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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

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

C Name of organization
Baystate Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
759 Chestnut Street

City or town, state or country, and ZIP + 4
Springfield, MA 01199

D Employer identification number
04-2790311

E Telephone number
(413)794-0000

G Gross receipts $ 953,716,587

F Name and address of principal officer
Dennis W Chalke
759 Chestnut Street
Springfield, MA 01199

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www baystatehealth org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1983 | **M** State of legal domicile MA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The mission of the organization is to improve the health of the people in our communities every day, with quality and compassion

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	7,241
6	Total number of volunteers (estimate if necessary)	**6**	563
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	6,443,459
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-3,267,088

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	6,142,307	6,512,494
	9 Program service revenue (Part VIII, line 2g)	850,547,991	909,917,621
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,678,873	17,085,746
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	17,395,326	19,733,008
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	890,764,497	953,248,869
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,887,118	6,172,149
	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)	416,385,715	419,860,372
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	428,346,161	456,399,027
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	846,618,994	882,431,548
	19 Revenue less expenses Subtract line 18 from line 12	44,145,503	70,817,321

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	1,033,902,625	1,139,431,156
	21 Total liabilities (Part X, line 26)	578,393,405	633,235,019
	22 Net assets or fund balances Subtract line 21 from line 20	455,509,220	506,196,137

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 — 2013-08-13 Date

▶ Dennis W Chalke SVP Finance & Treasurer
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Jeanne M Schuster	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00743154
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Ernst & Young LLP, 200 Clarendon Street, Boston, MA 02116			EIN ▶ 34-6565596; Phone no ▶ (617) 266-2000

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

The mission of Baystate is to improve the health of the people in our communities every day, with quality and compassion

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 $ 392,164,484 including grants of $ 6,172,149) (Revenue $ 470,708,734)

Inpatient healthcare services - Providing inpatient community-based medicine and tertiary care to the surrounding region Services are available to individuals regardless of their ability to pay During FY12, Baystate Medical Center, Inc provided 180,328 patient days of inpatient services, with 37,476 discharges

4b (Code) (Expenses $ 282,727,460 including grants of $) (Revenue $ 311,511,973)

Outpatient healthcare services - Providing outpatient clinical services to the surrounding region Services are available to individuals regardless of their ability to pay During FY12, Baystate Medical Center, Inc had 434,894 outpatient visits

4c (Code) (Expenses $ 30,490,265 including grants of $) (Revenue $ 42,233,078)

Emergency department services - Providing emergency department services to the surrounding region Services are available to individuals regardless of their ability to pay During FY12, Baystate Medical Center, Inc had 101,515 emergency department visits

(Code) (Expenses $ 119,554,900 including grants of $) (Revenue $ 92,221,526)

Other services primarily consist of medical research and educational programs

4d Other program services (Describe in Schedule O)

(Expenses $ 119,554,900 including grants of $) (Revenue $ 92,221,526)

4e **Total program service expenses** ▶ $ 824,937,109

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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		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		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	492		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	7,241			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	20		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

Peter Lyons Baystate Health Inc
759 Chestnut Street
Springfield, MA 01199
(413) 794-0000

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,462,051	3,249,755	881,051

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 243

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Baystate Administrative Services Inc 759 Chestnut Street Springfield, MA 01199	Management Svcs	73,445,350
Baystate Medical Practices Inc 759 Chestnut Street Springfield, MA 01199	Medical, Educ, Clin	50,199,074
Baystate Health Inc 759 Chestnut Street Springfield, MA 01199	Strategic Initiatives	6,000,000
Angelica Textile Service 125 Bath Street Ballston SPA, NY 12020	Linen Services	3,630,464
Springfield Anesthesia Service Inc 908 Allen Street Springfield, MA 01118	Anesthesia Services	3,213,226

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 68

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	6,512,494			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f	▶	6,512,494			
Program Service Revenue			Business Code				
	2a	Inpatient Revenue	900099	501,553,019	501,553,019		
	b	Outpatient Revenue	621400	392,749,622	386,326,351	6,423,271	
	c	Sponsored Programs	900099	8,448,350	8,448,350		
	d	CMS Elec Med Rec Fdg	900099	4,365,009	4,365,009		
	e	Intercompany Rent	900099	2,801,621	2,801,621		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f	▶	909,917,621			
	3	Investment income (including dividends, interest and other similar amounts)	▶	13,619,413			13,619,413
	4	Income from investment of tax-exempt bond proceeds	▶				
	5	Royalties	▶				
			(i) Real	(ii) Personal			
	6a	Gross rents	857,764				
	b	Less rental expenses	461,171				
	c	Rental income or (loss)	396,593				
	d	Net rental income or (loss)	▶	396,593			396,593
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	3,462,145	10,735			
	b	Less cost or other basis and sales expenses	0	6,547			
	c	Gain or (loss)	3,462,145	4,188			
	d	Net gain or (loss)	▶	3,466,333			3,466,333
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events	▶				
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities	▶				
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory	▶				
		Miscellaneous Revenue	Business Code				
	11a	Cafeteria Income	900099	5,011,188			5,011,188
	b	Intercompany Charges	900099	4,200,019	4,200,019		
	c	Net Asset Rel From BHF	900099	2,789,265	2,789,265		
	d	All other revenue		7,335,943	6,191,677	20,188	1,124,078
	e	**Total.** Add lines 11a–11d	▶	19,336,415			
	12	**Total revenue.** See Instructions	▶	953,248,869	916,675,311	6,443,459	23,617,605

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	6,152,382	6,152,382		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	19,767	19,767		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,035,323	1,035,323		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	9,398	9,398		
7	Other salaries and wages	337,824,685	312,577,017	25,247,668	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	21,782,195	20,144,701	1,637,494	
9	Other employee benefits	34,692,282	32,101,633	2,590,649	
10	Payroll taxes	24,516,489	22,688,603	1,827,886	
11	Fees for services (non-employees)				
a	Management	33,369,622	30,691,761	2,677,861	
b	Legal	1,516,051		1,516,051	
c	Accounting	268,825		268,825	
d	Lobbying	85,539		85,539	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	92,185,819	86,056,007	6,129,812	
12	Advertising and promotion	195,533	158,116	37,417	
13	Office expenses	181,600,426	177,078,273	4,522,153	
14	Information technology	45,541,437	45,091,405	450,032	
15	Royalties . .				
16	Occupancy	31,684,617	26,674,884	5,009,733	
17	Travel	969,492	797,736	171,756	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	1,191,706	732,717	458,989	
20	Interest	8,068,153	8,068,153		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	40,304,702	35,442,128	4,862,574	
23	Insurance	6,182,916	6,182,916		
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	Patient Bad Debt Expens	13,234,189	13,234,189		
b					
c					
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	882,431,548	824,937,109	57,494,439	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		51,592,640	2	58,925,828
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		88,501,693	4	101,595,330
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		65,504,065	7	200,070,262
	8	Inventories for sale or use		15,977,983	8	17,262,322
	9	Prepaid expenses and deferred charges		6,810,841	9	6,342,105
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 881,426,116			
	b	Less accumulated depreciation	10b 589,800,900	261,614,455	10c	291,625,216
	11	Investments—publicly traded securities		267,113,273	11	301,760,637
	12	Investments—other securities See Part IV, line 11		64,413,638	12	71,682,557
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		212,374,037	15	90,166,899
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,033,902,625	16	1,139,431,156
Liabilities	17	Accounts payable and accrued expenses		96,190,768	17	102,895,837
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		311,679,229	20	333,635,193
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,840,986	23	15,818,342
	24	Unsecured notes and loans payable to unrelated third parties			24	
	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		167,682,422	25	180,885,647
	26	**Total liabilities.** Add lines 17 through 25		578,393,405	26	633,235,019
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		430,622,681	27	484,327,757
	28	Temporarily restricted net assets		20,909,439	28	17,742,467
	29	Permanently restricted net assets		3,977,100	29	4,125,913
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		455,509,220	33	506,196,137
	34	Total liabilities and net assets/fund balances		1,033,902,625	34	1,139,431,156

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	953,248,869
2	Total expenses (must equal Part IX, column (A), line 25)	2	882,431,548
3	Revenue less expenses Subtract line 2 from line 1	3	70,817,321
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	455,509,220
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-20,130,404
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	506,196,137

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 119,554,900 including grants of $) (Revenue $ 92,221,526)

Other services primarily consist of medical research and educational programs

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Mark R Tolosky President, CEO & Trustee	1 00	X		X				0	1,536,640	99,365
Richard B Steele Jr Chair	1 00	X		X				0	0	0
Victor Woolridge Vice Chair	1 00	X		X				0	0	0
Allan W Blair Trustee 10/1 - 12/31/11	1 00	X						0	0	0
Charles L D'Amour Trustee	1 00	X						0	0	0
John H Davis Trustee 1/1 - 9/30/12	1 00	X						0	0	0
John A Egelhofer MD Trustee	1 00	X						0	0	0
John E Kole Trustee 1/1 - 9/30/12	1 00	X						0	0	0
Grace P Makari-Judson MD Trustee/ Hematologist M D	1 00	X						320,107	0	75,990
John F Maybury Trustee	1 00	X						0	0	0
Steven M Mitus Trustee	1 00	X						0	0	0
Jeffrey G Mulhern MD Trustee / Med Staff Pres	1 00	X						0	22,500	0
John M O'Brien III Trustee	1 00	X						0	0	0
Anne M Paradis Trustee	1 00	X						0	0	0
Katherine E Putnam Trustee	1 00	X						0	0	0
Timothy S Rice Trustee	1 00	X						0	0	0
James P Sadowsky Trustee	1 00	X						0	0	0
David C Southworth Trustee	1 00	X						0	0	0
Barbara W Stechenberg MD Trustee/ Infectious Disease M D	1 00	X						145,851	0	36,735
Frances K Stotz CFP Trustee 10/1 - 12/31/11	1 00	X						0	0	0
Katherine McG Sullivan Trustee	1 00	X						0	0	0
Howard G Trietsch MD Trustee	1 00	X						0	0	0
Steven M Wenner MD Trustee 10/1 - 12/31/11	1 00	X						0	0	0
Dennis W Chalke Treasurer	1 00			X				0	672,631	92,548
Kristin R Delaney Clerk	1 00			X				0	94,511	47,834

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			
Frances C Grabowski Assistant Clerk 10/1 - 12/31/11	1 00			X				0	55,522	17,868
Patricia A Sheldon Assistant Clerk 1/1 - 9/30/12	1 00			X				0	65,183	16,061
Michael F Moran VP Facilities & Guest Serv	50 00				X			314,715	0	46,164
Deborah Morsi VP, Patient Care Services	50 00				X			255,873	0	123,052
Deborah A Provost VP Surg, Anes, Emrg Serv	50 00				X			229,280	0	66,241
Peter Lindenauer MD Med Dir & Quality & Safety	50 00					X		285,767	0	57,450
David Y Chin PhD Rad Oncology Med Physics C	50 00					X		254,917	0	46,068
Randolph Peto MD Medical Dir for Quality	50 00					X		228,659	0	27,324
Winthrop Whitcomb MD Med Dir for Healthcare Quality	50 00					X		215,163	0	29,999
Michael R Favreau Director Radiology Service	50 00					X		211,719	0	61,573
Keith C McLean-Shinaman Former Treasurer	0 00						X	0	802,768	36,779

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Baystate Medical Center Inc	04-2790311

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		85,539
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			85,539
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part IV, Supplemental Information		Baystate Medical Center, Inc pays membership dues to the Massachusetts Hospital Association (MHA) and the American Hospital Association (AHA) These organizations have advised us that portions of these dues are used for lobbying purposes for various healthcare matters at the state level The portion of dues listed as lobbying expenses for the year ending September 30, 2012 is $85,539

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		11,919,647		11,919,647
b Buildings		329,466,178	191,134,351	138,331,827
c Leasehold improvements		3,144,164	710,371	2,433,793
d Equipment		458,896,157	381,172,704	77,723,453
e Other		77,999,970	16,783,474	61,216,496
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				291,625,216

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests	1,776,212	C
(3) Other (A) Investments-securities other less than 5%	69,906,345	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	71,682,557	

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

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

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

(a) Description	(b) Book value
(1) Contractual Adjustment Receivable	22,590,064
(2) Due From Affiliated Companies	40,776,478
(3) Beneficial Interest in Net Assets of BHF	21,868,379
(4) Funds Held - Bond Indenture	3,949,105
(5) Board Designated - Due From Unrestricted Funds	982,873
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	90,166,899

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Contractual Adjustments Payable	60,109,602
Refundable Advances	706,560
Due to Affiliated Companies	3,234,450
Insurance Liability Loss Reserves	5,837,000
Deferred Revenue	1,111,555
Minimum Pension Liability	99,182,388
Market Value Swap	10,704,092
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	180,885,647

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
		Part X, Line 2 - Baystate Medical Center, Inc did not have a FIN 48 footnote included in the audited financial statements Additional Information Part V Certain endowments are held at Baystate Health Foundation (BHF), an affiliate, and are reported as temporarily restricted and permanently restricted but Part V has not been completed as it is already addressed on BHF's Form 990 (EIN 04-3549011)

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			21,639,759	13,503,499	8,136,260	0 930 %
b Medicaid (from Worksheet 3, column a)			178,317,244	170,878,376	7,438,868	0 860 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			16,259,884	14,861,392	1,398,492	0 160 %
d **Total** Charity Care and Means-Tested Government Programs			216,216,887	199,243,267	16,973,620	1 950 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,444,232	0	3,444,232	0 400 %
f Health professions education (from Worksheet 5)			50,302,234	14,734,787	35,567,447	4 080 %
g Subsidized health services (from Worksheet 6)			17,836,056	11,781,231	6,054,825	0 700 %
h Research (from Worksheet 7)			18,662,298	0	18,662,298	2 150 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,477,794	0	2,477,794	0 290 %
j **Total** Other Benefits			92,722,614	26,516,018	66,206,596	7 620 %
k **Total.** Add lines 7d and 7j			308,939,501	225,759,285	83,180,216	9 570 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing			100,000		100,000	0 010 %
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other			127,511		127,511	0 010 %
10	**Total**			227,511		227,511	0 020 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	4,792,846		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,621,130		
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	248,896,338
6	Enter Medicare allowable costs of care relating to payments on line 5	6	193,134,479
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	55,761,859

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Baystate Medical Center Inc 759 Chestnut Street Springfield, MA 01199	X	X	X	X		X	X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Baystate Medical Center Inc

Name of Hospital Facility:

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

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

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☐ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☐ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **25**

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7 Line 7a Financial Assistance at Cost - column (e) net community benefit expense was calculated by applying the ratio of patient care cost to charges, calculated on Worksheet 2, against total charity care gross patient charges from the audited financial statements Line 7b (Unreimbursed Medicaid) - column (e) net community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under Medicaid and Medicaid managed care plans Line 7c (Other Means-Tested Programs) - column (e) net community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under other means-tested government programs Line 7f (Health Professional Education) - column (e) net community benefit expense was derived using the organization's cost accounting system Line 7g (Subsidized Programs) - column (e) net community benefit expense was derived using the organization's cost accounting system The expense relates to specific outpatient programs Line 7h (Research) - column (e) net community benefit expense was derived using the organization's cost accounting system In addition to the research costs reported on line 7h, there was $1,173,032 of expenses related to Industry-sponsored grants that we believe should be treated as community benefit expense because they were incurred to promote the health and well-being of the local population and are a key component of our commitment to the community

Identifier	ReturnReference	Explanation
		Part I, Line 7g There are no costs attributable to physician clinics reported as subsidized health services in Part I, line 7g

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Bad debt expense of $13,234,188 was subtracted from total expenses reported in Part IX Line 25 column (A) for the purpose of calculating the percentages in Part I, Line 7, column (f)

Identifier	ReturnReference	Explanation
		Part II Specific to Part II Baystate Medical Center provided $100,000 to the North End Housing Initiative (NEHI) with the goal of increasing the quantity, quality and healthfulness of affordable single and duplex family housing for low income families with young children in the North End neighborhoods of Springfield, Massachusetts A portion of the funding is also used to write grants for projects what will assist the NEHI to achieve its mission In addition to providing additional housing in the North End, NEHI also provides homebuyer and financial literacy courses to North End households and maximizes economic opportunities for minority-owned businesses within NEHI construction projects The NEHI improves the public health of the community by providing greater access to healthy homes, reducing the prevalence of asthma in young children, increasing housing stability and creating safer and more beautiful neighborhoods through affordable homeownership Baystate Medical Center provided $105,974 as a Payment in Lieu of Taxes (PILOT) to the City of Springfield for our outpatient facility at 3300 Main Street, Springfield Baystate Medical Center provided $21,537 as a Payment in Lieu of Taxes (PILOT) to the City of Chicopee for our employee parking lot located at Center Street, Chicopee The following description is not quantified specifically in Part II of Schedule H Baystate Medical Center is committed to creating healthier communities and understands that many state and federally mandated community benefit programs and services are not sufficient to address ethnic, racial and economic health disparities BMC extends the traditional definition of "health" to include economic opportunity, affordable housing, education, safe neighborhoods, the arts, and supporting and valuing diversity - all elements that enable families and communities to thrive In keeping with our commitment to improve health, Baystate Medical Center provides many valuable services, resources, programs and financial support - beyond the walls of the hospital and into the communities and homes of the people we serve, including sponsorships for more than 200 non-profit community organizations and events and involvement of Baystate leadership with over 70 community boards that align with our mission

Identifier	ReturnReference	Explanation
		Part III, Line 4 The cost of bad debts reported in Part III, line 2 was calculated by applying a ratio of cost to charges (based on the organization's cost accounting system including all hospital inpatients and outpatients) against total patient bad debt net of recoveries as reported in the audited financial statements The portion of bad debt expense that reasonably could be attributable to patients who may qualify for financial assistance under the hospital's charity care program (reported in Part III line 3) was calculated by applying the percentage of bad debts by zip code (for which the average household income for each zip code is less than 200% of the federal poverty level) to bad debt expense reported in Part III line 2 Since this portion of bad debt is attributable to patients residing in an area where the average income is less than 200% of the Federal poverty level, it is highly likely these patients would have qualified for Baystate Medical Center's charity care program had they applied For this reason, we believe the amount should be treated as community benefit expense in Part I The financial statements do not contain a footnote describing bad debt expense If a patient is determined eligible for financial assistance, the appropriate adjustment is made to the patient account based on their income level Once the necessary approvals are obtained, it then flows to the general ledger Patients applying for a prompt payment discount will have this allowance entered after agreed upon payment is received

Identifier	ReturnReference	Explanation
		Part III, Line 8 Line 6 - included all Medicare allowable costs as calculated in Worksheets D-1 Part II (inpatient and inpatient psych), D Part V (outpatient) and E Part A (organ acquisition) of the hospital's 2012 Medicare cost report, based on Medicare costing principles There is no shortfall reported on line 7

Identifier	ReturnReference	Explanation
		Part III, Line 9b For patients who are known to qualify for Charity Care or Financial Assistance The patient may have requested assistance up front at time of service with a Financial Counselor or the Patient could have asked for assistance after receiving their bill by contacting our Patient Billing Services Representatives The Financial Counselor will assist the patient in applying for the appropriate type of assistance based on their income and circumstances Once approved for a State Medicaid or other program, all billing and collection activity will stop (except for required co-payments or deductibles) For all other patients, our statements contain information regarding how to apply for financial assistance Notices concerning availability for assistance are also posted at patient care sites

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Baystate Health completed a community health needs assessment in July 201 0 During this assessment process information was gathered and reviewed from various commu nity sources across several counties and Baystate Health's three hospitals and their respe ctive service areas including the following 1 Baystate Medical Center (BMC) and Hampden County, 2 Baystate Franklin Center (BFMC) and Franklin County, 3 Baystate Mary Lane Hosp ital (BMLH) and Hampshire County and 13 Quaboag Hills communities Baystate Health used the Association for Community Health Improvements (ACHI) Community Health Assessment Toolkit to complete a thorough community health planning and needs assessment process The toolkit included six core process steps and had a particular emphasis on community engagement Th e six-step process included 1 establishing the assessment infrastructure, 2 defining th e purpose and scope, 3 collecting and analyzing data, 4 selecting priorities (included c ommunity engagement), 5 documenting and communicating results and 6 planning for action a nd monitoring progress The FY2010 community needs assessment process gathered information and reviewed data from a number of sources, including the following 1 Healthy People 202 0 (formerly Healthy People 2010) indicators collected by the Massachusetts Department of P ublic Health and the Centers for Disease Control and Prevention were major sources of data for community health needs assessment and planning information, 2 Massachusetts Departme nt of Public Health, several of its websites, MassCHIP, and key MDPH staff provided county -level and locality-based data for municipal and neighborhood geographic areas, 3 morbidi ty and mortality data was drawn from Baystate Health's internal hospital discharge data an d statewide data sources This data, which generally includes reasons for hospitalization and length of stay, can contribute to measuring the burden and cost of illness and disabil ity in the community, 4 both by internal and external respondents in the health care, hum an service and public health field and unaffiliated stakeholders (community residents) par ticipated in focus groups, 5 hospital Community Benefits Advisory Council, hospital advis ory board members, and local community coalitions and task forces played a key role in hel ping the hospital identify community health needs, 6 existing community needs assessment data (United Way, Pioneer Valley Planning Commission, and Community Action Programs) was i ncluded in this assessment, 7 surveys of community stakeholders - expert testimony and re sident (lay) opinions - were used to identify and prioritize community health needs Baysta te Medical Center's needs assessment community partners included the AIDS Foundation of We stern Massachusetts, Alzheimer's Association, American Cancer Society, American Diabetes A ssociation, American Heart Association, Association for Community Living, Behavioral Healt h Network,Caring Health Center, Center for Human Development, CHNA #4 - Community Health C onnections, Dunbar Community Center, Gandara Mental Health Center, Greater Springfield Sen ior Services, Healthy Start Planning Group, Holyoke Health Center, Holyoke/Chicopee Head S tart, Jewish Education Resource Center, Jewish Family Services, Jewish Geriatric Services, Lutheran Social Services, Martin Luther King Jr Family Services, Mason Square Health Task Force, Mass in Motion, Men's Resource Center, Men's Resource International, New North Cit izens' Council, North End Campus Coalition, North End Housing Initiative, Partners for a H ealthier Community - BEST Oral Health, Pioneer Valley Asthma Coalition, Planned Parenthood , Puerto Rican Cultural Center, Regional/State Public Health Departments, Russian Communit y Association of Massachusetts, Public School Departments, Springfield Adolescent Health P roject, Springfield Dept of Health & Human Services, Springfield Partners for Community Ac tion, Springfield Police Department, Springfield Vietnamese American Civic Association, Sq uare One, Tapestry Health, Valley Opportunity Council, Western MA Hispanic Foundation, YEA H! Network, YMCA of Greater Springfield, YWCA The ranking and prioritization process and d evelopment of target populations was based on input from several sources including surveys of community stakeholders, focus groups of key constituents and key internal and external community member interviews The needs assessment was a balanced and comprehensive commun ity perspective reflecting the values and experiences of both health care providers and ex perts and resident opinions in ranking and prioritizing community needs Four broad health priorities were subjected to ranking and prioritization Polling of key participant organ izations and a variety of other discussions resulted in the following health priorities an d target populations Baystate Medical Center's health priorities include 1 promoting we llness of vulnerable populations, 2 reducing raci

