



See a Social Security Number? Say Something!  
Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990

## Return of Organization Exempt From Income Tax

2011

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

Open to Public Inspection

Department of the Treasury

Internal Revenue Service

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

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

B Check if applicable

Address change

Name change

Initial return

Terminated

Amended return

Application pending

C Name of organization

MIDDLESEX HOSPITAL

Doing Business As

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

28 CRESCENT STREET

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

MIDDLETOWN, CT 06457

F Name and address of principal officer

VINCENT CAPECE - PRESIDENTCEO  
28 CRESCENT STREET  
MIDDLETOWN, CT 06457

D Employer identification number

06-0646718

E Telephone number

(860) 358-6395

G Gross receipts \$ 371,937,208

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

H(a) Is this a group return for affiliates?

 Yes  NoH(b) Are all affiliates included?  Yes  No

If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► WWW.MIDDLESEXHOSPITAL.ORG

K Form of organization  Corporation  Trust  Association  Other ►

L Year of formation 1895

M State of legal domicile CT

## Part I Summary

1 Briefly describe the organization's mission or most significant activities

MIDDLESEX HOSPITAL IS COMMITTED TO PROVIDING HIGH QUALITY INPATIENT AND OUTPATIENT HEALTHCARE SERVICES. THE HOSPITAL RECOGNIZES COMMUNITY TRANSPARENCY AND INTEGRITY AS FUNDAMENTAL RESPONSIBILITIES

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

3 Number of voting members of the governing body (Part VI, line 1a) . . . . .

3

13

4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .

4

10

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .

5

3,061

6 Total number of volunteers (estimate if necessary) . . . . .

6

615

7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .

7a

4,465,014

b Net unrelated business taxable income from Form 990-T, line 34 . . . . .

7b

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h) . . . . .	3,460,686	5,380,626
9 Program service revenue (Part VIII, line 2g) . . . . .	342,349,009	348,999,762
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	6,203,632	2,997,354
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,347,490	9,976,768
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	353,360,817	367,354,510

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	0	0
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)	198,095,488	199,306,965
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 824,734		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	136,850,977	138,777,708
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	334,946,465	338,084,673
19 Revenue less expenses Subtract line 18 from line 12 . . . . .	18,414,352	29,269,837

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16) . . . . .	402,626,000	440,085,000
21 Total liabilities (Part X, line 26) . . . . .	264,554,000	279,080,000
22 Net assets or fund balances Subtract line 21 from line 20 . . . . .	138,072,000	161,005,000

## 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  SUSAN MARTIN VP FINANCE, TREASURER Type or print name and title	2013-08-12  Date
-----------	--	------------------------

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

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

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response to any question in this Part III **1** Briefly describe the organization's mission

MIDDLESEX HOSPITAL EXISTS TO PROVIDE THE SAFEST, HIGHEST-QUALITY HEALTH CARE AND THE BEST EXPERIENCE POSSIBLE FOR OUR COMMUNITY

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported**4a** (Code ) (Expenses \$ 137,785,103 including grants of \$ ) (Revenue \$ 147,366,896 )

Inpatient Care - In the fiscal year ending 9/30/2012, inpatient care represented 14,158 discharges and 59,473 patient care days. Armed with skilled staff, progressive diagnostic tools and advanced surgical techniques, the Hospital was well positioned to ensure a comfortable, safe environment for exceptional medical treatment and recovery. See Schedule O for further detail

**4b** (Code ) (Expenses \$ 51,043,731 including grants of \$ ) (Revenue \$ 65,773,629 )

Emergency Department - Middlesex Hospital emergency department delivers care at the Whalen Emergency Center at the Hospital's main campus as well as two satellite sites located at the Shoreline Medical Center in Essex and the Middlesex Medical Center in Marlborough. The emergency department treat and release visits for the fiscal year ending 9/30/2012 were 85,082. In each, emergency care is deployed by expert, board-certified emergency medicine doctors and specifically trained physician assistants, nurses, patient care technicians and other support personnel. See Schedule O for further detail

**4c** (Code ) (Expenses \$ 19,474,104 including grants of \$ ) (Revenue \$ 28,709,445 )

Ambulatory or Outpatient Surgery - In fiscal year ending 9/30/2012 there were 6,733 revenue generating ambulatory surgery cases from endoscopy/colonoscopy to orthopedic and other outpatient procedures. See Schedule O for further detail

**4d** Other program services (Describe in Schedule O )

(Expenses \$ 78,876,274 including grants of \$ 2,998,000 ) (Revenue \$ 116,993,232 )

**4e** Total program service expenses \$ 287,179,212

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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.

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.

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.

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.

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.

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.

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.

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.

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.

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.

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.

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.

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.

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.

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.

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.

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.

14a Did the organization maintain an office, employees, or agents outside of the United States?

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.

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.

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.

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.

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.

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.

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H.

b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements.

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10	Yes	
11a	Yes	
11b		No
11c		No
11d		No
11e	Yes	
11f		No
12a	Yes	
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18	Yes	
19		No
20a	Yes	
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		No
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		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? 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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	29	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		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	33		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	34	Yes	
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35a	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35b	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	36		No
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37		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	38	Yes	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O			

**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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	<b>1a</b>	178
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	<b>2a</b>	3,061
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	<b>2b</b>	Yes
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	Yes
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>3b</b>	Yes
<b>4a</b>	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)?	<b>4a</b>	No
<b>b</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		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	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?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>	<b>7a</b>	Yes
<b>a</b>	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?	<b>7b</b>	Yes
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7c</b>	No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7d</b>	
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7e</b>	No
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7f</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7g</b>	
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7h</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>8</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>9a</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>	<b>9b</b>	
<b>a</b>	Did the organization make any taxable distributions under section 4966?		
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter	<b>10a</b>	
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>10b</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter	<b>11a</b>	
<b>a</b>	Gross income from members or shareholders	<b>11b</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	<b>13a</b>	
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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	<b>13b</b>	
<b>b</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	<b>13c</b>	
<b>c</b>	Enter the aggregate amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	<b>14b</b>	

**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

1a Enter the number of voting members of the governing body at the end of the tax year . . . . .

1b Enter the number of voting members included in line 1a, above, who are independent . . . . .

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .

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? . . . . .

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .

5 Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .

6 Did the organization have members or stockholders? . . . . .

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? . . . . .

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body? . . . . .

b Each committee with authority to act on behalf of the governing body? . . . . .

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 . . . . .

	Yes	No
1a		13
1b		10
2		No
3		No
4		No
5		No
6	Yes	
7a	Yes	
7b	Yes	
8a	Yes	
8b	Yes	
9		No

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

10a Did the organization have local chapters, branches, or affiliates? . . . . .

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? . . . . .

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .

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 . . . . .

b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .

13 Did the organization have a written whistleblower policy? . . . . .

14 Did the organization have a written document retention and destruction policy? . . . . .

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 . . . . .

b Other officers or key employees of the organization . . . . .

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? . . . . .

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? . . . . .

	Yes	No
10a		No
10b		
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13	Yes	
14	Yes	
15a	Yes	
15b	Yes	
16a	Yes	
16b	Yes	

### Section C. Disclosure

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

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

DONALD LUDWIG CPA  
28 CRESCENT STREET  
MIDDLETON, CT 06457  
(860) 358-6879

**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
		Or Director	Individual trustee	Institutional Trustee	Officer	Key Employee			
(1) Vincent Capece Jr President CEO	40 0	X		X			732,250	0	340,633
(2) David Baggish MD Chief of Medicine Secretary	40 0	X		X			335,484	0	4,054
(3) R Christopher Seaton Chairman	1 0	X		X			0	0	0
(4) Gary Willis Vice Chairman	1 0	X		X			0	0	0
(5) Geoffrey Herter MD Assistant Secretary	1 0	X		X			0	0	0
(6) Nancy D'Oench Director	1 0	X					0	0	0
(7) Chandler Howard Director	1 0	X					0	0	0
(8) Hugh MacKenzie Director	1 0	X					0	0	0
(9) Bruce MacMillian Director	1 0	X							
(10) James Matschulat Director	1 0	X					0	0	0
(11) John Rafal Director	1 0	X					0	0	0
(12) Eric Thornburg Director	1 0	X					0	0	0
(13) Barbara Weiss Director	1 0	X					0	0	0
(14) Susan Martin VP Finance Treasurer	40 0			X			397,845	0	960,902
(15) Arthur McDowell MD VP Clinical Affairs	40 0				X		459,186	0	347,711
(16) Harry Evert Sr VP Strategic Planning Ops	40 0				X		411,022	0	46,531
(17) Colleen Smith VP Nursing (Ret 8/31/11)	40 0				X		374,226	0	2,960

**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			
(18) Jesse Wagner MD VP Quality and Patient Safety	40 0			X			326,220	0	21,557
(19) Gregory Nokes VP Human Resources	40 0			X			309,025	0	197,836
(20) Jacquelyn Calamar VP Nursing (Eff 11/1/11)	40 0			X			242,074	0	32,621
(21) Garrett Havican VP Operations	40 0			X			158,211	0	19,157
(22) Michael Saxe MD Chairman Emergency Medicine	40 0			X			393,494	0	19,865
(23) Jonathan Bankoff MD Physician Emergency Department	40 0				X		354,138	0	83,722
(24) Randolph Goodwin MD Clinical Dir Infectious Dis	40 0				X		351,236	0	6,770
(25) Richard Greiner MD Physician Emergency Department	40 0				X		327,676	0	79,060
(26) Benjamin Sigal MD Physician Emergency Department	40 0				X		325,513	0	71,359
(27) David Cosentino MD Medical Dir Emergency Dept	40 0				X		324,487	0	71,818
<b>1b Sub-Total . . . . .</b>									
<b>c Total from continuation sheets to Part VII, Section A . . . . .</b>									
<b>d Total (add lines 1b and 1c) . . . . .</b>							5,822,087	0	2,306,556

**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 **►227**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	No
<b>4</b> 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
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	No

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
Aramark Corporation 66 Oxford Drive FRANKLIN, MA 02038	DIETARY/HOUSEKEEPING	1,382,887
Quest Diagnostics Inc 2025 Collection Center Drive CHICAGO, IL 60693	LABORATORY SERVICES	1,147,776
Company 1 Consulting 6 Craig Drive MONROE, CT 06468	INFORMATION SERVICES	917,111
Tobin Carberry O'Malley PO Box 58 NEW LONDON, CT 06320	ATTORNEY	873,182
Murtha Cullina LLP 185 Asylum Street HARTFORD, CT 06103	ATTORNEY	801,936
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization <b>►71</b>		

