AN VERMONTERS AS A WHOLE THERE ARE AN INCREASING NUMBER OF VULNERABLE AND DISABLED RESIDE NTS IN RUTLAND COUNTY MANY BARRIERS CHALLENGE THEIR ACCESS TO HEALTH AND HUMAN SERVICES, MOST NOTABLY, INADEQUATE ACCESS TO PRIMARY MEDICAL AND DENTAL CARE DUE TO A LACK OF HEALTH AND DENTAL INSURANCE AND A SHORTAGE OF PROVIDERS THE LIFESTYLES OF SOME RUTLAND COUNTY R ESIDENTS INCREASE THEIR RISKS FOR CHRONIC DISEASE RISK FACTORS FOR HEART DISEASE AND STRO KE INCLUDE TOBACCO USE, OBESITY, HIGH BLOOD PRESSURE, DIABETES, INACTIVITY, POOR DIET, EXC ESSIVE ALCOHOL USE AND HIGH CHOLESTEROL THE RATES FOR EACH OF THESE RISK FACTORS IN RUTLA ND COUNTY ARE HIGHER THAN THE STATE AVERAGE SURVEY OF RUTLAND COUNTY RESIDENTS A SURVEY T O IDENTIFY BARRIERS TO ACCESSING TRADITIONAL HEALTH SERVICES WAS ANSWERED BY 501 RUTLAND C OUNTY RESIDENTS THE RESULTS SHOWED THAT YOUNG ADULTS AND THOSE WITHOUT A HIGH SCHOOL DIPL OMA ARE LEAST LIKELY TO BE ABLE TO ACCESS THE HEALTH CARE THEY NEED INABILITY TO PAY FOR SERVICES IS THE GREATEST BARRIER THE SERVICES THAT ARE LEAST LIKELY TO BE ACCESSED WHEN N EEEDED ARE MENTAL HEALTH AND ALCOHOL OR DRUG ABUSE COUNSELING COMMUNITY LEADER FOCUS GROUP S THE ASSESSMENT TEAM INVITED EIGHTY COMMUNITY LEADERS TO PARTICIPATE IN LOCAL FOCUS GROUP S IN TOTAL, FORTY-SIX (46) COMMUNITY LEADERS PARTICIPATED IN FIVE (5) HEALTH ASSESSMENT FOCUS GROUPS ONE COMMUNITY LEADER GROUP WAS HELD IN CASTLETON, ONE WAS CONVENED IN BRANDON , AND THREE (3) GROUPS WERE CONDUCTED IN RUTLAND THE LEADERS IDENTIFIED THE STRENGTHS AND CHALLENGES IN RUTLAND COUNTY'S HEALTH AND HUMAN SERVICES SYSTEM LACK OF HEALTH AND DENTA L INSURANCE AND TRANSPORTATION WERE IDENTIFIED AS THE LEADING BARRIERS TO CARE RUTLAND CO UNTY IS RECOGNIZED AS HAVING MANY RESOURCES TO ASSIST PEOPLE IN PREVENTION AND TREATMENT O F HEALTH PROBLEMS, BUT THESE PROGRAMS AND SERVICES ARE UNDERUTILIZED OR UNKNOWN NAVIGATIN G THE ARRAY OF SERVICES AND UNDERSTANDING ELIGIBILITY TO RECEIVE THESE SERVICES IS CONFUSI NG AND COMPLICATED COMMUNITY LEADERS NOTED THAT THE CULTURE IN RUTLAND COUNTY IS NOT COND UCIVE TO PREVENTION MANY SUGGESTIONS ABOUT HOW RUTLAND COUNTY RESIDENTS CAN IMPROVE THEIR HEALTH STATUS ARE NOTED IN THE ASSESSMENT REPORT PRIORITIZING MEETING FINDINGS WERE SYNT HESIZED FROM THE DATA ANALYSIS, THE CONSUMER SURVEY AND FOCUS GROUPS THESE FINDINGS WERE PRESENTED AT A COMMUNITY MEETING WHERE ATTENDEES PARTICIPATED IN A GROUP PROCESS TO PRIORI TIZE THE COMMUNITY'S HEALTH NEEDS DURING A PRIORITIZING MEETING HELD ON APRIL 30, 2009, T WENTY MEMBERS OF COMMUNITY ORGANIZATIONS SELECTED HIS OR HER TOP THREE (3) ACTIONS TO IMPR OVE RUTLAND COUNTY'S HEALTH STATUS IN THE NEXT 5 YEARS A TOTAL OF 60 ACTIONS FOR A HEALTH IER RUTLAND COUNTY WERE PRESENTED AND ARE LISTED IN THE FULL REPORT THE TOP ACTIONS SELEC TED ARE NOTED BELOW 2009 - 2013 OBJECTIVES AND ACTIONS 1 INCREASE PREVENTION EFFORTS THA T LEAD TO A HEALTHY LIFESTYLE OBJECTIVES DECREASE % OF ADULT AND YOUTH TOBACCO USE INCREAS E % OF ADULT AND YOUTH PHYSICAL ACTIVITY INCREASED % OF ADULT AND YOUTH HEALTHY DIET DECRE ASE % OF ADULT AND YOUTH BMI OVER 30 ACTIONS SUPPORT PROGRAMS THAT CREATE CULTURE AND BEH AVIOR CHANGE PROVIDE AFFORDABLE HEALTHY FOOD AT WORK, SCHOOL AND COMMUNITY EXPAND USE OF C URRENT EXERCISE PROGRAMS INCREASE WORKSITE EXERCISE PROGRAMS PHYSICIANS WILL ADDRESS BMI WITH PATIENTS AND REFER TO COMMUNITY RESOURCES EXPAND AND SUPPORT PROGRAMS THE PREVENT TEEN AGE PREGNANCY SUPPORT AND EXPAND TOBACCO PREVENTION PROGRAMS 2 IMPROVE ACCESS TO HEALTH AND HUMAN SERVICES OBJECTIVES INCREASE % ADULT COVERED BY HEALTH INSURANCE INCREASE % OF A DULTS UP-TO-DATE ON AGE APPROPRIATE SCREENINGS INCREASE % OF ADULTS AND YOUTH UP-TO-DATE O N IMMUNIZATIONS DECREASE AMBULATORY CARE SENSITIVE HOSPITALIZATIONS INCREASE % OF ADULTS A ND CHILDREN RECEIVING DENTAL CARE INCREASE USE OF CURRENT RESOURCES ACTIONS CREATE COMMUN ITY CARE TEAMS FOR CHRONIC HEALTH CONDITIONS EXPAN</p>

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	D DENTAL PROGRAMS FOR THE UNINSURED AND MEDICAID POPULATIONS INCREASE THE USE OF ELECTRONI C MEDICAL RECORDS OPEN CHCRR CLINIC IN RUTLAND CITY CREATE EMERGENCY ROOM NAVIGATORS DEVEL OP A RUTLAND COUNTY RESOURCE GUIDE EXPAND HEALTH INSURANCE ENROLLMENT ASSISTANCE 3 REDUCE SUBSTANCE ABUSE OBJECTIVES DECREASE THE USE OF ILLEGAL SUBSTANCES DECREASE % OF ADULT AND YOUTH WHO BINGE DRINK DECREASE % OF ADULTS WHO ARE DEPRESSED ACTIONS CHANGE THE CULTURE OF LEGAL AND ILLEGAL DRUG USE CHANGE THE CULTURE OF ALCOHOL USE FOR ADULTS AND YOUTH INCRE ASE THE USE OF ELECTRONIC MEDICAL RECORDS CASE MANAGEMENT FOR HIGH-RISK POPULATIONS 4 EXP AND COMMUNITY BASED ELDER CARE OBJECTIVES INCREASE COMMUNITY BASED SERVICES FOR ELDERS, TO MAXIMIZE THE PERCENT OF ELDERS WHO LIVE AT HOME ACTIONS CASE MANAGEMENT FOR AT RISK ELDE RS EXPAND ATTENDANT SERVICES EXPAND MEALS ON WHEELS SPECIAL NOTE IT SHOULD BE NOTED THAT THESE ISSUES CANNOT BE SOLVED BY THE LIMITED RESOURCES WITHIN RUTLAND COUNTY TRUE IMPACT CAN ONLY HAPPEN WITH SYSTEM CHANGES THAT INCLUDE CHANGES TO THE REIMBURSEMENT SYSTEM HEAL TH ASSESSMENT REPORT A COPY OF THE FINAL REPORT IS AVAILABLE ON THE RRM C WEB SITE (WWW RRM C ORG) HARD COPIES ARE AVAILABLE IN THE RRM C HEALTH SCIENCES LIBRARY AND THE RUTLAND FREE LIBRARY

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	RRMC HAS "DO YOU NEED HELP WITH YOUR MEDICAL BILLS?" SIGNAGE POSTED AT EVERY ACCESS POINT THROUGHOUT THE HOSPITAL AND ITS OFF-SITE CLINICS (RUTLAND GENERAL SURGERY, WOMEN'S HEALTH ETC) THE SIGNAGE PROVIDES CONTACT INFORMATION FOR THE PATIENTS TO CALL THE FINANCIAL COUNSELORS FOR HELP AS NEEDED REGISTRATION OFFERS FINANCIAL ASSISTANCE PROGRAM APPLICATIONS TO ALL MEDICARE INSURED PATIENTS WITH NO OTHER INSURANCE, ALL SELF-PAY PATIENTS, AND ANY OTHER PERSON REQUESTING THE INFORMATION OR ANYONE WHO SPEAKS TO BEING IN FINANCIAL NEED ALL SELF-PAY PATIENTS ARE VISITED BY A FINANCIAL COUNSELOR WHILE THEY ARE AN IN-PATIENT AND THEY WILL ASSIST THEM IN APPLYING FOR OUR FINANCIAL ASSISTANCE, AS WELL AS, APPLYING FOR STATE AND FEDERAL PROGRAMS ALL STATEMENTS HAVE THE RRM C WEBSITE ADDRESS TO VIEW OUR FINANCIAL ASSISTANCE PROGRAM AND THE BILLING AND COLLECTIONS POLICY AND PROCEDURE THE WEBSITE ALSO HAS CONTACT PHONE NUMBERS FOR THE PATIENT TO CALL WITH QUESTIONS OR CONCERNS ABOUT THEIR BILL THE RRM C WEB SITE NOT ONLY DESCRIBES THE FINANCIAL ASSISTANCE PROGRAM BUT, ALSO SHOWS THE INCOME GUIDELINES (BASED ON THE FEDERAL POVERTY) FOR FINANCIAL ASSISTANCE, AN ON-LINE APPLICATION, AS WELL AS, INFORMATION ON MEDICAID PROGRAMS AVAILABLE WITH SHORT DESCRIPTIONS LASTLY, ALL PATIENTS WHO ARE SENT A STATEMENT SHOWING THEIR OUT OF POCKET EXPENSES ARE CALLED TO DEVELOP A PAYMENT PLAN AT THIS TIME FINANCIAL ASSISTANCE APPLICATIONS ARE OFFERED AND MAILED AS REQUESTED

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	<p>RUTLAND COUNTY, COMPOSED OF 933 SQUARE MILES, IS LOCATED IN CENTRAL VERMONT THE POPULATION MOSTLY RESIDES IN THE 27 SMALL TOWNS AND OUTLYING RURAL AREAS IN 2010, AN ESTIMATED 61,642 PEOPLE LIVED IN RUTLAND COUNTY, ABOUT 9 8% OF THE STATES TOTAL POPULATION (US CENSUS BUREAU, PROFILE OF GENERAL POPULATION, 2010) RUTLAND COUNTYS POPULATION WAS EXPECTED TO GROW AT 2% TO THE YEAR 2016 BUT HAS INSTEAD DECLINED FROM 2000 TO 2010 THE POPULATION FELL FROM 63,743 TO 61,642, A RATE OF -3 4% (US CENSUS BUREAU, PROFILE OF GENERAL POPULATION, 2005 AND 2010) RRM C IS A COMPREHENSIVE MEDICAL/SURGICAL HOSPITAL LICENSED FOR 188 BEDS, SEEING ROUGHLY 34,126 EMERGENCY ROOM VISITS AND 7,022 INPATIENT ADMISSIONS IN FISCAL YEAR 2012 WE HAVE OVER 1,600 EMPLOYEES AND ARE DEPENDED UPON BY MORE THAN 70,000 RESIDENTS OF THE HOSPITAL SERVICE AREA (HSA), WHICH INCLUDES RUTLAND COUNTY, SOME PORTIONS OF SOUTHERN AND NORTH CENTRAL VERMONT AND EVEN WASHINGTON COUNTY, NEW YORK RRM C IS LOCATED APPROXIMATELY FORTY MILES FROM THE NEAREST HOSPITAL OR HEALTH SYSTEM OF ANY SIZE AND NEARLY SEVENTY MILES FROM THE ONLY MEDICAL CENTER PROVIDING MORE LICENSED BEDS TO THE CITIZENS OF VERMONT THERE ARE A NUMBER OF DEMOGRAPHIC STATISTICS THAT PUT RUTLAND COUNTY AT RISK AS COMPARED TO THE AVERAGE VERMONTER THE MEDIAN AGE IN 2010 WAS 44 3, WHICH INCREASED FROM 39 23 YEARS IN 2000, AND REMAINS ONE OF THE HIGHEST IN NEW ENGLAND (US CENSUS BUREAU, PROFILE OF GENERAL POPULATION, 2010) VERMONT IS PROJECTED TO HAVE 24 4% OF THE POPULATION AGE 65 YEARS AND OLDER IN 2030, MAKING IT THE 8TH RANKED STATE IN THE NATION (US CENSUS BUREAU, POPULATION PROJECTIONS, 2030) RUTLAND COUNTY HAS A POPULATION THAT IS LESS EDUCATED THAN THE VERMONT RATES, AS DEPICTED BY THE LOWER COLLEGE GRADUATE RATE POVERTY RATES IN RUTLAND COUNTY ARE HIGHER THAN THE STATE RATE (13 6% V 11 5%) AND MEDIAN HOUSEHOLD INCOMES ARE LESS THAN THE STATE AVERAGE AND THE NATIONAL AVERAGE</p>