Identifier	ReturnReference	Explanation
		al and ethnic health disparities, 3 chronic disease management in disadvantaged populatio ns, and 4 supporting health care reform Baystate Medical Center's target populations inc lude families with children/adolescents at risk due to poverty, isolation, language or cu ltural barriers residing in "limited opportunity" neighborhoods in center city Springfield and the broader Hampden County, families with children/adolescents at risk and/or victims of violence and/or sexual abuse, vulnerable populations, specifically children and their families, which reside and attend schools in the Brightwood and Memorial neighborhoods of Springfield's North End, children and adolescents at risk for preventative injury and deat h, high risk and vulnerable population that reside in zip code 01109, also referred to as the Greater Mason Square neighborhoods, transgender individuals, their allies and all pers ons from the broader community that identify as LGBT, Springfield Public School students (elementary, middle, high school and college) who benefit from supplemental instruction and workforce-related experiences to enhance their academic achievements and increase high sc hool graduation and college readiness, vulnerable, low-income populations across the lifes pan with particular attention to ethnic minorities experiencing health disparities, Childr en and adolescents (age two years to twenty-one years) with a diagnosis of obesity (BMI > 95% for age), the broader community with a target of non-English speaking immigrants who a re at high risk for exposure and diagnosis of Tuberculosis, and access to care issues with a targeted focus on uninsured or underinsured residents of our communities Baystate Medic al Center joined the Coalition of Western MA Hospitals, a partnership between seven (7) no n-profit hospitals in western Massachusetts, Baystate Medical Center, Baystate Franklin Me dical Center, Baystate Mary Lane Hospital, Holyoke Medical Center, Cooley Dickinson Hospit al, Mercy Medical Center (a member of Sisters of Providence Health System) and Wing Memori al Hospital and Medical Centers (a member of UMass Memorial Health Care) The Coalition, f ormed in early 2012, developed a successful partnership to identify and address the health needs of their communities while sharing limited resources and enhancing the quality of d ata collection to benefit the Pioneer Valley community as a whole The Coalition engaged V erite Healthcare Consulting to begin community health needs assessments that consider mult iple data sources, including secondary data (regarding demographics, health status indicat ors, and measures of health care access), assessments prepared by other organizations in r ecent years, and primary data derived from a community survey and from interviews with per sons who represent the broad interests of the community, including those with expertise in public health The needs assessment process will culminate with hospital-specific CHNA re ports in April 2013 followed by the Coalition hospital's development of their own respecti ve implementation strategies describing how the hospital plans to address or not address p riority needs identified in CHNA report

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Baystate Medical Center (BMC) is committed to ensuring that patients in its community have access to quality health care services with fairness and respect without regard to the patients' ability to pay BMC recognizes that the cost of necessary health care services can impose a significant financial burden on patients who are uninsured or underinsured and acts affirmatively to lessen that burden by offering patients in need the opportunity to apply for free or reduced cost services BMC not only offers free and reduced cost care to the financially needy as required by law, but has also voluntarily established discount and financial assistance programs that provide additional free and reduced cost care to more patients residing within the communities served by BMC Baystate Medical Center recognizes that the billing and collection process can be bewildering and burdensome for patients and has implemented procedures to make the process understandable for patients, to inform patients about discount and financial assistance options, and to ensure that patients are not subject to aggressive collection activities Consistent with its patient commitment BMC is required to maintain a credit and collection policy that reflects its patient billing and collection procedures and complies with applicable state and federal laws and regulations Baystate Medical Center has Financial Counselors available to help patients apply for financial assistance programs that may cover unpaid hospital bills, including a variety of federal and state programs as well as financial assistance through Baystate Medical Center BMC is committed to ensuring that patients or prospective patients in the community are aware of financial assistance programs For uninsured or underinsured patients, BMC will assist in applying for available financial assistance programs BMC notifies patients of the availability of assistance in both the initial bill sent to patients as well as in general notices posted throughout the hospital When applicable, BMC also assists patients in applying for coverage of services as a Medical Hardship based on the patient's documented income and allowable medical expenses BMC provides, upon request, specific information about the eligibility process to be a Low Income Patient under either the Massachusetts Health Safety Net Program or additional assistance for patients who are low income through BMC's own internal financial assistance program BMC also notifies patients about available payment plans based on their family size and income Signs about the availability of financial assistance programs at Baystate Medical Center are translated into Spanish, because Spanish is primarily spoken by 10% or more of the residents in the hospital's service area Signs are large enough to be clearly visible Baystate Medical Center's sign is 8-1/2 x 11 inches and the header print font is 24 pts Notice of availability of Financial Assistance Programs are posted in the following locations, inpatient, clinic, emergency department admissions and/or registration areas, central admission/registration area, patient financial counselor areas and business office areas that are open to patients Our Credit and Collection Policy is posted on the baystatehealth org website The goal of posting the Credit and Collection Policy is to ensure that patients or prospective patients in our community are aware of our financial assistance programs Baystate Medical Center's Credit and Collection Policy was developed in partnership with Health Care For All, a Massachusetts non-profit organization dedicated to making adequate and affordable health care accessible to everyone, regardless of income, social or economic status

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Baystate Medical Center (BMC) is a major teaching, clinical and research facility of the Tufts University School of Medicine (TUSM) and a general medical and surgi cal hospital based in Springfield, Massachusetts BMC is the only tertiary care referral m edical center and Level 1 Trauma Center in western New England It is also home to the reg ion's only Children's Hospital with Neonatal and Pediatric Intensive Care Units Springfie ld is the central city and county seat for Hampden County (pop 463,490) BMC serves as th e community hospital for Hampden County, which is ethnically and racially diverse with 41, 644 (9 0%) African American residents and 96,776 (20 9%) Latino residents The Latino comm unity of Hampden County is concentrated in the cities of Holyoke and Springfield, while th e African-American community is concentrated in Springfield In all, 81% of all Latino res idents of Hampden County live in either Springfield (which has 59,451 Latino residents) or Holyoke (which as 19,313 Latino residents) The following 23 cities/town (population) com prise Hampden County include, Agawam (28,438), Blandford (1,233), Brimfield (3,609), Chest er (1,337), Chicopee (55,298), East Longmeadow (15,720), Granville (1,566), Hampden (5,139), Holland (2,481), Holyoke (39,880), Longmeadow (15,784), Ludlow (21,103), Monson (8,560) , Montgomery (838), Palmer (12,140), Russell (1,775), Southwick (9,502), Springfield (153, 060), Tolland (485), Wales (1,838), West Springfield (28,391), Westfield (41,094) and Wilb raham (14,219) Hampden County has a total population of 463,490 Located in Hampden Count y along the Connecticut River, Springfield is 27 miles north of Hartford CT, while Boston and New York City are 80 and 134 miles away, respectively The Springfield Metropolitan St atistical Area (MSA) is the fourth-largest metropolitan area in New England and the county 's contiguous urban nuclei is comprised of the central city of Springfield, with a populat ion of 156,060, and the cities of Chicopee (55,298), and Holyoke (39,880) Much of BMC's s ervice area has Medically Underserved Area or Population (MUA/P) designation from the Heal th Resources and Services Administration (HRSA) while the major towns have Health Professi onal Shortage Area (HPSA) designation Within Hampden County, especially Springfield and t he surrounding community and Holyoke, have many community risk factors that contribute to poor health, including substance abuse, child abuse and neglect, poverty and unemployment, crime and domestic violence, decreased informal social support networks, and overburdened public schools In 2009, among Massachusetts counties Hampden County had the most teen bi rths in the state with 747 Although the county accounts for only 7 1% of the state's overa ll population, the county has nearly 16 7% of all teen births in the state in 2009 As a p ercentage of total births in the county, teen births account for 12 2% of total births in Hampden County This sharply contrasts with the state, in which teen births accounted for only 5 9% of total births Hampden County is clearly the most at risk county in the state with regard to teen pregnancy HIV/AIDS is a major problem, especially within our minority communities Latinos and African-Americans in the Springfield area have also been disprop ortionately affected by the HIV/AIDS epidemic Local epidemiological data provided by the Massachusetts Department of Public Health on HIV/AIDS for Springfield indicate that Latino s are most impacted by HIV/AIDS More specifically in Springfield, Latinos account for 27% of the population yet accounted for 57% of the 1,093 people living with HIV/AIDS It shou ld also be noted that while only 2 3% of the population in Massachusetts live in Springfie ld, 15% of the Latinos living with HIV/AIDS in the state reside in Springfield For the la st two years, Hampden County has ranked last among Massachusetts counties on health outcom es and health factors (Wisconsin Population Health Institute, County Health Rankings 2010 and 2011) The geographic "driver" of these poor health outcomes is the county's major cit y of Springfield which is the poorest city in Massachusetts with a median family income of $41,476 The child poverty rate for Springfield is the 6th highest in the country with 44 6% of children under 18 living below the poverty line as compared to 12 4% for Massachuse tts (2010 American Community Survey, Census Bureau) The city of Springfield has an overal l poverty rate of 27 4% (U S Census, 2005-2009 American Community Survey) and has eight c ensus tracts designated by the USDA as food deserts In the 2010 Census, the Springfield M SA ranked first in the nation for Hispanic-White segregation and 22nd in the nation for Bl ack-White segregation (Center for Population Studies, University of Michigan) The prematu re mortality rate (PMR), defined as deaths occurring before age 75 (# deaths/100,000 perso ns), is considered an excellent single measure of

Identifier	ReturnReference	Explanation
		population health status Springfield's PMR for heart disease is 419 5/100,000, compared t o the state rate of 284 5/100,000, and the PMR for respiratory diseases is 196 6/100,000 c ompared to 137 8/100,000 for the state (MA Department of Public Health, 2006-2008 Mortalit y (Vital Records) As a result, poor people in Springfield have life expectancies 25% lowe r than people with higher incomes who live in more prosperous communities BMC is committed to reducing health disparities in Springfield Our commitment is demonstrated by our inve stment of significant resources in our three community health centers and pediatric clinic located in Springfield's low-income neighborhoods that have both HPSA and MUA/MUP designa tion BMC health centers are primary care first-contact sites for thousands of underserved , low-income people These community training sites for our Residency Program provide cont inuity of care for over 130,000 patients annually, most of who reside in an MUA/MUP BMC p rovides primary care to a medically-underserved population in Springfield comprised of pri marily Latinos and African-Americans Springfield's black and Latino families fare poorly in comparison to their peers across the state on a myriad of sensitive indicators (e g , i nfant deaths per 1,000 live births, low birth weight of less than 2,500 grams, births to a dolescent mothers, adequacy of prenatal care) Springfield has one of the highest concentr ations of MassHealth eligible populations This low income population has a special health risk and a specific location in the Mason Square and North End neighborhoods with child p overty rates well above 30% and as high as 70% in some small areas It is well-known that health disparities related to type 2 diabetes mellitus, obesity and cardiovascular disease are concentrated in black and Latino populations and among the 50,000 residents (30% of t he city's population) in Mason Square and North End neighborhoods

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Baystate Medical Center has a responsibility to respond to health care ne eds unsupported by government programs In exchange for this responsibility, BMC qualifies for tax-exempt status under 501(c)(3) However, providing hospital care alone is not enou gh to qualify for tax-exempt status Hospitals also must operate in the public interest an d provide programs that benefit the community Baystate Medical Center is fully committed to its role in the community and serves with pride and compassion for people in need The c haritable mission of Baystate Medical Center, a member hospital of Baystate Health (BH), i s to improve the health of the people in our communities every day, with quality and compa ssion Baystate Medical Centers Community Benefits Mission is to reduce health disparities , promote community wellness and improve access to care for vulnerable populations BMC is committed to meeting the identified health and wellness needs of constituencies and commu nities served through the combined efforts of Baystate Health's member organizations, affi liated providers, and community partners Baystate Medical Center meets all of the factors required of medical facilities in order to maintain tax exemption, as first described in R evenue Ruling 69-545 In support of patient care and the medical needs of the communities served by Baystate Medical Center, medical staff membership and privileges are extended to all qualified physicians and practitioners in western Massachusetts who meet the requirem ents for credentialing and clinical privileges, whether employed by a related Baystate ent ity or community-based Baystate Medical Center's emergency department is open to all in n eed of care and services, no one requiring emergency care is denied treatment Additionall y, surplus funds from operations are generally applied, as permitted, to the following, im provements in patient care, expansion and renovation of existing facilities, purchase and replacement of equipment, debt service, expenses associated with training of physicians an d other health care professionals, professional development of medical and other clinical staff, and the support of scientific, translational, and clinical research Baystate Health 's volunteer Board of Trustees, the governing body of the organization and its affiliates, is comprised of the President and Chief Executive Officer of Baystate Health and up to tw enty-two (22) other elected Trustees who are representative of the broad range of interest s which exist in the communities served by Baystate Health and its affiliates The Governa nce Committee oversees the nomination of Trustees and submits recommendations to the Board of Trustees for membership on the various Board committees In considering nominations or recommendations for trustees, directors, committee members or officers the Governance Com mittee select nominees who are representative of the various and diverse constituencies se rved by Baystate Health and its affiliates In particular the Committee nominates persons who are representative of the community consumer interests of the various neighborhoods an d localities which are served by Baystate Health and its affiliates in the carrying out of and pursuant to the charitable mission of the Baystate Health and its affiliates Baystate Medical Center's Patient and Family Advisory Council facilitates patients and families to share information and advise the hospital regarding policies and programs Information fr om the Council provides hospital leadership with an enhanced understanding of how to impro ve quality, program development, service excellence, communications, patient safety, facil ity design, patient and family education, patient and family satisfaction, and loyalty Ple ase refer to the section above in line 2 for additional examples of Baystate Medical Cente r's responsiveness to the community and opportunities for community involvement, including the Board of Trustees' Governance Committee, Community Benefits Advisory Council, and Com munity Health Needs Assessment Baystate Medical Center is recognized as a leading academi c medical center As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinical training and undergraduate and graduate medical student education acr oss all specialties Baystate Medical Center serves as a safety-net hospital due to the hi gh level of Medicaid and charity care provided In addition, BMC offers unique, specialize d services including Level 1 Trauma, Children's Hospital, Invasive heart and vascular serv ices, Cardiac surgery, Kidney transplantation, Level III Neonatal ICU, Specialized ICU's f or children, adults and heart and vascular patients and the D'Amour Center for Cancer Care Baystate Health encourages all of its affiliates, hospital and non-hospital to align the ir charity care and collections standards with Baystate Health's Credit and Collection Pol icy While some of the rules and regulations are h

Identifier	ReturnReference	Explanation
		ospital specific, the guidelines stated in the Baystate Health Credit and Collection Polic y concern all affiliates Baystate Medical Center built a visionary new facility which open ed in March 2012 that will meet our community's needs today, while laying the foundation f or future growth Hundreds of people, from patients to care providers to the community at large, have shared ideas and experiences to design the 641,000 sq foot facility that incl udes a dedicated heart and vascular center, new patient care units with spacious private r ooms, new emergency department and shell space for future growth A major part of the publ ic health commitment of Baystate Medical Center's Hospital of the Future project is the de livery of $9 6 million in new aid to community benefit initiatives in Springfield Baystat e Medical Center made an additional investment of $2 million in new community benefit fund ing tied to the new Emergency Department The $11 6 million, to be distributed over a peri od of seven years, addresses public health priorities such as nutrition, teen pregnancy, v iolence prevention, oral health and asthma, as well broader issues such as education, home lessness and employment Baystate Medical Center participates in advocacy activities on be half of health care coverage for all persons and for improved public health Baystate Heal th leaders serve on the community boards for Health Care For All, a Massachusetts non-prof it organization dedicated to making adequate and affordable health care accessible to ever yone, regardless of income, social or economic status and the Massachusetts Public Health Association, a non-profit organization that promotes laws, policies, and programs that pro tect the health of our families, communities, and workplaces In addition, Baystate Medica l Center provides annual funding to Partners for a Healthier Community, a local leader in public health policy advocacy, building collaborations and leadership capacity to address various public health issues For additional information, please see Line 6 below

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Baystate Health, Inc is the parent entity of a multi-institutional integ rated delivery system composed of three hospitals and other 501(c)(3) organizations The t hree hospitals are Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hospital and other 501(c)(3) organizations include Baystate Medical Practices, Visiting Nurse Association and Hospice of Western New England, Inc , and Baystate Health F oundation In addition to its nearly 10,000 employees, Baystate Health and its affiliates have 1,689 medical staff, 2,536 nurses and 2,185 new residents and fellows, medical studen ts, nursing students, allied health students being educated for the future Additionally, 1,107 volunteers and auxiliary members donated 112,602 hours to Baystate Medical Center, B aystate Franklin Medical Center, Baystate Mary Lane Hospital and Baystate Visiting Nurse A ssociation & Hospice Baystate Medical Center (BMC), the flagship 773-bed hospital (includi ng Baystate Children's Hospital) based in Springfield, Massachusetts is Western New Englan d's only tertiary care referral medical center, Level 1 trauma center and neonatal and ped iatric intensive care units BMC serves as a regional resource for specialty medical care and research, while providing comprehensive primary medical services to the community In FY 2012 Baystate Medical Center provided $17 0 million in financial assistance and other m eans-tested government programs,$35 6 million in health professions education, $6 1 in sub sidized health services, $18 7 million in research and $3 4 million in community health im provement services BMC's community benefit efforts included providing assessment, treatme nt and crisis support to child abuse victims and their non-offending caretakers affected b y child abuse and domestic violence in western Massachusetts, offering enrichment and care er development programs for disadvantaged Springfield students, ensuring cohesive health c are for school-aged children and the broader community, prevention of accidental childhood injuries and death through public awareness, safety education and distribution of safety devices, coordination of health education focus groups, community health forums and fairs, supporting transgender individuals, their allies and anyone from the broader community wh o identifies as LGBT through a peer lead and psychosocial support group, providing TB diag nosis and treatment to patients throughout western Massachusetts, assisting low-income pat ients access free prescription medications and providing financial counseling services to inpatient and outpatient individuals who have concerns about how to pay for care Baystate Franklin Medical Center (BFMC), a 90-bed facility located in Greenfield, Massachusetts (4 0 miles north of Springfield near the Vermont border) provides high quality inpatient and outpatient services to residents of rural Franklin and Hampshire counties and Southern Ver mont The Birthplace, Cardiopulmonary Services, a Dialysis Unit, outpatient surgical servi ces, rehabilitation and sports medicine services, and orthopedics are some of the speciali zed programs available at this acute care facility In FY2012 Baystate Franklin Medical Ce nter provided $4 6 million in financial assistance and other means-tested government progr ams, $2 0 in subsidized health services and $312,971 in community health improvement servi ces BFMC's community benefit efforts included the ongoing support group through the Frank lin County Postpartum Partnership - a partnership initiated by BFMC nurses, expanded senio r outreach program to focus on persons most at-risk for hospital readmission due to issues with medication management, and continued the regionally recognized Blood & Guts program for youth, including an annual hospital-based event for high school students and three sch ool-based events for elementary school students and their families In addition, BFMC Heal thBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Bay state Franklin employees, engages the hospital's physicians, employees, patients and commu nity leaders in discussions of interest to residents of Franklin County Topics range from heart health, emergency response to senior outreach The program runs more than 60 times a month on stations throughout the county Baystate Mary Lane Hospital (BMLH), a 25-bed fac ility located in rural Ware, Massachusetts (20 miles east of Springfield) provides quality patient care services to more than twelve Central Massachusetts communities In addition to offering a wide spectrum of services from women's health, OB/GYN and pediatrics to surg ical, intensive care and emergency care In FY2012 Baystate Mary Lane Hospital provided $1 3 million in financial assistance and other means-tested government programs and $291,088 in community health improvement services BMLH's community benefit efforts included a con tinued partnership with Quality EMT Educators of W

Identifier	ReturnReference	Explanation
		orcester to offer Basic EMT Training to community members To date over 90 community membe rs (22 community members in FY 2012) have taken the EMT Basic Course In December 2010 Bay state Mary Lane Hospital sponsored the first Paramedic Training program A total of 25 EMT Basic candidates enrolled in this new class held at the hospital two nights a week Throu gh 2012 BMLH physicians shared their expertise beyond the walls of the hospital by offerin g high quality training and continuing education programs at no cost to EMS providers in o ur communities The close working relationship between Emergency Physicians and EMS provid ers is essential to ensuring that patients receive the highest quality care in the field BMLH provided critical support and resources to the community at large through our Support Groups including, Alcoholic Anonymous, Caregivers Support Group, Quilting Support Group f or those touched by Cancer, Diabetes Support Group, Grieving Support Group, Hepatitis C Su pport Group & WIC Sponsored Breast Feeding Support Group In addition, BMLH and its staff offered over 100 outreach programs providing a variety of education and wellness seminars to the community at large at no cost These programs were presented by physicians, nurses and staff that work at the hospital and addressed ways to live healthier by offering a var iety of educational opportunities and health screening Lectures and screenings were offer ed at the hospital and in community settings including area schools and senior centers, an d promoted disease prevention, behavior change, and healthier lifestyles for community mem bers of all ages In addition, BMLH HealthBeat TV, a monthly 30-minute cable access talk s how produced, directed and hosted by Baystate Mary Lane Hospital employees, engages the ho spital's physicians, employees, patients and community leaders in discussions of interest to residents of the 15-town Quaboag Hills region Topics range from winter health safety, cancer, Lyme's disease to stroke awareness The program runs more than 60 times a month Ba ystate Medical Practices (BMP) is a tax-exempt, not-for-profit corporation organized to su pport and assist Baystate Health and its affiliate hospitals, including BMC, BFMC and BMLH , each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillmen t of their clinical, teaching, research, and other missions related to health care BMP pr ovides physician services, medical education and research programs to people in the commun ity within its geographic location BMP's policy is to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care Dependent upon the patient's financial capability to pay, BMP may provide such care free of charge or at amounts below its normal charges In FY 2012 BMP provided $4,115,241 in financial assista nce In addition to the charity care provided to patients, BMP's physicians participate in many and varied ongoing community outreach initiatives in the areas of education, employm ent, safety and health BMP has also taken a leadership role in strengthening the health o f disadvantaged citizens in surrounding communities including specific focus on AIDS and H IV and by providing physician staffing for three community-based health centers through Ba ystate Medical Center