**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	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b> Membership dues . . . . .	<b>1b</b>				
	<b>c</b> Fundraising events . . . . .	<b>1c</b>	113,968			
	<b>d</b> Related organizations . . . . .	<b>1d</b>				
	<b>e</b> Government grants (contributions)	<b>1e</b>	804,430			
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	4,462,228			
	<b>g</b> Noncash contributions included in lines 1a-1f \$		408,061			
	<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		5,380,626			
Program Service Revenue	<b>2a</b> Patient Revenues	Business Code				
		621110	344,565,574	344,565,574		
	<b>b</b> Specimen Laboratory	621500	3,270,050		3,270,050	
	<b>c</b> TECHNICAL LABORATORY	621500	1,164,138		1,164,138	
	<b>d</b>					
	<b>e</b>					
	<b>f</b> All other program service revenue					
	<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		348,999,762			
Other Revenue	<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .					
			603,489		603,489	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .		18,865		18,865	
	<b>5</b> Royalties . . . . .		0			
	<b>6a</b> Gross rents	(I) Real				
		375,620				
	<b>b</b> Less rental expenses	(II) Personal				
		275,352				
<b>c</b> Rental income or (loss)		100,268				
<b>d</b> Net rental income or (loss) . . . . .					100,268	
<b>7a</b> Gross amount from sales of assets other than inventory	(I) Securities					
	6,614,992					
<b>b</b> Less cost or other basis and sales expenses	(II) Other					
	4,239,992					
<b>c</b> Gain or (loss)		2,375,000				
<b>d</b> Net gain or (loss) . . . . .					2,375,000	
<b>8a</b> Gross income from fundraising events (not including \$ <u>113,968</u> of contributions reported on line 1c) See Part IV, line 18 . . . . .						
<b>a</b>	69,588					
<b>b</b> Less direct expenses . . . . .	<b>b</b>	67,354				
<b>c</b> Net income or (loss) from fundraising events . . . . .			2,234		2,234	
<b>9a</b> Gross income from gaming activities						
See Part IV, line 19 . . . . .	<b>a</b>					
<b>b</b> Less direct expenses . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from gaming activities . . . . .			0			
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .						
<b>a</b>						
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory . . . . .			0			
Miscellaneous Revenue	Business Code					
<b>11a</b> EHR INCOME TOTAL		900099	2,838,290	2,838,290		
<b>b</b> EQUITY IN JOINT VENTURE INCOME		900099	2,176,192	2,176,192		
<b>c</b> CAFETERIA REVENUE		722210	1,263,906	1,263,906		
<b>d</b> All other revenue . . . . .			3,595,878	3,565,052	30,826	
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .			9,874,266			
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .			367,354,510	354,409,014	4,465,014	3,099,856

**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 

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	5,175,548	4,140,438	1,035,110	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	232,692	186,154	46,538	
7 Other salaries and wages	157,412,066	141,568,920	15,843,146	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	10,690,876	9,565,887	1,124,989	
9 Other employee benefits . . . . .	15,037,274	13,396,695	1,640,579	
10 Payroll taxes . . . . .	10,758,509	9,575,999	1,182,510	
11 Fees for services (non-employees)				
a Management . . . . .	33,091,292	22,011,343	10,255,215	824,734
b Legal . . . . .	605,719		605,719	
c Accounting . . . . .	172,414		172,414	
d Lobbying . . . . .	46,088		46,088	
e Professional fundraising See Part IV, line 17 . . . . .	0			
f Investment management fees . . . . .	0			
g Other . . . . .	0			
12 Advertising and promotion . . . . .	1,853,543	870,560	982,983	
13 Office expenses . . . . .	10,685,906	7,965,331	2,720,575	
14 Information technology . . . . .	0			
15 Royalties . . . . .	0			
16 Occupancy . . . . .	7,484,098	4,920,084	2,564,014	
17 Travel . . . . .	1,700,177	1,335,071	365,106	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19 Conferences, conventions, and meetings . . . . .	567,662	415,177	152,485	
20 Interest . . . . .	3,106,032		3,106,032	
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	21,471,596	20,490,344	981,252	
23 Insurance . . . . .	2,077,805		2,077,805	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a MEDICAL EXPENSES	34,609,055	34,609,055		
b Bad Debts	12,199,395	12,199,395		
c STATE NET PATIENT REV TAX	4,089,909		4,089,909	
d TRANSFER TO MSH PRIMARY CARE	2,998,000	2,998,000		
e				
f All other expenses	2,019,017	930,759	1,088,258	
25 Total functional expenses. Add lines 1 through 24f	338,084,673	287,179,212	50,080,727	824,734
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	56,459,000	<b>1</b> 54,769,000
	<b>2</b> Savings and temporary cash investments . . . . .	10,647,000	<b>2</b> 10,187,000
	<b>3</b> Pledges and grants receivable, net . . . . .	542,000	<b>3</b> 1,668,000
	<b>4</b> Accounts receivable, net . . . . .	45,270,000	<b>4</b> 47,154,000
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	0	<b>5</b> 0
	<b>6</b> Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .	0	<b>6</b> 0
	<b>7</b> Notes and loans receivable, net . . . . .	766,000	<b>7</b> 645,000
	<b>8</b> Inventories for sale or use . . . . .	1,436,000	<b>8</b> 1,347,000
	<b>9</b> Prepaid expenses and deferred charges . . . . .	2,029,000	<b>9</b> 3,970,000
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	<b>10a</b>	387,892,000
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b>	208,046,000
		174,742,000	<b>10c</b> 179,846,000
	<b>11</b> Investments—publicly traded securities . . . . .	106,486,000	<b>11</b> 138,950,000
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .	0	<b>12</b> 0
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .	0	<b>13</b> 0
	<b>14</b> Intangible assets . . . . .	0	<b>14</b> 0
	<b>15</b> Other assets See Part IV, line 11 . . . . .	4,249,000	<b>15</b> 1,549,000
	<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	402,626,000	<b>16</b> 440,085,000
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	50,554,000	<b>17</b> 53,975,000
	<b>18</b> Grants payable . . . . .	0	<b>18</b> 0
	<b>19</b> Deferred revenue . . . . .	621,000	<b>19</b> 671,000
	<b>20</b> Tax-exempt bond liabilities . . . . .	69,502,000	<b>20</b> 66,330,000
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	0	<b>21</b> 0
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	0	<b>22</b> 0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	152,000	<b>23</b> 1,620,000
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b> 0
	<b>25</b> 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 . . . . .	143,725,000	<b>25</b> 156,484,000
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	264,554,000	<b>26</b> 279,080,000
<b>Net Assets or Fund Balances</b>	<b>27</b> Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
	<b>27</b> Unrestricted net assets . . . . .	124,933,000	<b>27</b> 144,992,000
	<b>28</b> Temporarily restricted net assets . . . . .	6,259,000	<b>28</b> 9,049,000
	<b>29</b> Permanently restricted net assets . . . . .	6,880,000	<b>29</b> 6,964,000
	<b>30</b> Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.		
	<b>30</b> Capital stock or trust principal, or current funds . . . . .	30	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .	31	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .	32	
	<b>33</b> Total net assets or fund balances . . . . .	138,072,000	<b>33</b> 161,005,000
	<b>34</b> Total liabilities and net assets/fund balances . . . . .	402,626,000	<b>34</b> 440,085,000

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI 

1 Total revenue (must equal Part VIII, column (A), line 12)	1	367,354,510
2 Total expenses (must equal Part IX, column (A), line 25)	2	338,084,673
3 Revenue less expenses Subtract line 2 from line 1	3	29,269,837
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	138,072,000
5 Other changes in net assets or fund balances (explain in Schedule O)	5	-6,336,837
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	161,005,000

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII 

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

2011

Open to Public  
Inspection**SCHEDULE A**  
(Form 990 or 990EZ)**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.

Department of the Treasury  
Internal Revenue Service  
Name of the organization  
MIDDLESEX HOSPITAL

Employer identification number

06-0646718

**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

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

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

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

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

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

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

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

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

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

**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 <b>Total.</b> 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 <b>Public Support.</b> 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 <b>Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 <b>First Five Years</b> 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 <b>stop here</b>						►

**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 <b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	►
b <b>33 1/3% support test—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	►
17a <b>10%-facts-and-circumstances test—2011.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization	►
b <b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization	►
18 <b>Private Foundation</b> 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 <b>Total.</b> 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 <b>Public Support</b> (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 <b>Total support</b> (Add lines 9, 10c, 11 and 12 )						
14 <b>First Five Years</b> 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 <b>stop here</b>						

**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 <b>33 1/3% support tests—2011.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
b <b>33 1/3% support tests—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
20 <b>Private Foundation</b> If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

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

**Facts And Circumstances Test**

**Explanation**

---

---

---

---

**SCHEDULE C**  
(Form 990 or 990-EZ)

## 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.

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-E
- 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  
**MIDDLESEX HOSPITAL**

Employer identification number

06-0646718

**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 function 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

**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

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		<b>(a) Filing Organization's Totals</b>	<b>(b) Affiliated Group Totals</b>
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)			
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)			
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)			
<b>d</b> Other exempt purpose expenditures			
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)			
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns			
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>		
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		
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)			
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-			
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-			
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

**4-Year Averaging Period Under Section 501(h)**

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

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

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

	(a)		(b)
	Yes	No	Amount
<b>1</b> 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			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?		No	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		46,088
<b>j</b> Total lines 1c through 1i			46,088
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?	No		
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> 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".**

<b>1</b> Dues, assessments and similar amounts from members	1
<b>2</b> Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a
<b>a</b> Current year	2b
<b>b</b> Carryover from last year	2c
<b>c</b> Total	3
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4
<b>4</b> 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?	5
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	

**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 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Lobbying Activity	Part II-B, Line 1I	Middlesex Hospital pays dues to both the American Hospital Association (AHA) and the Connecticut Hospital Association (CHA). A percentage of those dues funded lobbying activities during the fiscal year. The portion of AHA dues totaled \$10,086 and the portion of CHA dues totaled \$20,362. In addition, Middlesex Hospital contracted with a consultant who performed lobbying activities. Those expenses totaled \$15,640.

2011

Open to Public  
Inspection**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.

**Name of the organization**

MIDDLESEX HOSPITAL

**Employer identification number**

06-0646718

**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
2a	
2b	
2c	
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)

<b>a</b> <input type="checkbox"/> Public exhibition	<b>d</b> <input type="checkbox"/> Loan or exchange programs
<b>b</b> <input type="checkbox"/> Scholarly research	<b>e</b> <input type="checkbox"/> Other
<b>c</b> <input type="checkbox"/> Preservation for future generations	

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

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**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.