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	<p>RUTLAND REGIONAL MEDICAL CENTER ENGAGES IN A NUMBER OF COMMUNITY SUPPORTIVE ACTIVITIES IN ORDER TO INCREASE ACCESS AND AFFORDABILITY OF HEALTH AND HUMAN SERVICES. RUTLAND COUNTY HAS A SEVERE NEED FOR PRIMARY CARE PHYSICIANS AND HAS SHORTAGES OR IS AT RISK FOR SHORTAGES IN MANY SPECIALTY SERVICES. RUTLAND REGIONAL MEDICAL CENTER ACTIVELY RECRUITS BOTH PRIMARY CARE AND SPECIALTY PRACTICE PHYSICIANS FOR RUTLAND COUNTY. THE MD MANPOWER PLAN CONTINUES TO IDENTIFY MEDICAL PROVIDERS, ESPECIALLY PRIMARY CARE PHYSICIANS AS A COMMUNITY NEED. IN FISCAL YEAR 2012, 16 PROVIDERS WERE RECRUITED TO THE REGION, INCLUDING 1 FAMILY PRACTICE DOCTOR, 2 PSYCHIATRISTS, 1 PEDIATRICIAN, 1 GASTROENTEROLOGIST, 1 OB/GYN, 1 EMERGENCY PHYSICIAN, 1 SLEEP DISORDER PHYSICIAN, 1 ANESTHESIOLOGIST, 1 INFECTIOUS DISEASE PHYSICIAN, 1 GENERAL SURGEON, 2 HOSPITALISTS, 2 PHYSICIANS ASSISTANTS AND 1 DENTIST. SIX OF THESE PROVIDERS WERE RECRUITED FOR SERVICE OUTSIDE OF RRMCMC. RRMCMC SUPPORTS A HOSPITALIST PROGRAM WHERE HOSPITAL PHYSICIANS PROVIDE CARE FOR PRIMARY CARE PROVIDER'S PATIENTS THAT ARE ADMITTED TO THE HOSPITAL. THIS ALLOWS THE PRIMARY CARE PROVIDER TO PROVIDE MORE HOURS OF OFFICE CARE WHILE THEIR HOSPITALIZED PATIENTS HAVE 24 HOUR ACCESS TO A DOCTOR DURING THE HOSPITALIZATION. THIS SYSTEM PROVIDES EFFICIENCIES TO THE HEALTH CARE SYSTEM IN RUTLAND COUNTY. RUTLAND COUNTY'S MEDICAID POPULATION CONTINUES TO INCREASE. THIS PUTS A FINANCIAL STRAIN ON RRMCMC'S BUDGET AS THE CARE PROVIDED TO THIS GROWING POPULATION IS NOT REIMBURSED FOR THE FULL COST OF CARE. LEADERS AT RRMCMC ADVOCATE AT THE STATE AND LOCAL LEVEL TO MAINTAIN THE MEDICAID REIMBURSEMENT RATES FOR BOTH IN-PATIENT AND OUT-PATIENT CARE IN ORDER TO MAINTAIN ACCESS FOR MEDICAID PATIENTS. LEADERS AT RRMCMC ALSO PROVIDE SUPPORT FOR THE FEDERALLY QUALIFIED HEALTH CENTER (FQHC) IN RUTLAND COUNTY BY BEING A BOARD MEMBER. THE FQHC GETS REIMBURSED AT A HIGHER LEVEL FOR CARING FOR MEDICAID PATIENTS AND PROVIDES INCREASED ACCESS FOR THESE PATIENTS. RRMCMC LEADERS AND STAFF ALSO PARTICIPATE AS BOARD MEMBERS IN THE SUPPORT OF OTHER NON-PROFIT ORGANIZATIONS, SUCH AS RUTLAND COUNTY UNITED WAY, RUTLAND AREA VISITING NURSES ASSOCIATION AND HOSPICE, RUTLAND AREA PHYSICAL ACTIVITY COALITION, RUTLAND POLICE COMMISSION, AND THE RUTLAND ECONOMIC DEVELOPMENT CORPORATION. RRMCMC PARTNERS WITH THE UNITED WAY OF RUTLAND COUNTY TO OFFER AND RUN A LEADERSHIP AND BOARD TRAINING PROGRAM. EACH YEAR WE GRADUATE ROUGHLY 12 NEW COMMUNITY MEMBERS READY TO SERVE AS ACTIVE CONTRIBUTORS TO NON-PROFIT ORGANIZATION BOARDS THROUGHOUT OUR REGION. RUTLAND COUNTY IS ECONOMICALLY CHALLENGED AND RRMCMC SUPPORTS WORK TO HELP THOSE IN POVERTY AS WELL AS TO BRING NEW BUSINESSES INTO THE AREA. RRMCMC PARTICIPATES IN A PROGRAM CALLED BRIDGES OUT OF POVERTY WHICH IS A PROGRAM WHICH AIMS TO KEEP THE WORKING POOR EMPLOYED. THIS PROGRAM NOT ONLY BENEFITS THOSE IN LIVING POVERTY IN RUTLAND COUNTY, BUT RRMCMC'S OWN WORKFORCE. IN CONJUNCTION WITH FOR-PROFIT, NONPROFIT AND GOVERNMENT AGENCIES, THE BRIDGES OUT OF POVERTY COUNCIL DELIVERS THE WORKING BRIDGES TRAINING TO HR PROFESSIONALS AND LINE MANAGERS ON THE WORKPLACE IMPLICATIONS OF ECONOMIC DIVERSITY, IMPLEMENTED AN EMERGENCY LOAN AND SAVINGS PROGRAM FOR EMPLOYEES, HOUSED WORKSITE RESOURCE COORDINATORS IN COMPANIES TO HELP EMPLOYEES FIND HELP WITH HOUSING, CHILD CARE, TRANSPORTATION, ECONOMIC ASSISTANCE AND OTHER RESOURCES WITHOUT HAVING TO LEAVE WORK, AND BEGAN DISCUSSIONS OF HOW TO ENCOURAGE THE EMPLOYEES TO USE HEALTH AND WELLNESS STRATEGIES.</p> <p>TRAUMA SUPPORT - ESTABLISHED IN 1993, THE TRAUMA SUPPORT PROGRAM AT RRMCMC WAS, AND STILL IS, THE FIRST OF ITS KIND IN VERMONT. IT WAS DEVELOPED TO MEET THE IMMEDIATE AND LONG-TERM NEEDS OF FAMILIES IMPACTED BY SUDDEN DEATH OR TRAUMATIC INJURY OR ILLNESS. RRMCMC STAFF (ON THEIR OWN TIME) AND OTHER COMMUNITY VOLUNTEERS TAKE TURNS BEING ON-CALL 24 HOURS A DAY, SEVEN DAYS A WEEK. VOLUNTEERS PERSONALLY PROVIDE SUPPORT AND ASSISTANCE TO FAMILIES IMPACTED BY A TRAUMA OR DEATH IN MANY WAYS, I.E., BY BEING A LIAISON WITH MEDICAL PERSONNEL TO GET INFORMATION OR OFFERING CONTINUED SUPPORT VIA PHONE AND CORRESPONDENCE.</p> <p>BONE MARROW PROGRAM - THE MARROW DONOR PROGRAM AT RRMCMC WAS ESTABLISHED IN 1998. SINCE THEN, WE HAVE SUCCESSFULLY ADDED OVER 3,000 POTENTIAL DONORS TO THE NATIONAL REGISTRY, HELPING TO GIVE HOPE TO THE MORE THAN 6,000 PEOPLE SEARCHING EVERY DAY FOR AN UNRELATED MATCH TO SAVE THEIR LIVES. RRMCMC IS CURRENTLY THE ONLY HOSPITAL IN NEW ENGLAND WITH THIS TYPE OF PROGRAM. RRMCMC DOES NOT HOLD PATIENT-FOCUSED DRIVES, INSTEAD ALL DRIVES ARE DESIGNED TO RAISE GENERAL AWARENESS OF THE NEED AND TO REGISTER AS MANY POTENTIAL DONORS AS POSSIBLE, SO THAT NOW OR IN THE FUTURE A MATCH MAY BE MADE.</p> <p>OTHER INFORMATION: RRMCMC HAS 17 BOARD MEMBERS WHO REPRESENT THE RESIDENTS OF RUTLAND COUNTY IN THEIR SERVICE, 6 OF THESE ARE PHYSICIANS, 2 REPRESENT HEALTH CARE PARTNERS, AND 9 ARE RUTLAND COUNTY RESIDENTS WHO REPRESENT A VARIETY OF BUSINESS SECTORS. ALL BOARD MEMBERS COMPLETE A CONFLICT OF INT</p>

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	<p>EREST DISCLOSURE PROCESS WHICH IS NECESSARY TO COMPLY WITH FEDERAL AND STATE LAWS INCLUDIN G THE FEDERAL ANTI-KICKBACK STATUTE AND THE TAX CODE RPMC HAS PREDOMINANTLY AN OPEN MEDIC AL STAFF THE ONLY EXCEPTIONS ARE THE FOLLOWING SPECIALTIES FOR WHICH THERE ARE EITHER BOA RD-APPROVED EXCLUSIVE CONTRACTS OR HOSPITAL-EMPLOYED PHYSICIANS ONLY ANESTHESIA, EMERGENC Y MEDICINE, CRITICAL CARE, MEDICAL ONCOLOGY, RADIATION ONCOLOGY, ORTHOPEDICS, AND RADIOLOG Y ALL NEW APPLICANTS UNDERGO AN EXTENSIVE REVIEW PROCESS INCLUDING PRIMARY SOURCE VERIFIC ATION OF THEIR EDUCATION, TRAINING, BOARD CERTIFICATION, MALPRACTICE HISTORY, AND PREVIOUS HOSPITAL AFFILIATIONS WHEN DEEMED COMPLETE, THEIR APPLICATION IS REVIEWED BY THE CREDENT IALS COMMITTEE WHICH IS MADE UP OF PHYSICIANS AND AT LEAST ONE BOARD MEMBER THE CREDENTIA LS COMMITTEE MAKES A RECOMMENDATION TO THE MEDICAL EXECUTIVE COMMITTEE WHICH INCLUDES THE CHAIRMAN OF THE BOARD THE MEDICAL EXECUTIVE COMMITTEE MAKES A FINAL RECOMMENDATION TO THE FULL BOARD, WHICH HAS THE ULTIMATE AUTHORITY TO GRANT MEDICAL STAFF PRIVILEGES ALL MEDIC AL STAFF APPOINTMENTS ARE FOR A TWO YEAR PERIOD ALL MEMBERS OF THE MEDICAL STAFF ARE SUBJ ECT TO ONGOING PEER REVIEW OF THEIR CLINICAL WORK EVERY TWO YEARS, EVERY MEMBER OF THE ME DICAL STAFF MUST UNDERGO A REAPPOINTMENT PROCESS WHICH IS DESIGNED TO REVIEW THEIR CLINICA L AND PROFESSIONAL ACTIVITY AND BEHAVIOR THOSE REAPPOINTMENTS GO THROUGH THE SAME SEQUENC E OF COMMITTEES AND BOARD AS NEW APPLICANTS "</p> <p>RRMC'S CREDENTIALING PROCESS HAS BEEN SURVEY ED BY BOTH THE JOINT COMMISSION AND THE CENTERS FOR MEDICARE AND MEDICAID SERVICES AND FOUN D TO BE IN FULL COMPLIANCE WITH THEIR STANDARDS (TJC) AND THEIR CONDITIONS OF PARTICIPATI ON (CMS) " AS A RURAL COMMUNITY HEALTH SYSTEM, RPMC PROVIDES A BROAD ARRAY OF SPECIALIZED HEALTH SERVICES THE FOLEY CANCER CENTER AT RPMC PROVIDES TREATMENT TECHNOLOGIES THAT INCL UDE HIGH TECH DIAGNOSTIC IMAGING, MEDICAL ONCOLOGY WITH TRADITIONAL IV THERAPIES (SUCH AS CHEMOTHERAPY), AND RADIATION ONCOLOGY FEATURING A STATE-OF-THE-ART LINEAR ACCELERATOR SUP PORTIVE PROGRAMS INCLUDE PALLIATIVE CARE, PAIN MANAGEMENT, ACUPUNCTURE AND A WOMEN'S' BREA ST CARE PROGRAM THE HOSPITAL PROVIDES 24-HOUR EMERGENCY CRISIS CARE, AS WELL AS PSYCHIATR IC INTENSIVE CARE, GERIATRIC PSYCHIATRIC PROGRAMS, MEDICAL DETOXIFICATION AND DUAL DIAGNOS IS AND TREATMENT OF SIMULTANEOUS SUBSTANCE ABUSE AND BEHAVIORAL HEALTH DISORDERS THE 24 H OUR EMERGENCY DEPARTMENT PROVIDES CARE REGARDLESS A PATIENT'S ABILITY TO PAY THE FAST TRA CK PROGRAM IS DESIGNED TO PROCESS URGENT CARE IN A TIMELY MANNER RPMC PROVIDES CARE FOR B OTH MEDICARE AND MEDICAID PATIENTS, THESE 2 POPULATIONS MAKE UP 61 % OF THE PAYER MIX FOR RPMC BY WORKING COLLABORATIVELY WITH THE LOCAL FEDERALLY QUALIFIED HEALTH CLINICS, COMMUN ITY HEALTH CLINICS OF THE RUTLAND REGION'S PRIMARY CARE CAPACITY IS INCREASED IN THE SERVI CE AREA THE RPMC VOLUNTEER PROGRAM IS PROVIDED BY OVER 325 VOLUNTEERS WHO DONATED OVER 52 ,000 HOURS OF SERVICE THESE VOLUNTEERS ASSIST WITH THE NON-CLINICAL NEEDS IN THE HOSPITAL SINCE 1896 RUTLAND REGIONAL MEDICAL CENTER HAS PROVIDED HEALTH CARE TO ALL WHO SEEK ITS SERVICES, REGARDLESS OF THEIR FINANCIAL SITUATION OVER THE YEARS, RUTLAND REGIONAL MEDICA L CENTER HAS BECOME AN IMPORTANT CENTER FOR PROMOTING HEALTH AND WELLNESS FOR THE FULL COM MUNITY- ACTIVITIES THAT SHOULD HELP CURB LONGER-TERM HEALTH CARE COSTS WHILE A MAJORITY OF HOSPITAL COSTS ARE RECOVERED BY USERS OF THE SERVICES, PATIENT CHARGES AND THIRD PARTY IN SURANCE, THE RUTLAND HEALTH FOUNDATION ACTIVELY SEEKS ADDITIONAL CHARITABLE RESOURCES TO M EET NEEDS NOT COVERED BY THESE PAYMENTS HOWEVER, AS INSURANCE AND OTHER REIMBURSEMENTS CO NTINUE TO DECREASE, RUTLAND REGIONAL MEDICAL CENTER HAS LESS MONEY FOR CAPITAL EXPENDITURE S DIRECTED TOWARD NEW AND REPLACEMENT EQUIPMENT-EQUIPMENT THAT IS INTEGRAL TO KEEPING THE HOSPITAL TECHNOLOGICALLY ADVANCED THE RUTLAND HEALTH FOUNDATION ALSO FUNDRAISES TO SUPPORT T PROGRAMS THAT DIRECTLY ASSIST THE NEED</p>