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	Visiting Nurse Association and Hospice of Western New England, Inc (VNAH) based in Springfield, Massachusetts is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clini cal, teaching, research, and other missions related to health care VNAH is a comprehensiv e home health care agency committed to providing the highest quality care to patients and families, primarily in the home setting VNAH has the expertise to meet individual needs b y bringing experienced nurses, rehabilitation therapists, social workers and home care aid es to patients' homes The Home Care Program of Baystate's VNAH serves over 6,000 patients annually of which approximately 950 are on service daily The services, aimed at allowing patients to recuperate while remaining in the comfort of their homes, include skilled nurs ing, rehabilitation therapy, medical social work and homecare aides The Hospice and Palli ative Care Program of Baystate's VNAH provides end of life care for patients in the commun ity, assisted living facilities and skilled nursing facilities The Hospice and Palliative Care program coordinates care for an average daily census of about 140 to 180 patients of all ages In FY 2012 a total of 128,605 home visits were made by Baystate Visiting Nurse Association & Hospice nurses Additionally, the VNAH provided $30 2 million in financial a ssistance for FY 2012 VNAH has an interdisciplinary approach using nursing, social work, chaplains, hospice aides and volunteers to allow patients to meet goals related to comfort and symptom management Baystate Health Foundation raised $1 million in 2012 for the Hosp ital of the Future and an additional $5 7 million through system wide annual fundraising e fforts Along with the Campaign for Baystate Medical Centers Hospital of the Future capita l expansion project, the Foundation actively engaged in annual fund, major gift, and event fundraising to ensure ongoing annual support for education, research, programs and capita l needs throughout the health system that impact patient care throughout western Massachus etts In addition to the brief descriptions of the affiliated entities above, this further information speaks to activities of Baystate Health and its affiliates other activities re garding promotion of community health In FY 2012 Baystate Health interpreters provided ove r 142,471 sessions in 49 languages to help deliver a positive patient care experience and 4,601 pages of documents were translated for providers Interpreter sessions included in p erson, telephonic and video interpreting Languages interpreted include Spanish, Russian, Vietnamese, Ukrainian, Mandarin (Chinese), American Sign Language, Arabic and Portuguese Interpreters also translated the newest language to come into the area, Tigrinya, a langua ge spoken in Ethiopia and Eritrea Baystate Medical Center is recognized as a leading acade mic medical center As the Western Campus of Tufts University School of Medicine since 197 4, BMC offers clinical training and undergraduate and graduate medical student education a cross all specialties In addition to BMC, Medical Residents and Fellows rotate through th e Baystate Franklin Medical Center and Baystate Mary Lane Hospital Baystate Health is a na tionally accredited provider of continuing education for health care professionals on staf f and in the community Our mission is to provide high-quality, evidence based continuing education to maintain and enhance the knowledge, expertise, and performance of health care professionals, to improve the health of the people in our communities every day, with qua lity and compassion In 2012, Baystate Health ran 65 courses for a total of 1,143 hours of continuing education activities A total of 14,173 health care professionals attended the se live activities All courses and sessions were attended by both employees and non emplo yees Our educational activities are a service to the community Baystate Health's Midwifer y Education Program is offered in collaboration with the Midwifery Institute of Philadelph ia University Through our affiliation with the Massachusetts College of Pharmacy and Heal th Science, we offer a one-year pharmacy residency Baystate Health's educational partners hips allow us to offer allied health programs such as emergency medical technician (EMT), pharmacy technician and surgical technologist For nursing we offer clinical practicums fo r baccalaureate, masters, or doctoral-level nursing students in affiliation with the Unive rsity of Massachusetts, University of Connecticut, Yale University, and other schools of n ursing Baystate Medical Center's high quality nursing care earned re-designation as a Mag net Hospital for Nursing Excellence by the American Nurses Credentialing Center (ANCC) - o ne of 170 in the nation and only five in Massachus

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	etts As an academic teaching hospital and the Western Campus of Tufts University School of Medicine, Baystate Medical Center is a center for research Strong partnerships with othe r research organizations allow us BMC to further its institutional commitment to the Advan cement of Knowledge Collaborations enable Baystate Health to better support the innovativ e research of our investigators and to improve the lives of the people in the communities we serve Baystate Medical Center is an active participant in the research communities of Massachusetts and a member institution of the state and regional organizations that also p romote the goals of biomedical research Its faculty and research staff are engaged in bas ic, clinical and biomedical research across a broad spectrum of medical and surgical speci alties, with nationally-recognized research programs in quality of care and diabetes and m etabolism Baystate Medical Center serves as a regional resource for specialty medical car e while providing comprehensive primary medical services to its community Baystate Medical Center is also a research partner with University of Massachusetts through the Pioneer Va lley Life Sciences Institute Formed in 2003, PVLSI is a research institution which applie s its translational research efforts in the areas of cancer, diabetes, obesity, and wound healing Its scientists and technicians are committed to improving human health and reduci ng suffering from disease through creative strategies for early detection and preventive i nterventions Baystate Administrative Services, Inc , the management company of the 3 hosp itals, is a dues paying member of the Economic Development Council of Western Massachusett s (EDC) and the Affiliated Chambers of Commerce of Greater Springfield (ACCGS) BMC partic ipates in the EDC and ACCGS as we are the largest local employer in our region The Chambe r and its membership coordinate activities toward a common purpose of sustainability and e conomic growth for the region The amount paid in dues for FY 2012 was $57,952 Other Bayst ate Health affiliations include Council of Teaching Hospitals and Health Systems (COTH) of the Association of American Medical Colleges (AAMC), Alliance of Independent Academic Med ical Centers (AIAMC), and Group on Regional Medical Campuses (GRMC) of the Association of American Medical Colleges (AAMC), Joint Commission and Medical Library Association (MLA) Baystate Health and its affiliates are committed to creating healthier communities and con tinue to partner with members of the community to ensure we are meeting the diverse needs of the community Baystate Health extends the traditional definition of "health" to includ e economic opportunity, affordable housing, education, safe neighborhoods, the arts, and s upporting and valuing diversity - all elements that enable families and communities to thr ive In keeping with this commitment to improve health, Baystate Health and its various en tities provide many valuable services, resources, programs and financial support - beyond the walls of the hospitals and into the communities and homes of the people we serve Bayst ate Health and its affiliates are committed to providing the communities they serve throug hout western Massachusetts with the resources necessary to stay informed and healthy by pr oviding both basic and extensive educational opportunities, including smoking cessation pr ograms, parent education classes and babysitting academy Some classes are free while othe rs are offered at a reasonable fee No one is turned away due to inability to pay In addi tion, Baystate Health has libraries and resource centers at Baystate Medical Center and Ba ystate Franklin Medical Center staffed by professionals who help patients, families and th e general public access reliable health information

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	The Mini-Medical School program is an eight-part health education series offered at Baysta te Medical Center featuring a different aspect of medicine each week Designed for an adul t audience, each course is taught by an energetic faculty member who will explain the scie nce of medicine without resorting to complex terms Mini-Medical School gives Baystate Hea lth the opportunity to open our doors to the public and share our knowledge of medicine in a comfortable and friendly environment Many of the students participate due to a general interest and later find that many of the things they learned over the semester are releva nt to their own lives The goal of this program is to help members of the public make more informed decisions about all aspects of their health care while receiving insight on what it's like to be a medical student Tuition is $95 per person, $80 for Senior Class and Sp irit of Women members Baystate Health offers 50+ free programs to seniors and women Bays tate Health Senior Class is a loyalty program dedicated to health and wellness for men and women ages 55 and over The 23,000 Senior Class members receive a quarterly newsletter wi th valuable health information, benefits and invitations to special events designed with t heir interests in mind Baystate Spirit of Women Loyalty Program offers its 15,000 members 50+ monthly seminars with direct access to physicians, nurses and other medical professio nals and the latest women's health information The program is designed to increase knowled ge of women's health issues so they are well prepared to make the best decisions regarding their health The Baystate Neighbors Program, which began in 1999, was established to help employee first-time homebuyers purchase a home and to promote homeownership in neighborho ods around Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary La ne Hospital Employees were granted forgivable loans, which increased from $5,000 to $7,50 0 in 2006, that may be used towards a down payment or closing costs In the past 13 years, the Baystate Neighbors Program has awarded 116 loans, a total of $785,973, to help employ ees become homeowners in communities served by Baystate Health hospitals, helping to stabi lize housing in those communities Specific to FY 2012, 15 neighbor loans were awarded, fo r a total of $112,500 Since 1994, Rays of Hope - A Walk & Run Toward the Cure of Breast Ca ncer has been committed to improving the breast health of people in our communities with q uality and compassion Through the Baystate Health Foundation, the Walk has grown from 500 participants to over 22,000 Now in its 20th year, Rays of Hope has raised over $11 08 mi llion - all of which has been awarded locally throughout western Massachusetts 2009 marke d the first year the event expanded into Franklin County Funding benefits the Baystate Re gional Cancer Program's Comprehensive Breast Center, breast health programs at Baystate Me dical Center in Springfield, Baystate Franklin Medical Center in Greenfield, Baystate Mary Lane Hospital in Ware, local breast cancer research, outreach and education, and various community support projects and organizations In 2011 $1 5 million was awarded over five y ears to form the Rays of Hope Center for Breast Cancer Research at the Pioneer Valley Life Sciences Institute, collaboration between clinicians at Baystate Health and scientists at UMass-Amherst, to continue locally based breast cancer research on a broader scale The Un ited Way develops and supports programs that directly improve the lives of people in our c ommunities, a mission proudly shared by Baystate Health Baystate Health is a strong suppo rter of the United Way, and a major contributor to the organization with three workforceca mpaigns and thousands of employee donors and volunteers Baystate Health's contributions h elp the United Way serve our families, friends, colleagues and others who seek help in dif ferent ways and at different times in their lives Three community campaigns are held annu ally Springfield workplace to support the United Way of Pioneer Valley, Greenfield workpl ace to support the United Way of Franklin County and Ware workplace to support the United Way of Hampshire County Employees can direct their donations to one or all of the United Way's action areas Education, Income and Health or designate to a qualified agency with a minimum contribution Baystate employees also support the United Way by volunteering on w ork time to participate in a variety of community-based projects for the United Way Day of Caring Baystate Health employees once again donated generously to the United Way of the Pioneer Valley in 2012, raising a total of $400,000 Baystate Mary Lane Hospital employees raised $11,754 for the United Way of Hampshire County See also additional information reg arding Baystate Health, Inc and itsaffiliates promotion of community health above in Line 5 Baystate Medical Center, Inc intends to be in

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 6 continued	compliance with 501(r) regulations when they become final

Identifier	ReturnReference	Explanation
	Form 990, Schedule H, Part VI, Line 7	List of States Receiving Community Benefit Report MA

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

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

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? **25** Name and address	Type of Facility (Describe)
Baystate Reference Laboratories 361 Whitney Avenue Holyoke, MA 01040	Outpatient Laboratory services
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Baystate Reference Laboratories 361 Whitney Avenue Holyoke, MA 01040	Outpaitent Laboratory services

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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) Cancer Connection Inc PO Box 60452 Florence, MA 010620452	04-3493483	501(c)(3)	42,000				Support groups, complementary therapies, workshops and classes for women living with breast cancer and their families and caregivers
(2) La Experanza The Hope of the Pioneer Valley Inc237 South Street Northampton, MA 01060	27-2760538	501(c)(3)	23,780				Support group for Latina women living with breast cancer
(3) Cancer House of Hope Inc86 Court Street Westfield, MA 010853511	04-3298631	501(c)(3)	17,765				Partial funding (36%) of the expenses of the most well-attended CHH programming utilized by women with breast cancer
(4) Body Shoppe Fitness306 High Street Greenfield, MA 01301	04-3439841		6,000				Breast cancer survivors exercise program
(5) Springfield VACA Inc 433 Belmont Avenue Springfield, MA 011081750	04-3239763	501(c)(3)	5,000				Springfield Vietnamese Women's Breast Health and Outreach and Support Project
(6) Baystate Health Inc759 Chestnut Street Springfield, MA 01199	04-2105941	501(C)(3)	6,000,000				Strategic initiatives

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Nurse Midwifery Program-Federal Traineeship Awards	3	19,767			
(2) Art therapy workshops for breast cancer survivors	1	13,805			
(3) The healing art of Yoga for ongoing cancer recovery, and water dance	1	13,572			
(4) Massage therapies to patients receiving chemotherapy	1	9,600			
(5) Reiki for breast cancer patients and survivors in Franklin County	1	7,025			

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 The Rays of Hope grants that are awarded are reviewed and approved by the Rays of Hope Community Advisory Board Recipients are required to submit a Community Program Grant Application As part of the application process the recipient is required to provide their SS# or T I N Once the grant is awarded by the Advisory Board quarterly reports are submitted by the recipient to monitor the grant A final report of the grant program and budget summary is due upon completion of the program The vast majority of the funds awarded for the Nurse Midwifery Program are applied directly to tuition Specific guidance is given as to appropriate use of the funds Funds may be used for tuition, living expenses and up to $500 in required textbooks They may not be utilized for travel or to defray costs of attending professional meetings

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Mark R Tolosky	(i)	0	0	0	0	0	0	0
	(ii)	696,553	315,856	524,231	58,633	40,732	1,636,005	0
(2) Grace P Makari-Judson MD	(i)	277,385	20,725	21,997	49,408	26,582	396,097	0
	(ii)	0	0	0	0	0	0	0
(3) Barbara W Stechenberg MD	(i)	131,190	13,968	693	22,132	14,603	182,586	0
	(ii)	0	0	0	0	0	0	0
(4) Dennis W Chalke	(i)	0	0	0	0	0	0	0
	(ii)	363,180	131,625	177,826	58,000	34,548	765,179	0
(5) Michael F Moran	(i)	194,722	119,400	593	25,826	20,338	360,879	0
	(ii)	0	0	0	0	0	0	0
(6) Deborah Morsi	(i)	202,280	40,862	12,731	97,907	25,145	378,925	0
	(ii)	0	0	0	0	0	0	0
(7) Deborah A Provost	(i)	181,372	39,192	8,716	56,938	9,303	295,521	0
	(ii)	0	0	0	0	0	0	0
(8) Peter Lindenauer MD	(i)	235,931	33,038	16,798	32,307	25,143	343,217	0
	(ii)	0	0	0	0	0	0	0
(9) David Y Chin PhD	(i)	230,800	12,456	11,661	19,522	26,546	300,985	0
	(ii)	0	0	0	0	0	0	0
(10) Randolph Peto MD	(i)	215,355	10,645	2,659	16,457	10,867	255,983	0
	(ii)	0	0	0	0	0	0	0
(11) Winthrop Whitcomb MD	(i)	201,737	12,772	654	11,176	18,823	245,162	0
	(ii)	0	0	0	0	0	0	0
(12) Michael R Favreau	(i)	165,817	27,918	17,984	43,374	18,199	273,292	0
	(ii)	0	0	0	0	0	0	0
(13) Keith C McLean-Shinaman	(i)	0	0	0	0	0	0	0
	(ii)	276,485	137,200	389,083	0	36,779	839,547	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 3	The board of the filing organization has appointed the compensation committee of Baystate Health, Inc , a related organization and the parent organization of the health care system to which the filing organization belongs, as the compensation committee of the filing organization The compensation committee consists entirely of individuals serving on the board of the filing organization The compensation committee uses an independent compensation consultant and appropriate comparability data to establish the compensation of its key officers, directors, and employees, which includes the filing organization's top management officials, and approves the compensation of those individuals
	Part I, Lines 4a-c	Part I, Lines 4a-c Line 4a Keith McLean-Shinaman terminated employment effective 9/30/2011 The compensation numbers include various one time termination payments Line 4b Dennis W Chalke - Supplemental Retirement of $145,066 is included in column E This amount was earned in 2011 David Chin, MD - Supplemental Retirement of $396 is included in column E This amount was earned in 2011 Peter Lindenauer, MD - Supplemental Retirement of $3,772 is included in column E This amount was earned in 2011 Grace Makari-Judson, MD- Supplemental Retirement of $7,354 is included in column E This amount was earned in 2011 Deborah Morsi - Supplemental Retirement of $1,640 is included in column E This amount was earned in 2011 Keith C McLean Shinaman - Supplemental Retirement of $41,190 is included in column E This amount was earned in 2011 Mark R Tolosky - Supplemental Retirement of $332,054 is included in column E This amount was earned in 2011 Line 4c The supplemental retirement plan offered to Mr Tolosky from 1997-2002 provided the right to purchase mutual fund shares at a specified price, with the rights expiring at the end of the 10 years The 2011 compensation of $130,991 was based on the difference between the fair market value at the date of exercise and the exercise price

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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	MA Health & Education Facil Authority	04-2456011	57586CNHA	10-27-2005	71,740,000	MA HEFA Series G - See Part V		X		X		X
B	MA Health & Education Facil Authority	04-2456011		01-18-2007	10,000,000	MA HEFA Series H - See Part V		X		X		X
C	MA Health & Education Facil Authority	04-2456011		06-30-2008	10,157,671	MA HEFA Series M2 - See Part V		X		X	X	
D	MA Health & Education Facil Authority	04-2456011	57586EKC4	06-25-2009	198,611,250	MA HEFA Series IJK - See Part V		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	18,830,000	3,777,778	1,890,000	
2	Amount of bonds defeased				
3	Total proceeds of issue	71,740,000	10,000,000	10,157,671	198,611,250
4	Gross proceeds in reserve funds			82,537	511,176
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	735,004	72,250		2,530,232
8	Credit enhancement from proceeds				93,479
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	6,990,000	9,927,750		130,987,538
11	Other spent proceeds	64,014,996		10,075,134	65,000,000
12	Other unspent proceeds				
13	Year of substantial completion	2005	2006	2008	2012

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X			X	X	
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X				X	
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X		X	
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X		X		X		X	
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 050 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 050 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?	X		X		X		X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		X
b	Name of provider	Citibank							
c	Term of hedge	20 700000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X	X		X		X	

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule K Supplemental Information on Tax Exempt Bonds	Part I, Column (f) Description of Purpose	A - MHEFA Series G Bonds Part I - Per the Official Statement, the purpose of the bond proceeds is (i) to advance refund $61,930,000 principal amount of the Authority's Revenue Bonds, Baystate Medical Center (the Institution) Issue, Series E (the "Series E Bonds"), which were issued July 11, 1996 to finance or refinance the following property owned by the Institution (a)construction of a new 104,500 gross square foot Ambulatory Care Center at 3300 Main Street, Springfield, Massachusetts, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library and education/conference space on the Institution's North campus located at 759 Chestnut Street, Springfield, Massachusetts, (c) renovation of various existing spaces within the Institution's North campus, (d) acquisition of equipment for the new facilities, (ii) to finance routine capital construction, renovations, and equipping of various facilities of the Institution, and (iii) to pay certain costs of issuance of the Series G Bonds B- MHEFA Series H Bonds Part I - Per the Official Statement, the purpose of the bond proceeds is (i) the construction, improvement, equipping, and other related capital expenditures of a parking garage walkway, and other related work at an existing building at 280 Chestnut Street owned and used by the Institution (the "Garage"), and (ii) the acquisition and installation of capital equipment and renovations to existing facilities of the Institution and other routine capital expenditures in connection with the Institution's hospital operations MA HEFA Series H were private placement bonds and therefore, there is no CUSIP number associated with these bonds C- MHEFA Series M-2, Pool 2 Part I - Per the Official Statement, the purpose of the bond is to refinance Baystate Medical Center's Mass HEFA Pool J-2 Loan, which was issued February 2, 1999 to finance the acquisition and equipping of the property located at 280 Chestnut Street, Springfield, Massachusetts (the "Property"), and the renovation of the Property and existing facilities of the Institution and the acquisition of capital equipment for the Institution's existing facilities The MA HEFA indebtedness listed is a pool loan therefore the questions are being answered with respect to the Baystate Medical Center loan alone rather than with respect to proceeds loaned to other conduit borrowers There is no CUSIP associated with this loan D- MHEFA Series I, J-1, J-2, K-1, K-2 Part I - Per the Official Statement, the purpose of the bond proceeds is (i) to pay a portion of the costs associated with the acquisition of land, site development, construction or alteration of buildings or the acquisition or installation of furnishings and equipment, refinancing of, or any combination of the foregoing, in connection with the construction, improvement, equipping, and other related capital expenditures of a seven-story, approximately 599,100 gross square foot primarily inpatient building located at 759 Chestnut Street, Springfield, Massachusetts, including demolition and site work, which building will be constructed by Baystate Total Home Care (BTHC) and leased to Baystate Medical Center by BTHC, (ii)for the acquisition and installation of capital equipment and renovations to existing facilities of the Medical Center and other routine capital expenditures included or to be included in the Medical Center's capital budget over the next three years for use in connection with the Medical Center's hospital operations, (iii) for the refinancing of a portion of an outstanding commercial loan in the amount of $65,000,000 made by Bank of America, N A on October 20, 2008 to the Medical Center in connection with the defeasance of the Authority's Revenue Bonds, Baystate Medical Center Issue, Series D, issued September 16, 1993, (iv) for the financing of costs associated with the issuance of bonds and, (v) financing of routine capital construction, renovations, and equipping of various facilities of Baystate Medical Center E - MA DFA Revenue Bonds, Series L Part I - Per the Official Statement, the purpose of the bond proceeds is for the construction, improvement, and other capital expenditures relating to the build-out of an equipping of certain interior space within a seven-story approximately 599,100 gross square foot primarily inpatient building owned by Baystate Total Home Care, Inc and leased to the Institution located at 759 Chestnut Street, Springfield, Masssachusetts, such build-=out to consist of space to be used for the Emergency Department of the Institution and ancillary support areas and the financing costs associated with the issuance of the bonds F - MA DFA Tax Exempt Capital Lease Part I - Per the Master Lease and Sublease Agreement, the purpose of the Tax Exempt Capital Lease is for the Acquistition of Equipment "Equipment" means the fixed and moveable personal property to be used in connection with the Sub-Lessee's health care operations identified in a Schedule executed by or pursuant to the Agency of the Lessee and the Sub-Lessee, accepted by the Lessor and acknowledged by the Escrow Agent in writing and identified as part of this Master Lease (including certain items originally financed through internal advances of the Sub-Lessee in anticipation of obtaining permanent financing through the Lessee), together with all replacement parts, additions, repairs, accessions, and accessories incorporated therein and/or affixed to such personal property and replacements and substitutions therefor and proceeds and products thereof G - MA DFA Revenue Bonds Series M - Part I - The purpose of the bond proceeds is (i) to advance refund $39,907,339 principal amount of Massachusetts Helath and Education Facilities Authority's Revenue Bonds, Baystate Medical Center (the Institution) Issue, Series F (the "Series F Bonds"), issued June 12, 2002 the proceeds of which financed the Construction of a new Cancer Center with a partial third floor medical record and support area, acquisition of a surgery center facility, certain renovations and equipment acquisitions and (ii) finance costs of issuance relating to the Bond Part II Proceeds, Line 7, Issuance Costs Bond D - Issuance costs per Form 8038 were $2,530,232, however the total amount of actual issuance costs expended was $1,845,403 due to $684,829 of expected issuance costs being unused and transferred to the project fund Part III, Lines 4 and 5, Column B For all projects financed with proceeds of tax-exempt bonds, Baystate Medical Center also contributed equity Baystate timely elected to first allocate private business use to its equity contributions, therefore, has reported 0% private business use of proceeds for its Series H bond issue on Schedule K Part III, Lines 4 and 5, Column C For all projects financed with proceeds of tax-exempt bonds, Baystate Medical Center also contributed equity Baystate timely elected to first allocate private business use to its equity contributions, therefore, has reported 0% private business use of proceeds for its Series J-2 bond issue on Schedule K Part III, Lines 4 and 5, Column D The private business use percentage is listed as 0% because the refunded bond financed assets were place in service prior to 12/31/2002 For the new project portion of the bond financing, all projects financed with proceeds of tax-exempt bonds, Baystate Medical Center also contributed equity Baystate timely elected to first allocate private business use to its equity contributions, therefore, has reported 0% private business use of proceeds for its Series I, J, K bond issue on Schedule K Part III, Lines 4 and 5, Column E The private business use percentage is listed as 0% because the assets were not placed in service until after 9/30/2012 Part III, Lines 4 and 5, Column F The private business use percentage is listed as 0% because there was no private business use for the assets placed in service prior to 9/30/2012 and some of the assets were not placed in service until after 9/30/2012 Part III, Lines 4 and 5, Column G The private business use percentage is listed as 0% because the refunded bond financed assets were place in service prior to 12/31/2002 Part III Line 7 The organization follows management practice and procedures to ensure the post-issuance compliance of its tax exempt bond liabilities and has adopted a formal written Policy that includes Post Issuance Tax Compliance Procures for Tax Exempt Bonds
		Part IV, Line 1, Column A & D A rebate calculation was performed and no amounts were owed, therefore, no Form 8038-T was required to be filed Part IV, Line 1, Column B, C, E, F, G An exception to the rebate applied to these bond issues, therefore, no Form 8038-T was required to be filed