	<b>(a) Current Year</b>	<b>(b) Prior Year</b>	<b>(c) Two Years Back</b>	<b>(d) Three Years Back</b>	<b>(e) Four Years Back</b>
<b>1a</b> Beginning of year balance . . . . .	87,389,000	87,748,000	80,828,000	79,900,000	
<b>b</b> Contributions . . . . .	83,000	85,000	208,000	416,000	
<b>c</b> Investment earnings or losses . . . . .	14,929,000	-354,000	6,856,000	597,000	
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .	47,000	90,000	144,000	85,000	
<b>f</b> Administrative expenses . . . . .				85,000	
<b>g</b> End of year balance . . . . .	102,354,000	87,389,000	87,748,000	80,743,000	

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

**a** Board designated or quasi-endowment ► 90 000 %

**b** Permanent endowment ► 7 000 %

**c** Term endowment ► 3 000 %

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

	<b>Yes</b>	<b>No</b>
<b>3a(i)</b>		No
<b>3a(ii)</b>		No

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

**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.

	<b>Description of property</b>	<b>(a) Cost or other basis (investment)</b>	<b>(b) Cost or other basis (other)</b>	<b>(c) Accumulated depreciation</b>	<b>(d) Book value</b>
<b>1a</b> Land . . . . .		8,541,000			8,541,000
<b>b</b> Buildings . . . . .		222,251,000	108,609,000	113,642,000	
<b>c</b> Leasehold improvements . . . . .		2,062,000	1,206,000	856,000	
<b>d</b> Equipment . . . . .		136,913,000	95,476,000	41,437,000	
<b>e</b> Other . . . . .		18,125,000	2,755,000	15,370,000	
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .					179,846,000

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

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

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

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

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

(a) Description	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)	

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	0
Due To Third Party Reimbursements	2,944,000
Accrued Retirement Liabilities	129,767,000
Security Deposits	4,000
Asset Retirement Obligation	732,000
Lease Incentive Obligation	26,000
Unallocated 3rd Party	9,500,000
Self Insurance Liabilities	13,511,000
Total. (Column (b) should equal Form 990, Part X, col (B) line 25.)	156,484,000

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	367,354,510
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	338,084,673
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	29,269,837
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	-195,837
9	Total adjustments (net) Add lines 4 - 8	9	-195,837
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	29,074,000

**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	363,611,000
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	363,611,000
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	3,743,510
c	Add lines 4a and 4b	4c	3,743,510
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 )	5	367,354,510

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

1	Total expenses and losses per audited financial statements	1	334,537,000
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	334,537,000
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	3,547,673
c	Add lines 4a and 4b	4c	3,547,673
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 )	5	338,084,673

**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
Endowment Funds	Part V, Line 4	Board-designated (Quasi-Endowment) funds are assets set aside by the Board for future unspecified uses and to support education and other programs over which the Board retains control and may, at its discretion, subsequently use for other purposes Permanent Endowment funds are assets received with the donor stipulation that the principal be invested in perpetuity and that only the income earned thereon is available for specific or general services, such as free bed funds and support of Hospital operations Temporarily restricted Endowment funds are assets restricted by the donor either as to purpose and/or as to time of expenditure, such as education, health services and capital purchases Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements Payments to Affiliates 2,998,000 Restricted Contributions (2,972,000) Restricted Investment Income (222,000) Rounding 163 Line 8 Total (195,837) Part XII Reconciliation of Revenue per Audited Financial Statements with Revenue Per Return Restricted Contributions 2,972,000 Restricted Investment Income 222,000 Net Fund Raising Activities 824,734 Rental Expenses (275,352) Rounding 128 Line 4b Total 3,743,510 Part XIII Reconciliation of Expenses per Audited Financial Statements with Expenses per Return Payments to Affiliates 2,972,000 Net Fund Raising Activities 824,734 Rental Expenses (275,352) Rounding 291 Line 4b Total 3,547,673

## **Supplemental Information Regarding Fundraising or Gaming Activities**

2011

**Open to Public  
Inspection**

**Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19,  
or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.**

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

**F** Attach to Form 990 or Form 990 EZ. **F** See separate instructions.

**Employer identification number**

06-0646718

**Part I Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17

**1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a**  Mail solicitations
- b**  Internet and e-mail solicitations
- c**  Phone solicitations
- d**  In-person solicitations
- e**  Solicitation of non-government grants
- f**  Solicitation of government grants
- g**  Special fundraising events

**2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

Yes  No

**b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events (Add col (a) through col (c))
		<u>TPC Golf</u> (event type)	<u>Hospice Golf</u> (event type)	<u>2</u> (total number)	
Revenue	1 Gross receipts . . .	114,480	45,112	23,964	183,556
	2 Less Charitable contributions . . .	79,115	22,612	12,241	113,968
	3 Gross income (line 1 minus line 2) . . .	35,365	22,500	11,723	69,588
Direct Expenses	4 Cash prizes . . .				
	5 Non-cash prizes . . .	2,044	240		2,284
	6 Rent/facility costs . . .	31,327	17,053		48,380
	7 Food and beverages . . .				
	8 Entertainment . . .				
	9 Other direct expenses . . .	7,121	2,709	6,860	16,690
	10 Direct expense summary Add lines 4 through 9 in column (d) . . . . .				( 67,354 )
	11 Net income summary Combine lines 3 and 10 in column (d) . . . . .				2,234

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue . . . .				
Direct Expenses	2 Cash prizes . . . .				
	3 Non-cash prizes . . . .				
	4 Rent/facility costs . . . .				
	5 Other direct expenses . . . .				
	6 Volunteer labor . . . .	<input type="checkbox"/> Yes ..... <input type="checkbox"/> No	<input type="checkbox"/> Yes ..... <input type="checkbox"/> No	<input type="checkbox"/> Yes ..... <input type="checkbox"/> No	
	7 Direct expense summary Add lines 2 through 5 in column (d) . . . . .				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) . . . . .				

9 Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

a Is the organization licensed to operate gaming activities in each of these states? . . . . .  Yes  No

b If "No," Explain \_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? . . . . .  Yes  No

b If "Yes," Explain \_\_\_\_\_

**11** Does the organization operate gaming activities with nonmembers?  Yes  No

**12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No

**13** Indicate the percentage of gaming activity operated in

13a
13b

**a** The organization's facility . . . . .

**b** An outside facility . . . . .

**14** Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ►

Address ►

**15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No

**b** If "Yes," enter the amount of gaming revenue received by the organization ► \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ► \$ \_\_\_\_\_

**c** If "Yes," enter name and address

Name ►

Address ►

**16** Gaming manager information

Name ►

Gaming manager compensation ► \$ \_\_\_\_\_

Description of services provided ►

 Director/officer Employee Independent contractor**17** Mandatory distributions

**a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No

**b** Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► \$ \_\_\_\_\_

**Part IV** Complete this part to provide additional information for responses to questions on Schedule G (see instructions.)

Identifier

ReturnReference

Explanation

SCHEDULE H  
(Form 990)

## Hospitals

OMB No 1545-0047

2011

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue Service► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.Name of the organization  
MIDDLESEX HOSPITALEmployer identification number  
06-0646718

## Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? If "No," skip to question 6a . . . . .

	Yes	No
1a	Yes	
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 \_\_\_\_\_%

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 500. %

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"? . . . . .

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .

4	Yes	
5a	Yes	
5b		No
5c		
6a	Yes	
6b	Yes	

b If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .

6a Did the organization prepare a community benefit report during the tax year? . . . . .

6b If "Yes," did the organization make it available to the public? . . . . .

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) . . . . .		5,908	5,591,510	3,410,168	2,181,341	0 670 %
b Medicaid (from Worksheet 3, column a) . . . . .		15,679	49,786,078	37,575,702	12,210,376	3 750 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .			4,522,253	3,476,118	1,046,134	0 320 %
d Total Charity Care and Means-Tested Government Programs . . . . .	21,587	59,899,841	44,461,988		15,437,851	4 740 %

## Other Benefits

e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	23,221	4,374,506	1,527	4,372,979	1 340 %
f Health professions education (from Worksheet 5) . . . . .	1,304	7,266,988	2,109,792	5,157,196	1 580 %
g Subsidized health services (from Worksheet 6) . . . . .	27,059	40,609,930	26,608,927	14,001,003	4 300 %
h Research (from Worksheet 7) . . . . .	68	432,797		432,797	0 130 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	6,659	417,391		417,391	0 130 %
j Total Other Benefits . . . . .	58,311	53,101,612	28,720,246	24,381,366	7 480 %
k Total. Add lines 7d and 7j . . . . .	79,898	113,001,453	73,182,234	39,819,217	12 220 %

**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
<b>1</b> Physical improvements and housing						
<b>2</b> Economic development			7,283		7,283	
<b>3</b> Community support		1,022	195,757		195,757	0 060 %
<b>4</b> Environmental improvements						
<b>5</b> Leadership development and training for community members						
<b>6</b> Coalition building		539	10,936		10,936	
<b>7</b> Community health improvement advocacy						
<b>8</b> Workforce development		86	89,615		89,615	0 030 %
<b>9</b> Other						
<b>10 Total</b>		1,647	303,591		303,591	0 090 %

**Part III Bad Debt, Medicare, & Collection Practices**
**Section A. Bad Debt Expense**

**1** Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? **1** Yes **No**

**2** Enter the amount of the organization's bad debt expense **2** 12,199,395

**3** Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy **3** 1,219,940

**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** 83,129,028

**6** Enter Medicare allowable costs of care relating to payments on line 5 **6** 97,936,212

**7** Subtract line 6 from line 5. This is the surplus or (shortfall) **7** -14,807,184

**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 %
<b>1</b>					
<b>2</b>					
<b>3</b>					
<b>4</b>					
<b>5</b>					
<b>6</b>					
<b>7</b>					
<b>8</b>					
<b>9</b>					
<b>10</b>					
<b>11</b>					
<b>12</b>					
<b>13</b>					

## 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

**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)

## MIDDLESEX HOSPITAL

Name of Hospital Facility: \_\_\_\_\_

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

	Yes	No
<b>Community Health Needs Assessment</b> (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 <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
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 <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
<b>Financial Assistance Policy</b>		
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 <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used		

**Part V Facility Information (continued)**

	Yes	No
<b>10</b> Used FPG to determine eligibility for providing discounted care? . . . . .	<b>10</b>	Yes
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500</u> % If "No," explain in Part VI the criteria the hospital facility used		
<b>11</b> Explained the basis for calculating amounts charged to patients? . . . . .	<b>11</b>	Yes
If "Yes," indicate the factors used in determining such amounts (check all that apply)		
<input checked="" type="checkbox"/> a Income level <input checked="" type="checkbox"/> b Asset level <input type="checkbox"/> c Medical indigency <input type="checkbox"/> d Insurance status <input type="checkbox"/> e Uninsured discount <input type="checkbox"/> f Medicaid/Medicare <input checked="" type="checkbox"/> g State regulation <input checked="" type="checkbox"/> h Other (describe in Part VI)		
<b>12</b> Explained the method for applying for financial assistance? . . . . .	<b>12</b>	Yes
<b>13</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . .	<b>13</b>	Yes
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
<input type="checkbox"/> a The policy was posted at all times on the hospital facility's web site <input type="checkbox"/> b The policy was attached to all billing invoices <input type="checkbox"/> c The policy was posted in the hospital facility's emergency rooms or waiting rooms <input type="checkbox"/> d The policy was posted in the hospital facility's admissions offices <input type="checkbox"/> e The policy was provided, in writing, to patients upon admission to the hospital facility <input checked="" type="checkbox"/> f The policy was available upon request <input checked="" type="checkbox"/> g Other (describe in Part VI)		
<b>Billing and Collections</b>		
<b>14</b> 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? . . . . .	<b>14</b>	Yes
<b>15</b> 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		
<input type="checkbox"/> a Reporting to credit agency <input type="checkbox"/> b Lawsuits <input type="checkbox"/> c Liens on residences <input type="checkbox"/> d Body attachments or arrests <input type="checkbox"/> e Other similar actions (describe in Part VI)		
<b>16</b> 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? . . . . .	<b>16</b>	Yes
If "Yes," check all actions in which the hospital facility or a third party engaged		
<input type="checkbox"/> a Reporting to credit agency <input type="checkbox"/> b Lawsuits <input type="checkbox"/> c Liens on residences <input type="checkbox"/> d Body attachments <input type="checkbox"/> e Other similar actions (describe in Part VI)		
<b>17</b> Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)		
<input type="checkbox"/> a Notified patients of the financial assistance policy upon admission <input type="checkbox"/> b Notified patients of the financial assistance policy prior to discharge <input type="checkbox"/> c Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills <input type="checkbox"/> d Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy <input type="checkbox"/> e Other (describe in Part VI)		

**Part V Facility Information (continued)****Policy Relating to Emergency Medical Care**

**18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

If "No," indicate why

- 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)

	Yes	No
<b>18</b>	Yes	

**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 its 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)

<b>20</b>		No
<b>21</b>		No

**20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**21** Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? . . . . .