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	<p>RUTLAND REGIONAL MEDICAL CENTER (RRMC) IS PART OF A HEALTH CARE SYSTEM WHICH INCLUDES THE FOLLOWING ADDITIONAL TAX-EXEMPT ORGANIZATIONS RUTLAND REGIONAL HEALTH SERVICES, INC (RRHS), VERMONT ORTHOPAEDIC CLINIC, INC (VOC), AND RUTLAND HEALTH FOUNDATION (RHF) RRHS IS A HOLDING COMPANY ORGANIZED TO SUPPORT, PROMOTE, ADVANCE AND STRENGTHEN THE HEALTH OF PERSONS WITHIN ITS DESIGNATED SERVICE AREA VOC OFFERS COMPREHENSIVE, HIGH QUALITY TREATMENT METHODOLOGIES FOR ORTHOPAEDIC-RELATED INJURIES RHF PARTNERS WITH PATIENTS, PHYSICIANS, EMPLOYEES, COMMUNITY LEADERS, AND PHILANTHROPISTS TO RAISE MONEY TO HELP MEET HEALTHCARE NEEDS OF THE COMMUNITY RRHS IS THE SOLE MEMBER OF RRMC AND VOC, AND IS THE CONTROLLING MEMBER OF RHF THE SYSTEM PRIMARILY EARNS REVENUES BY PROVIDING HOSPITAL INPATIENT, HOSPITAL OUTPATIENT, HOSPITAL EMERGENCY CARE, AND PHYSICIAN SERVICES TO RESIDENTS IN THE RUTLAND, VERMONT, AREA THE JAMES T BOWSE HEALTH TRUST IS A DEPARTMENT OF RUTLAND REGIONAL HEALTH SERVICES AND PROVIDES GRANT FUNDING AIMED AT IMPROVING THE HEALTH STATUS OF THE RUTLAND REGION HERE IS A DESCRIPTION OF THE PROGRAMS THAT ARE CURRENTLY FUNDED NUTRITION AXIS THE AXIS (ACCESS X INFORMATION = SOLUTIONS) PROGRAM TARGETS BOTH EMPLOYEE POPULATIONS AND RESIDENTS WHO RECEIVE NUTRITIONAL SUPPORTS FROM NON-PROFIT ORGANIZATIONS THE GOAL IS TO REDUCE OBESITY AND CREATE HEALTHIER LIFESTYLES BY INCREASING THE USE OF LOCAL FRESH FRUITS AND VEGETABLES THROUGH EXPANSION OF THE COMMUNITY SUPPORTED AGRICULTURE PROGRAM AND EDUCATION (COOKING DEMONSTRATION, TASTE TESTING, ETC) FUNDING WAS AWARDED TOTALING \$54,865 OVER THREE YEARS SAY IT STRAIGHT RAP COALITION IS PROVIDING THIS EVIDENCE-BASED PROGRAM FOR YOUTH AND YOUNG ADULTS FOR PREVENTION OF RISKY BEHAVIORS, INCLUDING ALCOHOL/TOBACCO/OTHER DRUG ABUSE, PRECOCIOUS SEXUAL BEHAVIOR, TEEN PREGNANCY, AND BEHAVIOR LEADING TO HIV/AIDS THE PROGRAM IS RECEIVING \$46,000 OVER THREE YEARS ITS A GIRL THING THE GIRLS SCOUTS OF THE GREEN AND WHITE MOUNTAINS COMBINED SUCCESSFUL CURRICULUM WITH EXISTING PROGRAM STRUCTURE TO ENGAGE GIRLS IN HEALTHY LIVING EXPERIENCES DAY CAMP, AFTER SCHOOL AND OUT-OF-SCHOOL PROGRAMS, COMPLEMENTED BY EXPERTS ON NUTRITION AND SUBSTANCE PREVENTION THE PROGRAM WILL RECEIVE 425,970 OVER THREE YEARS GET RID OF WASTE (GROW) LOTHROP ELEMENTARY SCHOOL WAS AWARDED \$39,000 OVER THREE YEARS TO IMPLEMENT THIS PROJECT WITH THE GOAL OF INCREASING STUDENT WILLINGNESS TO TRY NEW FOODS AND CHOOSE HEALTHIER OPTIONS WITH PROJECT PARTNERS, THEY WILL INTEGRATE GARDENING, COOKING, NUTRITION LESSONS, COMPOSTING AND PHYSICAL ACTIVITY INTO THE SCHOOL CURRICULUM RSSU TRANSITIONS RUTLAND SOUTH SUPERVISORY UNION WILL USE \$109,478 IN FUNDING OVER THREE YEARS TO FOCUS ON JUNIORS AND SENIORS IN HIGH SCHOOL THAT ARE NOT RECEIVING THE RESOURCES AND SUPPORT THEY NEED TO SUCCESSFULLY TRANSITION INTO THE WORKFORCE OR POST-SECONDARY EDUCATION THEY ANTICIPATE SERVING 25 YOUTH WITH ACADEMIC AND BEHAVIORAL SUPPORT, INCLUDING PERSONAL TRANSITION PLANNING TO INCREASE THE PERCENTAGE WHO GRADUATE ON TIME AND TRANSITION INTO THE WORKFORCE OR HIGHER EDUCATION THREE STEPS FORWARD THE RUTLAND REGION WORKFORCE INVESTMENT BOARD WAS AWARDED A \$10,000 PLANNING GRANT TO FURTHER DEFINE THE ELEMENTS OF A PROGRAM TO ASSIST YOUNG WOMEN WHO HAVE DROPPED OUT OF SCHOOL OR WHO ARE AT RISK FOR DROPPING OUT, TO ACHIEVE THEIR PERSONAL AND PROFESSIONAL SUCCESS</p>

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	THE STATE OF VERMONT DOES NOT REQUIRE FILING OF A COMMUNITY BENEFIT REPORT THE COMMUNITY BENEFIT REPORT IS INCLUDED IN RRMCM ANNUAL REPORT, WHICH IS MADE AVAILABLE TO THE PUBLIC AT WWW RRMCM ORG

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
RUTLAND HOSPITAL 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
03-0183483

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) COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION375 ROUTE 30 NORTH BOMOSEEN,VT 05732	22-1179701	501(C)(3)	1,367,417				COMMUNITY HLTH IMPROVE
(2) RUTLAND COMMUNITY PROGRAMS78 S MAIN PO BOX 222 RUTLAND,VT 05702	03-0307812	501(C)(3)	15,500				COMMUNITY HLTH IMPROVE
(3) LOTHROP ELEMENTARY SCHOOL 3447 ROUTE 7 PITTSFORD,VT 05763	03-6000625	PITTSFORD,VT	6,000				COMMUNITY HLTH IMPROVE
(4) RUTLAND AREA FARM FOOD LINKPO BOX 561 POULTNEY,VT 05741	20-8283600	501(C)(3)	19,830				COMMUNITY HLTH IMPROVE
(5) RUTLAND SOUTH SUPERVISORY UNION64 GRANGE HALL ROAD N CLARENDON,VT 05759	03-0253069	WALLINGFORD DIS	41,000				COMMUNITY HLTH IMPROVE
(6) RUTLAND REGIONAL WORKFORCE INVESTMENT BOARDPO BOX 6015 RUTLAND,VT 05702	03-0276755	501(C)(3)	10,000				COMMUNITY HLTH IMPROVE
(7) GIRL SCOUTS OF THE GREEN AND WHITE MOUNTAINSPO BOX 10832 BEDFORD,NH 03110	02-0243160	501(C)(3)	6,761				COMMUNITY HLTH IMPROVE

2

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

7

3

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

0

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
GRANT MONITORING	SCHEDULE I, PART I, LINE 2	RUTLAND REGIONAL HEALTH SERVICES (RRHS), THROUGH RUTLAND REGIONAL MEDICAL CENTER (RRMC), AWARDED A FIVE-YEAR COMMUNITY BENEFIT GRANT TO COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION, INC (CHCRR) IN THE AMOUNT OF \$4,600,000 THAT IS FUNDED BY RRMC AND WAS EFFECTIVE MAY 1, 2008 FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011, RESPECTIVELY, \$1,367,417 AND \$1,200,250 WAS EXPENDED FOR THE GRANT AWARD FROM RRMC AND IS INCLUDED IN RUTLAND REGIONAL MEDICAL CENTER'S GENERAL OPERATING EXPENSES RRHS CONTINUALLY WORKS WITH CHCRR TO ENSURE THE ORGANIZATION IS USING FUNDS APPROPRIATELY AND FURTHERING THE CHCRR EXEMPT PURPOSE THE OTHER GRANTS LISTED ON SCHEDULE I, PART II, WERE PROVIDED BY THE JAMES T BOWSE HEALTH TRUST, A DEPARTMENT OF RUTLAND REGIONAL MEDICAL CENTER THE BOWSE TRUST ONLY CONSIDERS GRANT PROPOSALS THROUGH ITS FORMAL GRANT PROPOSAL PROCESS, WHICH REQUIRES THAT THE REQUESTING ORGANIZATION MEET CERTAIN CRITERIA AND SUBMIT A PLANNING GRANT/LETTER OF INTENT, FULL PROPOSAL, AND PLANNING GRANT BUDGET FORM DESCRIBING HOW THE GRANT WILL BE USED
PURPOSE OF GRANT OR ASSISTANCE	SCHEDULE I, PART II, COLUMN H	ASSISTANCE FOR RUTLAND COMMUNITY PROGRAMS, LOTHROP ELEMENTARY SCHOOL, RUTLAND AREA FARM FOOD LINK, RUTLAND SOUTH SUPERVISORY UNION, RUTLAND REGIONAL WORKFORCE INVESTMENT BOARD, AND GIRL SCOUTS OF THE GREEN AND WHITE MOUNTAIN WAS PROVIDED BY THE JAMES T BOWSE HEALTH TRUST, A DEPARTMENT OF RUTLAND REGIONAL MEDICAL CENTER SEE SCHEDULE H, PART VI, LINE 6 FOR MORE INFORMATION REGARDING PROGRAMS FUNDED BY THE JAMES T BOWSE HEALTH TRUST

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
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

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 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	
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	
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 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 checked="" 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	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
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	Yes
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

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

[illegible]

Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	MARY KOHANSKI, FORMER VICE PRESIDENT OF HUMAN RESOURCES, RECEIVED A SEVERANCE PAYMENT OF \$116,816 FROM THE ORGANIZATION DURING THE YEAR. THIS AMOUNT IS INCLUDED IN OTHER REPORTABLE COMPENSATION IN SCHEDULE J, PART II, COLUMN B (III).
COMPENSATION CONTINGENT ON THE REVENUES OF THE ORGANIZATION	SCHEDULE J, PART I, LINE 5A	PHYSICIANS EARN COMPENSATION BASED UPON THEIR PRODUCTIVITY AGAINST ESTABLISHED TARGETS. INCREASED PRODUCTIVITY IS DIRECTLY RELATED TO INCREASED REVENUES FOR THE ORGANIZATION.

Software ID:
Software Version:
EIN: 03-0183483
Name: RUTLAND HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
J CHRISTIAN HIGGINS MD	(i)	93,438	56,138	145	1,137	14,856	165,714	0
	(ii)	155,154	22,464	270	0	0	177,888	0
KIRK DUFTY MD	(i)	248,171	0	17,186	17,763	8,388	291,508	0
	(ii)	0	0	0	0	0	0	0
MATTHEW A CONWAY MD	(i)	254,689	355	3,008	17,763	20,667	296,482	0
	(ii)	0	0	0	0	0	0	0
DANIEL M FOLEY MD	(i)	269,886	36,553	18,350	22,663	8,418	355,870	0
	(ii)	0	0	0	0	0	0	0
THOMAS W HUEBNER	(i)	420,986	0	22,870	22,663	20,904	487,423	0
	(ii)	0	0	0	0	0	0	0
EDWARD T OGORZALEK	(i)	229,986	0	18,063	27,563	20,661	296,273	0
	(ii)	0	0	0	0	0	0	0
MARY T NEMETH	(i)	187,331	0	729	21,419	8,250	217,729	0
	(ii)	0	0	0	0	0	0	0
BAXTER HOLLAND	(i)	320,081	0	4,161	22,663	15,291	362,196	0
	(ii)	0	0	0	0	0	0	0
DORCAS WARD	(i)	167,435	0	19,580	21,328	14,978	223,321	0
	(ii)	0	0	0	0	0	0	0
BARBARA ROBINSON	(i)	209,438	0	2,678	19,925	15,130	247,171	0
	(ii)	0	0	0	0	0	0	0
CHRISTOPHER LAFAVE	(i)	163,826	0	315	6,787	20,320	191,248	0
	(ii)	0	0	0	0	0	0	0
DARREN CHILDS	(i)	154,488	0	439	11,939	20,297	187,163	0
	(ii)	0	0	0	0	0	0	0
KATHLEEN LETENDRE	(i)	151,373	0	678	11,459	20,278	183,788	0
	(ii)	0	0	0	0	0	0	0
JI CHEN	(i)	168,417	0	215	8,869	2,403	179,904	0
	(ii)	0	0	0	0	0	0	0
HARVEY REICH	(i)	367,348	0	21,838	22,663	20,820	432,669	0
	(ii)	0	0	0	0	0	0	0
MICHAEL KENOSH	(i)	400,259	56,714	17,160	17,763	20,892	512,788	0
	(ii)	0	0	0	0	0	0	0
ROBERT GIERING	(i)	356,950	39,404	1,182	17,763	19,814	435,113	0
	(ii)	0	0	0	0	0	0	0
EITAN SOBEL	(i)	339,168	0	441	14,700	20,612	374,921	0
	(ii)	0	0	0	0	0	0	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JOSEPH WILLIAMS	(i) (ii)	344,146 0	0 0	361 0	10,702 0	20,805 0	376,014 0	0 0
TODD GREGORY MD	(i) (ii)	240,082 0	0 0	203 0	17,763 0	20,645 0	278,693 0	0 0
JOHN KIJEWSKI	(i) (ii)	191,555 0	0 0	785 0	3,459 0	19,601 0	215,400 0	0 0
MARY KOHANSKI	(i) (ii)	73,442	0	117,480	6,809	4,732	202,463	0

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.										OMB No 1545-0047	
											2011	
	Department of the Treasury Internal Revenue Service											Open to Public Inspection
Name of the organization RUTLAND HOSPITAL INC										Employer identification number 03-0183483		

Part I

Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	VT EDUCATIONAL & HLTH BUILDINGS FINANCE AGENCY	23-7154467		11-18-2009	28,330,000	REFUND '01 AND '03 SERIES BOND		X		X		X
B	VT EDUCATIONAL & HLTH BUILDINGS FINANCE AGENCY	23-7154467		12-10-2010	19,100,000	FUNDING OF VARIOUS CAPITAL PROJECT		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0					
2	Amount of bonds defeased	0		0					
3	Total proceeds of issue	28,330,000		19,100,000					
4	Gross proceeds in reserve funds	0		0					
5	Capitalized interest from proceeds	0		0					
6	Proceeds in refunding escrow	24,722,648		8,173,534					
7	Issuance costs from proceeds	198,225		136,033					
8	Credit enhancement from proceeds	0		0					
9	Working capital expenditures from proceeds	0		0					
10	Capital expenditures from proceeds	3,409,127		10,790,433					
11	Other spent proceeds	0		0					
12	Other unspent proceeds	0		0					
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part IIIPrivate Business Use (Continued)

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

Part IVArbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X					
b	Name of provider	DEUTSCHE BANKTDBANK		DEUTSCHE BANKTDBANK					
c	Term of hedge	10		10					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?		X		X				
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider	0		0					
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?	X		X					

Part VProcedures To Undertake Corrective Action

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

Part VISupplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

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) FOLEY DISTRIBUTING FOLEY SERVICES	M FOLEY - SEE PART V	287,328	PAPER & JANITORIAL SUPPLIES		No
(2) CENTRAL VERMONT PUBLIC SERVICE	J GAMBLE - SEE PART V	1,511,848	ELECTRICITY		No
(3) BLUE CROSS BLUE SHIELD OF VERMONT	T HUEBNER - SEE PART V	12,951,181	INSURANCE PREMIUMS		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
BUSINESS TRANSACTION INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV, COLUMN B	MARK K FOLEY, BOARD MEMBER, OWNS FOLEY DISTRIBUTING AND FOLEY SERVICES, INC THESE COMPANIES SUPPLIED PAPER AND JANITORIAL PRODUCTS TO THE ORGANIZATION FOR \$287,328 IN FISCAL YEAR 2012 JOAN F GAMBLE, BOARD MEMBER, IS AN OFFICER AT CENTRAL VERMONT PUBLIC SERVICES (CVPS) IN FISCAL YEAR 2012, THE ORGANIZATION PAID CVPS \$1,511,848 FOR ELECTRICITY THOMAS WHUEBNER, RPMC PRESIDENT & CEO, IS ON THE BOARD OF BLUE CROSS BLUE SHIELD OF VERMONT IN FISCAL YEAR 2012, THE ORGANIZATION PAID BCBS \$12,951,181 IN HEALTH INSURANCE PREMIUMS

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
RUTLAND HOSPITAL INC**Employer identification number**