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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	MA Development Finance Agency	04-3431814		11-02-2011	25,000,000	MA DFA Series L - See Part V		X		X		X
B	MA Development Finance Agency	04-3431814		11-02-2011	20,000,000	MA DFA Cap Lease - See Part V		X		X		X
C	MA Development Finance Agency	04-3431814		08-09-2012	40,137,000	MA DFA Series M - See Part V		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	357,879	2,223,304		
2	Amount of bonds defeased				
3	Total proceeds of issue	25,000,000	20,000,000	40,137,000	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds	22,063	11,896		
6	Proceeds in refunding escrow			39,907,339	
7	Issuance costs from proceeds	150,000		229,661	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	24,850,000	16,955,884		
11	Other spent proceeds				
12	Other unspent proceeds		3,044,116		
13	Year of substantial completion			2012	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
American Excess Insurance Exchange	Board Overlap	1,286,017	See Part V - Mark Tolosky, President of the filing organization is also Chairman of the Board of Directors of AEIX The filing organization purchases general & professional liability insurance from AEIX		No
Baycare Health Partners Inc (BHP)	Common Board Members or Officers	1,545,121	See Part V - The filing organization received payments from BHP for patient care services for which BHP is the intermediary between the filing organization and third party payers BHP is an affiliate corporation of the filing organization		No
Baycare Health Partners Inc (BHP)	Common Board Members or Officers	1,403,486	See Part V - The filing organization made payments to BHP for annual support fees BHP is an affiliate corporation of the filing organization		No
Baystate Health System Ambulance Inc (BHSA)	Common Board Members or Officers	6,252	See Part V - The filing organization received payments from BHSA for an employee benefit program BHSA is an affiliate corporation of the filing organization		No
Baystate Health System Ambulance Inc (BHSA)	Common Board Members or Officers	435,776	See Part V - The filing organization made payments to BHSA of $267,118 for patient transport services and $168,658 for patient care services BHSA is an affiliate corporation of the filing organization		No
Baystate Radiology & Imaging (BRI)	Common Board Members or Officers	680,812	See Part V - The filing organization received payments from BRI of $537,500 for partnership distributions, $142,520 for Outside Technologists and $792 for Rent BRI is an affiliate corporation of the filing organization		No
Health New England Inc (HNE)	Common Board Members or Officers	87,026,932	See Part V - The filing organization received payments from HNE related to medical claims HNE is an affiliate corporation of the filing organization		No
Health New England Inc (HNE)	Common Board Members or Officers	2,860,862	See Part V - The filing organization received payments from HNE for Health Service Fund distributions HNE is an affiliate corporation of the filing organization		No
Health New England Inc (HNE)	Common Board Members or Officers	1,438,000	See Part V - The filing organization received payments from HNE for support of community and quality programs HNE is an affiliate corporation of the filing organization		No
Ingraham Corporation (IC)	Common Board Members or Officers	94,737	See Part V - The filing organization received payments from IC for rent IC is an affiliate corporation of the filing organization		No
Ingraham Corporation (IC)	Common Board Members or Officers	57,400	See Part V - The filing organization made payments to IC of $1,420 for phone services and $55,980 as lease payment IC is an affiliate corporation of the filing organization		No
New England Orthopedic Surgeons In	Corporation owned more than 5% by Dr Steven Wenner, Board Member of BMC	18,650	See Part V - The filing organization received payments of $12,650 from NEOS for rental of parking spaces and contracted services of $6,000		No

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
New England Orthopedic Surgeons In	Corporation owned more than 5% by Dr Steven Wenner, Board Member of BMC	1,924,386	See Part V - The filing organization made payments to NEOS of $489,909 for patient care services, $909,477 for management services and $525,000 for contracted services		No
Baystate MRI & Imaging Center LLC (BMIC)	Common Board Members or Officers	19,877	See Part V - The filing organization made payments to BMIC for patient care services		No

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 1	The filing organization has a standing executive committee, which is entitled to act between meetings of the Board, on all matters as to which the Board is entitled to act and permitted by law to delegate to a committee The members of the executive committee are the same individuals serving on the executive committee of Baystate Health, Inc

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	Allan W Blair, Dennis W Chalke, Charles L D'Amour, John H Davis, Kristin R Delaney, John A Egelhofer, MD, Frances C Grabowski, John F Kole, Grace P Makari-Judson, MD, John E Maybury, Steven M Mitus, John M O'Brien, III, Ann M Paradis, Katherine E Putnam, Timothy S Rice, James P Sadowsky, Patricia A Sheldon, David C Southworth, Barbara W Stechenberg, MD, Richard B Steele, Jr , Frances K Stotz, CFP, Katherine M Sullivan, Mark R Tolosky, David W Townsend, Howard G Trietsch, MD, Steven M Wenner, MD and Victor Woolridge are also officers or trustees of Baystate Health, Inc & its affiliated entities The following trustees, officers, or key employees serve on a common board of a non-affiliated entity (1)Katherine E Putnam and David Southworth, (2) Steven M Mitus, Timothy S Rice and Richard B Steele, Jr , (3) Allan W Blair, Charles L D'Amour, David C Southworth and Mark R Tolosky, (4)Allan W Blair and Victor Woolridge, (5) John E Kole and Steven M Wenner, (6) John M O'Brien and Victor Woolridge, (7) Steven M Mitus and Victor Woolridge

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 3	Baystate Medical Center, Inc is affiliated with Baystate Administrative Services, Inc (BAS) which is a 501 (c)(3) organization Various management and support functions are delegated to BAS

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	The filing organization has one member, Baystate Health, Inc ("BH")

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	The Board of Trustees of the filing organization are the same individuals serving as members of the Board of Trustees of BH with the addition of the president of the medical staff of the filing organization The Board of Trustees of BH are elected annually by the Board of Trustees of BH at their annual meeting

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	Prior to the filing of this return appropriate parts of this Form 990 were reviewed by representatives from the Tax, Finance, and Human Resources Departments of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), some of whom are officers or trustees of the filing organization and by outside legal counsel The entire return was reviewed by a tax expert from an outside accounting firm The entire return was also reviewed prior to filing by the Audit and Compliance Committee of Baystate Health, Inc , which also includes some of the officers and trustees of the filing organization

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Baystate Health, Inc (BH) has a comprehensive conflict of interest policy which has been adopted by the filing organization All directors, trustees, officers, key employees, and highest compensated employees of BH and its affiliates are asked to complete an annual conflict of interest form We utilize an electronic database to receive and manage all conflict of interest submissions This information is reviewed by the BH Chief Compliance Officer, the BH Chief Executive Officer, the Chair of the BH Board of Trustees, and the Chair of the Audit & Compliance Committee of BH A summary of the conflict of interest disclosures is provided to the Baystate Health Board of Trustees and the Tax Department and reviewed by outside counsel Potential conflict of interest transactions are reviewed as appropriate under the policy, which provides for recusal from discussion and deliberation by any party with a potential conflict of interest

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The compensation of the President, and all key officers and employees is reviewed and determined annually by the compensation committee of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), which has been appointed as the compensation committee of the filing organization and consists entirely of individuals serving on the board of the filing organization Form 990, Part VI, Section B, Line 16b Baystate Health, Inc has a joint venture policy that covers affiliated tax exempt entities including Baystate Medical Center, Inc

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization makes its conflict of interest policy and financial statements available to the public at www baystatehealth org Articles or organization and bylaws are generally available at the Commonwealth of Massachusetts website

Identifier	Return Reference	Explanation
Average hours per week	Form 990, Part VII, Section A, Column (B)	Individuals with reported compensation who have 10 or less average hours per week listed in Part VII, worked between 40 - 60 hours among all related entities

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A, Line 5	Certain officers or trustees of the filing organization are paid by an entity, Baystate Medical Practices, Inc (BMP) EIN 04-2888373, who is part of the health care system to which the filing organization belongs but one that does not meet the technical requirements as a "Related Organization" per Schedule R Compensation from BMP to the officers and trustees of the filing organization therefore, is reported as paid from an unrelated organization in Line 5 and according to the instructions reported as though paid by the filing organization

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 29,733,607 Transfer of funds for strategic initiative to affiliated companies -33,206,505 Transfer of funds for land, bldg & equip to affiliated companies 8,369,103 Minimum pension liability adjustment -22,938,449 Equity gain to unconsolidated affiliates 768,969 Change in value of interest in BHF-Temporarily Restricted -3,005,942 Change in value of interest in BHF-Permanently Restricted 148,813 Total to Form 990, Part XI, Line 5 -20,130,404

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Health New England Inc Monarch Place Suite 1500 Springfield, MA 011441500 04-2864973	HMO/Insurance	MA	Baystate Health Inc	C			
(2) HNE Advisory Services Monarch Place Suite 1500 Springfield, MA 011441500 04-3012347	Administrative Svs	MA	Health New England Inc	C			
(3) Health New England Insurance Monarch Place Suite 1500 Springfield, MA 011441500 04-3183019	Ancillary Insurance	MA	Health New England Inc	C			
(4) Health New England of Connecticut Monarch Place Suite 1500 Springfield, MA 011441500 06-1398662	Dormant	MA	Health New England Inc	C			
(5) Ingraham Corporation 759 Chestnut Street Springfield, MA 01199 04-3016257	Health care and other business activities	MA	Baystate Health Inc	C			
(6) Baystate Health System Ambulance Inc 759 Chestnut Street Springfield, MA 01199 04-3018550	Ambulance Svs	MA	Ingraham Corporation	C			

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

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

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
	Form 990, Schedule R, Part II	Baystate Health (EIN 04-2105941) is filing Form 5471 Information Return of US Person with respect to Certain Foreign Corporation on behalf of the filing organization

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

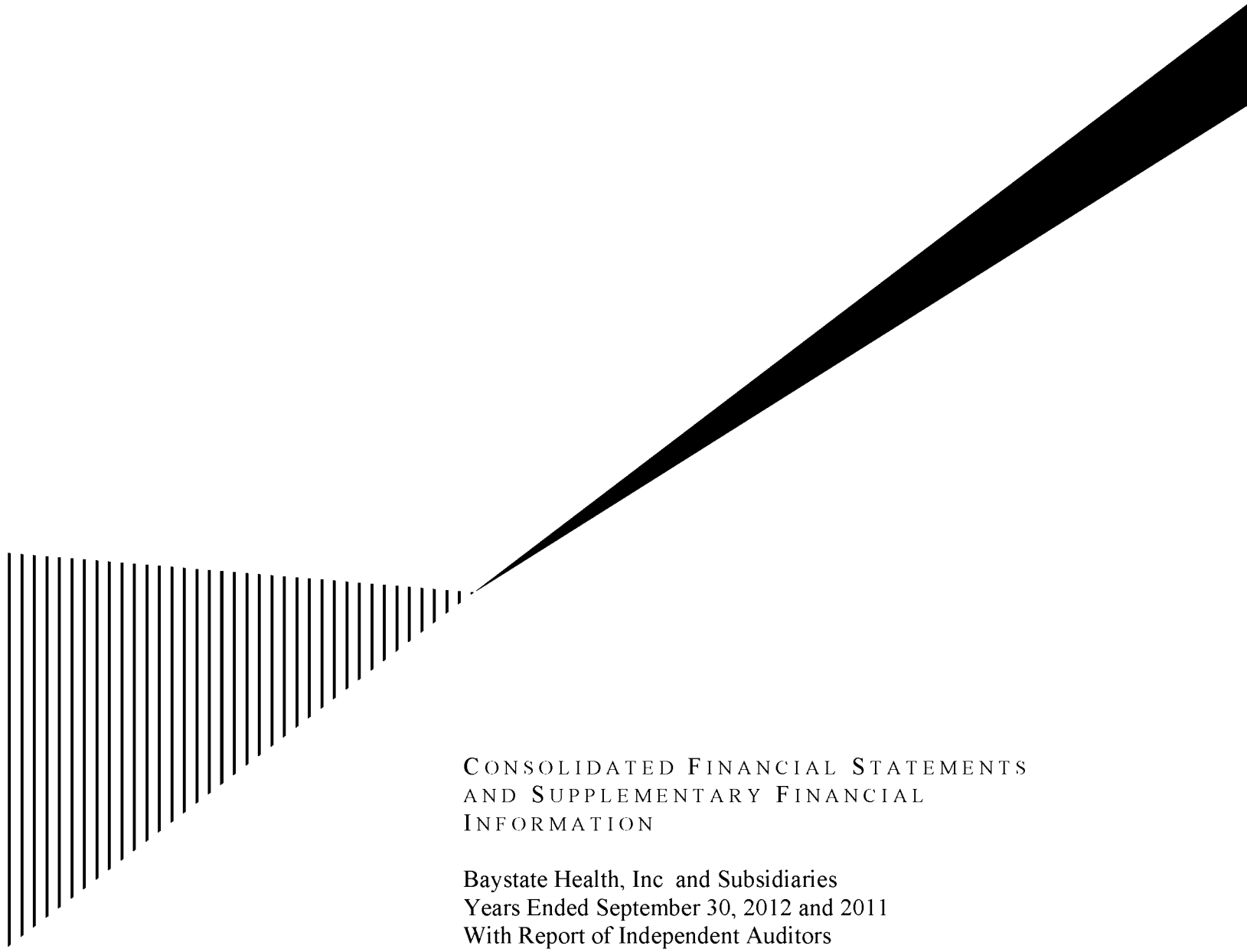
(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Baystate Administrative Services Inc 759 Chestnut Street Springfield, MA 01199 22-2747685	Administrative services	MA	501 (c)(3)	11c, IIIc	Baystate Health Inc		No
Baystate Franklin Medical Center 164 High Street Greenfield, MA 01301 04-2103575	Hospital	MA	501 (c)(3)	3	Baystate Health Inc		No
Baystate Health Foundation Inc 759 Chestnut Street Springfield, MA 01199 04-3549011	Fundraising	MA	501 (c)(3)	7	Baystate Health Inc		No
Baystate Health Systems Inc Health & Welfare Benefits Plan 759 Chestnut Street Springfield, MA 01199 22-2531644	Voluntary Employees' Benefit Association	MA	501 (c)(9)		Baystate Health Inc		No
Baystate Health Inc 759 Chestnut Street Springfield, MA 01199 04-2105941	Healthcare System Parent	MA	501 (c)(3)	7	Baystate Health Inc		No
Baystate Mary Lane Hospital Corporation 85 South Street Ware, MA 01082 04-2103584	Hospital	MA	501 (c)(3)	3	Baystate Health Inc		No
Baystate Medical Center Auxiliary Inc 759 Chestnut Street Springfield, MA 01199 04-6065279	Supporting organization for Hospital	MA	501 (c)(3)	7	Baystate Health Inc		No
Baystate Total Home Care Inc 50 Maple Street Springfield, MA 01199 20-3260764	Real Estate and Other	MA	501 (c)(3)	11b, II	Baystate Health Inc		No
BH Insurance Company Ltd North Church Street Georgetown CJ 98-0421413	Offshore captive Insurance	CJ			Baystate Health Inc		No
Visiting Nurse Assn and Hospice of Western New England Inc 50 Maple Street Springfield, MA 01199 04-2105803	Homehealth and Hospice care	MA	501 (c)(3)	9	Baystate Health Inc		No

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Baystate Health Foundation Inc	B	99,850	
(2)	Baystate Health Inc	B	33,173,000	
(3)	Baystate Health Inc	E	3,072,799	
(4)	Visiting Nurse Association and Hospice of Western New England Inc	J	119,020	
(5)	Baystate Administrative Services Inc	I	1,096,990	
(6)	Baystate Health Inc	J	268,340	
(7)	Baystate Total Home Care Inc	J	9,805,734	
(8)	Baystate Total Home Care Inc	I	4,059,010	
(9)	Baystate Administrative Services Inc	L	73,445,350	
(10)	Baystate Franklin Medical Center	K	996,376	
(11)	Baystate Mary Lane Hospital	K	479,148	
(12)	Baystate Administrative Services Inc	K	62,232	
(13)	Baystate Health Inc	K	229,267	
(14)	Ingraham Corporation	I	94,737	
(15)	Ingraham Corporation	J	55,980	
(16)	Baystate Health System Ambulance Inc	L	435,776	
(17)	Health New England Inc	P	91,030,380	
(18)	Baystate Medical Center Auxiliary Inc	G	95,364	
(19)	Baystate Health Inc	L	6,005,000	
(20)	Baystate Health Inc	R	1,948,294	

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(21)	Baystate Health Foundation Inc	R	8,944,265	
(22)	Baystate Health Foundation Inc	L	1,221,000	



Consolidated Financial Statements and Supplementary Financial Information

Baystate Health, Inc and Subsidiaries
Years Ended September 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

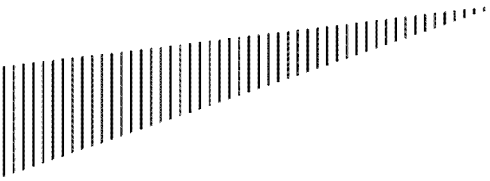
Ernst & Young

Baystate Health, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Financial Information

Years Ended September 30, 2012 and 2011

Contents



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www ey com

Report of Independent Auditors

The Board of Trustees
Baystate Health, Inc

We have audited the accompanying consolidated statements of financial position of Baystate Health, Inc and Subsidiaries (Baystate Health) as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of Baystate Health's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement We were not engaged to perform an audit of Baystate Health's internal control over financial reporting Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Baystate Health's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baystate Health, Inc and Subsidiaries at September 30, 2012 and 2011, and the consolidated results of their operations, changes in their net assets and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Ernst & Young LLP

January 3, 2013

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Financial Position
(In Thousands)

	September 30 2012	2011
Assets		
Current assets		
Cash and cash equivalents	**$ 140,460**	$ 123,615
Investments	**323,390**	299,523
Accounts receivable, patients, less allowance for uncollectible accounts of $29,996 in 2012 and $30,171 in 2011	**117,772**	108,968
Accounts receivable, other	**43,851**	38,997
Estimated final settlements receivable	**26,142**	25,483
Inventories	**19,230**	18,064
Prepaid expenses and other current assets	**11,547**	15,186
Total current assets	**682,392**	629,836
Long-term investments		
Investments	**53,825**	50,440
Equity investment in unconsolidated affiliates	**2,744**	1,886
Notes receivable	**66,270**	65,504
Deferred expense and other long-term assets	**11,395**	9,384
Land, buildings, and equipment, net	**602,006**	533,761
	736,240	660,975
Assets whose use is limited		
Board-designated funds		
Cash and investments	**218,673**	198,836
Investments of captive insurance company	**95,333**	87,721
Investments held by trustee under debt agreements	**4,528**	36,724
Beneficial interest in perpetual trusts	**33,889**	30,077
	352,423	353,358
Total assets	**$1,771,055**	$ 1,644,169

	September 30 2012	2011
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 109,985**	$ 113,093
Medical claims payable	**45,114**	41,173
Accrued salaries and wages	**86,294**	74,843
Accrued interest payable	**2,439**	2,271
Estimated final settlements payable	**69,042**	68,571
Refundable advances	**707**	327
Short-term obligations	**-**	7,290
Deferred revenue	**8,853**	12,873
Current portion of long-term debt	**9,218**	5,837
Total current liabilities	**331,652**	326,278
Long-term debt	**454,548**	423,295
Pension liability	**180,442**	153,177
Insurance liability loss reserves	**103,767**	98,416
Other liabilities	**15,016**	17,348
Total liabilities	**1,085,425**	1,018,514
Net assets		
Unrestricted		
Operating	**865,790**	769,185
Pension adjustment	**(286,031)**	(247,379)
Total unrestricted	**579,759**	521,806
Temporarily restricted	**55,708**	57,574
Permanently restricted	**50,163**	46,275
Total net assets	**685,630**	625,655
Total liabilities and net assets	**$1,771,055**	$ 1,644,169

See accompanying notes

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Operations
(In Thousands)

	Year Ended September 30	
	2012	**2011**
Operating revenues		
Net patient service revenue	**$ 1,083,213**	$ 1,015,951
Premiums	**494,610**	452,817
Other revenue	**69,605**	70,242
Net assets released from restrictions for operations	**6,793**	5,126
Total operating revenues	**1,654,221**	1,544,136
Operating expenses		
Salaries and wages	**637,110**	623,287
Supplies and expense	**539,970**	490,802
Medical claims and capitation	**343,398**	307,762
Depreciation and amortization	**54,385**	49,160
Bad debts	**23,210**	22,147
Interest expense	**9,476**	6,025
Total operating expenses	**1,607,549**	1,499,183
Income from operations before other expense	**46,672**	44,953
Other expense	**-**	3,861
Income from operations after other expense	**46,672**	41,092
Non-operating income (expense)		
Investment income	**6,687**	8,415
Net realized gain on investments	**5,257**	8,427
Net unrealized gain (loss) on investments	**45,732**	(19,605)
Equity gain in unconsolidated affiliates	**1,238**	1,047
Net interest cost on swap agreements	**(2,650)**	(2,816)
Change in fair value of swap agreements	**(279)**	(459)
Income taxes and other	**(10,137)**	(15,481)
Total non-operating income (expense)	**45,848**	(20,472)
Excess of revenues over expenses	**92,520**	20,620
Other changes in unrestricted net assets		
Net assets released from restrictions for capital	**5,611**	3,893
Transfers to restricted net assets	**(381)**	(173)
Pension adjustment	**(38,652)**	(47,367)
Other	**(1,145)**	(183)
Increase (decrease) in unrestricted net assets	**$ 57,953**	$ (23,210)

See accompanying notes.

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets
(In Thousands)

	Year Ended September 30	
	2012	**2011**
Unrestricted net assets		
Excess of revenues over expenses	**$ 92,520**	$ 20,620
Net assets released from restrictions for capital	**5,611**	3,893
Transfers to restricted net assets	**(381)**	(173)
Pension adjustment	**(38,652)**	(47,367)
Other	**(1,145)**	(183)
Increase (decrease) in unrestricted net assets	**57,953**	(23,210)
Temporarily restricted net assets		
Restricted investment income	**185**	238
Net realized and unrealized gain on investments	**5,672**	202
Contributions	**4,451**	10,814
Transfers from unrestricted net assets	**381**	173
Net assets released from restrictions		
For operations	**(6,793)**	(5,126)
For capital	**(5,611)**	(3,893)
Other	**(151)**	(64)
(Decrease) increase in temporarily restricted net assets	**(1,866)**	2,344
Permanently restricted net assets		
Contributions	**76**	722
Change in value of perpetual trusts	**3,812**	(1,523)
Increase (decrease) in permanently restricted net assets	**3,888**	(801)
Increase (decrease) in net assets	**59,975**	(21,667)
Net assets at beginning of year	**625,655**	647,322
Net assets at end of year	**$ 685,630**	$ 625,655

See accompanying notes.