If "Yes," explain in Part VI

**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? **1**

Name and address		Type of Facility (Describe)
<b>1</b>	MIDDLESEX HOSPITAL HOMECARE 770 SAYBROOK ROAD MIDDLETON, CT 06457	HOMECARE SERVICES, REHAB, HEART HEALTH, OTHER SERVICES
<b>2</b>		
<b>3</b>		
<b>4</b>		
<b>5</b>		
<b>6</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		

**Part VI Supplemental Information**

---

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
Q1 - Part I, line 3c In general, Middlesex Hospital ("the Hospital")		<p>uses FPG to determine eligibility. There are, however, special circumstances (such as a catastrophic event) which may affect a patient's ability to pay. In this case, the Hospital evaluates the application with consideration given to the patient's current situation. With special circumstances the FPG threshold may be ignored and the Hospital may use the patient's assets and/or tax return itemized deductions to determine the amount of financial assistance. Q1 - Part I, line 7, column (f) The percent of total expense in Part 1, Line 7, Column (f) is calculated by dividing column (e), net community benefit expense, by total expense. The bad debt expense of \$12,199,395 was subtracted from the total expense value used to calculate the percentages in Part 1, Line 7, Column (f).</p> <p>Q1 - Part I, line 7 For Part 1, Line 7 sections (a) financial assistance at cost, (b) Medicaid, (c) costs of other means-tested government programs, portions of (f) health professions education, and (g) subsidized health services, the costing methodology used is a hybrid cost accounting/Medicare Cost-to-Charge Ratio calculation. The percentages are derived from the most current Medicare Cost Report and applied by charge line appropriately. Indirect costs were applied to subsidized health services. The Medicare Cost Report does not address all areas of the Hospital in the same detail, but does accurately address inpatient and outpatient, Homecare and to an extent physician services. Sections (e) community health improvement, portions of (f) health professions education, (h) research, and (i) cash and in-kind contributions to community groups are comprised (except for cash donations and in-kind material donations) of 1) supply expenses, 2) purchased services, and 3) the direct salary costs for Hospital staff whose time was compensated by the Hospital for time spent participating in activities that qualify as community benefits plus the current fiscal year fringe benefit rate. Direct costs were applied to subsidized services and to a small selection of salaries and services under community health improvement, research, and community benefit operations, but not broadly across all community benefit activity entries.</p> <p>Q1 - Part II Middlesex Hospital's participation in Community Building activities has a vital role in continuing to promote health, well-being and safety for residents in its service area and, in some cases, the international community. The Hospital offers its resources and expertise to support and strengthen community assets in a variety of programs that fall under the scope of community building. Staff members are highly participative in community partnerships and coalitions, the success of which are greatly enhanced by Hospital collaboration - many community initiatives would not be as effective without the Hospital's administrative and clinical staff in-kind involvement, support and expertise. As Community Building participation is focused on having a direct impact on improving the health of the community, it meets the criteria for inclusion in community benefit aggregate totals. In FY12 the Hospital's Community Building Activities totaled \$303,591 and served 1,647 individuals. Examples include (but are not limited to) "Opportunity Knocks (OK) a multidisciplinary community coalition that includes 70+ collaborators comprised of local health and social service agencies, early care and education providers and parents. The goals are to ensure that children enter kindergarten physically and emotionally healthy and ready to succeed. Since its inception in 2003, OK has served approximately 7,922 children ages 0-5. Middlesex Hospital provides funding, the program planner, a physician champion, grant-writing support, fiscal administration for the funding sources and participation from multiple departmental staff members. "The Middlesex Hospital-Sayaxche Community Partnership" extends the Hospital's involvement in community health to the global community. The goal of the project is to establish a long-term, collaborative, mutually beneficial and ethically sound partnership between Middlesex Hospital and the Middletown, CT community with the healthcare infrastructure of the Peten region in Guatemala. Middlesex Hospital annually funds and hosts a site-visit for a delegation from Guatemala for teaching and educational purposes. The Hospital contributes in-kind staff hours and donated supplies. "Disaster Readiness" For disaster readiness, the Hospital plays a pivotal role by working in collaboration with key community partners to ensure the safety of the community at large during a potential disaster. To prepare for disasters, the Hospital participates in school safety committees, community flu preparation committees, statewide/regional emergency management committees, regular collaborative community education and drills, and hosts yearly radiation drills for the staff of a local nuclear power plant. In addition, the Hospital purchases</p>

Identifier	ReturnReference	Explanation
Q1 - Part I, line 3c In general, Middlesex Hospital ("the Hospital")		<p>ses and stock-piles large quantities of extensive pandemic supplies to be used should a community-wide disaster occur. Included in this stock-pile are medications for infectious disease and chemical exposure curatives. The majority of the value of the supplies, space utilization and costs associated to monitor and replenish pandemic products (within expiration dates) are absorbed by the Hospital.</p> <p>Q1 - Part III, line 4 The Bad Debt Expense amount in Part III, line 2 is based on charges and tied to the Hospital's audited financial statements. The Hospital accounts for discounts and payments on patient accounts in determining bad debt expense by reducing bad debt by recoveries on the Hospital's financials. For Part III, line 3, the Hospital estimates that 10% of its Bad Debt expense is attributable to patients eligible under the organization's financial assistance policy. The Hospital has a well-established process with its third party agencies to capture as many patients eligible for financial assistance as possible and awards financial assistance to those patients in collections who are known to qualify. Once in collections, there are two methods which enable patients to receive financial assistance awards: 1) patients either complete a financial assistance application, meet eligibility criteria and are approved, or 2) the third party organizations that work on behalf of the Hospital to collect balances screen for financial assistance eligibility. In order to ensure that all patients in collections are aware of financial assistance availability, the Hospital requires third party organizations to follow the Hospital's policies regarding patient notification about the Hospital's financial assistance program. Within the policy there is a provision whereby collection agencies, using guidelines set forth by the Hospital, assist the Hospital in identifying patients who do not have a means to pay for services and therefore qualify for the Hospital's financial assistance program - while these patients have not gone through the formal application process, they meet the eligibility guidelines for financial assistance as defined by the Hospital. These patients are then transferred and included under the Hospital's financial assistance umbrella. While this process captures the majority of those who are eligible for charity care, the Hospital recognizes it will still have a population of patients who could potentially qualify for charity care and do not receive awards - those who are uncooperative, unresponsive or have moved away. Middlesex Hospital does not provide text in the footnote to its financial statements that describes bad debt expense. The Hospital estimates a reserve for uncollectible accounts against its patient accounts receivables. When bad debts are identified, they are accounted for as a component of the operating expense provision for bad debts net of recoveries. Bad debt dollars are not included in any of the Hospital's programmatic community benefit values and, while noted, are not included in the Hospital's community benefit totals in any Hospital community benefit publication.</p> <p>Q1 - Part III, line 8 The Medicare Cost Report is the costing methodology system used to determine the amount reported on Part III, Lines 5 and 6. The Hospital utilizes Worksheet 6 found in the Form 990 Instructions for Schedule H to calculate its subsidized services. The instructions state that "the financial loss is measured after removing losses, measured by cost, associated with bad debt, charity care, Medicaid and other means-tested government programs". Given that the instructions don't suggest removing losses associated with Medicare, a portion of Medicare is included in the Hospital's subsidized service calculations. So as not to double count Medicare values in Part III, Section B, Lines 5 and 6, the portion of Medicare Shortfall included in our subsidized services calculations has been subtracted from the Medicare revenue and costs derived.</p>

Identifier	ReturnReference	Explanation
Middlesex Hospital conducts research in the domains of clinical and		<p>community health Clinical examples include national trials by the Hospital's Cancer Center for breast, lung, prostate, colorectal, among others For FY12, the Hospital's associated costs for all research projects totaled \$432,797 and served 68 individuals Financial and In-Kind Contributions Middlesex Hospital supports the community in the form of financial and in-kind contributions The Hospital's in-kind contributions include equipment, food, linens and medical supplies that are donated both locally and globally Other in-kind donations include cafeteria discounts for YMCA residents and staff coordination of community support drives The Hospital's main campus and satellite locations make meeting space available, free-of-charge and on an on-going basis, for many community groups that would otherwise struggle to pay for space In addition, each year the Hospital makes substantial cash donations to carefully selected mission-driven community organizations throughout its service area The Hospital's FY12 support for financial and in-kind contributions totaled \$417,391, serving 6,659 individuals Community Benefit Operations Community Benefit Operations include activities and costs associated with community benefit strategic planning, administration, annual goal attainment, and community health needs assessment production and implementation Middlesex Hospital has a dedicated manager of community benefit, along with a community benefit steering committee (comprised of hospital leadership) that oversees community benefit planning and operations Outside of on-going community benefit activities, the main goals of the Hospital's community benefit program in FY12 continued to focus on the health assessment priority areas and collaborating with community partners The Hospital's FY12 Community Benefit Operations expense totaled \$353,550 Q6 - Affiliated Health System N/A Middlesex Hospital is not part of an affiliated health care system Q7 - Community Benefit Report Filing Under the Connecticut General Statutes 19a-127k, hospitals that have a community benefit program in place, as specified by the statute, are required to report biennially to the State of CT This biennial community benefit reporting is currently under the auspices of the State of Connecticut's Office of the Healthcare Advocate As Middlesex Hospital meets the statute as having a community benefit program in place, it reports biennially to the State of CT's Office of the Healthcare Advocate</p>

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

**2011****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

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

**Name of the organization**  
MIDDLESEX HOSPITAL**Employer identification number**

06-0646718

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input checked="" type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input checked="" type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input checked="" type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**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?

**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

<input checked="" type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> 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?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

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?

**b** Any related organization?

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?