03-0183483

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION AND MOST SIGNIFICANT ACTIVITIES	FORM 990, PART I, LINE 1	MISSION TO IMPROVE THE HEALTH OF THE RUTLAND REGION AND SURROUNDING COMMUNITIES BY PROVIDING APPROPRIATE, SUPERIOR, INTEGRATED, PREVENTATIVE, DIAGNOSTIC AND THERAPEUTIC HEALTH SERVICES IN A CARING ENVIRONMENT THROUGH THE STRENGTH OF OUR PEOPLE, TECHNOLOGY AND RELATIONSHIPS VISION TO BE THE BEST COMMUNITY HEALTHCARE SYSTEM IN NEW ENGLAND GOALS *QUALITY WE WILL PROVIDE SUPERIOR HEALTH SERVICES WHICH MEET OUR CUSTOMER NEEDS THROUGH GOOD CLINICAL OUTCOMES, UP-TO-DATE TECHNOLOGY, EFFECTIVE PROCESSES, COMPETENT AND CARING STAFF AND WELL MAINTAINED FACILITIES *GROWTH WE WILL DEVELOP NEW SERVICES AND EXPAND EXISTING SERVICES TO MEET CUSTOMER NEEDS RESULTING IN INCREASED MARKET SHARE AND EXPANSION INTO NEW MARKETS *INFORMATION EXCELLENCE WE WILL PROVIDE SUPERIOR, COORDINATED INFORMATION RESOURCES, PROCESSES, AND SYSTEMS THAT MEET CUSTOMER NEEDS FOR EFFECTIVE INFORMATION GATHERING, RECORDING, ACCESS, ANALYSIS, AND DISSEMINATION ACROSS THE HEALTHCARE CONTINUUM *FINANCIAL STRENGTH WE WILL ACHIEVE FINANCIAL STRENGTH AND STABILITY BY OPTIMIZING REIMBURSEMENT AND IMPROVING OUR COST STRUCTURE TO PRODUCE SUFFICIENT MARGINS, AND INCREASING PHILANTHROPIC GIVING *EMPLOYEE ENGAGEMENT WE WILL CREATE AN ENVIRONMENT WHERE EMPLOYEE ENGAGEMENT FLOURISHES AND WE COMMIT OUR HEARTS AND MINDS TO MEETING AND EXCEEDING THE NEEDS OF OUR CUSTOMERS AND EACH OTHER

Identifier	Return Reference	Explanation
TOTAL NUMBER OF VOLUNTEERS	FORM 990, PART I, LINE 6	THE TOTAL NUMBER OF VOLUNTEERS INCLUDES NON-COMPENSATED MEMBERS OF THE BOARD OF DIRECTORS AND OTHER INDIVIDUALS WHO VOLUNTEER TIME TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSE

Identifier	Return Reference	Explanation
EXEMPT PURPOSE ACHIEVEMENTS	FORM 990, PART III, LINES 4A-D	<p>RUTLAND REGIONAL MEDICAL CENTER FY 2012 COMMUNITY BENEFITS REPORT RUTLAND REGIONAL MEDICAL CENTER IS COMMITTED TO PROVIDING SUPERIOR, INTEGRATED, DIAGNOSTIC, THERAPEUTIC AND PREVENTATIVE HEALTH SERVICES AND TO PROMOTING OVERALL COMMUNITY HEALTH AND WELL-BEING COMMUNITY BENEFITS ARE THE ACTIVITIES AND SERVICES RUTLAND REGIONAL ENGAGES IN AND SUPPORTS THAT GO BEYOND THE ROUTINE PATIENT CARE SERVICES DOCUMENTING THESE EFFORTS IS A PART OF WHAT DIFFERENTIATES TAX-EXEMPT FROM TAXABLE HEALTH CARE ORGANIZATIONS PROGRAMMING THAT COUNTS COMMUNITY HEALTH IMPROVEMENT INITIATIVES SCREENING SERVICES AND EDUCATIONAL PROGRAMMING ARE IMPORTANT ELEMENTS TO PROMOTING THE HEALTH OF OUR COMMUNITY THE ASSOCIATED EXPENSES FOR 2012 EXCEEDED \$1,115,000 RRMCM OFFERS HEALTH LIVING WORKSHOPS, TOBACCO CESSATION PROGRAMING, CONSUMER HEALTH LIBRARY SUPPORT, BREAST CARE EDUCATION OUTREACH, AND OVER 25 SUPPORT GROUPS FOR INDIVIDUALS AND FAMILIES HEALTH PROFESSION EDUCATION & TRAINING FOR NON-EMPLOYEES AND WORKFORCE DEVELOPMENT COLLABORATING WITH EDUCATIONAL PROGRAMS, RRMCM SUPPORTS A VARIETY OF TRAINING PROGRAMS FOR INDIVIDUALS INTERESTED IN MEDICAL-RELATED FIELDS DURING 2012, RRMCM'S INVESTMENT IN THESE AREAS TOTALED APPROXIMATELY \$200,000 FREE AND DISCOUNTED CARE RUTLAND REGIONAL PROVIDES LOW- AND NO-COST CARE FOR ELIGIBLE RESIDENTS OF OUR AREA THROUGH A FINANCIAL ASSISTANCE PROGRAM THE FREE CARE PROVISION FOR 2012 TOTALED \$6,034,859 AND SERVED 2,950 PATIENTS IN ADDITION, RUTLAND REGIONAL PROVIDED \$34,869 IN FREE AND REDUCED COST LABORATORY AND IMAGING SERVICES TO THE PATIENTS OF THE RUTLAND FREE CLINIC IN ADDITION TO THESE ACTIVITIES, RUTLAND REGIONAL IS NOW REQUIRED BY FEDERAL REGULATIONS TO CONDUCT A COMMUNITY NEEDS ASSESSMENT EVERY THREE YEARS THE RUTLAND COUNTY HEALTH NEEDS ASSESSMENT 2012 STEERING COMMITTEE HAS WORKED HARD TO BE INCLUSIVE, BOTH IN THE INFORMATION COLLECTED AND REVIEWED, AND BY BROADLY REQUESTING INPUT FROM AROUND OUR COMMUNITIES FROM START TO FINISH, THE ASSESSMENT TAKES ABOUT ONE YEAR TO COMPLETE, AND INCLUDES COMPILATION OF SECONDARY DATA FROM OTHER SOURCES, COLLECTING INDIVIDUAL INPUT THROUGH CONSUMER SURVEYS AND THROUGH FOCUS GROUP MEETINGS ALL OF THE INFORMATION GATHERED IS REVIEWED, AND PRIORITIZED BY A BROAD, COMMUNITY-BASED COMMITTEE A FINAL REPORT HAS NOW BEEN PUBLISHED WITH THE FINDINGS THIS REPORT IS MADE PUBLICALLY AVAILABLE ON WWW RRMCM ORG THE PURPOSE OF THE ASSESSMENT IS TO -DESCRIBE THE HEALTH STATUS OF THE COMMUNITY -IDENTIFY THE COMMUNITY'S HEALTH NEEDS -COMPARE THE NEEDS TO THOSE IDENTIFIED PREVIOUSLY CONDUCTING ASSESSMENTS PERIODICALLY FOR MORE THAN 15 YEARS, WE HAVE SEEN SOME HEALTH INDICATORS IMPROVE AND OTHERS DECLINE BY MONITORING THESE CHANGES, THE COMMITTEE IS ABLE TO IDENTIFY WHERE ADDITIONAL RESOURCES ARE NEEDED ORGANIZATIONS, INCLUDING RUTLAND REGIONAL, USE THIS IMPORTANT INFORMATION TO GUIDE THEIR PLANNING FOR RUTLAND REGIONAL SPECIFICALLY, IT HELPS WITH THE DEVELOPMENT OF NEW HOSPITAL SERVICES AND COMMUNITY PROGRAMS</p>

Identifier	Return Reference	Explanation
OTHER PROGRAM SERVICES	FORM 990, PART III, LINE 4D	THE REVENUES AND EXPENSES REPORTED ON PART III, LINE 4D, REPRESENT THOSE AMOUNTS THAT ATTRIBUTABLE TO OTHER PROGRAM SERVICES CONDUCTED BY THE ORGANIZATION. THESE OTHER SERVICES PRIMARILY REPRESENT OTHER SUPPORT SERVICES THAT ARE PROVIDED TO HOSPITAL PATIENTS OR THAT ARE CONDUCTED TO SUPPORT THE OVERALL FUNCTION OF THE HOSPITAL, SUCH AS CENTRAL SUPPLY AND PHARMACY SERVICES. OTHER SERVICES ALSO INCLUDE BENEFIT TO THE COMMUNITY THROUGH THE PAYMENT OF GRANTS TO OTHER COMMUNITY ORGANIZATIONS. SEE SCHEDULE I FOR DETAIL REGARDING THESE GRANT PAYMENTS.

Identifier	Return Reference	Explanation
MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINES 6, 7A, & 7B	PER ARTICLE II, SECTION 1, OF THE ORGANIZATION'S BYLAWS, RUTLAND REGIONAL HEALTH SERVICES IS THE SOLE MEMBER OF RUTLAND REGIONAL MEDICAL CENTER ARTICLE III, SECTIONS 1 AND 2, OF THE BYLAWS STATE THAT THE BOARD SHALL CONSIST OF EIGHTEEN DIRECTORS OF THESE DIRECTORS, FOURTEEN ARE CHOSEN OR APPROVED BY THE ORGANIZATION'S SOLE MEMBER ARTICLE VIII, SECTION 5, OF THE BYLAWS DISCUSS POWERS RESERVED TO THE MEMBER, RUTLAND REGIONAL HEALTH SERVICES, INC , AND STATE THAT THE CORPORATION SHALL SUBMIT TO THE BOARD OF DIRECTORS OF THE MEMBER FOR ITS PRIOR APPROVAL THE FOLLOWING A) THE APPOINTMENT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, B) ALL OPERATING AND CAPITAL BUDGETS FOR THE CORPORATION, C) STRATEGIC PLANS FOR THE CORPORATION, D) CAPITAL EXPENDITURES OF \$100,000 OR MORE WHICH ARE UNBUDGETED, E) PURCHASE AND SALE OF ALL SIGNIFICANT ASSETS, AND F) THE BYLAWS AND ANY AMENDMENTS THERETO

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION. A DRAFT COPY IS THEN REVIEWED BY TOP MANAGEMENT. ONCE A FINAL DRAFT IS COMPLETE, IT IS MAILED TO EACH MEMBER OF THE SYSTEM FINANCE COMMITTEE. THE COMMITTEE WILL MEET AND DISCUSS THE RETURN WITH A TAX ADVISOR PRIOR TO PRESENTING THE FINAL DRAFT TO THE FULL BOARD OF DIRECTORS. ALL BOARD MEMBERS ARE ALSO PROVIDED A COPY OF THE FINAL DRAFT.

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	<p>ANNUALLY, ALL ORGANIZATION LEADERS REVIEW THE SYSTEM-WIDE CONFLICT OF INTEREST POLICY TO ENSURE ALL CONFLICTS ARE MADE KNOWN SEE THE POLICY BELOW</p> <p>POLICY</p> <p>*DUTY TO DISCLOSE IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL INTEREST AND MUST BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF COMMITTEES WITH BOARD DELEGATED POWERS, OR OTHER INDIVIDUALS WHO, ON BEHALF OF THE CORPORATION, ARE CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT</p> <p>*DUTY TO VOICE CONCERN IN THE EVENT THAT AN INTERESTED PERSON BECOMES CONCERNED THAT ANOTHER INTERESTED PERSON WHO IS A BOARD MEMBER, PRINCIPAL OFFICER OR MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS HAS AN UNDISCLOSED FINANCIAL INTEREST OR IS EXERTING INAPPROPRIATE INFLUENCE RELATED TO A FINANCIAL INTEREST, THIS CONCERN SHOULD BE RAISED WITH THE CHAIR OF THE APPROPRIATE BOARD OR COMMITTEE OR, IF INVOLVING A MEMBER OF LEADERSHIP COUNCIL, A DIRECTOR OR MANAGER OR OTHER INTERESTED PERSON, AN APPROPRIATE CORPORATE OFFICER</p> <p>*DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, HE/SHE SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON BY THE REMAINING BOARD OR COMMITTEE MEMBERS HOWEVER, IN NO EVENT SHALL AN INTERESTED PERSON PARTICIPATE IN THE DELIBERATION AND/OR DETERMINATION OF COMPENSATION THAT HE/SHE WILL RECEIVE FROM THE CORPORATION FOR EMPLOYMENT, PROFESSIONAL CONTRACT OR OTHERWISE</p> <p>*DEFINITIONS -INTERESTED PERSON - FOR THE PURPOSES OF THIS POLICY, AN INTERESTED PERSON IS ANY BOARD MEMBER, PRINCIPAL OFFICER, MEMBER OF THE LEADERSHIP COUNCIL, DIRECTOR, OR MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST IF AN INDIVIDUAL IS AN INTERESTED PERSON WITH RESPECT TO ANY ENTITY IN THE RRMG/RRHS HEALTH CARE SYSTEM, HE OR SHE IS AN INTERESTED PERSON WITH RESPECT TO ALL ENTITIES IN THE HEALTH CARE SYSTEM</p> <p>*PROCEDURES -PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING, BUT AFTER SUCH PRESENTATION, HE/SHE SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN THE CONFLICT OF INTEREST THE CHAIRPERSON OF THE BOARD OR COMMITTEE SHALL, IF APPROPRIATE, APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE PROPOSED TRANSACTION OR ARRANGEMENT AFTER EXERCISING DUE DILIGENCE, INCLUDING A CONSIDERATION OF INDEPENDENT COMPARABILITY DATA, VALUATIONS OR APPRAISALS, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH REASONABLE EFFORT FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY ATTAINABLE INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL UNDER CIRCUMSTANCES NOT PRODUCING A CONFLICT OF INTEREST, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE CORPORATION'S BEST INTEREST, FOR ITS OWN BENEFIT, AND WHETHER IT IS FAIR AND REASONABLE IN CONFORMITY WITH THE ABOVE DETERMINATION IT SHALL MAKE ITS DECISION AS TO WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT</p> <p>-ANNUAL STATEMENTS AWARENESS/COMPLIANCE WITH POLICY - EACH INTERESTED PERSON SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THIS CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE CORPORATION IS A CHARITABLE ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST BE ENGAGED PRIMARILY IN ACTIVITIES THAT ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES</p> <p>CONFLICT OF INTEREST SURVEY - EACH INTERESTED PERSON SHALL DISCLOSE ON AN ANNUAL SURVEY FORM POTENTIAL CONFLICTS OF INTEREST AND FINANCIAL INTERESTS RELEVANT TO THIS POLICY</p>

Identifier	Return Reference	Explanation
COMPENSATION REVIEW POLICY	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>THE FOLLOWING POLICY APPLIES TO THE ENTIRE RUTLAND REGIONAL HEALTH SERVICES (RRHS) SYSTEM, AND THE POLICY COVERS OFFICER & KEY EMPLOYEE COMPENSATION *IT IS THE POLICY OF RRHS TO OFFER MARKET-COMPETITIVE PAY SO TO ATTRACT AND RETAIN THE BEST TALENT FROM OUR LABOR MARKET *DESIGNATION OF RRHS' KEY EMPLOYEES IS MADE BY THE COMPLIANCE DEPARTMENT *THE RRHS KEY EMPLOYEE LABOR MARKET IS TYPICALLY ALL HOSPITALS NATIONALLY WITH SIMILAR REVENUES AS RRHS *KEY EMPLOYEE COMPENSATION IS REVIEWED ANNUALLY EACH FALL USING THREE SOURCES OF INDEPENDENT COMPETITIVE MARKET DATA *JOBS HELD BY KEY EMPLOYEES ARE MATCHED WITH SIMILAR JOBS IN MARKET DATA WITH AN INDICATION OF JOB MATCH STRENGTH (WEAK, MODERATE OR STRONG) *THE MARKET REVIEW PRODUCES A REPORT OF KEY EMPLOYEE CURRENT BASE PAY AND TOTAL CASH COMPENSATION VS MARKET BASE PAY AND TOTAL CASH COMPENSATION WITH ANY RECOMMENDED PAY ACTIONS *GENERALLY SPEAKING, KEY EMPLOYEE BASE PAY VARIANCES OF -5% VS MARKET TOTAL CASH COMPENSATION ARE CONSIDERED TO BE NON-COMPETITIVE PROMPTING A RECOMMENDED BASE PAY INCREASE TO BE CONSIDERED *THE RESULTS OF THE REVIEW AND RECOMMENDED PAY ACTIONS ARE REVIEWED AND APPROVED BY THE CEO INFORMATION IS MADE AVAILABLE TO SYSTEM FINANCE UPON REQUEST *THE CEO PAY IS REVIEWED AND APPROVED BY THE CHAIR AND CO-CHAIR OF THE BOARD OF DIRECTORS THIS REVIEW IS DOCUMENTED IN THE EXECUTIVE SESSION BOARD MINUTES THE MOST RECENT COMPENSATION REVIEW OCCURRED DURING FALL 2011 *THE KEY EMPLOYEES REVIEW WAS CONDUCTED IN FALL 2011 COVERING NON-PHYSICIAN EMPLOYEE EARNING AT LEAST \$150,000 THIS WAS DONE INTERNALLY</p>

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	CONSOLIDATED FINANCIAL STATEMENTS ARE AVAILABLE ANNUALLY IN THE ANNUAL REPORT, AND ARE ALSO AVAILABLE UPON WRITTEN REQUEST. THE CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE ALSO AVAILABLE UPON WRITTEN REQUEST. ALL REQUESTS MUST BE FOR A LEGITIMATE BUSINESS PURPOSE (AS DETERMINED BY TOP MANAGEMENT), AND REQUESTED DOCUMENTS WILL BE MAILED.