Baystate Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended September 30	
	2012	**2011**
Operating activities		
Change in net assets	**$ 59,975**	$ (21,667)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**54,385**	49,160
Pension adjustment	**38,652**	47,367
Net realized and unrealized (gain) loss on investments	**(56,383)**	11,435
Provision for bad debts	**23,210**	22,147
Change in beneficial interest of perpetual trusts	**(3,812)**	1,523
Restricted contributions	**(6,527)**	(11,536)
Changes in equity investment of affiliate	**(1,238)**	(1,047)
Increase in accounts receivable, patients	**(32,014)**	(25,183)
Net change in estimated final settlements	**(188)**	6,800
Change in accounts payable and accrued expenses	**8,511**	17,071
Change in accrued pension liability, net	**(11,387)**	(15,103)
Increase in medical claims payable	**3,941**	4,114
Increase in insurance liability loss reserves	**5,351**	8,219
Other	**(9,197)**	(6,960)
Net cash provided by operating activities	**73,279**	86,340
Investing activities		
Proceeds from sale and maturities of investments	**798,444**	498,636
Purchase of investments	**(764,285)**	(449,216)
Purchase of land, buildings, and equipment	**(123,693)**	(141,580)
Net cash used in investing activities	**(89,534)**	(92,160)
Financing activities		
Proceeds from restricted contributions	**6,527**	11,536
Increase in note receivable	**(766)**	(749)
Proceeds from debt issuance	**85,137**	
Repayments of debt	**(17,493)**	(6,539)
Defeasement of debt	**(40,305)**	
Net cash provided by financing activities	**33,100**	4,248
Net increase (decrease) in cash and cash equivalents	**16,845**	(1,572)
Cash and cash equivalents at beginning of year	**123,615**	125,187
Cash and cash equivalents at end of year	**$ 140,460**	$ 123,615

See accompanying notes.

Baystate Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2012

1. Organization

Baystate Health, Inc (Baystate Health or BH), based in Springfield, Massachusetts, is the parent corporation of an integrated health care delivery system with the mission "to improve the health of the people in our community every day, with quality and compassion "

Baystate Health currently includes the following

- Baystate Medical Center, Inc (BMC), located in Springfield, Massachusetts, is the largest of the three hospitals in the Baystate Health system BMC, the leading health facility in western Massachusetts, is the only tertiary care referral medical center and Level I trauma center in the region It is also home to western New England's only neonatal and pediatric intensive care units BMC is a 716-bed, tax-exempt, not-for-profit, academic teaching hospital that serves as the western campus of Tufts University School of Medicine

- Baystate Total Home Care, Inc (BTHC) is a tax-exempt, not-for-profit corporation which is organized to benefit, support, and further the charitable activities of BMC by holding, leasing, improving, and managing real estate held by, or acquired on behalf of, BMC BTHC serves as the operating entity in connection with the new markets tax credit financing for the BMC Expansion project

- Baystate Franklin Medical Center, Inc (BFMC), located in Greenfield, Massachusetts, is a 90-bed, tax-exempt, not-for-profit, acute care community hospital BFMC serves the northern tier of northwestern Massachusetts and southern Vermont

- Baystate Mary Lane Hospital Corporation (BMLH), located in Ware, Massachusetts, is a 25-bed, tax-exempt, not-for-profit, acute care community hospital BMLH provides services to more than 16 central Massachusetts communities

- Baystate Medical Practices, Inc (BMP) is a tax-exempt, not-for-profit organization formed in 2010

1. Organization (continued)

BMP includes a multi-specialty academic group practice established to support the educational and research programs of Baystate Health, as well as numerous primary care and outreach services BMP also includes community-based primary care (internists and pediatricians), medical and surgical practices, obstetrical and gynecological, and hospitalist physicians dedicated to the care and management of patients hospitalized at BH-affiliated hospitals BMP also provides preventative, diagnostic, and therapeutic health services enhancing the cardiovascular clinical, educational, community, and research activities for BH and its service area

- Baystate Visiting Nurse Association & Hospice (BVNAH) is a tax-exempt, not-for-profit organization that provides comprehensive home health care committed to providing the highest quality care to patients and families, primarily in the home setting BVNAH meets individual needs by bringing experienced nurses, rehabilitation therapists, social workers, and home care aides to patients' homes

- Health New England, Inc (HNE) is a for-profit, taxable health maintenance organization located in Springfield, Massachusetts, approximately 97% of which is owned by BH, the remaining 3% is owned by BH-affiliated physicians HNE's service area in Massachusetts includes Franklin, Berkshire, Hampden, and Hampshire counties, and part of Worcester County HNE also serves Hartford, Litchfield, and Tolland counties in Connecticut

- Ingraham Corporation (IC) is a for-profit, taxable corporation that currently serves as a holding company for Baystate Health Ambulance, Inc

- Baystate Health Ambulance, Inc (BHA) is a for-profit, taxable corporation that delivers the latest in mobile critical care providing 24-hour service throughout western New England

- Baystate Administrative Services, Inc (BAS) is a tax-exempt, not-for-profit corporation that provides management support for the BH subsidiaries, including human resources, marketing, strategic planning, information services, and financial services

- Baystate Health Foundation, Inc (BHF) is a tax-exempt, charitable organization established for the purpose of fund-raising for healthcare-related activities, in support, and for the benefit of, BH and those subsidiaries of BH that are tax-exempt, not-for-profit corporations, and to hold endowment, charitable donations, and other funds for their benefit

1. Organization (continued)

- Baystate Health Insurance Company, Ltd (BHIC) is a captive insurance company organized and licensed in the Cayman Islands, British West Indies BHIC provides professional liability and other insurance coverage to the corporate members of BH and their employees In 2004, BHIC began offering malpractice insurance to members of BH's medical staff who meet criteria for participation

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BH and its subsidiaries noted above All intercompany and subsidiary accounts and transactions have been eliminated

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles 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 Significant estimates are made in the areas of the allowance for uncollectible patient accounts receivable, reserve for contractual allowances, investment valuation, accruals for settlements with third-party payors, medical claims payable, accrued insurance liability loss reserves, pension costs, and accrued compensation and benefits

Net Assets

Baystate Health and its subsidiaries report net assets and revenues, expenses, gains, and losses based upon the existence or absence of donor-imposed restrictions In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories

2. Significant Accounting Policies (continued)

Unrestricted	Net assets that are not subject to donor-imposed stipulations Net assets may be designated for specific purposes by action of the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties
Temporarily restricted	Net assets whose use by Baystate Health and its subsidiaries are subject to donor-imposed stipulations that can be fulfilled by actions of Baystate Health and its subsidiaries, or that expire by the passage of time At September 30, 2012 and 2011, temporarily restricted net assets consist of amounts restricted as to spending for various purposes, such as education, research, clinical, and health care programs, as well as cumulative net appreciation of permanent endowment funds
Permanently restricted	Net assets subject to donor-imposed stipulations that they be maintained permanently by Baystate Health and its subsidiaries At September 30, 2012 and 2011, permanently restricted net assets consist of the original cost of permanent endowment gifts and beneficial interests in perpetual trusts

Revenues from sources other than donor-restricted contributions are reported as increases in unrestricted net assets Expenses are reported as decreases in unrestricted net assets Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law Expirations of temporary restrictions recognized on net assets (i e , the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service

Contributions, including unconditional promises to give and grant awards, are recognized as revenues in the period received Contributions received with donor-imposed restrictions are reported as permanently or temporarily restricted revenues, depending upon the specific restriction Conditional promises to give are not recognized until the conditions on which they depend are substantially met Contributions of assets other than cash are recorded at their estimated fair values at the date of the gift Contributions to be received after one year are discounted at a risk-free rate commensurate with the expected payment term Amortization of the discount is recorded as contribution revenue in the appropriate net asset category Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant information

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased

Investments

Investments, including funds held by trustees under bond indenture agreements, are recorded at fair value in the consolidated statements of financial position The fair value of investments is estimated using quoted market values Interest and dividends on investments are included in other revenue or non-operating income in the statements of operations unless the income or loss is restricted by donor or law Realized gains and losses and unrealized gains and losses on investments are included in non-operating income or temporarily restricted net assets, as applicable Investment-related expense, such as custodial fees and investment fees, are netted against investment revenues and are immaterial for the year ended September 30, 2012

Investments include mutual funds, fixed income and equity securities, as well as interests in limited partnerships, common-collective trusts, and limited liability corporations Baystate Health has also entered into partnership agreements with limited partnerships, the majority of which are in private markets, whereby they have agreed to certain capital commitments Baystate Health's policy is to record its ownership interest in these investments of less than 5% at the lower of cost or market As of September 30, 2012, approximately $27,281,000 of total capital commitments, including those held within the pension plan assets discussed at Note 15, remain outstanding Certain of the partnerships may hold some securities without readily determinable fair values and, consequently, the general partner may estimate fair value for such securities These estimates may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material For those funds where the ownership interest is more than 5%, the ownership interests are reported using the equity method of accounting Under the equity method, Baystate Health recognizes its share of the increase or the decrease of the investment's fair value in non-operating income

Investments are included in pooled investment funds Current market value is used to determine the percent of each fund in the pool Income from investments of a pool, including gains or losses, is allocated to participating funds based on the respective fund's percentage of the pool

2. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost (principally first-in, first-out method) or market

Note Receivable

In December and May 2009, BMC loaned $31,186,783 and $32,617,500, respectively, to a third party relating to project costs of approximately $252,000,000 for the construction of a new hospital facility at 759 Chestnut Street, Springfield, Massachusetts The loans are part of a financing arrangement that utilizes new markets tax credits (NMTC) to reduce cash required by BMC to construct this new facility Each loan bears interest at 2 139% annually, with annual cash payments during the first seven years of the thirty-three-year term based on an interest rate of 1 00% The notes are recorded as notes receivable in the statements of financial position as of September 30, 2012 and 2011

Equity Investment in Unconsolidated Affiliates

Baystate Health participates in joint ventures with 50% or less ownership, and accounts for the investment in those unconsolidated affiliates as equity investments

Deferred Expenses and Other Long-Term Assets

Deferred expenses include unamortized bond issuance expenses, which are amortized over the weighted-average terms of the bonds, and deferred tax assets of HNE

Goodwill is included within long-term assets and is assessed annually for indicators of impairment on July 1 of each year There were no such indicators in the year ended September 30, 2012

Assets Whose Use Is Limited

Assets whose use is limited include assets held by the trustee under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements and other strategic initiatives which are in furtherance of Baystate Health and its subsidiaries' exempt and charitable purposes Also included are investments of the captive insurance company and beneficial interests in perpetual trusts

2. Significant Accounting Policies (continued)

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less depreciation and amortization determined on the straight-line basis

Maintenance and repairs are charged to expense as incurred Betterments and major renewals are capitalized Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in other revenue Buildings and equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life Useful life is assigned in accordance with the American Hospital Association's guide, *Estimated Useful Lives of Depreciable Hospital Assets* Such amortization is included in depreciation and amortization in the consolidated financial statements Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Statements of Operations

All activities of Baystate Health deemed by management to be ongoing and central to the provision of health care services are reported as operating revenues and expenses Other activities are considered non-operating, and include board-designated investment income and realized gains and losses, unrealized gains and losses on investments, changes in BHIC loss reserves, equity gains in unconsolidated affiliates, losses on extinguishment of debt, interest savings on swap agreements, changes in fair value of swap agreements, and income taxes

The consolidated statements of operations include excess of revenues over expenses as the performance indicator Changes in unrestricted net assets which are excluded from excess of revenues over expenses include net assets released from restrictions for capital, transfers to restricted net assets, and the pension adjustment

Other Expenses

Other expenses are presented separately from the natural classification of expenses reported in the consolidated statements of operations Other expenses are considered non-recurring and consist of severance and benefit costs resulting from a reduction in workforce

2. Significant Accounting Policies (continued)

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Contracts, laws, and regulations governing Medicare, Medicaid, Blue Cross, and the Health Safety Net programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Blue Cross and other managed care plans have negotiated with Baystate Health and its subsidiaries various forms of contractual payment rates The most common payment rates include discounted charges, per case, per diems, and fee schedules

Medicaid payment rates are negotiated between the Division of Medical Assistance and individual hospitals Medicare Prospective Payment System (PPS) regulations determine payment due acute care hospitals for inpatient services provided to Medicare beneficiaries Medicare payments for outpatient services are a blend of PPS and fee schedules

During 2012 and 2011, Baystate Health recorded adjustments to amounts accrued for settlements related to prior fiscal years The net effect of such adjustments was to increase net patient service revenue by approximately $18,419,000 and $7,385,000 in 2012 and 2011, respectively

Medicare and Medicaid Electronic Health Record (EHR) Program

Certain health care providers can earn up to four incentive payments between federal fiscal years 2011 and 2016 if certain specific program criteria are met The providers are required to establish an EHR system and maintain its meaningful use status for a continuous 90-day period In subsequent years, such meaningful use must be maintained for the entire 365-day federal fiscal year

Baystate Health records the revenue related to this program when management is reasonably assured that Baystate Health has complied with the terms of the program

Baystate Health has included approximately $10,589,000 and $10,676,000 in other revenue related to the program in fiscal years 2012 and 2011, respectively The estimate is based on cost report data which is subject to audit and the amounts recognized are subject to change Baystate Health's attestation of compliance with the meaningful use criteria is subject to audit by the federal or state government or its designee

2. Significant Accounting Policies (continued)

Premium Revenue

Premium revenue represents insurance membership contract revenue at HNE The contracts generally cover a 12-month period, and are subject to cancellation by the employer group or HNE upon 30 days' written notice Premiums are due monthly, and are recognized as revenue during the period in which HNE is obligated to provide services to members

Health Safety Net

In April 2006, the Commonwealth of Massachusetts passed Chapter 58 of the Acts of 2006, "An Act Providing Access to Affordable, Quality, Accountable Health Care," the goal of which is to provide near-universal health insurance coverage to Massachusetts residents through a combination of Medicaid expansions, subsidized private insurance programs, insurance market reforms, and the Health Safety Net

The HSN reimburses hospitals for uncompensated care based on actual services provided at rates approximating the Medicare Prospective Payment System, subject to available funds Like its predecessor, the Uncompensated Care Pool, the HSN is partially funded by acute hospitals through an assessment on gross charges billed to non-governmental payors

Charity Care and Community Support

It is the policy of Baystate Health to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care Based upon the patient's financial capability to pay, such care is provided free of charge or at amounts below normal charges Because amounts determined to qualify as charity care are not pursued, they are not reported as revenue The net cost of charity care includes the direct and indirect cost of providing charity care services, offset by revenues received from indigent care pools (primarily the HSN) The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated care charges associated with providing charity care

2. Significant Accounting Policies (continued)

The cost of charity care provided during the years ended September 30, 2012 and 2011, are as follows (in thousands)

	2012	2011
HSN assessment	**$ 5,229**	$ 5,412
HSN receipts	**(11,929)**	(10,227)
Bad debts	**23,210**	22,147
Free care (at cost)	**19,601**	19,603
Total	**$ 36,111**	$ 36,935

In addition to the charity care provided to patients, Baystate Health and its subsidiaries have ongoing community outreach initiatives in the areas of health services access, education, safety, and community reinvestment The initiatives include free-standing health centers, improving school-based health services, implementing an immunization tracking system to link preschool-aged children to primary care providers, youth development programs, increasing minority employment, improving the community's health status, wellness, health and safety programs for senior citizens, and health screenings and forums

Income Taxes

All of Baystate Health's consolidated entities are recognized by the Internal Revenue Service as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code, except for BHIC, IC and its subsidiary, and HNE and its subsidiaries

Recent Accounting Pronouncements

In August 2010, the FASB issued ASU 2010-24, Topic 954, *Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in this update clarify that a health care entity should not net insurance recoveries against a related claim liability Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries The amendments in this update permit retrospective application, and are effective for fiscal years beginning after December 15, 2010 The adoption of this standard did not have a material impact on Baystate Health's financial statements

On October 1, 2011, Baystate Health adopted amendments to ASC 954, *Health Care Entities*, which changes the disclosure requirements around the measurement of charity care provided The amendments require charity care to be measured at cost, defined as the direct and indirect

2. Significant Accounting Policies (continued)

cost of providing services Companies may derive the cost of providing services directly from a cost accounting system or, in the absence of such a system, through reasonable estimation techniques The method used to identify or estimate such costs must also be disclosed The cost of charity care provided should not be reduced by any reimbursements received to offset or subsidize charity services provided, such as through government programs or private grants, rather, these amounts should be separately disclosed Baystate Health has included the new charity care disclosures in its 2012 audited financial statements

Recently Issued Accounting Standards Not Yet Adopted

In May 2011 the FASB issued ASU 2011-04 to amend ASC 820, *Fair Value Measurements* The amendments in this update require an entity to disclose information that helps users of its financial statements assess (a) the valuation techniques and inputs used to develop measurements of fair value of assets and liabilities measured on a recurring or non-recurring basis, and (b) the effect of the measurements on changes in net assets for recurring fair value measurements using significant unobservable inputs (Level 3) The disclosure requirements of this update are effective for the annual period beginning October 1, 2012 Baystate Health is evaluating the impact on its financial statements

In July 2011, the FASB issued ASU 2011-07, Topic 954, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* The amendments in this update require an entity that recognizes significant amounts of patient service revenue at the time the services are rendered but does not assess whether patients are able to pay to reclassify its provision for bad debts from an operating expense to a deduction from patient service revenue, net of contractual allowances and discounts The amendments further require enhanced disclosures surrounding revenue recognition policies, assessing bad debts, qualitative and quantitative information about changes in the allowance for doubtful accounts, and disclosure of patient service revenue, net of contractual allowances and discounts The amendments in this update are effective for interim and annual periods beginning after December 15, 2012, for non-public entities

3. Cash and Investments

The composition of cash and investments at September 30, 2012 and 2011, is as follows (in thousands)

	2012	2011
Cash and cash equivalents	**$ 151,032**	$ 164,230
Mutual funds	**271,260**	220,218
Common collective trusts	**91,452**	110,572
Fixed income securities	**165,365**	174,620
Limited partnership investments	**157,100**	127,219
	$ 836,209	$ 796,859

Cash and investments at September 30, 2012 and 2011, are included in the consolidated statements of financial position as follows (in thousands)

	2012	2011
Cash and cash equivalents	**$ 140,460**	$ 123,615
Investments	**323,390**	299,523
Long-term investments	**53,825**	50,440
Board-designated cash and investments	**218,673**	198,836
Investments of captive insurance company	**95,333**	87,721
Investments held by trustee	**4,528**	36,724
	$ 836,209	$ 796,859

	2012	2011
Investment income included in other revenue	**$ 9,665**	$ 7,890

4. Fair Value Measurements

Baystate Health calculates fair value as described in ASC 820-10 to value its financial assets and liabilities, when applicable Fair value is based on 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 In order to increase consistency and comparability in fair value measurements, ASC 820-10 establishes a three-level valuation hierarchy that prioritizes observable and unobservables inputs used to measure fair value The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities The fair value hierarchy gives the highest priority to Level 1 inputs

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data

Level 3: Unobservable inputs are used when little or no market data is available The fair value hierarchy gives the lowest priority to Level 3 inputs

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement In determining fair value, Baystate Health utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in its assessment of fair value

4. Fair Value Measurements (continued)

Financial assets and liabilities carried at fair value as of September 30, 2012 and 2011, are classified in the table below in one of the three categories described above (in thousands)

	Level 1	Level 2	Level 3	Total
Year ended September 30, 2012				
Assets				
Cash equivalents	$ 151,032	$ -	$ -	$ 151,032
Mutual funds				
Corporate bond fund	177,755	-	-	177,755
Other	86,930	6,575	-	93,505
Total mutual funds	264,685	6,575	-	271,260
Common collective trusts				
International stock	-	6,434	-	6,434
Domestic equity index funds	-	64,083	-	64,083
Commodity fund	4,319	16,616	-	20,935
Total common collective trusts	4,319	87,133	-	91,452
Limited partnership investments				
Emerging markets equity	4,005	9,786	-	13,791
International stock	-	35,402	-	35,402
Other	-	8,532	-	8,532
Total limited partnership investments	4,005	53,720	-	57,725
Fixed income securities				
Corporate bond fund	143,294	-	-	143,294
U S government securities	22,071	-	-	22,071
Total fixed income securities	165,365	-	-	165,365
Beneficial interests in perpetual trusts	-	33,889	-	33,889
Total assets at fair value	$ 589,406	$ 181,317	$ -	770,723
Alternative investments				99,375
Financial assets, including alternatives				$ 870,098
Liabilities				
Interest rate swap agreements	$ -	$ 10,704	$ -	$ 10,704

4. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Year ended September 30, 2011				
Assets				
Cash equivalents	$ 164,230	$ -	$ -	$ 164,230
Mutual funds				
Corporate bond fund	168,794	-	-	168,794
Other	44,560	6,864	-	51,424
Total mutual funds	213,354	6,864	-	220,218
Common collective trusts				
International stock	-	28,806	-	28,806
Domestic equity index funds	-	62,490	-	62,490
Commodity fund	3,895	15,381	-	19,276
Total common collective trusts	3,895	106,677	-	110,572
Limited partnership investments				
Emerging markets equity	3,533	6,832	-	10,365
International stock	-	17,895	-	17,895
Other	-	6,157	-	6,157
Total limited partnership investments	3,533	30,884	-	34,417
Fixed income securities				
Corporate bond fund	153,007	-	-	153,007
U S government securities	21,613	-	-	21,613
Total fixed income securities	174,620	-	-	174,620
Beneficial interest in perpetual trusts	-	30,077	-	30,077
Total assets at fair value	$ 559,632	$ 174,502	$ -	734,134
Alternative investments				92,802
Total				$ 826,936
Liabilities				
Interest rate swap agreements	$ -	$ 10,424	$ -	$ 10,424

4. Fair Value Measurements (continued)

The following is a description of Baystate Health's valuation methodologies for assets measured at fair value Fair value for Level 1 is based upon quoted market prices Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets Inputs are obtained from various sources, including market participants, dealers, and brokers Level 3 assets consist of direct investments in hedge funds and hedge fund of funds that are not redeemable in the near term The valuation for alternative investments included in Levels 2 and 3 is stated at fair value, as estimated in an unquoted market Fair value for alternative investments is determined for each investment using net asset values as a practical expedient, as permitted by generally accepted accounting principles, rather than using another valuation method to independently estimate fair value

The valuation methodologies for liabilities measured at fair value are determined using models that consider interest rates and credit spreads The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values Furthermore, while Baystate Health believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date The amounts classified in the table above exclude assets invested in Baystate Health's defined benefit plan and limited partnership interests that Baystate Health has recorded at cost