**b** Any related organization?

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

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>	Yes	
<b>2</b>	Yes	
<b>4a</b>		No
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>	Yes	
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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) Vincent Capece Jr	(i) 516,419 (ii) 0	175,000 0	40,831 0	334,028 0	6,605 0	1,072,883 0	175,000 0
(2) David Baggish MD	(i) 316,495 (ii) 0	16,521 0	2,468 0	0 0	4,054 0	339,538 0	6,353 0
(3) Susan Martin	(i) 316,212 (ii) 0	67,500 0	14,133 0	958,020 0	2,882 0	1,358,747 0	67,500 0
(4) Arthur McDowell MD	(i) 363,390 (ii) 0	75,250 0	20,546 0	340,109 0	7,602 0	806,897 0	75,000 0
(5) Harry Evert	(i) 222,838 (ii) 0	145,500 0	42,684 0	44,500 0	2,031 0	457,553 0	145,500 0
(6) Colleen Smith	(i) 141,179 (ii) 0	49,500 0	183,547 0	0 0	2,960 0	377,186 0	49,500 0
(7) Jesse Wagner MD	(i) 291,985 (ii) 0	15,000 0	19,235 0	15,000 0	6,557 0	347,777 0	5,843 0
(8) Gregory Nokes	(i) 238,882 (ii) 0	52,000 0	18,143 0	193,215 0	4,621 0	506,861 0	52,000 0
(9) Jacquelyn Calamarri	(i) 222,074 (ii) 0	20,000 0	0 0	32,500 0	121 0	274,695 0	0 0
(10) Garrett Havican	(i) 145,211 (ii) 0	13,000 0	0 0	13,000 0	6,157 0	177,368 0	0 0
(11) Michael Saxe MD	(i) 352,492 (ii) 0	33,034 0	7,968 0	15,000 0	4,865 0	413,359 0	22,076 0
(12) Jonathan Bankoff MD	(i) 280,407 (ii) 0	73,731 0	0 0	77,565 0	6,157 0	437,860 0	4,976 0
(13) Randolph Goodwin MD	(i) 300,339 (ii) 0	20,794 0	30,103 0	5,767 0	1,003 0	358,006 0	6,278 0
(14) Richard Greiner MD	(i) 253,591 (ii) 0	74,085 0	0 0	74,392 0	4,668 0	406,736 0	0 0
(15) Benjamin Sigal MD	(i) 260,458 (ii) 0	65,055 0	0 0	62,175 0	9,184 0	396,872 0	0 0
(16) David Cosentino MD	(i) 250,060 (ii) 0	73,825 0	602 0	66,224 0	5,594 0	396,305 0	4,322 0

**Part III Supplemental Information**

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information		BENEFITS PART I, LINE 1A FIRST CLASS TRAVEL - THE HOSPITAL'S POLICY AUTHORIZES FIRST CLASS TRAVEL FOR THE CHIEF EXECUTIVE OFFICER ON TRIPS EXCEEDING FOUR HOURS IN DURATION. NONE WAS USED DURING THE REPORTING PERIOD. TRAVEL FOR COMPANIONS - THE HOSPITAL'S POLICY PROVIDES FOR SPOUSAL OR "SIGNIFICANT OTHER" TRAVEL IN CERTAIN INSTANCES RELATED TO BUSINESS ACTIVITIES AND PRESCRIBES THE PROPER TAX TREATMENT OF THAT BENEFIT. THIS BENEFIT WAS TREATED AS TAXABLE COMPENSATION GROSS UP PAYMENTS - REPRESENTS THE FEDERAL AND STATE INCOME TAX PAID BY THE ORGANIZATION ON BEHALF OF THE INDIVIDUAL FOR CERTAIN NON-CASH BENEFITS PROVIDED. SIX (6) EMPLOYEES NOTED ON FORM 990, PART VII, RECEIVED THIS BENEFIT. THIS BENEFIT WAS TREATED AS TAXABLE COMPENSATION. SOCIAL CLUB DUES - REPRESENTS A CORPORATE MEMBERSHIP AT A GOLF CLUB USED FOR VARIOUS BUSINESS PURPOSES. TO THE EXTENT THIS MEMBERSHIP IS USED FOR PERSONAL REASONS THE ASSOCIATED COST IS INCLUDED IN THE TAXABLE INCOME OF THE EXECUTIVE STAFF MEMBER ACCORDING TO IRS RULES AND REGULATIONS. THIS BENEFIT WAS TREATED AS TAXABLE COMPENSATION. PERSONAL SERVICES - REPRESENTS TAX PLANNING AND/OR TAX PREPARATION FEES FOR ONE (1) MEMBER OF THE EXECUTIVE STAFF. THIS BENEFIT WAS TREATED AS TAXABLE COMPENSATION.
SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN	PART I, LINE 4B	ALTHOUGH THE BENEFIT IS NOT PAYABLE UNTIL RETIREMENT, THE NONQUALIFIED RETIREMENT PLAN BENEFIT ACCRUES ANNUALLY AND THE PLAN PROVIDES THAT A PARTICIPANT VESTS AFTER FIVE (5) YEARS OF SERVICE. THE AMOUNT OF THE VESTED BENEFIT IS CONSIDERED "INCOME" TO THE EXECUTIVE AS IT IS EARNED. THE INCOME IS REPORTED ON THE EXECUTIVE'S W-2 FORM AND IS TAXABLE. MIDDLESEX HOSPITAL SUPPLEMENTS THE EXECUTIVE'S INCOME TO PAY FOR THIS TAX CONSEQUENCE AS THE EARNED BENEFITS VEST. THE TOTAL OF THESE SUPPLEMENTAL PAYMENTS, CUMULATIVE WITH INTEREST, ARE OFFSET AGAINST THE NONQUALIFIED RETIREMENT PLAN BENEFIT AT THE TIME OF RETIREMENT. THE FOLLOWING INDIVIDUALS PARTICIPATED IN A NONQUALIFIED RETIREMENT PLAN. THE AMOUNTS REPORTED BELOW REPRESENT BENEFITS ACCRUED DURING CALENDAR YEAR 2011, NOT PAYABLE UNTIL RETIREMENT: COLLEEN SMITH \$168,258 JESSE WAGNER \$ 13,966 HARRY EVERET \$ 22,548 THE FOLLOWING PARTICIPANTS HAD FUNDS CONTRIBUTED TO THEIR SERP ACCOUNT IN 2011: VINCENT CAPECE \$157,528 SUSAN MARTIN \$890,520 ARTHUR MCDO WELL \$266,609 GEGORY NOKES \$144,215
COMPENSATION CONTINGENT ON NET REVENUE	PART 1, LINE 6A	THERE ARE FOUR (4) BROAD CATEGORIES OF EXECUTIVE INCENTIVE GOALS: CLINICAL QUALITY AND PATIENT SATISFACTION (40%), FINANCIAL STRENGTH (30%), WORKPLACE ENVIRONMENT (15%), AND COMMUNITY BENEFIT/CHARITABLE MISSION EFFECTIVENESS (15%). WITHIN EACH CATEGORY ARE MORE SPECIFIC GOALS WHICH ARE DETERMINED FROM OUR OWN PAST EXPERIENCE AS WELL AS STATE AND NATIONAL BENCHMARK DATA. THE INCENTIVE COMPENSATION OF THE EXECUTIVE STAFF IS DETERMINED WITH REFERENCE TO PERFORMANCE RELATIVE TO THESE GOALS.
COMPENSATION	SCHEDULE J, PART II	BONUS & INCENTIVE COMPENSATION - COLUMN B(II) THE AMOUNTS REPRESENT INCENTIVE COMPENSATION PAYMENTS MADE IN CALENDAR YEAR 2011. PAYMENTS INCLUDE AMOUNTS EARNED IN 2010 AND DEFERRED, WHERE APPLICABLE DEFERRED COMPENSATION - COLUMN (C) THE DEFERRED COMPENSATION REPORTED IN COLUMN (C) REPRESENTS INCENTIVE COMPENSATION EARNED IN 2011 THAT WILL BE PAID AND INCLUDED IN TAXABLE WAGES IN A LATER YEAR.

**Software ID:**  
**Software Version:**  
**EIN:** 06-0646718  
**Name:** MIDDLESEX HOSPITAL

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Vincent Capece Jr	(i) 516,419 (ii) 0	175,000 0	40,831 0	334,028 0	6,605 0	1,072,883 0	175,000 0
David Baggish MD	(i) 316,495 (ii) 0	16,521 0	2,468 0	0 0	4,054 0	339,538 0	6,353 0
Susan Martin	(i) 316,212 (ii) 0	67,500 0	14,133 0	958,020 0	2,882 0	1,358,747 0	67,500 0
Arthur McDowell MD	(i) 363,390 (ii) 0	75,250 0	20,546 0	340,109 0	7,602 0	806,897 0	75,000 0
Harry Evert	(i) 222,838 (ii) 0	145,500 0	42,684 0	44,500 0	2,031 0	457,553 0	145,500 0
Colleen Smith	(i) 141,179 (ii) 0	49,500 0	183,547 0	0 0	2,960 0	377,186 0	49,500 0
Jesse Wagner MD	(i) 291,985 (ii) 0	15,000 0	19,235 0	15,000 0	6,557 0	347,777 0	5,843 0
Gregory Nokes	(i) 238,882 (ii) 0	52,000 0	18,143 0	193,215 0	4,621 0	506,861 0	52,000 0
Jacquelyn Calamari	(i) 222,074 (ii) 0	20,000 0	0 0	32,500 0	121 0	274,695 0	0 0
Garrett Havican	(i) 145,211 (ii) 0	13,000 0	0 0	13,000 0	6,157 0	177,368 0	0 0
Michael Saxe MD	(i) 352,492 (ii) 0	33,034 0	7,968 0	15,000 0	4,865 0	413,359 0	22,076 0
Jonathan Bankoff MD	(i) 280,407 (ii) 0	73,731 0	0 0	77,565 0	6,157 0	437,860 0	4,976 0
Randolph Goodwin MD	(i) 300,339 (ii) 0	20,794 0	30,103 0	5,767 0	1,003 0	358,006 0	6,278 0
Richard Greiner MD	(i) 253,591 (ii) 0	74,085 0	0 0	74,392 0	4,668 0	406,736 0	0 0
Benjamin Sigal MD	(i) 260,458 (ii) 0	65,055 0	0 0	62,175 0	9,184 0	396,872 0	0 0
David Cosentino MD	(i) 250,060 (ii) 0	73,825 0	602 0	66,224 0	5,594 0	396,305 0	4,322 0

**Schedule K  
(Form 990)****2011****Open to Public  
Inspection**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.

Name of the organization  
MIDDLESEX HOSPITALEmployer identification number  
06-0646718**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	STATE OF CT HEALTH & EDUCATIONAL FACILITIES AUTH	06-0806186	20774UGQ2	12-07-2006	23,613,507	CONSTRUCTION OF NEW EMERGENCY ROOM		X		X		X
B	STATE OF CT HEALTH & EDUCATIONAL FACILITIES AUTH	06-0806186	20774UGRO	12-07-2006	16,620,000	Refinance 11/15/2002 (Series K)		X		X		X
C	STATE OF CT HEALTH & EDUCATIONAL FACILITIES AUTH	06-0806186	20774YAW7	07-26-2011	33,803,383	Refinance 10/9/1997 (Series H)		X		X		X

**Part II Proceeds**

		A	B	C	D		
						Yes	No
1	Amount of bonds retired	1,765,000	3,700,000	1,970,000			
2	Amount of bonds defeased	0	0	0			
3	Total proceeds of issue	24,649,762	16,775,130	33,803,651			
4	Gross proceeds in reserve funds	1,625,617	1,219,669	0			
5	Capitalized interest from proceeds	0	0	0			
6	Proceeds in refunding escrow	0	0	0			
7	Issuance costs from proceeds	392,822	256,847	537,961			
8	Credit enhancement from proceeds	720,290	429,253	0			
9	Working capital expenditures from proceeds	0	0	0			
10	Capital expenditures from proceeds	21,821,549	14,869,361	33,265,690			
11	Other spent proceeds	89,483	0	0			
12	Other unspent proceeds	0	0	0			
13	Year of substantial completion	2008	2007	2011			
		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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

**Part III Private Business Use (Continued)**

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

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		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	0		0		0			
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	0		0		0			
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6 Did the bond issue qualify for an exception to rebate?		X		X		X		