Identifier	Return Reference	Explanation
RELATED HOURS	FORM 990, PART VII, COLUMN B	THE BOARD OF DIRECTORS FOR RUTLAND REGIONAL MEDICAL CENTER, RUTLAND REGIONAL HEALTH SERVICES, AND VERMONT ORTHOPAEDIC CLINIC ARE SHARED IN ADDITION, THE FOLLOWING BOARD MEMBERS ALSO SERVE ON THE BOARD OF RUTLAND HEALTH FOUNDATION BILL BANNERMAN RONALD J CIOFFI CORT JONES DANIEL M FOLEY , MD THOMAS W HUEBNER, CEO & PRESIDENT, AND EDWARD T OGORZALEK, CFO & VP FISCAL SERVICES, ARE COMPENSATED BY RUTLAND REGIONAL MEDICAL CENTER THEY ACT AS OFFICERS FOR RUTLAND REGIONAL MEDICAL CENTER, RUTLAND HEALTH FOUNDATION, RUTLAND HEALTH SERVICES, AND VERMONT ORTHOPAEDIC CLINIC, WHERE THEY BOTH WORK APPROXIMATELY 40 HOURS PER WEEK IN ADDITION, THOMAS W HUEBNER SERVES ON THE BOARD OF RUTLAND HEALTH FOUNDATION

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 5	\$(11,784,886) NET LOSS FROM DEF BEN PEN PLAN AND POSTRETRMT BEN COSTS (1,604,997) TRANSFER TO AFFILIATES 9,217,462 CHANGE IN FV OF INVESTMENTS ACCT FOR UNDER FASB 825 (780,268) LOSS ON INTEREST RATE SWAP AGREEMENT 479,289 NET UNREALIZED GAINS ON INVESTMENTS ----- \$(4,473,400)

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
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) KILLINGTON MEDICAL CLINIC LLC 3902 KILLINGTON ROAD KILLINGTON, VT 05751 46-1076985	MED CLINIC	VT	0	0	RRMC

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) RUTLAND REGIONAL HEALTH SERVICES 160 ALLEN STREET RUTLAND, VT 05701 22-2534389	HOLDING CO	VT	501(C)(3)	11A I	NA		No
(2) RUTLAND HEALTH FOUNDATION 160 ALLEN STREET RUTLAND, VT 05701 03-0349681	FUNDRAISING	VT	501(C)(3)	7	RRHS		No
(3) VERMONT ORTHOPAEDIC CLINIC 160 ALLEN STREET RUTLAND, VT 05701 20-8089565	ORTHO SVC	VT	501(C)(3)	9	RRHS		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) THE MEADOWS AT EAST MOUNTAIN 157 HERITAGE HILL PLACE RUTLAND, VT 05701 03-0330343	ELDER CARE	VT	RRHS									
(2) THE GABLES AT EAST MOUNTAIN LLC ONE GABLES PLACE RUTLAND, VT 05701 03-0358050	ELDER CARE	VT	RRHS									
(3) VERMONT SPORTS MEDICINE CENTER 5 ALBERT CREE DR RUTLAND, VT 05701 06-1231501	PHYSICAL THER	VT	RRHS									

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

No

1b

No

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center

Accountants' Report and Financial Statements

September 30, 2012 and 2011

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
September 30, 2012 and 2011

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Independent Accountants' Report

Board of Directors
The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Rutland, Vermont

We have audited the accompanying balance sheets of The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center (RRMC), a subsidiary of Rutland Regional Health Services, Inc., as of September 30, 2012 and 2011, and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of RRMC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

As discussed in *Note 26*, in 2012, RRMC changed its method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update 2011-7.

Our audits were performed for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

February 26, 2013

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Balance Sheets
September 30, 2012 and 2011

Assets

	2012	2011
Current Assets		
Cash and cash equivalents	\$ 9,742,431	\$ 6,083,324
Patient accounts receivable, net of allowance, 2012 - \$13,775,000 and 2011 - \$10,950,000	22,402,032	25,472,660
Pledges receivable - current	162,780	239,326
Other receivables	512,609	377,662
Advances to third-party payers	-	69,100
Due from affiliates	6,195,126	6,050,822
Supplies	1,234,153	1,333,570
Prepaid expenses and other	2,325,291	3,536,801
Total current assets	<u>42,574,422</u>	<u>43,163,265</u>
Assets Limited As To Use		
Held by trustee under bond indenture agreement	-	3,001,603
Workers' compensation trust funds	1,214,651	1,208,802
Restricted by donors	7,037,699	4,933,846
Internally designated	82,610,802	65,143,778
	<u>90,863,152</u>	<u>74,288,029</u>
Property and Equipment, At Cost		
Land and land improvements	2,242,769	2,180,064
Buildings and leasehold improvements	70,359,245	68,582,226
Equipment	104,364,711	103,067,263
Construction in progress	1,981,468	1,196,057
	<u>178,948,193</u>	<u>175,025,610</u>
Less accumulated depreciation	106,983,031	97,708,537
	<u>71,965,162</u>	<u>77,317,073</u>
Other Assets		
Pledges receivable	64,181	193,867
Deferred financing costs	292,880	309,593
Other	4,133,443	2,298,513
	<u>4,490,504</u>	<u>2,801,973</u>
Total assets	<u>\$ 209,893,240</u>	<u>\$ 197,570,340</u>

Liabilities and Net Assets

	2012	2011
Current Liabilities		
Current maturities of long-term debt	\$ 1,850,926	\$ 1,861,973
Accounts payable and accrued expenses	7,104,631	7,638,937
Accrued compensation and related taxes	8,953,076	8,321,885
Estimated amounts due to third-party payers	6,697,993	5,939,350
Advances from third-party payers	437,465	-
Total current liabilities	25,044,091	23,762,145
Other Liabilities	12,238,783	10,221,638
Accrued Pension Obligation	44,354,090	32,074,323
Long-Term Debt	45,819,551	47,670,476
Total liabilities	127,456,515	113,728,582
Net Assets		
Unrestricted	75,394,367	77,862,660
Temporarily restricted	6,363,716	5,300,456
Permanently restricted	678,642	678,642
Total net assets	82,436,725	83,841,758
Total liabilities and net assets	\$ 209,893,240	\$ 197,570,340

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Statements of Operations and Changes in Net Assets
Years Ended September 30, 2012 and 2011

	2012	2011 (Adjusted - Note 26)
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	\$ 200,050,721	\$ 186,025,614
Provision for uncollectible accounts	7,581,672	8,089,213
Net patient service revenue less provision for uncollectible accounts	192,469,049	177,936,401
Other revenue	4,285,094	2,167,670
Net assets released from restrictions used for operations	515,165	2,147,424
Total unrestricted revenues, gains and other support	197,269,308	182,251,495
Expenses and Losses		
Salaries and benefits	113,044,770	107,256,177
Supplies and other	70,289,720	66,395,017
Depreciation and amortization	11,901,478	9,960,292
Interest	2,238,131	2,260,132
Total expenses and losses	197,474,099	185,871,618
Operating Loss	(204,791)	(3,620,123)
Other Income (Expense)		
Investment return	2,130,916	395,328
Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	9,217,462	2,420,373
Contributions received	57,221	422,466
Change in unrealized gains and losses on trading securities	479,289	(559,293)
Loss on interest rate swap agreement	(780,268)	(1,733,523)
Total other income (expense)	11,104,620	945,351
Excess (Deficiency) of Revenues Over Expenses	10,899,829	(2,674,772)
Contributions received for purchase of property and equipment	21,761	-
Net assets released from restriction for purchase of property and equipment	-	797,151
Defined benefit pension and postretirement benefit costs		
Net loss arising during the year	(13,811,445)	(179,895)
Amortization of prior service cost and net loss	2,026,559	1,255,956
Transfer to affiliates	(1,604,997)	(2,719,815)
Decrease in Unrestricted Net Assets	(2,468,293)	(3,521,375)

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Statements of Operations and Changes in Net Assets
Years Ended September 30, 2012 and 2011

	2012	2011 (Adjusted - Note 26)
Unrestricted Net Assets		
Excess (deficiency) of revenues over expenses	\$ 10,899,829	\$ (2,674,772)
Contributions received from purchase of property and equipment	21,761	-
Net assets released from restriction used for purchase of property and equipment	-	797,151
Defined benefit pension costs		
Net loss arising during the year	(13,811,445)	(179,895)
Amortization of net loss	2,026,559	1,255,956
Transfer to affiliates	(1,604,997)	(2,719,815)
	<u>(2,468,293)</u>	<u>(3,521,375)</u>
Decrease in unrestricted net assets		
Temporarily Restricted Net Assets		
Contributions received	272,409	143,634
Investment return	1,306,016	63,131
Net assets released from restrictions	(515,165)	(2,944,575)
	<u>1,063,260</u>	<u>(2,737,810)</u>
Increase (decrease) in temporarily restricted net assets		
Change in Net Assets	(1,405,033)	(6,259,185)
Net Assets, Beginning of Year	<u>83,841,758</u>	<u>90,100,943</u>
Net Assets, End of Year	<u><u>\$ 82,436,725</u></u>	<u><u>\$ 83,841,758</u></u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ (1,405,033)	\$ (6,259,185)
Items not requiring (providing) cash		
Depreciation and amortization	11,901,478	9,960,292
(Gain) loss on disposal of property and equipment	(9,806)	25,719
Net gain on investments	(11,384,289)	(2,507,436)
Restricted contributions received	(351,391)	(432,490)
Change in defined benefit pension and postretirement benefit plans	11,784,886	(1,076,061)
Change in fair value of interest rate swap agreements	780,268	1,733,523
Transfer to affiliates	(1,604,997)	2,719,815
Changes in		
Patient accounts receivable, net	3,070,628	(3,988,357)
Other receivables	(134,947)	(110,198)
Estimated third-party settlements and advances	1,265,208	2,955,599
Other current assets and liabilities	2,196,313	188,830
Net cash provided by operating activities	<u>16,108,318</u>	<u>3,210,051</u>
Investing Activities		
Proceeds from disposition of trading securities and investments accounted for under the fair value option of FASB ASC Topic 825	34,265,865	10,170,963
Purchases of trading securities and investments accounted for under the fair value option of FASB ASC Topic 825	(39,456,699)	(2,086,244)
Net (advances to) repayments from related parties	1,460,693	(4,355,928)
Proceeds from sale of property and equipment	38,637	20,775
Purchase of property and equipment	(7,453,358)	(24,169,742)
Net cash used in investing activities	<u>(11,144,862)</u>	<u>(20,420,176)</u>
Financing Activities		
Principal payments on long-term debt	(1,861,972)	(8,904,161)
Proceeds from issuance of long-term debt	-	19,100,000
Payment of deferred financing costs	-	(136,033)
Proceeds from restricted contributions	557,623	432,490
Net cash provided by (used in) financing activities	<u>(1,304,349)</u>	<u>10,492,296</u>
Increase (Decrease) in Cash and Cash Equivalents	3,659,107	(6,717,829)
Cash and Cash Equivalents, Beginning of Year	<u>6,083,324</u>	<u>12,801,153</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 9,742,431</u></u>	<u><u>\$ 6,083,324</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 2,185,402	\$ 2,265,228
Property and equipment purchases in accounts payable	\$ 193,651	\$ 108,709
Capital lease obligation incurred for property and equipment	\$ -	\$ 3,314,203

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Notes to Financial Statements
September 30, 2012 and 2011

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

Nature of Operations

The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center, (RRMC) is a not-for-profit acute care hospital which provides inpatient, outpatient, emergency care and physician services to residents in the Rutland, Vermont, area. RRMC is controlled by Rutland Regional Health Services, Inc. (RRHS). RRHS is a tax-exempt holding company, pursuant to Section 501(c)(3) of the Internal Revenue Code, organized to carry on planning, fundraising activities and manage related investments. RRMC is a wholly owned subsidiary of RRHS.

Effective October 1, 2012, Vermont Orthopedic Clinic, Inc. (VOC), a wholly owned not-for-profit subsidiary of RRHS, was dissolved and all assets were transferred to RRMC. At September 30, 2012, VOC had total assets of \$1,545,044 and for the year ended September 30, 2012, total revenues of \$5,879,772.

Use of Estimates

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

Cash Equivalents

RRMC considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At September 30, 2012 and 2011, cash equivalents consisted primarily of money market accounts and short-term government obligations.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000 on interest-bearing accounts. Additionally, RRMC has entered into an agreement with a local financial institution to purchase fully collateralized U.S. government securities with RRMC's funds that exceed FDIC insurance limits. At September 30, 2012, RRMC did not have any cash accounts in excess of FDIC limits that were not invested in these securities.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of

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operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Investments in hedge funds and common trust funds and limited liability corporations are carried at fair value pursuant to FASB ASC Topic 825

Assets Limited As To Use

Assets limited as to use include (1) assets held by trustees, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for purposes over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of RRMC are included in current assets

Patient Accounts Receivable

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

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

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

RRMC's allowance for doubtful accounts for self-pay patients remained consistent at 100% of self-pay accounts receivable at September 30, 2012 and 2011. In addition, RRMC's write-offs decreased approximately \$3,035,000 from approximately \$9,090,000 for the year ended September 30, 2011, to approximately \$6,055,000 for the year ended September 30, 2012. This was the result of positive trends experienced in the collection of amounts from self-pay patients in fiscal year 2012.

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Supplies

Supply inventories are stated at the lower of cost, determined using the average cost method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

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

Long-Lived Asset Impairment

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

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

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt and remarketing fees. Such costs are being amortized using the straight-line method over the life of the respective debt.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by RRMC has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by RRMC in perpetuity.

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Net Patient Service Revenue

RRMC has agreements with third-party payers that provide for payments to RRMC at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimates are revised in future periods as adjustments become known.

Charity Care

RRMC provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Contributions

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

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

Professional Liability Claims

RRMC recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 5*.

Income Taxes

RRMC is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, RRMC is subject to federal income tax on any unrelated business taxable income.

RRMC files tax returns in the U.S. federal jurisdiction. With a few exceptions, RRMC is no longer subject to U.S. federal examinations by tax authorities for years before 2008.

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Excess of Revenues Over Expenses

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

Electronic Health Records Incentive Program

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

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

In 2012, RRMC completed the first-year requirements under the Medicaid program and has recorded revenue of \$751,743, which is included in other revenue within operating revenues in the statement of operations.

Subsequent Events

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

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Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Net Patient Service Revenue

RRMC recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, RRMC recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of RRMC's uninsured patients will be unable or unwilling to pay for the services provided. Thus, RRMC records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.