Level 3 investments, including direct investments in hedge funds and hedge fund of funds, utilize the investment strategies detailed by the fund managers and reported to Baystate Health on at least a quarterly basis These investment strategies include investments designed to enhance returns with less correlation to traditional asset classes with less risk

5. Pledges Receivable

Pledges receivable at September 30, 2012 and 2011, are as follows (in thousands)

	2012	2011
Receivable in less than one year	**$ 528**	$ 4,410
Receivable in one to five years	**8,551**	8,755
Receivable in more than five years	**225**	100
Total pledges receivable	**9,304**	13,265
Less allowance for uncollectible pledges	**(923)**	(1,331)
Net pledges receivable	**$ 8,381**	$ 11,934

Net pledges receivable are included in accounts receivable, other on the consolidated statements of financial position

6. Land, Buildings, and Equipment

Details of land, buildings, and equipment at September 30, 2012 and 2011, are as follows (in thousands)

	2012	2011
Land, land improvements, and leasehold improvements	**$ 37,920**	$ 35,894
Buildings	**655,292**	401,677
Fixed equipment	**95,324**	94,971
Moveable equipment	**472,556**	427,844
Assets under capital leases	**24,275**	10,009
Construction in progress	**55,961**	252,253
	1,341,328	1,222,648
Less accumulated depreciation and amortization	**(739,322)**	(688,887)
Total land, buildings, and equipment, net	**$ 602,006**	$ 533,761

Depreciation expense for the years ended September 30, 2012 and 2011, was $53,925,000 and $48,578,000, respectively

7. Short-Term Obligations and Commitments

Baystate Health's commercial paper borrowings at September 30, 2011, were $7,290,000 (no amounts were outstanding at September 30, 2012), at an average interest rate of 0 61% The carrying value of these short-term obligations approximates fair value The bank letter of credit committed to support commercial paper borrowings of Baystate Health amounted to $10,000,000 at September 30, 2011

Baystate Health has a 50% ownership in Baycare Health Partners, Inc , a physician hospital organization Baystate Health has provided an unconditional guarantee for a $1,000,000 line of credit from a financial institution There were no amounts outstanding under the line of credit at September 30, 2012 and 2011

8. Leases

Baystate Health and its subsidiaries lease certain real property and equipment under non-cancelable leases expiring at various dates through 2018 with varying renewal options Rentals generally include insurance and maintenance costs

On November 2, 2011, BMC entered into a tax-exempt lease financing agreement with the Massachusetts Development Finance Agency (MDFA) and a financial institution in the amount of $20,000,000 Proceeds from the financing were used to fund certain equipment, some of which is related to the BMC Expansion project Interest on the borrowing is fixed at 2 19% with principal and interest payments due monthly until maturity on November 2, 2018

Future minimum lease payments at September 30, 2012, are as follows (in thousands)

	Capital Leases	Operating Leases
Year Ending September 30		
2013	$ 3,351	$ 8,402
2014	3,351	5,754
2015	3,351	4,252
2016	3,173	3,764
2017	3,085	898
Thereafter	3,599	194
Total minimum lease payments	19,910	$ 23,264
Less amount representing interest	(1,369)	
Present value of net minimum lease payments	18,541	
Less current portion	(2,928)	
Long-term portion	$ 15,613	

8. Leases (continued)

Rental expense of operating leases amounted to approximately $12,602,000 and $10,480,000 for the years ended September 30, 2012 and 2011, respectively

9. Long-Term Debt

BMC and BFMC have loan agreements with the MDFA (effective October 1, 2010, Massachusetts Health and Educational Facilities Authority (MHEFA) merged into MDFA) and with the MHEFA for construction projects and equipment

Long-term obligations issued consist of the following (in thousands)

	Amount Outstanding September 30	
	2012	**2011**
MDFA and MHEFA issues		
BMC Series M	**$ 40,137**	$ -
BMC Series L	**24,642**	-
BMC Series I	**63,380**	63,380
BMC Series J-1	**45,000**	45,000
BMC Series J-2	**45,000**	45,000
BMC Series K-1	**20,045**	20,045
BMC Series K-2	**26,365**	26,365
BMC Series M-2	**8,268**	8,782
BMC Series H	**6,222**	6,889
BFMC Series M-4A	**6,763**	7,141
BMC Series G	**52,910**	55,910
BMC Series F	**-**	41,290
BTHC NMTC debt	**107,550**	107,471
	446,282	427,273
Less original issue discount	**(1,057)**	(982)
Capital leases	**18,541**	2,841
Total long-term debt	**463,766**	429,132
Less current portion	**(9,218)**	(5,837)
Long-term debt, excluding current portion	**$ 454,548**	$ 423,295

9. Long-Term Debt (continued)

Summary information for each issue follows

Series M Bonds

On August 9, 2012, BMC issued Series M MDFA Revenue Bonds in the aggregate principal amount of $40,137,000 BMC used the proceeds from the bonds to redeem 100% of Series F MHEFA Revenue Bonds, exercising an early redemption option related to the Series F obligation The bonds are subject to mandatory tender on August 8, 2022 Interest on the bonds is fixed at 2 37% through August 8, 2022, with final maturity on July 1, 2033

The Series F bonds were issued on June 1, 2002, to reimburse and fund certain capital renovation and equipment expenditures and fund the construction of a new Cancer Center known as the D'Amour Center for Cancer Care

Series L Bonds

On November 2, 2011, BMC issued Series L MDFA Revenue Bonds in the aggregate principal amount of $25,000,000 Proceeds from the bonds were used to fund the construction of a new emergency department in conjunction with the BMC Hospital Expansion project Interest on the bonds is initially fixed at 2 95% through November 1, 2021, with final maturity on July 1, 2041

BMC Hospital Expansion MHEFA Bond Issuances

On June 25, 2009, BMC issued Series I, J-1, J-2, K-1, and K-2 MHEFA Revenue Bonds in a combined aggregate principal amount of $199,790,000 Proceeds from the bonds were used to pay off the Bank of America, NA loan of $65,000,000 (borrowed in October 2008), and fund the construction, improvement, equipping, and other related capital expenditures of a seven-story building located at 759 Chestnut Street in Springfield, Massachusetts (BMC Expansion Project) Details of the related MHEFA bond issuances follow

9. Long-Term Debt (continued)

Series I Bonds

BMC issued Series I MHEFA Revenue Bonds in the aggregate amount of $63,380,000 Interest rates range from 5 5% to 5 75% Final maturity on the bonds is July 1, 2036

Series J-1 Bonds

BMC issued Series J-1 MHEFA Revenue Bonds in the aggregate amount of $45,000,000 Interest on the bonds is variable and was 0 17% at September 30, 2012 Final maturity on the bonds is July 1, 2044 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates in January 2014

Series J-2 Bonds

BMC issued Series J-2 MHEFA Revenue Bonds in the aggregate amount of $45,000,000 Interest on the bonds is variable and was 0 20% at September 30, 2012 Final maturity on the bonds is July 1, 2044 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates in January 2014

Series K-1 Bonds

BMC issued Series K-1 MHEFA Revenue Bonds in the aggregate amount of $20,045,000 The bonds are subject to mandatory tender on July 1, 2013 The initial interest on the bonds is fixed at 5 0% through June 30, 2013, with final maturity on July 1, 2039

Series K-2 Bonds

BMC issued Series K-2 MHEFA Revenue Bonds in the aggregate amount of $26,365,000 The bonds are subject to mandatory tender on July 1, 2015 The initial interest on the bonds is fixed at 5 0% through June 30, 2015, with final maturity on July 1, 2039

9. Long-Term Debt (continued)

Series M-2

On June 30, 2008, BMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-2 Proceeds of $10,158,000 were used to refund the then-outstanding Revenue Bonds, BMC Issue, Series J-2, which were issued in 1995 (Series J-2-1995) The Series J-2-1995 bonds were issued to reimburse and fund certain capital renovation and equipment expenditures, and fund the purchase of an office building Interest on the Series M-2 bonds is variable, and resets weekly to reflect current market rates, and was 0 20% at September 30, 2012 Final maturity of the bonds is June 15, 2023

Series H Bonds

On January 18, 2007, BMC issued Series H MHEFA Revenue Bonds in the aggregate principal amount of $10,000,000 Proceeds from the bonds were used to reimburse and fund certain capital additions, and fund the construction of a new parking garage Interest on the bonds is variable based on monthly resets, and was 0 94% at September 30, 2012 Final maturity of the bonds is January 1, 2022

Series M-4A Bonds

On February 1, 2005, BFMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-4A Proceeds of $9,100,000 were used to fund certain capital additions, renovations, and equipment expenditures related to the emergency department, radiology department, and in-patient facilities Interest on the bonds is variable, and resets weekly to reflect current market rates, and was 0 20% at September 30, 2012 Final maturity of the bonds is June 15, 2024

Series G Bonds

On October 27, 2005, BMC issued Series G MHEFA Revenue Bonds in the aggregate principal amount of $71,740,000 Proceeds from the bonds were used to advance refund a portion of the outstanding Revenue Bonds, BMC Issue, Series E The Series E bonds were issued to finance or refinance the following (a) construction of a new 104,500 gross square foot Ambulatory Care Center, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library, and education space, (c) renovation of various existing spaces within BMC, and (d) acquisition of equipment for the new facilities Bond proceeds were also used to finance routine capital construction, renovations, and equipping of various facilities of

9. Long-Term Debt (continued)

BMC Interest on the bonds is variable, and resets every 35 days and was 0 22% at September 30, 2012 Final maturity of the bonds is July 1, 2026 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates October 26, 2013

New Markets Tax Credit Debt

In December and May 2009, BMC entered into financing arrangements with U S Bancorp Community Development Corporation (U S Bancorp), Banc of America Community Development Corporation (Banc of America), and MHIC New Markets Fund II, LLC (MHIC) to fund a portion of the costs of the construction of a new hospital facility (the BMC Hospital Expansion Project) in Springfield, Massachusetts, using the New Markets Tax Credit Program (NMTC Program) The NMTC Program is a program of the Community Development Financial Institutions Fund, a bureau of the United States Treasury The NMTC Program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs)

In connection with the December and May 2009 financing arrangements, BMC loaned $23,580,283 and $32,617,500, respectively, to USBCDE Investment Fund XXXIII, LLC (the investment fund), a wholly owned subsidiary of U S Bancorp The notes bear interest at 2 139% annually, with annual cash payments during the first seven years of each thirty-three-year term based on an interest rate of 1 00% Also in connection with the December 2009 financing arrangement, BMC loaned $7,606,500 to MHIC The note bears interest at 1% annually, with no cash payments during the first seven years of the thirty-three-year term The notes are recorded as notes receivable in the consolidated statements of financial position as of September 30, 2012 and 2011

Under the December 2009 financing arrangement, BTHC has borrowed $37,692,500 from four CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp through the Investment Fund controls two of the CDEs and MHIC controls the other two As of September 30, 2012, BTHC has outstanding loans of $27,490,000 and $10,202,500 due to U S Bancorp CDEs and MHIC CDEs, respectively, related to the December 2009 financing The loans were issued in four tranches from each of the controlling entities U S Bancorp loans were issued in tranches A, B, C, and D The U S Bancorp CDEs A loan totaled $19,886,783, the B loan $2,653,217, the C loan $3,693,500, and the D loan $1,256,500 Each of the loans have a thirty-three-year term, and bear interest at rates ranging from 8911% to 1 8315% annually MHIC loans were issued in tranches A, B, Series 2, and Series 4 The MHIC CDEs A loan totaled $7,606,500, the B loan $1,366,000, the Series 2 loan $1,000,000, and the Series 4 loan $230,000 Each of the loans have a thirty-three-year term, and bear interest at rates ranging from 1 00% to 1 935%

9. Long-Term Debt (continued)

Under the May 2009 financing arrangement, BTHC has borrowed approximately $69,424,000 from CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp, through the Investment Fund, controls four of the CDEs and Banc of America controls the other CDE As of September 30, 2011, BTHC has outstanding loans of approximately $43,340,000 and $26,084,000 due to U S Bancorp CDEs and Banc of America CDE, respectively The loans were issued in two tranches, an A tranche and a B tranche The A loans from the U S Bancorp CDEs totaled $32,617,500, have a thirty-three-year term, and bear interest at rates ranging from 0 816% to 1 00% annually The B loans from the U S Bancorp CDEs totaled $10,722,500, have a thirty-three-year term, and bear interest at rates ranging from 0 5% to 1 2832% annually The A loan from the Banc of America CDE of $20,000,000 has a seven-year term, and bears interest at 5 992% annually The B loan from the Banc of America-controlled CDE of $6,084,000 has a seven-year term, and provides that if there has been no default, the principal balance will be forgiven at the end of the seven-year term The B loan bears interest at 2 00% annually Interest payments are due quarterly

BMC recorded interest income of approximately $1,338,000 in 2012 and $1,318,000 in 2011, and BTHC recorded net interest capitalized of approximately $913,000 in 2012 and $2,164,000 in 2011, related to the financing arrangement agreements

In 2016, U S Bancorp may put its interest in the Investment Fund to BMC for a put price of $1,000 If U S Bancorp does not exercise its put rights, BMC may call its interest in the Investment Fund for a call price equal to the fair value of U S Bancorp's interest in the Investment Fund

Significant Debt Covenants

The bond agreements include various financial covenants, the most restrictive of which are a pledge of revenues and the maintenance of a ratio of Net Revenue Available to Meet Debt Service to Total Principal and Interest Requirements of at least 1 1 (as defined by the agreement) Baystate Health was in compliance with those covenants during the fiscal years ended September 30, 2012 and 2011, except as noted below

Certain buildings and equipment have been pledged as collateral for the borrowings

9. Long-Term Debt (continued)

The following funds and their balances at September 30, 2012 and 2011, have been established in accordance with these agreements (in thousands)

	2012	2011
Debt service fund	**$ 4,528**	$ 3,163
Construction fund	**-**	33,561
	$ 4,528	$ 36,724

The combined aggregate future principal payments of all long-term borrowings are as follows (in thousands)

2013	$ 9,218
2014	9,520
2015	9,845
2016	30,698
2017	12,912
Thereafter	392,630
	$ 464,823

BMC has entered into a guaranty agreement on behalf of BFMC in connection with outstanding MHEFA bonds

The fair value of the bonds payable at September 30, 2012, approximates $471,652,000

Interest paid was $13,297,000 and $10,791,000 for 2012 and 2011, respectively

Interest Rate Swap Agreements

BMC periodically enters into interest rate swap agreements to moderate its exposure to interest rate changes and to lower the overall cost of borrowings Gains and losses realized on termination of contracts are deferred and amortized over the remaining life of the associated contract

BMC entered into an interest rate swap agreement with a financial institution with an original notional amount of $67,470,000 The notional amount outstanding at September 30, 2012 and 2011, was $34,498,000 and $39,363,000, respectively Under the terms of the agreement, BMC pays a fixed rate of 3 26%, and receives variable payments based upon the SIFMA Rate The agreement, in effect, converts $39,363,000 of notional variable rate debt to fixed rate debt

9. Long-Term Debt (continued)

In September 2005, BMC, in anticipation of the issuance of the Series G bonds, entered into an interest rate swap agreement with a financial institution with an original notional amount of $71,740,000 The notional amount outstanding at September 30, 2012 and 2011, was $52,910,000 and $55,910,000, respectively The agreement provides for the financial institution to pay variable rate payments to BMC equal to 56 9% of one-month LIBOR plus 0 32%, and for BMC to pay the financial institution a fixed rate of 3 021% The LIBOR was 22% and 0 23% at September 30, 2012 and 2011, respectively The agreement, in effect, converts $55,910,000 of variable rate debt to a fixed rate of interest There are termination provisions to this contract for each party

The fair value of these agreements resulted in swap liabilities of approximately $10,704,000 and $10,425,000 at September 30, 2012 and 2011, respectively, and is included in other long-term liabilities in the consolidated statements of financial position

The net interest savings (cost) and the change in the fair value of the associated interest rate swaps are included in non-operating income in the consolidated statements of operations

10. Interest Expense

Baystate Health and its subsidiaries capitalize interest cost as part of the historical cost of acquiring certain significant qualifying assets During the years ended September 30, 2012 and 2011, interest cost was as follows (in thousands)

	2012	2011
Total interest cost	**$ 13,481**	$ 10,662
Net interest cost capitalized	**(4,005)**	(4,637)
Net interest cost expensed	**$ 9,476**	$ 6,025

11. Insurance Liability Loss Reserves

BHIC, wholly owned by Baystate Health, insures the professional and general liability of substantially all of Baystate Health's subsidiaries, with the exception of HNE, on an indemnity basis Baystate Health and certain of its subsidiaries have also purchased excess professional and general coverage from other insurers In addition, BHIC insures the workers' compensation, employer's liability, excess workers' compensation, and long-term disability of certain of Baystate Health's subsidiaries

11. Insurance Liability Loss Reserves (continued)

Reserves have been provided with the assistance of a consulting actuary for asserted claims and for unasserted claims probable of assertion arising from both reported and unreported incidents which are based on historical experience and existing reported incidents

12. Medical Claims and Capitation Expense

Medical claims and capitation expense include the following components for the years ended September 30, 2012 and 2011 (in thousands)

	2012	2011
Physician and other outpatient specialty services	**$ 172,464**	$ 166,329
Inpatient care and same day surgery	**63,321**	59,272
Pharmacy	**73,148**	62,296
Primary care capitation	**4,166**	3,418
Other medical services	**21,467**	11,543
Coordination of benefits	**(406)**	(456)
Net reinsurance losses (recoveries)	**1,381**	(921)
	335,541	301,481
Provider risk-sharing, net	**7,857**	6,281
Total medical claims and capitation expense	**$ 343,398**	$ 307,762

13. Income Taxes

Income tax (benefit) expense for the years ended September 30, 2012 and 2011, for HNE and its subsidiaries, was approximately ($367,000) and $10,904,000, respectively Net federal and state deferred tax assets totaled approximately $4,724,000 and $3,473,000 as of September 30, 2012 and 2011, respectively There is no valuation allowance recorded

There was no income tax expense for the year ended September 30, 2012, for IC and its subsidiary Income tax expense was approximately $7,000 for the year ended September 30, 2011 As of September 30, 2012, operating loss carryforwards for federal income tax purposes totaled approximately $1,090,000 and $14,625,000 for IC and BMC, respectively, which expire in various years ranging from 2013 to 2031 This results in a deferred tax asset, however, because utilization of these net operating losses is not reasonably assured, IC and BMC have recorded a full valuation allowance offsetting this deferred tax asset

14. Funds Held in Trust by Others

Baystate Health and its subsidiaries are beneficiaries of certain perpetual trusts (the Trusts), from which they receive unrestricted income Appreciation or depreciation in the value of the Trusts is recorded as an increase or decrease to permanently restricted net assets During fiscal years 2012 and 2011, Trust distributions of approximately $1,032,000 and $1,037,000, respectively, are included in operating revenue

15. Pension Plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interests participate in a non-contributory, defined benefit cash balance retirement plan (the plan) covering substantially all of their eligible employees

Baystate Health's policy is to fund amounts as are necessary on an actuarial basis to provide for benefits in accordance with the Employee Retirement Income Security Act of 1974, using the accrued benefit (net credit) actuarial cost method

ASC 715 requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of the assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures ASC 715 requires Baystate Health to measure defined benefit plan assets and obligations as of September 30, the date of its fiscal year-end statement of financial position

15. Pension Plans (continued)

The following table presents the change in the plan-projected benefit obligation, change in plan assets, and funded status of the plan as of September 30 (in thousands), net of unconsolidated other ownership interest

	2012	2011
Change in pension obligation		
Pension obligation at beginning of year	**$ 792,839**	$ 700,166
Service cost	**31,150**	28,839
Interest cost	**41,656**	39,946
Actuarial loss	**151,257**	51,035
Benefits paid	**(29,467)**	(27,147)
Plan amendments	**(81,322)**	-
Pension obligation at end of year	**906,113**	792,839
Change in plan assets		
Fair value of plan assets at beginning of year	**638,888**	578,634
Actual return on plan assets	**75,324**	47,401
Employer contributions	**40,000**	40,000
Benefits paid	**(29,467)**	(27,147)
Fair value of plan assets at end of year	**724,745**	638,888
Funded status		
Funded status of the plan	**(181,368)**	(153,951)
Pension liability	**$ (181,368)**	$ (153,951)
Amounts recognized in unrestricted net assets consist of		
Net actuarial loss	**$ 395,896**	$ 279,672
Prior service credit	**(108,577)**	(31,224)
Pension adjustment	**$ 287,319**	$ 248,448

Exclusive of other ownership interest, the underfunded status of the plan at September 30, 2012, is $180,442,000, the change in the pension adjustment is $38,652,000 and the total pension adjustment is $286,031,000

15. Pension Plans (continued)

In September 2012, Baystate Health made the following changes to the Plan effective January 1, 2013 that have been reflected in the change in benefit obligation, plan amendments line and will be reflected in the fiscal 2013 pension cost

- The Plan's fixed annuity conversion factors will be replaced with variable annuity factors, based on 417(e) (3) interest and mortality, for benefits accrued on or after January 1, 2013
- The age 65 requirement for eligibility to receive a lump sum distribution on benefits accrued after 2004 is removed
- Participants will become eligible to make separate lump sum and annuity elections on benefits earned prior to 2013 and after 2012

The net actuarial loss and prior service credit expected to be recognized in benefit cost in 2013 is approximately $30,046,000 and $12,765,000, respectively

The assumptions used to develop the projected benefit obligation as of September 30 are as follows

	2012	2011
Measurement date	**September 30, 2012**	September 30, 2011
Discount rate	**4.10%**	5 20%
Rate of compensation increase	**3.25%**	3 25%

The accumulated benefit obligation was approximately $863,642,000 and $696,502,000 at September 30, 2012 and 2011, respectively

Net Periodic Pension Cost

Net pension cost for the defined benefit plan for the years ended September 30, 2012 and 2011, includes the following components (in thousands)

	2012	2011
Service cost	**$ 31,150**	$ 28,839
Interest cost	**41,656**	39,946
Expected return on plan assets	**(54,566)**	(50,385)
Amortization of prior service credit	**(3,969)**	(3,969)
Recognized net actuarial loss	**14,275**	10,394
Net pension cost	**$ 28,546**	$ 24,825

15. Pension Plans (continued)

The assumptions used to determine net pension cost for the years ended September 30, 2012 and 2011, are as follows

	2012	2011
Discount rate	**5.20%**	5 60%
Expected return on plan assets	**7.75%**	7 75%
Rate of compensation increase	**3.25%**	3 25%

Plan Assets

The plan's investment objectives are to achieve long-term growth in excess of inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets In order to minimize risk, the plan attempts to minimize the variability in yearly returns The plan diversifies its holdings among sectors, industries, and companies The target allocations of assets at September 30, 2012, were equities 30%, fixed income 40%, and other 30%

To develop the expected long-term rate of return on plan assets assumption, Baystate Health considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension investment portfolio

Baystate Health's pension plan asset allocation by asset category, as of September 30, is as follows

	2012	2011
Common and preferred equity securities	**31%**	26%
U S government and domestic fixed income securities	**40**	46
Other investments	**29**	28
	100%	100%