**Part V Procedures To Undertake Corrective Action**

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Yes  No

**Part VI Supplemental Information**

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

Identifier	Return Reference	Explanation
Part II Line 3 (All bonds)	0	The difference between the issue price and the total proceeds is interest in the amount of \$1,036,255 for Column A bond, \$155,130 for Column B bond and \$268 for Column C bond
Part II Line 7 (Column C bond)	0	THIS AMOUNT WILL NOT TIE TO 8038 DUE TO ALLOCATION TO OBLIGATED GROUP

## Schedule L

## Transactions with Interested Persons

OMB No 1545-0047

2011

Department of the Treasury  
Internal Revenue Service

► 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

**Open to Public  
Inspection**

**Name of the organization**

## MIDDLESEX HOSPITAL

**Employer identification number**

06-064671

**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.

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

**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.

### **Part III Grants or Assistance Benefiting Interested Persons.**

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) VICTORIA MCDO WELL - REGISTERED NURS	FAMILY MEMBER-A MCDO WELL	70,234	RECEIPT OF WAGES/COMPENSATION		No
(2) STEVE MCDO WELL - PURCHASING MANAGER	FAMILY MEMBER-A MCDO WELL	96,801	RECEIPT OF WAGES/COMPENSATION		No
(3) ANNE CALAMARI - LCSW COORDINATOR	FAMILY MEMBER-J CALAMARI	56,495	RECEIPT OF WAGES/COMPENSATION		No
(4) ESSEX FINANCIAL SERVICES	JOHN W RAFAL/DIRECTOR	593,299	ENTITY MORE THAN 35% OWNED		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS WITH INTERESTED PERSONS	PART IV	VICTORIA MCDO WELL, REGISTERED NURSE, IS THE SISTER-IN-LAW OF ARTHUR MCDO WELL, VICE PRESIDENT OF CLINICAL AFFAIRS VICTORIA MCDO WELL'S WAGES FOR 10/01/11 TO 09/30/12 TOTALED \$70,234 STEVE MCDO WELL, PURCHASING MANAGER, IS THE BROTHER OF ARTHUR MCDO WELL, VICE PRESIDENT OF CLINICAL AFFAIRS STEVE MCDO WELL'S WAGES FOR 10/01/11 TO 09/30/12 TOTALED \$96,801 ANNE CALAMARI, LCSW COORDINATOR, IS THE daughter of Jacquelyn Calamari, VP Nursing ANNE CALAMARI'S WAGES FOR 10/01/11 TO 09/30/12 TOTALED \$56,495 JOHN W RAFAL, DIRECTOR, IS 40% OWNER OF ESSEX FINANCIAL SERVICES DURING THE REPORTING PERIOD, \$593,299 OF MIDDLESEX HOSPITAL EMPLOYER CONTRIBUTIONS WERE TRANSFERRED TO ESSEX FINANCIAL SERVICES FOR MANAGEMENT IN 403(B) PLANS

SCHEDULE M  
(Form 990)

## NonCash Contributions

OMB No 1545-0047

2011

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue Service

►Complete if the organization answered "Yes" on Form  
990, Part IV, lines 29 or 30.  
►Attach to Form 990.

Name of the organization  
MIDDLESEX HOSPITAL

Employer identification number

06-0646718

## Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1 Art—Works of art . . . . .				
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .				
5 Clothing and household goods . . . . .				
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .	X	6	408,061	SELLING PRICE
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ► ( _____ ) . . . . .				
26 Other ► ( _____ ) . . . . .				
27 Other ► ( _____ ) . . . . .				
28 Other ► ( _____ ) . . . . .				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .			29	

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .	30a	No
b If "Yes," describe the arrangement in Part II		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions? . . . . .	32a	Yes
b If "Yes," describe in Part II		
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

**Part II**

**Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
USE OF THIRD PARTIES TO SELL NONCASH CONTRIBUTIONS	LINE 32B	Donors of stock are instructed to transfer to Merrill Lynch, in which Merrill Lynch is instructed to sell the stock immediately

**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.

**2011****Open to Public  
Inspection**

Name of the organization

MIDDLESEX HOSPITAL

**Employer identification number**

06-0646718

Identifier	Return Reference	Explanation
ORGANIZATIONS MISSION	Form 990, Part III, LINE 1	MIDDLESEX HOSPITAL IS AN ACUTE CARE GENERAL HOSPITAL SERVING THE RESIDENTS OF MIDDLESEX COUNTY AND VARIOUS SURROUNDING COMMUNITIES PROVIDING SELECTED HIGH QUALITY INPATIENT AND OUTPATIENT HEALTH SERVICES. THE HOSPITAL MAINTAINS FORMAL RELATIONSHIPS WITH SPECIALIZED PROVIDERS TO ASSURE COORDINATION OF CARE WHEN SERVICES ARE NOT LOCALLY AVAILABLE. AN INTEGRAL PART OF THE CORE PROGRAMS, SPANNING THEIR TRADITIONAL DIAGNOSTIC AND TREATMENT SERVICES, ARE THE SCORES OF SPECIAL PROGRAMS OFFERED TO THE COMMUNITIES SERVED, MANY OF WHICH FOCUS ON THE DISADVANTAGED AND UNDERSERVED, THOSE SPECIAL POPULATIONS SUCH AS MINORITIES, OLDER PERSONS, PERSONS LIVING IN POVERTY WITH DISABILITIES, CHRONICALLY MENTALLY ILL PERSONS, AND OTHER DISENFRANCHISED PERSONS. MANY OTHER SPECIAL PROGRAMS WITH A FOCUS TO REACH OUT TO ALL MEMBERS OF THE COMMUNITY REGARDLESS OF ECONOMIC CONDITION OR SOCIAL STATUS RESPOND TO PUBLIC HEALTH NEEDS AND INVOLVE EDUCATION OR RESEARCH THAT IMPROVES OVERALL COMMUNITY HEALTH. ALL OF THESE SPECIAL PROGRAMS ARE OFFERED FREE OF CHARGE OR OFFERED AT A RATE THAT IS CONSIDERABLY LESS THAN THE COST OF PROVIDING THEM.

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4A	<p>PROGRAM SERVICE #1, INPATIENT CARE, LINE 4A INPATIENT CARE FROM REGISTRATION THROUGH DISCHARGE IS CAREFULLY MANAGED TO EXCEED REGULATORY REQUIREMENTS AND ENSURE QUALITY, PATIENT SATISFACTION, AND BEST PRACTICE WITH EACH ASPECT OF THE INPATIENT EXPERIENCE, INCLUDING ALL ELEMENTS OF CARE FROM NURSING COMPETENCY AND COMPASSION, TO MEAL QUALITY, LAB AND DIAGNOSTIC TESTING, SAFE AND SECURE PHYSICAL SURROUNDINGS TO PATIENT EDUCATION. MIDDLESEX HOSPITAL, LICENSED FOR 275 BEDS AND 22 BASSINETS, PROVIDES ACUTE CARE FROM DEDICATED HEALTH CARE TEAMS WHICH INCLUDE SURGEONS, HOSPITALISTS, FAMILY PRACTITIONERS AND RESIDENTS, MEDICAL STAFF PHYSICIANS, MAGNET NURSES, PHYSICIAN ASSISTANTS, PATIENT CARE TECHNOLOGISTS, DIAGNOSTIC TECHNICIANS, PATHOLOGISTS, ADMINISTRATORS, ENVIRONMENTAL SERVICES, SECURITY, ENGINEERING AND A HOST OF OTHERS WORKING TOGETHER TO ENABLE THE ORGANIZATION'S SUCCESS. THE HOSPITAL UNITS INCLUDING INTENSIVE AND CRITICAL CARE, MEDICAL SURGICAL, ONCOLOGY, ORTHOPEDIC, PULMONOLOGY, VASCULAR AND CARDIOLOGY, GASTROINTESTINAL, MATERNITY, A 20 BED PSYCHIATRIC FLOOR, AND HOSPICE SERVICES SPECIALIZE IN THE SPECIFIC NEEDS OF THEIR PATIENTS AND ARE STAFFED TO ACCOMMODATE THE UNIQUE TREATMENT REQUIREMENTS OF EACH. ALL ANCILLARY SERVICES INCLUDING LABS, RADIOLOGY, FOOD SERVICES, PATHOLOGY, PHARMACY, MEDICAL TRANSCRIPTION AND INFORMATION SERVICES TOO ARE A PART OF THE HOSPITAL TEAM. PATIENT CARE IS DEVELOPED WITH FULL CONSIDERATION OF THE WHOLE INDIVIDUAL, AS THEY ARE ASSIGNED TO CONDITION SPECIFIC CARE PATHWAYS AND SERVICES TO SECURE BEST TREATMENT AND RECOVERY.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4B	<p>PROGRAM SERVICE #2, MIDDLESEX HOSPITAL EMERGENCY DEPARTMENT, LINE 4B EMERGENCY CARE IS PROVIDED 24 HOURS A DAY, 7 DAYS A WEEK. THE DEPARTMENTS ARE SUPPORTED BY A BROAD SPECTRUM OF DIAGNOSTIC CAPABILITIES AND SOPHISTICATED INFORMATION SYSTEMS. IN ADDITION TO EMERGENCY CARE THERE ARE ALSO ISOLATION AND DECONTAMINATION AREAS IN THE EMERGENCY DEPARTMENT AND A HELIPAD ON SITE FOR LIFE STAR MEDICAL HELICOPTER TRANSPORTS. MIDDLESEX HOSPITAL IS COMMITTED TO PROVIDING THE HIGHEST STANDARD OF CARE FOR BOTH THE PHYSICAL AND BEHAVIORAL HEALTH NEEDS OF OUR PSYCHIATRIC PATIENTS. THE EMERGENCY DEPARTMENT AT THE HOSPITAL HOUSES AN EIGHT BED EMERGENCY DEPARTMENT CRISIS UNIT. TREATMENT IS PROVIDED REGARDLESS OF THE PATIENT'S BACKGROUND OR STATUS. ED SERVICES ARE STAFFED WITH CLINICAL PERSONNEL SPECIFICALLY TRAINED TO CARE FOR THE UNIQUE NEEDS OF THEIR PATIENTS (PSYCHIATRISTS, STAFF NURSES, PATIENT CARE TECHNICIANS/MENTAL HEALTH WORKERS, SECRETARIES, NURSE EDUCATOR, SOCIAL WORKERS, COTAS, OT AND OTHERS). TOGETHER THE STAFF PARTNERS WITH HOSPITAL STAFF AND COMMUNITY RESOURCES TO DEVELOP THE BEST CARE PLAN FOR PATIENTS THROUGHOUT THEIR STAY IN THE HOSPITAL AND UPON DISCHARGE. IN FYE 12, THE EMERGENCY ROOM ACTIVITY ACCOUNTED FOR 85,082 EMERGENCY DEPARTMENT VISITS. DEMAND CONTINUES TO RISE AND THE SERVICES PROVIDED CONTINUE TO BE RECOGNIZED FOR CONTINUOUS PATIENT SATISFACTION IN PARTICULAR AS A RECIPIENT OF THE PRESS GANEY SUMMIT AWARD FOR ACHIEVING A 99% CUSTOMER SATISFACTION RATING FOR THREE CONSECUTIVE YEARS.</p>