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

Medicare Inpatient acute care and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. RRMC is reimbursed for certain services at tentative rates with final settlements determined after submission of annual cost reports by RRMC and audits thereof by the Medicare administrative contractor.

Medicaid Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. During 2012, RRMC entered into a contractual agreement with the state to care for patients with intensive inpatient psychiatric needs. RRMC is reimbursed for these services using a cost reimbursed methodology.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

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Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the year ended September 30, 2012, was approximately

Medicare	\$ 72,189,285
Medicaid	29,213,467
Other third-party payers	86,993,195
Patients	<u>11,654,774</u>
	<u><u>\$ 200,050,721</u></u>

Note 3: Concentration of Credit Risk

RRMC grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2012 and 2011, was

	<u>2012</u>	<u>2011</u>
Medicare	40%	42%
Medicaid	20%	13%
Other third-party payers and patients	<u>40%</u>	<u>45%</u>
	<u>100%</u>	<u>100%</u>

Note 4: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use include

	<u>2012</u>	<u>2011</u>
Held by trustee under bond indenture agreement		
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 3,001,603</u>

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	2012	2011
Cash	\$ 884,061	\$ 1,427,944
U S government obligations	-	1,851,718
Corporate obligations	-	442,722
Mutual funds - equity	15,582,450	1,218,911
Mutual funds - fixed	-	407,546
Equity securities	-	770,167
Alternative investments		
Russell LLC funds - equity	36,088,515	32,217,915
Russell LLC funds - debt	34,707,418	29,730,860
Common trust funds	3,562,381	3,195,003
Interest receivable	38,327	23,640
	<u>90,863,152</u>	<u>71,286,426</u>
Less worker's compensation trust fund	1,214,651	1,208,802
Less restricted by donors	<u>7,037,699</u>	<u>4,933,846</u>
Internally designated	<u><u>\$ 82,610,802</u></u>	<u><u>\$ 65,143,778</u></u>

Total investment return is comprised of the following

	2012	2011
Interest and dividend income, net of investment expenses	\$ 1,749,394	\$ (187,897)
Realized gains (losses) on trading securities and investments accounted for under the fair value option of FASB ASC Topic 825	1,687,538	594,994
Unrealized gains (losses) on trading securities	479,289	(507,931)
Change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	<u>9,217,462</u>	<u>2,420,373</u>
	<u><u>\$ 13,133,683</u></u>	<u><u>\$ 2,319,539</u></u>

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Total investment return is reflected in the statements of operations and changes in net assets as follows

	2012	2011
Unrestricted net assets		
Investment return	\$ 2,130,916	\$ 395,328
Change in unrealized gains and losses on trading securities	479,289	(559,293)
Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	9,217,462	2,420,373
Temporarily restricted net assets	<u>1,306,016</u>	<u>63,131</u>
	<u><u>\$ 13,133,683</u></u>	<u><u>\$ 2,319,539</u></u>

Alternative Investments

Except as described below, the alternative investments have been estimated using the net asset value per share of the investments. Alternative investments held at September 30 consist of the following:

	September 30, 2012			
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Russell Small Cap U S Equity Fund LLC (A)	\$ 2,852,224	\$ -	Daily	None
Russell Large Cap U S Equity Fund LLC (B)	13,971,618	-	Daily	None
Russell Core Bond Fund LLC (C)	34,707,418	-	Daily	None
Russell International Equity Fund LLC (D)	12,838,697	-	Daily	None
Russell Defensive U S Equity Fund LLC (B)	6,425,976	-	Daily	None
Russell Common Trust Real Estate Equity Fund (E)	3,562,381	-	Quarterly	110 days
	September 30, 2011			
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Russell Small Cap U S Equity Fund LLC (A)	\$ 2,937,392	\$ -	Daily	None
Russell Large Cap U S Equity Fund LLC (B)	10,630,735	-	Daily	None
Russell Core Bond Fund LLC (C)	29,730,860	-	Daily	None
Russell International Equity Fund LLC (D)	7,647,906	-	Daily	None
Russell Defensive U S Equity Fund LLC (B)	11,001,882	-	Daily	None
Russell Common Trust Real Estate Equity Fund (E)	3,195,003	-	Quarterly	110 days

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- (A) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the Russell 2000 index. The Fund invests primarily in common stocks of small capitalization U.S. companies.
- (B) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the Russell 1000 index. This Fund invests primarily in common stocks of medium and large capitalization U.S. companies.
- (C) The investment objective of this Fund is to provide current income, and as a secondary objective, capital appreciation. The Fund may invest in fixed income securities issued or guaranteed by the U.S. government or, to a lesser extent by non-U.S. governments and their respective agencies and instrumentalities. The Fund may hold asset-backed securities and mortgaged-backed securities, including collateralized mortgage obligations, and invest in corporate debt securities, securities issued in private placements, interests (or securities representing interests, in bank loans) and dollar-denominated obligations issued in the U.S. by non-U.S. banks and corporations (Yankee Bonds). A majority of this Fund's holdings are U.S. dollar denominated but this Fund may invest in non-U.S. debt securities.
- (D) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the MSCI Europe, Australia and Far East (EAFE) Index – net. The Fund invests primarily in equity securities, including common stocks and preferred stocks, issued by companies domiciled outside the U.S. and in depositary receipts and other derivatives which represent economic ownership of securities of non-U.S. companies. The Fund seeks to make investments in most of the developed nations of the world so as to maintain a high degree of diversification among countries and currencies.
- (E) The Fund employs a multi-advisor investment approach to private core and enhanced core real estate. The objective of private core real estate is to provide stable and high levels of current income supported by strong property occupancy, while enhanced core seeks slightly higher returns emphasizing appreciation.

Note 5: Professional Liability Claims

RRMC purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. RRMC also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

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In 2012, RRMC adopted the provisions of Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*. This ASU eliminates the practice of netting claim liabilities with expected related insurance recoveries for balance sheet presentation. Claim liabilities are to be determined without regard for recoveries and presented gross. Expected recoveries are presented separately. RRMC recorded \$1,600,000 of estimated insurance coverage receivables and recorded \$3,200,000 of estimated insurance liabilities, which are included in its balance sheet as of September 30, 2012. There was no material effect on the 2012 statement of operations as a result of the adoption of this standard.

Note 6: Long-Term Debt

	2012	2011
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds, Rutland Regional Medical Center Project Series 2009A (A)	\$ 26,633,444	\$ 27,272,346
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds, Rutland Regional Medical Center Project Series 2010A (B)	18,469,560	18,945,900
Capital lease (C)	2,567,473	3,314,203
	<u>47,670,477</u>	<u>49,532,449</u>
Less current maturities	<u>1,850,926</u>	<u>1,861,973</u>
	<u><u>\$ 45,819,551</u></u>	<u><u>\$ 47,670,476</u></u>

- (A) VEHBFA Series 2009A Bonds, issued during the year ended September 30, 2010, bearing a variable interest rate of 69% of LIBOR plus 3.5%, with principal payments due in monthly installments beginning November 30, 2009, ranging from approximately \$46,000 to \$129,000 with final payments of \$9,011,508 on October 31, 2029. The bonds are secured by the gross receipts of RRMC. The interest rate at September 30, 2012 and 2011, respectively, was 2.63% and 2.64%.

RRMC entered into interest rate swap agreements to help mitigate exposure to future changes in interest rates on the Series 2009A Bonds. See Note 7 for additional discussion on the interest rate swap agreement.

- (B) VEHBFA Series 2010A Bonds, issued during the year ended September 30, 2011, bearing a variable interest rate of 69% of LIBOR plus 3.5%, with principal payments due in monthly installments beginning in June 2011, ranging from approximately \$38,000 to \$91,000 with final payments of \$4,811,913 in December 2030. The bonds are secured by gross receipts of RRMC. The interest rate at September 30, 2012 and 2011 was 2.42%.

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RRMC entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on the Series 2010A Bonds. See *Note 7* for additional discussion on the interest rate swap agreements.

- (C) Capital lease obligation due in monthly installments of \$64,680 through December 2016, collateralized by certain equipment of RRMC.

Aggregate annual maturities of long-term debt and payments on capital lease obligations at September 30, 2012, are:

	Long-Term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2013	\$ 1,158,527	\$ 776,160
2014	1,216,227	776,160
2015	1,276,815	776,160
2016	1,340,437	776,160
2017	1,407,243	194,040
Thereafter	38,703,755	-
	<u>\$ 45,103,004</u>	3,298,680
Less amount representing interest		731,207
Present value of future minimum lease payments		2,567,473
Less current maturities		692,399
Noncurrent portion		<u>\$ 1,875,074</u>

Note 7: Derivative Financial Instruments

RRMC has entered into an interest rate swap agreement with Deutsche Bank in conjunction with the Series 2009A Bonds. The swap agreement terminates on April 1, 2015, and provides for monthly settlement with RRMC to pay a fixed rate of 3.262% and receive a variable rate equal to 69% of the one-month LIBOR on a notional amount equal to the then outstanding balance of the Series 2009A Bonds, original notional amount of \$6,015,000. RRMC entered into the swap

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agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2009A Bonds by effectively fixing the interest rate thereon at 3.262%. The notional amount is being reduced annually over the term of the agreement at September 30, 2012 and 2011, the notional amount was \$2,680,000 and \$3,555,000, respectively.

RRMC has entered into an interest rate swap agreement with TD Bank, N.A. in conjunction with the Series 2009A Bonds. The swap agreement terminates on November 1, 2019, and provides for monthly settlement with RRMC to pay a fixed rate of 4.91% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount equal to the then outstanding balance of the Series 2009A Bonds, original notional amount of \$23,930,000. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2009A Bonds by effectively fixing the interest rate thereon at 4.91%. The notional amount is being reduced over the term of the agreement. At September 30, 2012 and 2011, the notional amount was \$23,953,444 and \$23,705,681, respectively.

During the year ended September 30, 2011, RRMC entered into an interest rate swap agreement with Deutsche Bank in conjunction with the Series 2010A Bonds. The swap agreement terminates on December 1, 2020, and provides for monthly settlement with RRMC to pay a fixed rate of 4.61% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount equal to the then outstanding balance of the Series 2010A Bonds, original notional amount of \$19,100,000. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2010A Bonds by effectively fixing the interest rate thereon at 4.61%. The notional amount is being reduced over the term of the agreement. At September 30, 2012 and 2011, the notional amount was \$18,428,895 and \$18,907,015, respectively.

The table below presents certain information regarding RRMC's interest rate swap agreements designated as a fair value hedge. RRMC did not have any derivative instruments at September 30, 2012 and 2011 that were designated as hedging instruments.

	2012	2011
Other Liabilities		
Fair value of interest rate swap agreements	\$ 4,708,983	\$ 3,928,715
Interest Expense		
Loss reclassified from unrestricted net assets into excess revenues over expenses	1,027,126	990,036
Other Income (Expense)		
Loss recognized in change in interest rate swap agreement	780,268	1,733,523

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Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2012	2011
Indigent care	\$ 1,968,905	\$ 1,968,902
Capital	1,422,478	919,109
Free care	92,391	61,709
General use	1,816,486	1,479,085
Operating support	6,021	4,171
Special purpose endowments	116,916	198,160
Various departments and other	940,519	669,320
	<u>\$ 6,363,716</u>	<u>\$ 5,300,456</u>

During the years ended September 30, 2012 and 2011, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amounts of \$515,165 and \$2,147,424, respectively. During 2012 and 2011, net assets of \$0 and \$797,151, respectively, were released to purchase equipment.

Permanently restricted net assets are restricted to

	2012	2011
Investments to be held in perpetuity, the income is unrestricted	<u>\$ 678,642</u>	<u>\$ 678,642</u>

Note 9: Endowments

RRMC's endowments consist of various individual donor-restricted and board designated funds which were established for general operational and certain departmental purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

RRMC's governing body has interpreted the State of Vermont Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RRMC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the

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accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RRMC in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, RRMC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1 Duration and preservation of the fund
- 2 Purposes of RRMC and the fund
- 3 General economic conditions
- 4 Possible effect of inflation and deflation
- 5 Expected total return from investment income and appreciation or depreciation of investments
- 6 Other resources of RRMC
- 7 Investment policies of RRMC

The composition of net assets by type of endowment fund at September 30, 2012 and 2011 was

2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 700,506	\$ 486,246	\$ 1,186,752
Board-designated endowment funds	6,233,136	-	-	6,233,136
Total endowment funds	<u>\$ 6,233,136</u>	<u>\$ 700,506</u>	<u>\$ 486,246</u>	<u>\$ 7,419,888</u>

2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 385,343	\$ 486,246	\$ 871,589
Board-designated endowment funds	5,389,095	-	-	5,389,095
Total endowment funds	<u>\$ 5,389,095</u>	<u>\$ 385,343</u>	<u>\$ 486,246</u>	<u>\$ 6,260,684</u>

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Changes in endowment net assets for the years ended September 30, 2012 and 2011 were

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 5,389,095	\$ 385,343	\$ 486,246	\$ 6,260,684
Investment return and net appreciation	949,917	315,163	-	1,265,080
Appropriation of endowment net assets for expenditure	<u>(105,876)</u>	<u>-</u>	<u>-</u>	<u>(105,876)</u>
Endowment net assets, end of year	<u><u>\$ 6,233,136</u></u>	<u><u>\$ 700,506</u></u>	<u><u>\$ 486,246</u></u>	<u><u>\$ 7,419,888</u></u>

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 8,861,172	\$ 1,882,270	\$ 486,246	\$ 11,229,688
Investment return and net appreciation	61,265	192,043	-	253,308
Appropriation of endowment net assets for expenditure	<u>(3,533,342)</u>	<u>(1,688,970)</u>	<u>-</u>	<u>(5,222,312)</u>
Endowment net assets, end of year	<u><u>\$ 5,389,095</u></u>	<u><u>\$ 385,343</u></u>	<u><u>\$ 486,246</u></u>	<u><u>\$ 6,260,684</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level RRMC is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$0 at September 30, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

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RRMC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under RRMC's policies, the primary investment goal is generation of income. RRMC expects its endowment funds to provide an average rate of return of approximately 6.75% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, RRMC relies on a strategy in which investment returns are achieved through current yield. RRMC invests in a variety of securities to achieve its long-term return objectives within prudent risk constraints.

Note 10: Charity Care

The costs of charity care provided under RRMC's charity care policy were approximately \$2,974,000 and \$2,132,000 for 2012 and 2011, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 11: Functional Expenses

RRMC provides health care services to residents within its service area. Expenses related to providing these services are as follows:

	2012	2011
Health care services	\$ 144,484,623	\$ 133,376,035
General and administrative	52,989,476	52,495,583
	<u>\$ 197,474,099</u>	<u>\$ 185,871,618</u>

Note 12: Operating Leases

Rental expense under operating lease agreements totaled \$1,118,952 and \$1,117,937 for the years ended September 30, 2012 and 2011, respectively.

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Note 13: Information Technology Commitments

RRMC has entered into an agreement with Cerner to provide remote hosting and software support services for RRMC totaling approximately \$5,250,000 through December 30, 2016. The annual commitments for this agreement are as follows:

2013	\$ 807,840
2014	807,840
2015	807,840
2016	807,840
2017	<u>201,960</u>
	<u><u>\$ 3,433,320</u></u>

Expenses under this agreement totaled \$788,040 and \$650,914 for the years ended September 30, 2012 and 2011, respectively.

Note 14: Pension Plans

Defined Benefits Plans

RRMC has a noncontributory defined benefit pension plan and a defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. RRMC's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as RRMC may determine to be appropriate from time to time. RRMC expects to contribute \$2,000,000 to the defined benefit pension plan and expects to contribute \$449,969 to the postretirement health care plan in 2013.