15. Pension Plans (continued)

Pension Disclosure

Financial assets invested in Baystate Health's defined benefit pension plan (the Plan) are classified in the table below in one of the three categories described previously as of September 30, 2012 and 2011 (in thousands)

	Assets at Fair Value as of September 30, 2012			
	Level 1	Level 2	Level 3	Total
Money market	$ 1,887	$ 2,791	$ -	$ 4,678
Mutual funds				
Corporate bond fund	157,216	-	-	157,216
Other	74,470	-	-	74,470
Total mutual funds	231,686	-	-	231,686
Closed end real estate funds	-	-	13,727	13,727
Common-collective trusts				
International stock	14,564	-	-	14,564
Domestic equity index funds	85,315	-	-	85,315
Commodity fund	22,501	-	-	22,501
Total common-collective trusts	122,380	-	-	122,380
Limited partnership investments				
Private equity funds	-	-	36,633	36,633
Real estate fund	-	-	112,234	112,234
Hedge funds	-	-	20,455	20,455
International stock	44,909	-	-	44,909
Other	-	9,583	1,175	10,758
Total limited partnership investments	44,909	9,583	170,497	224,989
Fixed income securities				
US government securities	-	113,697	-	113,697
Total fixed income securities	-	113,697	-	113,697
Total assets, at fair value	$ 400,862	$ 126,071	$ 184,224	711,157
Pension assets, at contract value				13,588
Total pension plan assets				$ 724,745

15. Pension Plans (continued)

Pension Disclosure (continued)

	Assets at Fair Value as of September 30, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market	$ 1,571	$ 2,952	$ -	$ 4,523
Mutual funds				
Corporate bond fund	4,898	-	-	4,898
Other	24,960	-	-	24,960
Total mutual funds	29,858	-	-	29,858
Closed end real estate funds	-	-	12,000	12,000
Common-collective trusts				
International stock	31,324	-	-	31,324
Domestic equity index funds	73,705	-	-	73,705
Commodity fund	20,175	-	-	20,175
Total common-collective trusts	125,204	-	-	125,204
Limited partnership investments				
Private equity funds	-	-	35,288	35,288
Real estate fund	-	-	8,402	8,402
Hedge funds	-	-	98,840	98,840
Emerging markets equity	12,162	-	9,424	21,586
International stock	16,371	-	-	16,371
Total limited partnership investments	28,533	-	151,954	180,487
Fixed income securities				
Corporate bond fund	-	143,658	-	143,658
US government securities	-	130,028	-	130,028
Total fixed income securities	-	273,686	-	273,686
Total assets, at fair value	$ 185,166	$ 276,638	$ 163,954	625,758
Pension assets, at contract value				13,130
Total pension plan assets				$ 638,888

15. Pension Plans (continued)

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended September 30, 2012 and 2011 (in thousands)

	Level 3 Assets Year Ended September 30, 2012	Level 3 Assets Year Ended September 30, 2011
Balance at beginning of year	$ 163,954	$ 134,898
Unrealized gains relating to investments still held at the reporting date	15,790	6,417
Purchases	6,403	24,087
Sales	(1,924)	(1,448)
Balance at end of year	$ 184,223	$ 163,954

The following is a summary of investments (by major class) that have restrictions on the Plan's ability to redeem its investment at the measurement date and any unfunded capital commitments as of September 30, 2012 (in thousands)

Description of Investment	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled equity mutual funds	$ 146,591	Monthly	5 days
Commingled emerging markets funds	$ 23,336	Monthly	15 days
Commingled commodity fund	$ 22,501	Monthly	30 days
Commingled high yield fixed income fund	$ 5,798	Monthly	30 days
Hedge fund of funds	$ 104,528	Quarterly	60 days
Commodity hedge fund	$ 7,705	Quarterly	60 days

Contributions

Baystate Health expects to contribute approximately $40,000,000 to its pension plan in 2013

15. Pension Plans (continued)

Estimated Future Benefit Payments

The following approximate benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten calendar years (in thousands)

Calendar Year	Pension Benefits
2013	$ 66,700
2014	54,600
2015	56,300
2016	57,800
2017	65,600
Years 2018 – 2022	308,000

Defined Contribution Plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interest participate in a defined contribution retirement plan which covers all employees hired after December 31, 2004 Under this plan, Baystate Health contributes up to 7 5% of the employee's compensation based on age and years of service Total expense under this plan was approximately $10,240,000 in 2012 and $8,980,000 in 2011

HNE provides a 401(k) Retirement Plan (the Plan) Each year, employees may contribute up to 20% of pretax annual compensation, as defined in the Plan document HNE matches 100% of the first 6% of employee contributions to the Plan Additional contributions may be made by HNE at its discretion Contributions and compensation levels are subject to certain limitations under the Internal Revenue Code The Plan expense amounted to approximately $1,674,000 and $1,365,000 in 2012 and 2011, respectively

16. Concentrations of Credit Risk

Baystate Health and its subsidiaries grant credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors at September 30, 2012 and 2011, are as follows

	2012	2011
Medicare	**18%**	16%
Medicaid	**18**	13
Blue Cross	**1**	2
Health maintenance organizations	**37**	40
Commercial	**12**	14
Self-pay patients	**14**	15
	100%	100%

17. Functional Expenses

Baystate Health and its subsidiaries provide general health care services to residents within its geographic location Expenses related to providing these services for the years ended September 30, 2012 and 2011, are as follows (in thousands)

	2012	2011
Health care services	**$ 1,511,003**	$ 1,442,068
General and administrative	**96,546**	57,115
	$ 1,607,549	$ 1,499,183

18. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2012 and 2011 (in thousands)

	2012	2011
Research and education	**$ 12,079**	$ 12,058
Patient care services	**43,629**	45,516
Total	**$ 55,708**	$ 57,574

Permanently restricted net assets are invested in perpetuity, the income from which is generally expendable to support the delivery of health care services

ASC 958-205, *Endowment of Not-for-Profit Organizations*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) Massachusetts enacted UPMIFA on July 2, 2009 Baystate Health is subject to ASC 958-205 disclosure requirements regarding its endowment funds

Baystate Health's endowments consist of numerous individual funds established for a variety of purposes As required by U S generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Baystate Health requires the 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, Baystate Health 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 the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure Baystate Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (a) the duration and preservation of the fund, (b) the purpose of Baystate Health and the donor-restricted endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, and (f) the investment policies of Baystate Health

18. Temporarily and Permanently Restricted Net Assets (continued)

Endowment net asset composition by type of fund, as of September 30, 2012, consisted of the following (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 33,926	$ 16,273	$ 50,199
Board-designated endowment funds	20,938	-	-	20,938
Endowment net assets at September 30, 2012	$ 20,938	$ 33,926	$ 16,273	$ 71,137

For the year ended September 30, 2012, Baystate Health had the following endowment-related activities (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2011	$ 19,543	$ 30,919	$ 16,198	$ 66,660
Investment return				
Investment income	125	299	-	424
Net appreciation	2,269	5,432	-	7,701
Total investment return	2,394	5,731	-	8,125
Contributions	80		75	155
Net asset reclassifications	-	(130)	-	(130)
Amounts appropriated for expenditures	(1,079)	(2,594)	-	(3,673)
Total change in endowment funds	1,395	3,007	75	4,477
Endowment net assets at September 30, 2012	$ 20,938	$ 33,926	$ 16,273	$ 71,137

18. Temporarily and Permanently Restricted Net Assets (continued)

For the year ended September 30, 2011, Baystate Health had the following endowment-related activities (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2010	$ 20,200	$ 32,670	$ 15,476	$ 68,346
Investment return				
Investment income	260	620	-	880
Net appreciation	101	190	-	291
Total investment return	361	810	-	1,171
Contributions	71	-	722	793
Net asset reclassifications	-	107	-	107
Amounts appropriated for expenditures	(1,089)	(2,668)	-	(3,757)
Total change in endowment funds	(657)	(1,751)	722	(1,686)
Endowment net assets at September 30, 2011	$ 19,543	$ 30,919	$ 16,198	$ 66,660

Baystate Health's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that Baystate Health must hold in perpetuity or for a donor-specified term Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that will generate an 8% total return annually Actual returns in any given year may vary from this amount

To satisfy its long-term rate-of-return objectives, Baystate Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Baystate Health targets a diversified asset allocation that consists of equities, fixed income, and alternative investments

Baystate Health has a policy of appropriating for distribution each year, no more than 5 0% of its endowment funds' current fair value In establishing this policy, Baystate Health considered the long-term expected return on its endowments

18. Temporarily and Permanently Restricted Net Assets (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Baystate Health to retain as a fund of perpetual duration Deficiencies of this nature that are reported in unrestricted net assets were $254,000 as of September 30, 2011 There was no deficiency at September 30, 2012

19. State Surplus Revenue Retention

Through September 30, 2012, BMC had no surplus in excess of the Commonwealth of Massachusetts regulations governing the excess of state revenues over expenses for not-for-profit organizations The total deficit attributable to state contracting for BMC was approximately $54,000 (2011 – $70,000) As of September 30, 2012, the cumulative deficit attributable to state contracting of approximately $6,180,000 is included in the unrestricted net assets of BMC

20. Events Subsequent to September 30, 2012

Subsequent events have been evaluated for potential recognition in the financial statements through January 3, 2013, which is the date the financial statements were issued

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Auditors' Report on Supplementary Financial Information

The Board of Trustees
Baystate Health, Inc

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole The consolidating schedules of assets and liabilities and net assets, and consolidating schedules of operations, changes in net assets, and cash flows are presented for purposes of additional analysis and are not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole

Ernst & Young LLP

January 3, 2013

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets

September 30, 2012
(In Thousands)

Assets	Consol. BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol. IC	Other Entities	Elim. & Reclass	Consolidated Totals
Current assets										
Cash and cash equivalents	$ 59,443	$ 10,060	$ 2,324	$ 5,132	$ 1,575	$ 16,380	$ 1,943	$ 43,603	$ -	$ 140,460
Investments	191,051	-	2,226	-	-	106,155	-	23,958	-	323,390
Accounts receivable, patients, net	87,987	7,623	2,958	15,718	3,143	-	343	-	-	117,772
Accounts receivable, other	13,608	29	39	3,994	5	11,835	70	14,271	-	43,851
Estimated final settlements receivable	22,590	2,040	1,512	-	-	-	-	-	-	26,142
Inventories	17,262	1,109	701	-	-	-	-	158	-	19,230
Prepaid expenses and other current assets	2,006	48	23	589	49	1,844	37	6,951	-	11,547
Due from affiliated companies	23,698	25	5	882	69	-	65	13,265	(38,009)	-
Line of credit, affiliate	-	-	-	-	-	-	-	2,040	(2,040)	-
Total current assets	417,645	20,934	9,788	26,315	4,841	136,214	2,458	104,246	(40,049)	682,392
Long-term investments										
Investments	-	-	-	-	-	492	-	53,453	(120)	53,825
Equity investment in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	62,057	(62,057)	-
Equity investment in unconsolidated affiliates	1,776	566	-	-	-	-	-	402	-	2,744
Note receivable	66,270	-	-	-	-	-	-	-	-	66,270
Beneficial interest in net assets of BHF	20,532	9,971	563	-	571	-	-	-	(31,637)	-
Deferred expense	5,713	36	-	-	-	4,724	-	922	-	11,395
Land, buildings, and equipment, net	548,806	33,095	9,074	2,555	2,130	3,015	2,833	498	-	602,006
	643,097	43,668	9,637	2,555	2,701	8,231	2,833	117,332	(93,814)	736,240
Assets whose use is limited										
Board-designated funds										
Cash and investments	180,616	-	-	-	-	-	-	38,057	-	218,673
Beneficial interest in net assets of BHF	-	-	162	-	331	-	-	1,724	(2,217)	-
Due from unrestricted funds	983	-	-	-	-	-	-	-	(983)	-
Investments of captive insurance company	-	-	-	-	-	-	-	95,333	-	95,333
Investments held by trustee under bond indenture agreements	4,426	102	-	-	-	-	-	-	-	4,528
Beneficial interest in perpetual trusts	-	-	-	-	-	-	-	33,889	-	33,889
Beneficial interest in net assets of BHF	1,336	4,816	6,388	-	930	-	-	20,419	(33,889)	-
	187,361	4,918	6,550	-	1,261	-	-	189,422	(37,089)	352,423
Total assets	$ 1,248,103	$ 69,520	$ 25,975	$ 28,870	$ 8,803	$ 144,445	$ 5,291	$ 411,000	$ (170,952)	$ 1,771,055

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets

September 30, 2012
(In Thousands)

Liabilities and net assets (deficit)	Consol. BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol. IC	Other Entities	Elim. & Reclass	Consolidated Totals
Current liabilities										
Accounts payable	$ 58,547	$ 2,211	$ 901	$ 5,891	$ 992	$ 23,805	$ 415	$ 17,366	$ (143)	$ 109,985
Medical claims payable	-	-	-	-	-	45,114	-	-	-	45,114
Accrued salaries and wages	39,336	3,715	1,330	23,799	1,521	5,342	397	10,854	-	86,294
Accrued interest on debt	2,439	-	-	-	-	-	-	-	-	2,439
Estimated final settlements payable	60,110	4,820	2,237	-	1,875	-	-	-	-	69,042
Refundable advances	707	-	-	-	-	-	-	-	-	707
Deferred revenue	1,087	-	37	462	427	7,197	51	-	(408)	8,853
Current portion of long-term debt	8,821	397	-	-	-	-	-	-	-	9,218
Due to affiliated companies	3,234	1,307	697	7,911	244	-	1,207	22,604	(37,204)	-
Line of credit, affiliate	-	-	-	910	-	-	1,130	-	(2,040)	-
Due to board-designated funds	-	-	-	-	-	-	-	983	(983)	-
Total current liabilities	174,281	12,450	5,202	38,973	5,059	81,458	3,200	51,807	(40,778)	331,652
Long-term debt	448,182	6,366	-	-	-	-	-	-	-	454,548
Pension liability	99,183	14,129	3,701	39,484	3,745	-	1,820	18,380	-	180,442
Insurance liability loss reserves	5,837	132	78	7,362	54	-	-	18,761	71,543	103,767
Deposit liability	-	-	-	-	-	-	-	75,763	(75,763)	-
Other liabilities	13,799	-	-	-	-	-	-	52	1,165	15,016
Total liabilities	741,282	33,077	8,981	85,819	8,858	81,458	5,020	164,763	(43,833)	1,085,425
Net assets (deficit)										
Unrestricted										
Operating	652,834	42,854	15,318	2,036	3,703	62,987	2,790	139,644	(56,376)	865,790
Pension adjustment	(167,881)	(21,197)	(5,274)	(58,985)	(5,259)	-	(2,519)	(24,916)	-	(286,031)
Total unrestricted	484,953	21,657	10,044	(56,949)	(1,556)	62,987	271	114,728	(56,376)	579,759
Temporarily restricted	17,742	6,463	392	-	146	-	-	60,927	(29,962)	55,708
Permanently restricted	4,126	8,323	6,558	-	1,355	-	-	70,582	(40,781)	50,163
Total net assets (deficit)	506,821	36,443	16,994	(56,949)	(55)	62,987	271	246,237	(127,119)	685,630
Total liabilities and net assets (deficit)	$ 1,248,103	$ 69,520	$ 25,975	$ 28,870	$ 8,803	$ 144,445	$ 5,291	$ 411,000	$ (170,952)	$ 1,771,055

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations

For the Year Ended September 30, 2012
(In Thousands)

	Consol. BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol. IC	Other Entities	Elim. & Reclass	Consolidated Totals
Operating revenues										
Net patient service revenue	$ 894.303	$ 77.584	$ 27.886	$ 144.663	$ 21.673	$ -	$ 7.354	$ -	$ (90.250)	$ 1.083.213
Premiums	-	-	-	-	-	494.610	-	-	-	494.610
Other revenue	42.310	3.240	2.044	75.243	607	-	1.277	106.176	(161.292)	69.605
Net assets released from restrictions	2.789	428	130	722	101	-	-	2.623	-	6.793
Total operating revenues	939.402	81.252	30.060	220.628	22.381	494.610	8.631	108.799	(251.542)	1.654.221
Operating expenses										
Salaries and wages	338.634	33.302	12.307	165.057	12.612	24.851	4.114	46.233	-	637.110
Supplies and expense	475.291	41.084	15.072	64.576	9.163	34.225	3.491	61.610	(164.542)	539.970
Medical claims and capitation	-	-	-	-	-	433.649	-	-	(90.251)	343.398
Depreciation and amortization	46.033	4.230	1.279	888	232	1.212	396	115	-	54.385
Bad debts	10.806	2.197	1.262	5.761	22	22	640	2.500	-	23.210
Interest expense	9.317	121	-	16	11	-	11	-	-	9.476
Total operating expenses	880.081	80.934	29.920	236.298	22.040	493.959	8.652	110.458	(254.793)	1.607.549
Income (loss) from operations	59.321	318	140	(15.670)	341	651	(21)	(1.659)	3.251	46.672
Non-operating income (expense)										
Investment income	4.344	-	63	-	-	-	-	1.206	1.074	6.687
Net realized gain on investments	3.462	-	13	-	5	773	-	627	377	5.257
Net unrealized gain (loss) on investments	32.663	-	109	-	30	1.124	-	5.424	6.382	45.732
Equity (loss) gain in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	(349)	349	-
Equity gain in unconsolidated affiliates	769	439	-	-	-	-	-	30	-	1.238
Net interest savings on swap agreements	(2.650)	-	-	-	-	-	-	-	-	(2.650)
Change in fair value of swap agreements	(279)	-	-	-	-	-	-	-	-	(279)
Income taxes and other	-	-	-	-	(15)	(2.133)	-	(1.129)	(6.860)	(10.137)
Total non-operating income (expense)	38.309	439	185	-	20	(236)	-	5.809	1.322	45.848
Excess (deficiency) of revenues over expenses	97.630	757	325	(15.670)	361	415	(21)	4.150	4.573	92.520
Other changes in net assets										
Net assets released from restrictions for capital	161	-	-	-	-	-	-	-	5.450	5.611
Transfers for the cost of land, buildings, and equipment	8.369	141	32	(722)	-	-	-	(2.370)	(5.450)	-
Transfers (to) from affiliated companies, net	(33.207)	4.255	1.548	17.840	2.225	-	-	6.958	-	(381)
Pension adjustment	(22.938)	(2.429)	(828)	(8.161)	(658)	-	(274)	(3.364)	-	(38.652)
Other	-	-	-	-	-	(1.275)	-	130	-	(1.145)
Increase (decrease) in unrestricted net assets	$ 50.015	$ 2.724	$ 1.077	$ (6.713)	$ 1.928	$ (860)	$ (295)	$ 5.504	$ 4.573	$ 57.953

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets

For the Year Ended September 30, 2012
(In Thousands)

	Consol. BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol. IC	Other Entities	Elim. & Reclass	Consolidated Totals
Unrestricted net assets										
Excess (deficiency) of revenues over expenses	$ 97,630	$ 757	$ 325	$ (15,670)	$ 361	$ 415	$ (21)	$ 4,150	$ 4,573	$ 92,520
Net assets released from restrictions for capital	161	-	-	-	-	-	-	-	5,450	5,611
Transfers for the cost of land, buildings, and equipment	8,369	141	32	(722)	-	-	-	(2,370)	(5,450)	-
Transfers (to) from affiliated companies, net	(33,207)	4,255	1,548	17,840	2,225	-	-	6,958	-	(381)
Pension adjustment	(22,938)	(2,429)	(828)	(8,161)	(658)	-	(274)	(3,364)	-	(38,652)
Other	-	-	-	-	-	(1,275)	-	130	-	(1,145)
Increase (decrease) in unrestricted net assets	50,015	2,724	1,077	(6,713)	1,928	(860)	(295)	5,504	4,573	57,953
Temporarily restricted net assets										
Restricted investment income	-	-	-	-	-	-	-	185	-	185
Net realized and unrealized gain on investments	-	-	-	-	-	-	-	5,672		5,672
Contributions	-	-	-	-	-	-	-	6,451	(2,000)	4,451
Transfers for the cost of land, buildings, and equipment	-	-	-	-	-	-	-	(5,821)	5,821	-
Transfers from affiliated companies, net	-	-	-	-	-	-	-	367	14	381
Net assets released from restrictions										
For operations	-	-	-	-	-	-	-	(6,792)	(1)	(6,793)
For capital	(161)	-	-	-	-	-	-	-	(5,450)	(5,611)
Change in value of beneficial interest in net assets of BHF	(3,006)	549	(62)	-	19	-	-	-	2,500	-
Other	-	-	-	-	-	-	-	216	(367)	(151)
(Decrease) increase in temporarily restricted net assets	(3,167)	549	(62)	-	19	-	-	278	517	(1,866)
Permanently restricted net assets										
Contributions	-	-	-	-	-	-	-	76	-	76
Change in value of perpetual trusts	-	-	-	-	-	-	-	3,812	-	3,812
Change in value of beneficial interest in net assets of BHF	149	568	802	-	113	-	-	2,204	(3,836)	-
Increase (decrease) in permanently restricted net assets	149	568	802	-	113	-	-	6,092	(3,836)	3,888
Increase (decrease) in net assets	46,997	3,841	1,817	(6,713)	2,060	(860)	(295)	11,874	1,254	59,975
Net assets (deficit) at beginning of year	459,824	32,602	15,177	(50,236)	(2,115)	63,847	566	234,363	(128,373)	625,655
Net assets (deficit) at end of year	$ 506,821	$ 36,443	$ 16,994	$ (56,949)	$ (55)	$ 62,987	$ 271	$ 246,237	$ (127,119)	$ 685,630

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows

For the Year Ended September 30, 2012
(In Thousands)