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4C	<p>AMBULATORY OR OUTPATIENT SURGERY IS PERFORMED AT MIDDLESEX HOSPITAL AND THE MIDDLESEX OUTPATIENT CENTER PROGRAM SERVICE #4, OTHER SERVICES, LINE 4D OTHER SERVICES INCORPORATE A WIDE RANGE OF CARE PROVIDED TO PATIENTS THAT ARE NOT SPECIFICALLY CAPTURED IN THE OTHER CARE CATEGORIES THIS DESIGNATION ACCOUNTS FOR 510,031 VISITS THESE SERVICES INCLUDE CARE PROVIDED AT THE CANCER CENTER SUCH AS DIAGNOSTIC TESTING, TREATMENT AND SUCH SUPPORTS AS ALTERNATIVE MEDICINE THERAPIES/INTEGRATIVE MEDICINES, AND HEREDITARY RISK ASSESSMENTS PHYSICAL MEDICINE AND REHABILITATION SERVICES ALSO ARE FOLDED INTO THIS GROUPING SERVICES ARE AVAILABLE AT MULTIPLE LOCATIONS WHICH OFFER COMPREHENSIVE REHABILITATION AND OCCUPATIONAL MEDICINE AND PHYSICAL THERAPY (INCLUDING HAND THERAPY) SERVICES CARE IS DELIVERED BY EXPERIENCED, HIGHLY-QUALIFIED STAFF, WITH ADVANCED TRAINING IN PHYSICAL AND OCCUPATIONAL THERAPY, SPEECH LANGUAGE PATHOLOGY AND RELATED FIELDS IN EACH CLINICAL CASE, PATIENTS ARE EVALUATED AND RECEIVE A UNIQUE TREATMENT PLAN, WHICH INCLUDES DESIRED GOALS, ANTICIPATED OUTCOMES AND THE TIME FRAME NECESSARY TO ACHIEVE CLINICALLY OPTIMAL RESULTS ADDITIONAL SERVICES ARE AVAILABLE BY THE WOUND AND SKIN TEAM AT MIDDLESEX HOSPITAL THE MULTIDISCIPLINARY TEAM PROVIDES TREATMENT WHICH FOCUSES ON CLINICAL WOUND, OSTOMY AND SKIN ISSUES THE HOSPITAL HAS CAREFUL AND ONGOING SERVICES FOR INDIVIDUALS WITH CHRONIC DISEASES A SAMPLING OF SUCH PROGRAMS INCLUDE PULMONARY REHABILITATION SERVICES WHICH PROVIDE RESPIRATORY THERAPY AND CARE FOR PATIENTS WITH CHRONIC OBSTRUCTIVE PULMONARY DISEASE AS WELL AS DIABETES EDUCATION AND MEDICAL NUTRITION THERAPY AT THE CENTER FOR CHRONIC CARE MANAGEMENT PROVIDED TO INDIVIDUALS WITH A NEW DIAGNOSIS AND UNCONTROLLED DIABETES MANY BEHAVIORAL HEALTH SERVICES ARE PROVIDED TO PATIENTS IN THE OUTPATIENT SETTING IN ADDITION TO COUNSELING AND SUPPORT GROUPS PROGRAMS INCLUDE THE DAY TREATMENT PROGRAM (INTENSIVE OUTPATIENT SERVICES FOR ADULTS, GERIATRIC PATIENTS, AND DUALLY-DIAGNOSED PATIENTS), SERVICES AT THE OUTPATIENT CENTER FOR BEHAVIORAL HEALTH (PSYCHOTHERAPY AND MEDICATION MANAGEMENT FOR ADULTS) AND THE FAMILY ADVOCACY PROGRAM (MENTAL HEALTH TREATMENT FOR PATIENTS UNDER 18 YEARS OLD AND THEIR FAMILIES) THE HOSPITAL'S HOMECARE DEPARTMENT MAKES OVER 101,000 REVENUE GENERATING VISITS A YEAR TO COMMUNITY RESIDENTS HOMECARE IS STAFFED WITH SPECIALTY NURSES, HOME HEALTH AIDES, PHYSICAL THERAPISTS, OCCUPATIONAL THERAPISTS, SPEECH THERAPISTS, MEDICAL SOCIAL WORKERS AND NUTRITIONISTS TO MEET THE PHYSICAL AND BEHAVIORAL HEALTH NEEDS OF PATIENTS CARED FOR IN THEIR HOMES AND OUTSIDE THE HOSPITAL SETTING HOMECARE SERVICES INCLUDE SPECIALIZED CARDIAC CARE, INCLUDING TELE MONITORING AND THE HEART SMART PROGRAM (A MULTIDISCIPLINARY PROGRAM WHICH INCLUDES THE FULL SPECTRUM CARDIAC SELF MANAGEMENT SUPPORT AND CLINICAL CARE), FULL SPECTRUM GERIATRIC CARE, INFUSION THERAPIES, LIFELINE SERVICES, AND A SIGNIFICANT RANGE OF RESPIRATORY, PULMONARY AND MEDICAL REHABILITATION SERVICES AS WELL AS PROVIDING OUTPATIENT HOSPICE AND PALLIATIVE SERVICES THROUGHOUT THE COMMUNITY THE HOMECARE DEPARTMENT GENEROUSLY PROVIDES COMMUNITY HEALTH SERVICES INCLUDING FLU SHOTS, HEALTH FAIRS, AND COORDINATION OF LINKAGES WITH MEALS ON WHEELS, TRANSPORTATION, ADULT DAY CARE AND OTHER SERVICES ON CONTRACT WITH LOCAL ORGANIZATIONS</p>

Identifier	Return Reference	Explanation
MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINES 6, 7A AND 7B	<p>THE SOLE MEMBER OF THE HOSPITAL SHALL BE MIDDLESEX HEALTH SYSTEM, INC , A CONNECTICUT NON-STOCK CORPORATION, OR ITS SUCCESSOR IN INTEREST ("SOLE MEMBER"), WHICH SHALL HAVE ALL OF THE MEMBERSHIP RIGHTS CONFERRED BY LAW, THE CERTIFICATE OF INCORPORATION OR THE MIDDLESEX HOSPITAL BY-LAWS, BY VOTE OF ITS BOARD OF DIRECTORS, ITS PRESIDENT, OR BY OR THROUGH ANY OTHER PERSON(S) DESIGNATED BY ITS BOARD OF DIRECTORS ON ITS BEHALF ANY SUCH ACTION MAY ALSO BE TAKEN WITHOUT A MEMBERSHIP MEETING IF CONSENT THERETO IS CONFIRMED THROUGH A WRITTEN COMMUNICATION OF A DULY AUTHORIZED REPRESENTATIVE OF THE SOLE MEMBER ACTING WITHIN THE LIMITS OF SUCH REPRESENTATIVE'S AUTHORITY ANY SUCH ACTION BY THE SOLE MEMBER OR ITS DULY AUTHORIZED REPRESENTATIVE SHALL BE FILED WITH THE SECRETARY OF THE HOSPITAL THE ANNUAL ELECTION OF THE BOARD OF DIRECTORS OF THE HOSPITAL BY THE DULY AUTHORIZED REPRESENTATIVE OF THE SOLE MEMBER SHALL BE DEEMED THE ANNUAL MEETING OF THE MEMBERSHIP OF THE HOSPITAL FOR ALL PURPOSES THE SECRETARY OF THE HOSPITAL SHALL PROVIDE APPROPRIATE NOTICES TO THE SOLE MEMBER AS REQUIRED BY LAW IN ADVANCE OF ACTIONS BEING REQUESTED OF THE SOLE MEMBER BY THE BOARD OF DIRECTORS OF THE HOSPITAL FORM 990 REVIEW PROCESS FORM 990, PART VI, SECTION B, LINE 11A DRAFT FORMS OF THE 990, INCLUDING REQUIRED SCHEDULES, ARE PROVIDED TO EACH BOARD MEMBER FOR REVIEW MEMBERS REVIEW THE DOCUMENTS, HIGHLIGHT ANY SIGNIFICANT CHANGES AND ATTEST THEIR APPROVAL ANY QUESTIONS OR COMMENTS ARE PRESENTED TO EXECUTIVE MANAGEMENT PRIOR TO FILING A COPY OF THE FINAL FORM 990 WILL BE PROVIDED TO THE BOARD PRIOR TO FILING WITH THE IRS VIA A WEB BASED COMMUNICATION PORTAL CONFLICT OF INTEREST POLICY FORM 990, PART VI, SECTION B, LINE 12C CONFLICT OF INTEREST FORMS ARE DISTRIBUTED ANNUALLY TO KEY EMPLOYEES, OFFICERS AND THE BOARD OF DIRECTORS RESPONSES ARE RETURNED TO, TRACKED, AND REVIEWED BY THE COMPLIANCE OFFICER INFORMATION REPORTED IS CONSIDERED PERSONAL AND CONFIDENTIAL AND ONLY DISCLOSED WHEN DEEMED NECESSARY TO PROTECT THE HOSPITAL AGAINST THE EFFECTS OF CONFLICTS OF INTEREST AND ONLY AFTER ADVISING THE REPORTING PERSON OF THE PROPOSED DISCLOSURE AND OF ITS EXTENT MATERIAL CONFLICTS ARE REPORTED TO THE BOARDS AUDIT COMMITTEE FOR REVIEW AND DETERMINATION IN ADDITION TO COMPLETING THE ANNUAL CONFLICT OF INTEREST FORM, BOARD MEMBERS MUST IMMEDIATELY DISCLOSE ANY INTEREST AND ALL MATERIAL FACTS TO THE BOARD OF DIRECTORS THE BOARD THEN REVIEWS THE FACTS AND MAKES THE DETERMINATION AS TO WHETHER A SIGNIFICANT CONFLICT OF INTEREST EXISTS IF SO, THE BOARD FOLLOWS DISABLING GUIDELINES TO DETERMINE IF THE BOARD MEMBER SHOULD BE ASKED TO RESIGN OR BE REMOVED</p>

Identifier	Return Reference	Explanation
COMPENSATION POLICY	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>EXECUTIVE TEAM COMPENSATION IS REVIEWED ANNUALLY BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD. THE COMMITTEE HAS A CHARTER AND A POLICY STATEMENT SETTING FORTH A PROCESS AND CERTAIN GUIDELINES FOR DETERMINING COMPENSATION. EXECUTIVES RECEIVE A BASE SALARY AND HAVE THE OPPORTUNITY FOR INCENTIVE COMPENSATION WITHIN A RANGE SET BY THE POLICY. FOLLOWING THE CLOSE OF EACH FISCAL YEAR, THE COMMITTEE RECEIVES A MARKET ANALYSIS FROM INDEPENDENT CONSULTANTS REGARDING COMPENSATION AT PEER GROUPS OF COMPARABLE HOSPITALS AND HEALTH SYSTEMS. POSITIONS WITHIN THE EXECUTIVE TEAM ARE COMPARED TO BENCHMARK POSITIONS WITHIN THIS MARKET. DATA AND THEIR COMPENSATION IS COMPARED TO THE DATA BOTH WITH RESPECT TO CASH COMPENSATION AND TOTAL COMPENSATION INCLUDING FRINGE BENEFITS. THE CEO RECOMMENDS THE INCENTIVE AWARDS AND BASE SALARY ADJUSTMENTS TO THE COMPENSATION OF THE EXECUTIVES WHO REPORT TO HIM, AND THE COMMITTEE REVIEWS THOSE RECOMMENDATIONS, APPROVES OR MODIFIES THEM, AND ALSO DETERMINES ANY INCENTIVE AWARD AND BASE SALARY ADJUSTMENT FOR THE CEO. THE CONSULTANTS PROVIDE A WRITTEN OPINION ANNUALLY CONFIRMING THAT THE COMPENSATION OF THE EXECUTIVES, AS ADJUSTED BY THIS PROCESS, IS "REASONABLE" WITHIN APPLICABLE IRS GUIDELINES. KEY EMPLOYEE COMPENSATION IS SET FOLLOWING THE GUIDELINES SET FORTH IN THE HOSPITAL COMPENSATION POLICY. THE OBJECTIVE OF THIS POLICY IS TO PAY EMPLOYEES BASED UPON HOSPITAL NEED, THE PROPER EXTERNAL LABOR MARKET AND PERFORMANCE.</p>