Effective January 1, 2006, RRMC's defined benefit pension plan was frozen and stopped accruing benefits. All employees in the defined benefit plan were enrolled into RRMC's newly established tiered contribution plan.

RRMC uses a September 30 measurement date for the plans. Information about the plan's funded status follows:

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Benefit obligation	\$ 114,879,034	\$ 93,164,489	\$ 2,812,653	\$ 3,949,693
Fair value of plan assets	<u>70,524,944</u>	<u>61,090,166</u>	<u>-</u>	<u>-</u>
Funded status	<u><u>\$ (44,354,090)</u></u>	<u><u>\$ (32,074,323)</u></u>	<u><u>\$ (2,812,653)</u></u>	<u><u>\$ (3,949,693)</u></u>

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Assets and liabilities recognized in the balance sheets

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,963</u>	<u>\$ 380,801</u>
Noncurrent liabilities	<u>\$ 44,354,090</u>	<u>\$ 32,074,323</u>	<u>\$ 2,367,690</u>	<u>\$ 3,568,892</u>

Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consist of

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Prior service cost (credit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (556,308)</u>	<u>\$ -</u>
Net loss	<u>\$ 42,762,112</u>	<u>\$ 30,179,312</u>	<u>\$ 158,332</u>	<u>\$ 399,938</u>

The accumulated benefit obligation for the defined benefit pension plan was \$114,879,034 and \$93,164,489 at September 30, 2012 and 2011, respectively

Other significant balances and costs are

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
Benefit costs	\$ 1,711,261	\$ 1,077,471	\$ (64,127)	\$ 145,887
Employer contributions	\$ 2,014,294	\$ -	\$ 274,999	\$ 283,318
Benefits paid	\$ 3,344,880	\$ 2,963,849	\$ 274,999	\$ 283,318

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The following amounts have been recognized in the statements of operations and changes in net assets for the years ended September 30, 2012 and 2011

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
<hr/>				
Amounts arising during the period				
Prior service cost (credit)	\$ -	\$ -	\$ (719,448)	\$ -
Net loss (gain)	14,053,051	451,284	(241,606)	(33,261)
Amounts reclassified as components of net periodic benefit cost of the period				
Amortization of prior service cost (credit)	-	-	163,140	-
Amortization of net loss	1,470,251	1,251,386	-	4,570

The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$2,271,184

Significant assumptions include

	Pension Benefits		Other Benefits	
	2012	2011	2012	2011
<hr/>				
Weighted average assumptions used to determine benefit obligations				
Discount rate	4.25%	5.55%	2.25%	3.55%
Rate of compensation increase	N/A	N/A	N/A	N/A
Weighted average assumptions used to determine benefit costs				
Discount rate	5.55%	5.25%	3.55%	3.25%
Expected return on plan assets	8.00%	8.00%	N/A	N/A

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

For measurement purposes, a 9.00% and 9.50% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2012 and 2011, respectively. The rate was assumed to decrease gradually to 5% by the year 2020 and remain at that level thereafter.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of September 30, 2012:

	Pension Benefits	Other Benefits
2013	\$ 3,578,209	\$ 449,969
2014	3,849,023	401,319
2015	4,146,970	399,470
2016	4,389,395	452,521
2017	4,733,742	470,697
2018 - 2022	29,778,091	1,164,148

Pension Plan Assets

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

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include common trust funds invested in equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include common trust funds invested in fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include hedge funds and common trust funds invested in real estate. For investments, other than the hedge fund and common trust fund, the inputs used by the pricing service to determine fair value may include one, or a combination of observable inputs such as benchmark yields, broker/dealer quotes, issuer spreads, benchmark securities and reference data market research publications. For the hedge and common trust funds, the net asset value provided by the fund manager was used to determine fair value.

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The fair values of RRMC's pension plan assets at September 30, 2012 and 2011, by asset class are as follows

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
2012				
Investments				
Money market funds	\$ 699,716	\$ 699,716	\$ -	\$ -
Russell LLC funds - equity	38,597,874	38,597,874	-	-
Russell LLC funds - fixed	27,913,746	-	27,913,746	-
Common trust funds	3,313,608	-	-	3,313,608
	<u>\$ 70,524,944</u>	<u>\$ 39,297,590</u>	<u>\$ 27,913,746</u>	<u>\$ 3,313,608</u>
2011				
Investments				
Money market funds	\$ 623,802	\$ 623,802	\$ -	\$ -
Russell LLC funds - equity	29,958,724	29,958,724	-	-
Russell LLC funds - fixed	27,497,329	-	27,497,329	-
Common trust funds	3,010,311	-	-	3,010,311
	<u>\$ 61,090,166</u>	<u>\$ 30,582,526</u>	<u>\$ 27,497,329</u>	<u>\$ 3,010,311</u>

The following is a reconciliation of the beginning and ending balances or recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs

	Common Trust Fund
Balance, October 1, 2010	\$ 2,549,534
Total realized and unrealized gains and losses included in other income (expense)	460,777
Settlements (return of principal)	-
Balance, October 1, 2011	<u>3,010,311</u>
Total realized and unrealized gains and losses included in other income (expense)	303,297
Settlements (return of principal)	-
Balance, September 30, 2012	<u>\$ 3,313,608</u>

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

Plan assets are rebalanced quarterly. The postretirement health care plan is conducted on a pay-as-you-go basis, thus there are no assets available for investment. At September 30, 2012 and 2011, plan assets by category are as follows:

	Pension Benefits	
	2012	2011
Equity securities	56%	50%
Debt securities	39%	45%
Real estate	5%	5%
Other	-	-
	<u>100%</u>	<u>100%</u>

Defined Contribution Plan

RRMC has a defined contribution plan which they contribute to the plan on behalf of each eligible employee a percentage of employee's eligible compensation based on age and years of service to the plan, as follows:

Combined Age and Years of Service	Percentage of Compensation
Less than 40 years	4%
40 - 59 years	6%
60 - 79 years	8%
80 + years	10%

For employees hired on or after April 4, 2004, RRMC contributes to the plan on behalf of each eligible employee an amount equal to 4% of the eligible employee's compensation.

403(B) Plan - Employer Matching Contributions

Employees may elect to contribute from 1% to 100% of their compensation to the tax sheltered 403(b) plan. Employer matching contributions are made equal to 25% of a participant's contribution to the plan, up to a maximum of 1% compensation for all employees.

Pension plan expense for these two plans for the years ended September 30, 2012 and 2011, was \$4,584,285 and \$4,288,756, respectively.

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Note 15: Executive Option Plan

Prior to 2002, RRMC offered an Executive Option Plan for certain senior management and employed physicians. Through the plan, administered under Section 83 of the Internal Revenue Code, a designated group of employees is granted options to purchase shares, through salary reduction, of one or more mutual funds at a price that is equal to a specified percentage of the fair value of the shares on the date of the exercise. During 2002, contributions to the plan were frozen and no future options are expected to be granted. At September 30, 2012 and 2011, plan assets amounted to \$1,342,829 and \$1,181,013, respectively.

Note 16: Related Party Transactions

RRMC has advanced operating capital to The Meadows at East Mountain, an affiliated entity. A payable to The Meadows at East Mountain of \$0 and (\$7,218) is recorded at September 30, 2012 and 2011, respectively.

RRMC has advanced operating capital to the Rutland Health Foundation (RHF), an organization affiliated through common control. A receivable from RHF of \$47,926 and \$112,700 is recorded at September 30, 2012 and 2011, respectively. RRMC provides an operating subsidy to RHF to cover the excess of operating expenses over net revenues which were \$36,418 and \$225,731 for the years ended September 30, 2012 and 2011, respectively.

A receivable from RRHS of \$6,147,200 and \$5,944,957 is recorded at September 30, 2012 and 2011, respectively.

RRMC has advanced funds to Vermont Orthopedic Clinic (VOC) to cover operating expenses. During fiscal year 2012 and 2011, RRMC forgave the amount owed from VOC of \$1,568,579 and \$2,494,084, respectively.

Note 17: Community Health Centers of the Rutland Region, Inc.

RRHS awarded a five-year community benefit grant to Community Health Centers of the Rutland Region, Inc. (CHCRR) in the amount of \$4,600,000 that is funded by RRMC and was effective May 1, 2008. In 2011, the agreement was amended to include an additional subsidy from RRHS to CHCRR for up to \$600,000 per year to defray the cost of uncompensated care to support the expansion of the Rutland clinic. For the years ended September 30, 2012 and 2011, respectively, \$1,205,333 and \$1,200,250 was expended for the grant award from RRMC and is included in RRMC's general operating expenses.

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Note 18: Disclosures About Fair Value of Financial Instruments

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

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

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

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, equity securities and equity mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. government obligations, corporate obligations, mutual funds – fixed, Russell LLC funds – equity, Russell LLC funds – fixed and hedge funds and common trust funds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include hedge funds and common trust funds. For investments, other than the hedge fund and common trust fund, the inputs used by the pricing service to determine fair value may include one, or a combination of observable inputs such as benchmark yields, broker/dealer quotes, issuer spreads, benchmark securities and reference data market research publications. For the hedge fund and common trust fund, the net asset value (or its equivalent) provided by the fund is utilized, as a practical expedient, to determine fair value of these investments. The funds are classified as Level 3 if they may not be redeemable in the short-term.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

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The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2012 and 2011

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value		
2012				
Investments				
Money market funds	\$ 127,061	\$ 127,061	\$ -	\$ -
Mutual funds - equity	15,582,450	15,582,450	-	-
Russell LLC funds - equity	36,088,515	-	36,088,515	-
Russell LLC funds - fixed	34,707,418	-	34,707,418	-
Common trust funds	3,562,381	-	3,562,381	-
Interest rate swap agreements	(4,708,983)	-	(4,708,983)	-
2011				
Investments				
Money market funds	\$ 472,785	\$ 472,785	\$ -	\$ -
U S government obligations	1,851,718	-	1,851,718	-
Corporate obligations	442,722	-	442,722	-
Mutual funds - equity	1,218,911	1,218,911	-	-
Mutual funds - fixed	407,546	-	407,546	-
Russell LLC funds - equity	32,217,915	-	32,217,915	-
Russell LLC funds - fixed	29,730,868	-	29,730,868	-
Common trust funds	3,195,003	-	3,195,003	-
Equities	770,167	770,167	-	-
Interest rate swap agreements	(3,928,715)	-	(3,928,715)	-

Realized and unrealized gains and losses are included in excess of revenues over expenses for the period from October 1, 2009, through September 30, 2012

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

Cash and Cash Equivalents

The carrying amount approximates fair value

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Notes Payable and Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to RRMC for bank loans with similar terms and maturities

The following table presents estimated fair values of RRMC's financial instruments not previously disclosed at September 30, 2012 and 2011

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 9,742,431	\$ 9,742,431	\$ 6,083,324	\$ 6,083,324
Assets limited as to use	90,863,152	90,863,152	74,288,029	74,288,029
Long-term debt				
(including current portion)	(47,670,477)	(47,670,477)	(49,532,449)	(49,532,449)
Interest rate swap	(4,708,983)	(4,708,983)	(3,928,715)	(3,928,715)

Note 19: The Fair Value Option

As permitted by Topic 825, management has elected the fair value option for the Russell LLC fund – equity, Russell LLC fund – fixed and the hedge fund and common trust fund because it more accurately reflects the portfolio returns and financial position of RRMC. Total Russell LLC fund – equity, Russell LLC fund – fixed and the hedge fund and common trust fund assets at September 30, 2012 and 2011, are \$74,358,314 and \$65,143,778, respectively.

See *Note 18* for additional disclosures regarding fair value of each of the statement of operations line items listed in the preceding paragraph.

Note 20: Contract Pharmacy Program

RRMC participates in the 340B outpatient drug discount program administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). In 2011, RRMC began operating a 340B retail drug program by contracting with local pharmacies. The net revenue from this program for the years ending September 30, 2012 and 2011, respectively, was approximately \$655,000 and \$99,000 greater than the cost of operating the program. Laws and regulations surrounding the 340B drug program are complex and are subject to interpretation and change.

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Note 21: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *5*.

Investments

RRMC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

Collective Bargaining Agreement

Approximately 24% of RRMC's employees are covered by a collective bargaining agreement. The collective bargaining agreement covering these employees expires September 30, 2014.

Asset Retirement Obligation

As discussed in *Note 25*, RRMC has recorded a liability for its conditional asset retirement obligations related to both its administrative and patient care buildings.

Admitting Physicians

There is one admitting physician whose patients comprise approximately 10% of RRMC's total admissions.

Derivative Financial Instruments

As discussed in *Note 7*, RRMC has entered into interest rate swap agreements and has estimated the fair value of the swaps at September 30, 2012 and 2011. Due to the level of risk associated with the swaps, it is reasonably possible that changes in the fair value will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

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Notes to Financial Statements
September 30, 2012 and 2011

Pension and Other Postretirement Benefit Obligations

RRMC has a noncontributory defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the linear method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Current Economic Conditions

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

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

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in the investment values, including defined benefit pension plan investments, and allowances for accounts and contributions receivable that could negatively impact RRMC's ability to meet debt covenants or maintain sufficient liquidity.

Note 22: Construction in Progress

The construction in progress at September 30, 2012, primarily relates to projects associated with the construction of a new psychiatric intensive care unit.

RRMC has entered into an agreement with the State of Vermont reimbursing RRMC for all costs associated with the construction of a new psychiatric intensive care unit. Construction of the new intensive psychiatric unit is expected to be completed in the spring of 2013 at an approximate cost of \$3,200,000. The contract term is from August 2011 through June 2013, for which the State of Vermont will reimburse RRMC for construction costs not to exceed \$3,200,000.

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Notes to Financial Statements
September 30, 2012 and 2011

Note 23: Contingent Liabilities

Litigation

In the normal course of business, RRMC is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance, for example, allegations regarding employment practices or performance of contracts. RRMC evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 24: Other Liabilities

Other liabilities consisted of the following at September 30, 2012 and 2011:

	2012	2011
Accrued postretirement health care benefit	\$ 2,367,690	\$ 3,568,892
Employee option payable	1,342,829	1,181,013
Accrued claims liabilities	3,197,037	968,547
Asset retirement obligation	565,697	542,937
Interest rate swap agreement	4,708,983	3,928,715
Other	56,547	31,534
	<u>\$ 12,238,783</u>	<u>\$ 10,221,638</u>

Note 25: Asset Retirement Obligations

Accounting principles generally accepted in the United States of America, requires that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. RRMC's conditional asset retirement obligations primarily relate to asbestos contained in buildings that RRMC owns. Environmental regulations exist in Vermont that require RRMC to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. A liability of \$565,697 and \$542,937 has been recognized in the accompanying 2012 and 2011 financial statements, respectively, for the portion of the liability that can be reasonably estimated.

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Additionally, there remains a liability that has not been recognized in the accompanying financial statements because the range of time over which RRMC may settle is unknown and cannot be reasonably estimated. RRMC will recognize a liability when sufficient information is available to reasonably estimate fair value.

Note 26: Change in Accounting Principle

In 2012, RRMC changed its method of presentation and disclosure of patient service revenue, provision of uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts to a deduction from patient service revenue and to provide enhanced disclosures around RRMC's policies related to uncollectible accounts. The change had no effect on the deficiency of revenues over expenses or on prior year change in net assets.