	Consol. BMC	BFMC	BMLH	BMP	BVNAH	HNE	Consol. IC	Other Entities	Elim. & Reclass.	Consol. Totals
Operating activities										
Change in net assets	$ 46,997	$ 3,841	$ 1,817	$ (6,713)	$ 2,060	$ (860)	$ (295)	$ 11,874	$ 1,254	$ 59,975
Adjustments to reconcile change in net assets										
to net cash provided by (used in) operating activities										
Depreciation and amortization	46,033	4,230	1,279	888	232	1,212	396	115	-	54,385
Pension adjustment	22,938	2,429	828	8,161	658	-	274	3,364	-	38,652
Net realized and unrealized (gain) loss on investments	(35,846)	-	(121)	-	(36)	(1,897)	-	(11,723)	(6,760)	(56,383)
Provision for bad debts	10,806	2,197	1,262	5,761	22	22	640	2,500	-	23,210
Change in beneficial interest in perpetual trusts	-	-	-	-	-	-	-	(3,812)	-	(3,812)
Restricted contributions	-	-	-	-	-	-	-	(6,527)	-	(6,527)
Changes in equity investment of affiliate	(769)	(439)	-	-	-	-	-	319	(349)	(1,238)
(Increase) decrease in accounts receivable, patients	(18,517)	(2,507)	(1,348)	(6,451)	(26)	(22)	(643)	(2,500)	-	(32,014)
Net change in estimated final settlements	(3,573)	2,336	877	-	172	-	-	-	-	(188)
Change in accounts payable and accrued expenses	9,002	34	18	4,238	149	(7,447)	(13)	2,458	72	8,511
Change in accrued pension liability, net	(6,759)	(716)	(244)	(2,405)	(193)	-	(81)	(989)	-	(11,387)
Increase in medical claims payable	-	-	-	-	-	3,941	-	-	-	3,941
Transfers to (from) affiliated companies, net	33,207	(4,255)	(1,548)	(17,840)	(2,225)	-	-	(7,325)	(14)	-
Transfers for the cost of land, buildings, and equipment	(8,369)	(141)	(32)	722	-	-	-	8,191	(371)	-
Increase in insurance liability loss reserves	119	2	1	965	54	-	-	5,243	(1,033)	5,351
Other	(6,962)	884	(436)	(2,177)	62	(7,258)	(17)	7,970	(1,263)	(9,197)
Net cash provided by (used in) operating activities	88,307	7,895	2,353	(14,851)	929	(12,309)	261	9,158	(8,464)	73,279
Investing activities										
Proceeds from sale and maturities of investments	568,076	2	9,211	-	-	47,681	-	166,714	6,760	798,444
Purchase of investments	(541,084)	-	(9,258)	-	36	(49,731)	-	(164,248)	-	(764,285)
Purchase of land, buildings, and equipment, net	(116,823)	(3,212)	(1,211)	138	(33)	(2,146)	(274)	(132)	-	(123,693)
Transfers for the cost of land, buildings, and equipment	8,369	141	32	(722)	-	-	-	(8,191)	371	-
Change in beneficial interest in net assets of BHF	3,018	(1,118)	(757)	-	(152)	-	-	(2,310)	1,319	-
Net cash (used in) provided by investing activities	(78,444)	(4,187)	(1,983)	(584)	(149)	(4,196)	(274)	(8,167)	8,450	(89,534)
Financing activities										
Proceeds from restricted contributions	-	-	-	-	-	-	-	6,527	-	6,527
Transfers (to) from affiliated companies, net	(33,207)	4,255	1,548	17,840	2,225	-	-	7,325	14	-
Increase in note receivable	(766)	-	-	-	-	-	-	-	-	(766)
Change in line of credit, affiliate	(3,069)	-	-	(92)	(1,556)	-	(134)	4,851	-	-
Proceeds from bond issuance	85,137	-	-	-	-	-	-	-	-	85,137
Repayment of long-term debt	(9,825)	(378)	-	-	-	-	-	(7,290)	-	(17,493)
Defeasement of bond issue	(40,305)	-	-	-	-	-	-	-	-	(40,305)
Net cash (used in) provided by financing activities	(2,035)	3,877	1,548	17,748	669	-	(134)	11,413	14	33,100
Net increase (decrease) in cash and cash equivalents	7,828	7,585	1,918	2,313	1,449	(16,505)	(147)	12,404	-	16,845
Cash and cash equivalents at beginning of year	51,615	2,475	406	2,819	126	32,885	2,090	31,199	-	123,615
Cash and cash equivalents at end of year	$ 59,443	$ 10,060	$ 2,324	$ 5,132	$ 1,575	$ 16,380	$ 1,943	$ 43,603	$ -	$ 140,460

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets – Baystate Medical Center and Subsidiary

September 30, 2012
(In Thousands)

Assets	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Current assets				
Cash and cash equivalents	$ 58,926	$ 517	$ -	$ 59,443
Investments	191,051	-	-	191,051
Accounts receivable, patients, net	87,987	-	-	87,987
Accounts receivable, other	13,608	-	-	13,608
Estimated final settlements receivable	22,590	-	-	22,590
Inventories	17,262	-	-	17,262
Prepaid expenses and other current assets	2,006	25	(25)	2,006
Due from affiliated companies	40,777	-	(17,079)	23,698
Total current assets	434,207	542	(17,104)	417,645
Long-term investments				
Equity investment in unconsolidated affiliates	1,776	-	-	1,776
Note receivable	200,070	-	(133,800)	66,270
Beneficial interest in net assets of BHF	20,532	-	-	20,532
Deferred expense	4,337	1,376	-	5,713
Land, buildings, and equipment, net	291,625	262,780	(5,599)	548,806
	518,340	264,156	(139,399)	643,097
Assets whose use is limited				
Board-designated funds				
Cash and investments	180,616	-	-	180,616
Due from unrestricted funds	983	-	-	983
Investments held by trustee under bond indenture agreements	3,949	477	-	4,426
Beneficial interest in net assets of BHF	1,336	-	-	1,336
	186,884	477	-	187,361
Total assets	$ 1,139,431	$ 265,175	$ (156,503)	$ 1,248,103

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets – Baystate Medical Center and Subsidiary

September 30, 2012
(In Thousands)

Liabilities and net assets (deficit)	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Current liabilities				
Accounts payable	$ 58,547	$ -	$ -	$ 58,547
Accrued salaries and wages	39,336	-	-	39,336
Accrued interest on debt	1,917	2,174	(1,652)	2,439
Estimated final settlements payable	60,110	-	-	60,110
Refundable advances	707	-	-	707
Deferred revenue	1,112	-	(25)	1,087
Current portion of long-term debt	8,821	-	-	8,821
Due to affiliated companies	3,234	17,079	(17,079)	3,234
Total current liabilities	173,784	19,253	(18,756)	174,281
Long-term debt	340,632	239,698	(132,148)	448,182
Pension liability	99,183	-	-	99,183
Insurance liability loss reserves	5,837	-	-	5,837
Other liabilities	13,799	-	-	13,799
Total liabilities	633,235	258,951	(150,904)	741,282
Net assets (deficit)				
Unrestricted				
Operating	652,209	6,224	(5,599)	652,834
Pension adjustment	(167,881)	-	-	(167,881)
Total unrestricted	484,328	6,224	(5,599)	484,953
Temporarily restricted	17,742	-	-	17,742
Permanently restricted	4,126	-	-	4,126
Total net assets (deficit)	506,196	6,224	(5,599)	506,821
Total liabilities and net assets (deficit)	$ 1,139,431	$ 265,175	$ (156,503)	$ 1,248,103

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations – Baystate Medical Center and Subsidiary

For the Year Ended September 30, 2012
(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Operating revenues				
Net patient service revenue	$ 894,303	$ -	$ -	$ 894,303
Other revenue	48,812	9,806	(16,308)	42,310
Net assets released from restrictions	2,789	-	-	2,789
Total operating revenues	945,904	9,806	(16,308)	939,402
Operating expenses				
Salaries and wages	338,634	-	-	338,634
Supplies and expense	485,080	116	(9,905)	475,291
Depreciation and amortization	40,305	5,823	(95)	46,033
Bad debts	10,806	-	-	10,806
Interest expense	8,068	5,113	(3,864)	9,317
Total operating expenses	882,893	11,052	(13,864)	880,081
Income (loss) from operations	63,011	(1,246)	(2,444)	59,321
Non-operating income (expense)				
Investment income	4,344	-	-	4,344
Net realized gain on investments	3,462	-	-	3,462
Net unrealized gain on investments	32,663	-	-	32,663
Equity gain in unconsolidated affiliates	769	-	-	769
Net interest savings on swap agreements	(2,650)	-	-	(2,650)
Change in fair value of swap agreements	(279)	-	-	(279)
Total non-operating income (expense)	38,309	-	-	38,309
Excess (deficiency) of revenues over expenses	101,320	(1,246)	(2,444)	97,630
Other changes in net assets				
Net assets released from restrictions for capital	161	-	-	161
Transfers for the cost of land, buildings, and equipmer	8,369	-	-	8,369
Transfers (to) from affiliated companies, net	(33,207)	-	-	(33,207)
Pension adjustment	(22,938)	-	-	(22,938)
Increase (decrease) in unrestricted net assets	$ 53,705	$ (1,246)	$ (2,444)	$ 50,015

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets – Baystate Medical Center and Subsidiary

For the Year Ended September 30, 2012
(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Unrestricted net assets				
Excess (deficiency) of revenues over expenses	$ 101,320	$ (1,246)	$ (2,444)	$ 97,630
Net assets released from restrictions for capital	161	-	-	161
Transfers for the cost of land, buildings, and equipment	8,369	-	-	8,369
Transfers (to) from affiliated companies, net	(33,207)	-	-	(33,207)
Pension adjustment	(22,938)	-	-	(22,938)
Increase (decrease) in unrestricted net assets	53,705	(1,246)	(2,444)	50,015
Temporarily restricted net assets				
Net assets released from restrictions				
For capital	(161)	-	-	(161)
Change in value of beneficial interest in net assets of BHF	(3,006)	-	-	(3,006)
Decrease in temporarily restricted net assets	(3,167)	-	-	(3,167)
Permanently restricted net assets				
Change in value of beneficial interest in net assets of BHF	149	-	-	149
Increase in permanently restricted net assets	149	-	-	149
Increase (decrease) in net assets	50,687	(1,246)	(2,444)	46,997
Net assets (deficit) at beginning of year	455,509	7,470	(3,155)	459,824
Net assets (deficit) at end of year	$ 506,196	$ 6,224	$ (5,599)	$ 506,821

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows – Baystate Medical Center and Subsidiary

For the Year Ended September 30, 2012
(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Totals
Operating activities				
Change in net assets	$ 50,687	$ (1,246)	$ (2,444)	$ 46,997
Adjustments to reconcile change in net assets				
to net cash provided by (used in) operating activities				
Depreciation and amortization	40,305	5,823	(95)	46,033
Pension adjustment	22,938	-	-	22,938
Net realized and unrealized (gain) loss on investments	(35,846)	-	-	(35,846)
Provision for bad debts	10,806	-	-	10,806
Changes in equity investment of affiliate	(769)	-	-	(769)
(Increase) decrease in accounts receivable, patients	(18,517)	-	-	(18,517)
Net change in estimated final settlements	(3,573)	-	-	(3,573)
Increase (decrease) in accounts payable and accrued expenses	8,480	2,174	(1,652)	9,002
Change in accrued pension liability, net	(6,759)	-	-	(6,759)
Transfers to (from) affiliated companies, net	33,207	-	-	33,207
Transfers for the cost of land, buildings, and equipment	(8,369)	-	-	(8,369)
Increase in insurance liability loss reserves	119	-	-	119
Other	83,631	41,555	(132,148)	(6,962)
Net cash provided by (used in) operating activities	176,340	48,306	(136,339)	88,307
Investing activities				
Proceeds from sale and maturities of investments	567,998	78	-	568,076
Purchase of investments	(541,084)	-	-	(541,084)
Purchase of land, buildings, and equipment, net	(71,473)	(47,889)	2,539	(116,823)
Transfers for the cost of land, buildings, and equipment	8,369	-	-	8,369
Change in beneficial interest in net assets of BHF	3,018	-	-	3,018
Net cash (used in) provided by investing activities	(33,172)	(47,811)	2,539	(78,444)
Financing activities				
Transfers (to) from affiliated companies, net	(33,207)	-	-	(33,207)
Increase in note receivable	(134,566)	-	133,800	(766)
Change in line of credit, affiliate	(3,069)	-	-	(3,069)
Proceeds from bond issuance	85,137	-	-	85,137
Repayment of long-term debt	(9,825)	-	-	(9,825)
Defeasement of bond issue	(40,305)	-	-	(40,305)
Net cash (used in) provided by financing activities	(135,835)	-	133,800	(2,035)
Net increase in cash and cash equivalents	7,333	495	-	7,828
Cash and cash equivalents at beginning of year	51,593	22	-	51,615
Cash and cash equivalents at end of year	$ 58,926	$ 517	$ -	$ 59,443

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets – Other Entities

September 30, 2012
(In Thousands)

Assets	BH	BAS	BHF	BHIC	Other Entities Totals
Current assets					
Cash and cash equivalents	$ 16,819	$ 13,132	$ 11,849	$ 1,803	$ 43,603
Investments	2,182	11,220	10,556	-	23,958
Accounts receivable, other	77	1,127	8,381	4,686	14,271
Inventories	-	158	-	-	158
Prepaid expenses and other current assets	10	6,906	19	16	6,951
Due from affiliated companies	3,499	9,331	435	-	13,265
Line of credit, affiliate	2,040	-	-	-	2,040
Total current assets	24,627	41,874	31,240	6,505	104,246
Long-term investments					
Investments	1,022	-	52,431	-	53,453
Equity investment in consolidated for-profit subsidiaries	62,057	-	-	-	62,057
Equity investment in unconsolidated affiliates	402	-	-	-	402
Deferred expense	922	-	-	-	922
Land, buildings, and equipment, net	82	411	5	-	498
	64,485	411	52,436	-	117,332
Assets whose use is limited					
Board-designated funds					
Cash and investments	38,057	-	-	-	38,057
Beneficial interest in net assets of BHF	1,724	-	-	-	1,724
Investments of captive insurance company	-	-	-	95,333	95,333
Beneficial interest in perpetual trusts	-	-	33,889	-	33,889
Beneficial interest in net assets of BHF	20,419	-	-	-	20,419
	60,200	-	33,889	95,333	189,422
Total assets	$ 149,312	$ 42,285	$ 117,565	$ 101,838	$ 411,000

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets – Other Entities

September 30, 2012
(In Thousands)

Liabilities and net assets (deficit)	BH	BAS	BHF	BHIC	Other Entities Totals
Current liabilities					
Accounts payable	$ 2,028	$ 14,092	$ 201	$ 1,045	$ 17,366
Accrued salaries and wages	-	10,711	143	-	10,854
Due to affiliated companies	2,536	19,120	948	-	22,604
Due to board-designated funds	983	-	-	-	983
Total current liabilities	5,547	43,923	1,292	1,045	51,807
Pension liability	-	17,944	436	-	18,380
Insurance liability loss reserves	-	-	-	18,761	18,761
Deposit liability	-	-	-	75,763	75,763
Other liabilities	-	-	52	-	52
Total liabilities	5,547	61,867	1,780	95,569	164,763
Net assets (deficit)					
Unrestricted					
Operating	123,346	4,839	5,190	6,269	139,644
Pension adjustment	-	(24,421)	(495)	-	(24,916)
Total unrestricted	123,346	(19,582)	4,695	6,269	114,728
Temporarily restricted	-	-	60,927	-	60,927
Permanently restricted	20,419	-	50,163	-	70,582
Total net assets (deficit)	143,765	(19,582)	115,785	6,269	246,237
Total liabilities and net assets (deficit)	$ 149,312	$ 42,285	$ 117,565	$ 101,838	$ 411,000

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations – Other Entities

For the Year Ended September 30, 2012
(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Totals
Operating revenues					
Other revenue	$ 9,409	$ 92,257	$ 1,869	$ 2,641	$ 106,176
Net assets released from restrictions	1,090	-	1,533	-	2,623
Total operating revenues	10,499	92,257	3,402	2,641	108,799
Operating expenses					
Salaries and wages	670	44,309	1,254	-	46,233
Supplies and expense	10,340	47,792	2,043	1,435	61,610
Depreciation and amortization	3	106	6	-	115
Bad debts	2,500	-	-	-	2,500
Total operating expenses	13,513	92,207	3,303	1,435	110,458
(Loss) income from operations	(3,014)	50	99	1,206	(1,659)
Non-operating income (expense)					
Investment income	592	317	297	-	1,206
Net realized gain on investments	427	51	51	98	627
Net unrealized gain on investments	2,834	475	455	1,660	5,424
Equity (loss) gain in consolidated for-profit subsidiaries	(349)	-	-	-	(349)
Equity gain in unconsolidated affiliates	30	-	-	-	30
Other	(1,129)	-	-	-	(1,129)
Total non-operating income (expense)	2,405	843	803	1,758	5,809
(Deficiency) excess of revenues over expenses	(609)	893	902	2,964	4,150
Other changes in net assets					
Transfers for the cost of land, buildings, and equipment	(2,370)	-	-	-	(2,370)
Transfers from affiliated companies, net	6,958	-	-	-	6,958
Pension adjustment	-	(3,325)	(39)	-	(3,364)
Other	-	-	130	-	130
Increase (decrease) in unrestricted net assets	$ 3,979	$ (2,432)	$ 993	$ 2,964	$ 5,504

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets – Other Entities

For the Year Ended September 30, 2012
(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Totals
Unrestricted net assets					
(Deficiency) excess of revenues over expenses	$ (609)	$ 893	$ 902	$ 2,964	$ 4,150
Transfers for the cost of land, buildings, and equipment	(2,370)	-	-	-	(2,370)
Transfers from affiliated companies, net	6,958	-	-	-	6,958
Pension adjustment	-	(3,325)	(39)	-	(3,364)
Other	-	-	130	-	130
Increase (decrease) in unrestricted net assets	3,979	(2,432)	993	2,964	5,504
Temporarily restricted net assets					
Restricted investment income	-	-	185	-	185
Net realized and unrealized loss on investments	-	-	5,672	-	5,672
Contributions	-	-	6,451	-	6,451
Transfers for the cost of land, buildings, and equipment	-	-	(5,821)	-	(5,821)
Transfers from affiliated companies, net	-	-	367	-	367
Net assets released from restrictions					
For operations	-	-	(6,792)	-	(6,792)
Other	-	-	216	-	216
Increase in temporarily restricted net assets	-	-	278	-	278
Permanently restricted net assets					
Contributions	-	-	76	-	76
Change in value of perpetual trusts	-	-	3,812	-	3,812
Change in value of beneficial interest in net assets of BHF	2,204	-	-	-	2,204
Increase in permanently restricted net assets	2,204	-	3,888	-	6,092
Increase (decrease) in net assets	6,183	(2,432)	5,159	2,964	11,874
Net assets (deficit) at beginning of year	137,582	(17,150)	110,626	3,305	234,363
Net assets (deficit) at end of year	$ 143,765	$ (19,582)	$ 115,785	$ 6,269	$ 246,237

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows – Other Entities

For the Year Ended September 30, 2012
(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Totals
Operating activities					
Change in net assets	$ 6,183	$ (2,432)	$ 5,159	$ 2,964	$ 11,874
Adjustments to reconcile change in net assets					
to net cash provided by (used in) operating activities					
Depreciation and amortization	3	106	6	-	115
Pension adjustment	-	3,325	39	-	3,364
Net realized and unrealized (gain) loss on investments	(3,260)	(527)	(6,178)	(1,758)	(11,723)
Provision for bad debts	2,500	-	-	-	2,500
Change in beneficial interest in perpetual trusts	-	-	(3,812)	-	(3,812)
Restricted contributions	-	-	(6,527)	-	(6,527)
Changes in equity investment of affiliate	319	-	-	-	319
(Increase) decrease in accounts receivable, patients	(2,500)	-	-	-	(2,500)
Increase in accounts payable and accrued expenses	37	2,093	94	234	2,458
Change in accrued pension liability, net	-	(981)	(8)	-	(989)
Transfers (from) to affiliated companies, net	(6,958)	-	(367)	-	(7,325)
Transfers for the cost of land, buildings, and equipment	2,370	-	5,821	-	8,191
Increase in insurance liability loss reserves	-	-	-	5,243	5,243
Other	960	3,230	3,806	(26)	7,970
Net cash (used in) provided by operating activities	(346)	4,814	(1,967)	6,657	9,158
Investing activities					
Proceeds from sale and maturities of investments	30,136	123,574	12,626	378	166,714
Purchase of investments	(23,498)	(123,897)	(10,621)	(6,232)	(164,248)
Purchase of land, buildings, and equipment, net	-	(131)	(1)	-	(132)
Transfers for the cost of land, buildings, and equipment	(2,370)	-	(5,821)	-	(8,191)
Change in beneficial interest in net assets of BHF	(2,310)	-	-	-	(2,310)
Net cash provided by (used in) investing activities	1,958	(454)	(3,817)	(5,854)	(8,167)
Financing activities					
Proceeds from restricted contributions	-	-	6,527	-	6,527
Transfers from affiliated companies, net	6,958	-	367	-	7,325
Proceeds from bond issuance	4,851	-	-	-	4,851
Repayment of long-term debt	(7,290)	-	-	-	(7,290)
Net cash provided by financing activities	4,519	-	6,894	-	11,413
Net increase in cash and cash equivalents	6,131	4,360	1,110	803	12,404
Cash and cash equivalents at beginning of year	10,688	8,772	10,739	1,000	31,199
Cash and cash equivalents at end of year	$ 16,819	$ 13,132	$ 11,849	$ 1,803	$ 43,603

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets – Ingraham Corporation and Subsidiary

September 30, 2012
(In Thousands)

Assets	IC	BHA	Elim. & Reclass	Consolidated Totals
Current assets				
Cash and cash equivalents	$ 54	$ 1,889	$ -	$ 1,943
Accounts receivable, patients, net	-	343	-	343
Accounts receivable, other	43	27	-	70
Prepaid expenses and other current assets	9	28	-	37
Due from affiliated companies	76	1	(12)	65
Total current assets	182	2,288	(12)	2,458
Long-term investments				
Equity investment in consolidated for-profit subsidiaries	377	-	(377)	-
Land, buildings, and equipment, net	2,175	658	-	2,833
Total assets	$ 2,734	$ 2,946	$ (389)	$ 5,291

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets – Ingraham Corporation and Subsidiary

September 30, 2012
(In Thousands)

Liabilities and net assets (deficit)	**IC**	**BHA**	**Elim. & Reclass**	**Consolidated Totals**
Current liabilities				
Accounts payable	$ 144	$ 271	$ -	$ 415
Accrued salaries and wages	-	397	-	397
Deferred revenue	38	13	-	51
Due to affiliated companies	1,150	69	(12)	1,207
Line of credit, affiliate	1,130	-	-	1,130
Total current liabilities	2,462	750	(12)	3,200
Pension liability	-	1,820	-	1,820
Total liabilities	2,462	2,570	(12)	5,020
Net assets (deficit)				
Unrestricted				
Operating	272	2,895	(377)	2,790
Pension adjustment	-	(2,519)	-	(2,519)
Total net assets (deficit)	272	376	(377)	271
Total liabilities and net assets (deficit)	$ 2,734	$ 2,946	$ (389)	$ 5,291

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations – Ingraham Corporation and Subsidiary

For the Year Ended September 30, 2012
(In Thousands)

	IC	BHA	Elim. & Reclass	Consolidated Totals
Operating revenues				
Net patient service revenue	$ -	$ 7,354	$ -	$ 7,354
Other revenue	1,050	227	-	1,277
Total operating revenues	1,050	7,581	-	8,631
Operating expenses				
Salaries and wages	11	4,103	-	4,114
Supplies and expense	847	2,644	-	3,491
Depreciation and amortization	128	268	-	396
Bad debts	-	640	-	640
Interest expense	11	-	-	11
Total operating expenses	997	7,655	-	8,652
Income (loss) from operations	53	(74)	-	(21)
Non-operating income (expense)				
Equity (loss) gain in consolidated for-profit subsidiari	(347)	-	347	-
Total non-operating (expense) income	(347)	-	347	-
(Deficiency) excess of revenues over expenses	(294)	(74)	347	(21)
Other changes in net assets				
Pension adjustment	-	(274)	-	(274)
(Decrease) increase in unrestricted net assets	$ (294)	$ (348)	$ 347	$ (295)

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