The following financial statement line items for 2011 were affected by the change:

	As Adjusted	As Previously Reported	Effect of Change
Total unrestricted revenues, gains and other support	\$ 182,251,495	\$ 190,340,708	\$ (8,089,213)
Total expenses and losses	\$ 185,871,618	\$ 193,960,831	\$ (8,089,213)

Supplementary Information

The Rutland Hospital, Inc.
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Net Patient Service Revenue
September 30, 2012 and 2011

	Inpatient		Outpatient		Total	
	2012	2011	2012	2011	2012	2011
Routine Services						
Medical and surgical	\$ 30 351 436	\$ 28 367 748	\$ -	\$ -	\$ 30 351 436	\$ 28 367 748
Psychiatric	7 143 104	6 113 226	-	-	7 143 104	6 113 226
Rehabilitation	3 663 885	3 686 025	-	-	3 663 885	3 686 025
Obstetrics and gynecology	2 906 928	2 837 752	-	-	2 906 928	2 837 752
Intensive care	7 394 130	7 275 812	-	-	7 394 130	7 275 812
Nursery	954 855	858 708	-	-	954 855	858 708
	<u>52 414 338</u>	<u>49 139 271</u>	<u>-</u>	<u>-</u>	<u>52 414 338</u>	<u>49 139 271</u>
Special Services						
Operating room	30 611 096	28 073 009	17 403 481	16 041 462	48 014 577	44 114 471
Recovery room	2 171 939	2 028 646	2 602 440	2 515 037	4 774 379	4 543 683
Emergency room	7 475 252	5 929 113	19 842 442	17 309 471	27 317 694	23 238 584
Endoscopy	1 005 035	998 122	8 713 308	7 530 609	9 718 343	8 528 731
Ambulatory care	371 833	377 266	3 754 127	3 449 138	4 125 960	3 826 404
Physical rehabilitation services	-	392	-	-	-	392
Delivery room	956 858	941 904	188 902	343 184	1 145 760	1 285 088
Medical and surgical supplies	689 295	786 353	951 500	901 913	1 640 795	1 688 266
Oncology	159 957	121 092	5 512 638	4 726 206	5 672 595	4 847 298
Laboratory	11 886 632	10 658 277	35 784 936	31 578 525	47 671 568	42 236 802
Cardiology	5 816 345	4 202 275	19 864 631	5 201 052	25 680 976	9 403 327
Pulmonary	210 606	249 331	626 684	610 885	837 290	860 216
Electroencephalography	68 402	49 384	235 324	272 000	303 726	321 384
Radiology - diagnostic	5 241 972	4 517 498	27 046 478	25 747 596	32 288 450	30 265 094
Radiology - isotopes	546 624	421 415	1 035 699	1 158 971	1 582 323	1 580 386
Chemotherapy	683 570	270 771	3 710 581	4 317 425	4 394 151	4 588 196
CT scanning	4 727 583	3 521 851	12 243 654	11 066 978	16 971 237	14 588 829
Radiation therapy	440 536	305 983	9 726 041	7 325 674	10 166 577	7 631 657
Pharmacy	17 805 332	18 561 774	35 604 075	35 370 708	53 409 407	53 932 482
Respiratory care	6 918 309	7 160 707	1 025 479	1 260 641	7 943 788	8 421 348
Psychiatric counseling	1 884 619	2 093 726	892 315	643 293	2 776 934	2 737 019
Physical therapy	2 177 948	1 986 159	2 185 564	1 823 111	4 363 512	3 809 270
Physiatry	452 105	641 877	2 497 381	3 216 872	2 949 486	3 858 749
Occupational therapy	1 888 225	1 818 384	276 495	313 275	2 164 720	2 131 659
Speech therapy	608 103	530 334	226 852	220 430	834 955	750 764
Hospitalist	4 741 314	3 925 843	724 502	844 677	5 465 816	4 770 520
OB GYN oncology	1 924 847	1 775 114	1 580 560	1 588 804	3 505 407	3 363 918
Digestive services	297 754	203 845	1 522 376	1 023 042	1 820 130	1 226 887
Sleep services	7 970	22 468	2 683 281	1 951 211	2 691 251	1 973 679
Endocrinology	612 442	560 526	1 469 011	1 265 338	2 081 453	1 825 864
Gastroenterology	133 720	-	882 473	-	1 016 193	-
Miscellaneous clinical services	155 682	127 458	353 183	334 501	508 865	461 959
	<u>112 671 905</u>	<u>102 860 897</u>	<u>221 166 413</u>	<u>189 952 029</u>	<u>333 838 318</u>	<u>292 812 926</u>
Gross Patient Service Revenue	<u>\$ 165 086 243</u>	<u>\$ 152 000 168</u>	<u>\$ 221 166 413</u>	<u>\$ 189 952 029</u>	<u>386 252 656</u>	<u>341 952 197</u>
Less Contractual Allowances						
Medicare					115 494 041	99 873 289
Medicaid					37 795 043	32 068 728
Blue Cross					9 162 086	6 560 087
Charity care					6 034 860	4 325 856
Other					17 715 905	13 098 623
					<u>186 201 935</u>	<u>155 926 583</u>
Patient Service Revenue (Net of Contractual Discounts and Allowances)					<u>200 050 721</u>	<u>186 025 614</u>
Provision for uncollectible accounts					7 581 672	8 089 213
Net Patient Service Revenue Less Provision for Uncollectible Accounts	<u>\$ 192 469 049</u>	<u>\$ 177 936 401</u>			<u>\$ 192 469 049</u>	<u>\$ 177 936 401</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Expenses
September 30, 2012 and 2011

	Salaries and Wages		Supplies and Other		Total	
	2012	2011	2012	2011	2012	2011
Nursing Services						
Nursing administration	\$ 236,165	\$ 308,647	\$ 64,653	\$ 251,625	\$ 300,818	\$ 560,272
Nursing education	939,216	969,599	436,834	364,440	1,376,050	1,334,039
Medical and surgical	8,625,371	8,505,429	838,763	1,018,709	9,464,134	9,524,138
Psychiatric	1,948,680	2,250,689	145,197	125,767	2,093,877	2,376,456
Rehabilitation	1,793,116	1,718,116	72,246	73,849	1,865,362	1,791,965
Obstetrics and gynecology	937,688	1,011,162	126,100	106,670	1,063,788	1,117,832
Intensive care	3,298,867	3,212,060	511,239	326,890	3,810,106	3,538,950
Nursery	391,174	367,772	42,983	53,681	434,157	421,453
	<u>18,170,277</u>	<u>18,343,474</u>	<u>2,238,015</u>	<u>2,321,631</u>	<u>20,408,292</u>	<u>20,665,105</u>
Other Professional Services						
Operating room	3,047,920	2,768,952	7,059,738	7,356,530	10,107,658	10,125,482
Recovery room	698,552	695,939	72,311	65,592	770,863	761,531
Emergency room	7,245,062	6,910,174	1,215,480	846,399	8,460,542	7,756,573
Endoscopy	762,816	793,395	419,869	440,285	1,182,685	1,233,680
Ambulatory care	1,059,834	1,126,766	197,083	175,866	1,256,917	1,302,632
Physical rehabilitation services	1,635,787	2,137,980	143,516	327,345	1,779,303	2,465,325
Delivery room	828,157	838,604	72,671	69,819	900,828	908,423
HIV clinic	39,113	29,398	11,409	-	50,522	29,398
Central supply	572,022	574,006	718,717	706,795	1,290,739	1,280,801
Anesthesiology	1,581,573	1,874,385	52,715	73,643	1,634,288	1,948,028
Oncology	1,675,416	1,759,388	194,225	192,044	1,869,641	1,951,432
Laboratory	3,627,781	3,607,430	4,347,089	4,127,620	7,974,870	7,735,050
Cardiology	4,146,916	663,879	984,328	154,539	5,131,244	818,418
Pulmonary	296,758	365,092	7,759	7,731	304,517	372,823
Cardiac cath	262,030	194,797	820,325	599,886	1,082,355	794,683
Electroencephalography	265,547	302,190	5,269	6,524	270,816	308,714
Radiology - diagnostic	3,217,754	3,151,130	1,386,455	1,423,182	4,604,209	4,574,312
Radiology - isotopes	158,413	152,921	214,728	248,420	373,141	401,341
CT scanning	451,580	445,348	747,645	781,322	1,199,225	1,226,670
Radiation therapy	402,302	378,894	366,219	243,070	768,521	621,964
Pharmacy	1,864,480	1,659,026	11,236,827	9,831,514	13,101,307	11,490,540
Respiratory care	1,015,694	1,044,909	349,477	325,853	1,365,171	1,370,762
Psychiatric counseling	989,178	870,604	80,927	13,900	1,070,105	884,504
Physical therapy	894,529	882,318	36,292	87,189	930,821	969,507
Occupational therapy	466,138	441,696	49,344	106,261	515,482	547,957
Hospitalists	4,012,071	3,841,260	47,762	44,919	4,059,833	3,886,179
Speech therapy	253,888	255,275	27,014	31,411	280,902	286,686
OB GYN oncology	3,377	2,228	108,926	84,131	112,303	86,359
OB GYN clinic	1,774,852	1,711,020	224,133	216,249	1,998,985	1,927,269
Gastroenterology	882,249	664,655	622,563	130,644	1,504,812	795,299
Sleep services	818,650	573,013	45,570	45,535	864,220	618,548
Endocrinology	1,198,386	1,103,288	139,916	131,645	1,338,302	1,234,933
Miscellaneous clinical services	587,748	412,701	130,340	102,319	718,088	515,020
	<u>46,736,573</u>	<u>42,232,661</u>	<u>32,136,642</u>	<u>28,998,182</u>	<u>78,873,215</u>	<u>71,230,843</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Expenses
September 30, 2012 and 2011

	Salaries and Wages		Supplies and Other		Total	
	2012	2011	2012	2011	2012	2011
General and Support Services						
Dietary	\$ 1,497,619	\$ 1,467,320	\$ 1,011,845	\$ 1,003,047	\$ 2,509,464	\$ 2,470,367
Plant operations	154,187	148,237	3,105,045	2,784,131	3,259,232	2,932,368
Maintenance	1,015,942	1,059,867	824,430	903,822	1,840,372	1,963,689
Housekeeping	1,401,330	1,343,332	424,691	444,102	1,826,021	1,787,434
Laundry and linen	92,769	96,907	767,651	759,522	860,420	856,429
Purchasing	407,110	312,958	45,983	29,782	453,093	342,740
Security	473,614	418,842	36,683	28,659	510,297	447,501
FQHC	-	-	1,205,333	1,200,250	1,205,333	1,200,250
Medicaid tax assessment	-	-	10,732,335	11,729,019	10,732,335	11,729,019
Administration development planning	5,093,032	5,069,238	10,415,968	8,583,131	15,509,000	13,652,369
Financial services	2,387,117	2,213,283	1,122,861	1,353,803	3,509,978	3,567,086
Patient access	911,453	1,051,194	44,863	89,766	956,316	1,140,960
Outpatient and oncology services management	723,082	467,290	244,567	202,851	967,649	670,141
Mail services	92,678	88,906	128,548	196,123	221,226	285,029
Telecommunications	222,110	192,211	60,390	69,922	282,500	262,133
Personnel	877,246	811,092	1,208,135	1,017,852	2,085,381	1,828,944
Medical records and library	3,403,278	2,779,381	1,334,816	1,683,332	4,738,094	4,462,713
Social services	569,703	530,072	114,538	116,418	684,241	646,490
Employee health	138,178	136,629	32,169	44,189	170,347	180,818
Volunteer services	115,277	114,912	50,116	48,336	165,393	163,248
Community relations	128,070	221,020	292,627	237,931	420,697	458,951
Community health improvement	294,178	123,851	127,539	11,990	421,717	135,841
Information technology services	3,778,909	3,388,793	2,467,622	2,466,387	6,246,531	5,855,180
Employee benefits	22,262,258	23,229,365	-	-	22,262,258	23,229,365
Pension expense	2,071,592	1,388,982	-	-	2,071,592	1,388,982
James T. Bowse Community Trust	27,188	26,360	116,308	70,839	143,496	97,199
	<u>48,137,920</u>	<u>46,680,042</u>	<u>35,915,063</u>	<u>35,075,204</u>	<u>84,052,983</u>	<u>81,755,246</u>
Depreciation and Amortization	-	-	11,901,478	9,960,292	11,901,478	9,960,292
Interest	-	-	2,238,131	2,260,132	2,238,131	2,260,132
	<u>\$ 113,044,770</u>	<u>\$ 107,256,177</u>	<u>\$ 84,429,329</u>	<u>\$ 78,615,441</u>	<u>\$ 197,474,099</u>	<u>\$ 185,871,618</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Other Revenue
September 30, 2012 and 2011

	2012	2011
Cafeteria	\$ 918,504	\$ 936,038
Cash discounts	21,581	22,126
Miscellaneous	1,413,837	899,957
Special funds used for specific purposes	-	30,328
Contract pharmacy revenue	1,036,656	162,538
Electronic health records incentive payment	751,743	-
Medical record fees	43,402	33,460
Rental income	89,565	108,942
Gain (loss) on disposal of property and equipment	9,806	(25,719)
	<u>\$ 4,285,094</u>	<u>\$ 2,167,670</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Property and Equipment
September 30, 2012

	Balance October 1, 2011	Additions	Reclassification	Disposals	Balance September 30, 2012
Assets					
Land	\$ 299,161	\$ -	\$ (75,067)	\$ -	\$ 224,094
Land improvements	1,880,903	102,772	35,000	-	2,018,675
Buildings	37,559,417	483,500	75,067	-	38,117,984
Building improvements	31,022,809	1,218,452	-	-	32,241,261
Fixed equipment	26,238,936	633,250	3,378	-	26,875,564
Major movable equipment	76,828,327	3,155,007	121,528	(2,615,715)	77,489,147
Construction in progress	1,196,057	945,317	(159,906)	-	1,981,468
	<u>\$ 175,025,610</u>	<u>\$ 6,538,298</u>	<u>\$ -</u>	<u>\$ (2,615,715)</u>	<u>178,948,193</u>
 Accumulated Depreciation					
Land improvements	\$ 1,122,685	\$ 111,254	\$ -	\$ -	1,233,939
Buildings	17,555,589	1,001,314	-	-	18,556,903
Building improvements	12,324,332	2,092,727	-	-	14,417,059
Fixed equipment	19,641,438	767,622	-	-	20,409,060
Major movable equipment	47,064,493	7,888,461	-	(2,586,884)	52,366,070
	<u>\$ 97,708,537</u>	<u>\$ 11,861,378</u>	<u>\$ -</u>	<u>\$ (2,586,884)</u>	<u>106,983,031</u>
					<u>\$ 71,965,162</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Property and Equipment
September 30, 2011

	Balance October 1, 2010	Additions	Reclassification	Disposals	Balance September 30, 2011
Assets					
Land	\$ 24,161	\$ 275,000	\$ -	\$ -	\$ 299,161
Land improvements	1,869,947	19,094	-	(8,138)	1,880,903
Buildings	37,004,417	555,000	-	-	37,559,417
Building improvements	24,361,431	6,847,504	325,707	(511,833)	31,022,809
Fixed equipment	25,385,933	2,112,921	91,098	(1,351,016)	26,238,936
Major movable equipment	61,275,342	15,155,677	6,773,178	(6,375,870)	76,828,327
Construction in progress	7,908,273	477,766	(7,189,982)	-	1,196,057
	<u>\$ 157,829,504</u>	<u>\$ 25,442,962</u>	<u>\$ 1</u>	<u>\$ (8,246,857)</u>	<u>175,025,610</u>
Accumulated Depreciation					
Land improvements	\$ 1,025,954	\$ 104,869	\$ -	\$ (8,138)	1,122,685
Buildings	16,582,091	973,498	-	-	17,555,589
Building improvements	11,061,908	1,774,257	-	(511,833)	12,324,332
Fixed equipment	20,272,757	680,717	-	(1,312,036)	19,641,438
Major movable equipment	47,049,664	6,383,186	-	(6,368,357)	47,064,493
	<u>\$ 95,992,374</u>	<u>\$ 9,916,527</u>	<u>\$ -</u>	<u>\$ (8,200,364)</u>	<u>97,708,537</u>
					<u>\$ 77,317,073</u>