Identifier	Return Reference	Explanation
PUBLIC DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	MIDDLESEX HOSPITAL MAINTAINS A QUALITY AND COMPLIANCE SECTION ON ITS WEBSITE, MIDDLESEXHOSPITAL.ORG. THE HOSPITAL POSTS THE MOST CURRENT AUDITED FINANCIAL STATEMENTS THERE AS THEY BECOME AVAILABLE, AS WELL AS STATEMENTS FROM AT LEAST TWO PREVIOUS FISCAL YEARS. THE HOSPITAL'S CONFLICT OF INTEREST POLICY IS ALSO POSTED ON THE WEBSITE IN THE VENDORS AND SUPPLIERS SECTION. IN ADDITION, THE ORGANIZATION'S FORM 990 IS AVAILABLE AT WWW.GUIDESTAR.ORG AND UPON REQUEST. OTHER CHANGES IN NET ASSETS PART XI, LINE 5 CHANGE IN NET UNREALIZED GAINS ON SECURITIES \$13,974,000 CHANGE IN ACCUMULATED PENSION CHARGES (19,085,000) EXPENDITURES FOR INTENDED PURPOSES (1,226,000) ROUNDING (163) TOTAL (\$6,336,837)

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Vincent Capece, Jr TITLE President CEO HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME David Baggish, MD TITLE Chief of Medicine Secretary HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME R Christopher Seaton TITLE Chairman HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Gary Willis TITLE Vice Chairman HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Geoffrey Herter, MD TITLE Assistant Secretary HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Nancy D'Oench TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Chandler Howard TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Hugh MacKenzie TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Bruce MacMillan TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME James Matschulat TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME John Rafal TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Eric Thornburg TITLE Director HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME:Barbara Weiss TITLE:Director HOURS:1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Susan Martin TITLE VP Finance Treasurer HOURS 1

## **SCHEDULE R (Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**

## MIDDLESEX HOSPITAL

**Employer identification number**

06-0646718

**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.)

**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.)

**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) MIDDLESEX HEALTH RESOURCES INC 28 CRESCENT STREET MIDDLETOWN, CT 06457 06-1089925	HEALTHCARE	CT	MID HEALTH SYS	C CORP			
(2) INTEGRATED RESOURCES FOR THE MIDDLESEX 28 CRESCENT STREET MIDDLETOWN, CT 06457 06-1462230	OUTPATIENT CARE	CT	MID HEALTH SYS	C CORP			
(3) MHS PRIMARY CARE INC 28 CRESCENT STREET MIDDLETOWN, CT 06457 06-1472743	HEALTHCARE	CT	MID HEALTH SYS	C CORP			

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)
- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k		No
1l		No
1m		No
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) 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.

**Part VII Supplemental Information**

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

**Software ID:**  
**Software Version:**  
**EIN:** 06-0646718  
**Name:** MIDDLESEX HOSPITAL

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

	<b>(a) Name of other organization</b>	<b>(b) Transaction type(a-r)</b>	<b>(c) Amount Involved (\$)</b>	<b>(d) Method of determining amount involved</b>
(1)	MIDDLESEX HEALTH SERVICES INC	O	5,160,000	
(2)	MIDDLESEX HEALTH SYSTEM INC	B	2,998,000	
(3)	MIDDLESEX HEALTH SERVICES INC	P	2,208,907	
(4)	MHS PRIMARY CARE INC	P	2,046,600	
(5)	MIDDLESEX HEALTH SYSTEM INC	O	892,088	
(6)	MIDDLESEX HEALTH RESOURCES INC	J	463,367	
(7)	MIDDLESEX HEALTH SERVICES INC	N	128,416	
(8)	MIDDLESEX HEALTH RESOURCES INC	P	71,084	
(9)	MHS PRIMARY CARE INC	N	53,400	

Form 4562

Depreciation and Amortization  
(Including Information on Listed Property)

OMB No 1545-0172

2011

Department of the Treasury  
Internal Revenue Service (99)

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

Attachment  
Sequence No 179Name(s) shown on return  
MIDDLESEX HOSPITAL

Business or activity to which this form relates

Identifying number  
06-0646718**Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

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

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

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	129,663

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

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

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

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

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

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

**Part IV Summary (see instructions)**

21 Listed property Enter amount from line 28	21	
22 Total Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	129,663
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V**

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

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

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

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

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation/deduction	(i) Elected section 179 cost

**25** Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

	%							
	%							
	%							

**26** Property used more than 50% in a qualified business use

	%							
	%							
	%							

**27** Property used 50% or less in a qualified business use

	%				S/L -			
	%				S/L -			
	%				S/L -			

**28** Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

**29** Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

**Section B—Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

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

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

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

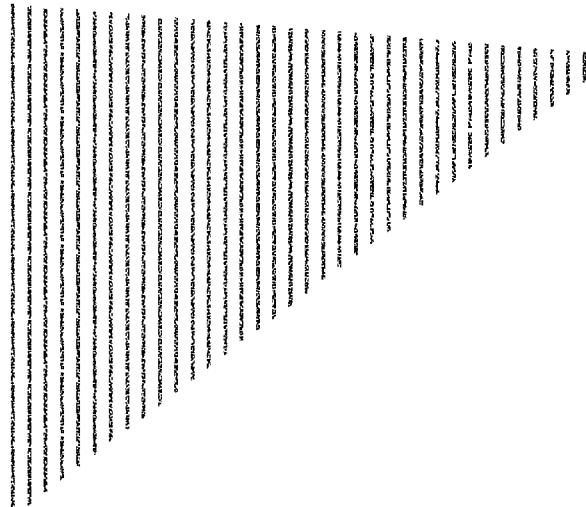
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?													<b>Yes</b>	<b>No</b>
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners														
<b>39</b> Do you treat all use of vehicles by employees as personal use?														
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?														
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)														

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

<b>Part VI</b>	<b>Amortization</b>					
<b>(a)</b> Description of costs	<b>(b)</b> Date amortization begins	<b>(c)</b> Amortizable amount	<b>(d)</b> Code section	<b>(e)</b> Amortization period or percentage	<b>(f)</b> Amortization for this year	
<b>42</b> Amortization of costs that begins during your 2011 tax year (see instructions)						

**43** Amortization of costs that began before your 2011 tax year **43**

**44** Total. Add amounts in column (f) See the instructions for where to report **44**



## FINANCIAL STATEMENTS

Middlesex Hospital  
Years Ended September 30, 2012 and 2011  
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

# Middlesex Hospital

## Financial Statements

Years Ended September 30, 2012 and 2011

### **Contents**

Report of Independent Auditors.....	1
Balance Sheets .....	2
Statements of Operations .....	3
Statements of Changes in Net Assets.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6

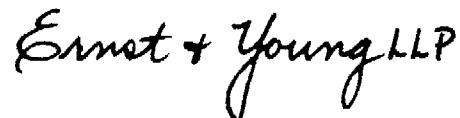
## Report of Independent Auditors

The Board of Directors  
Middlesex Hospital

We have audited the accompanying balance sheets of Middlesex Hospital (the Hospital) as of September 30, 2012, and the related statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Hospital for the year ended September 30, 2011, were audited by other auditors whose report dated January 23, 2012, expressed an unqualified opinion on those statements.

We conducted our audit 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 the Hospital's internal control over financial reporting. Our audit 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 the Hospital'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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middlesex Hospital as of September 30, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



January 28, 2013

# Middlesex Hospital

## Balance Sheets

(In thousands)

	September 30	
	2012	2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 54,769	\$ 56,459
Short-term investments (Note 5)	10,187	10,647
Patient accounts receivable, less reserve for uncollectible amounts of approximately \$11,600 and \$11,900 in 2012 and 2011, respectively	45,169	42,961
Prepaid and other assets	7,156	6,362
Current portion of investments limited as to use (Note 5)	4,527	4,082
Total current assets	<u>121,808</u>	120,511
Investments limited as to use (Note 5)	118,942	102,404
Long term investments	15,481	-
Other assets		
Due from related parties (Note 14)	103	110
Other	3,905	4,904
Total other assets	<u>4,008</u>	5,014
Property and equipment, net (Note 6)	179,846	174,742
Total assets	<u><u>\$ 440,085</u></u>	<u><u>\$ 402,671</u></u>
<b>Liabilities and net assets</b>		
Current liabilities		
Current portion of long-term debt (Note 7)	\$ 4,618	\$ 3,123
Accounts payable	19,149	18,782
Accrued payroll and related liabilities	32,727	29,606
Estimated third-party payor settlements	2,944	207
Other accrued liabilities	2,099	2,166
Current portion of estimated self-insurance liability (Note 10)	8,064	7,213
Current portion of accrued retirement liabilities (Note 8)	48	65
Total current liabilities	<u>69,649</u>	61,162
Long-term liabilities		
Long-term debt, net of current portion (Note 7)	63,332	66,531
Estimated self-insurance liability, net of current portion (Note 10)	5,447	5,632
Accrued retirement liabilities, net of current portion (Note 8)	129,719	117,232
Estimated third party payor settlements and other	10,933	14,042
Total long-term liabilities	<u>209,431</u>	203,437
Commitments and contingencies (Notes 2, 3, 6, 7, 8, 9 and 10)		
Net assets		
Unrestricted	144,992	124,933
Temporarily restricted (Notes 11 and 12)	9,049	6,259
Permanently restricted (Notes 11 and 12)	6,964	6,880
Total net assets	<u>161,005</u>	138,072
Total liabilities and net assets	<u><u>\$ 440,085</u></u>	<u><u>\$ 402,671</u></u>

*See accompanying notes*

Middlesex Hospital  
Statements of Operations

*(In thousands)*

	<b>Years Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
Unrestricted revenues:		
Net patient service revenue ( <i>Notes 2 and 3</i> )	\$ 347,836	\$ 336,113
Other revenue ( <i>Note 4</i> )	<b>11,871</b>	9,544
Total unrestricted revenues	<b>359,707</b>	345,657
Operating expenses:		
Salaries and wages	<b>161,675</b>	155,569
Fringe benefits	<b>37,632</b>	42,527
Purchased services	<b>25,861</b>	23,514
Supplies	<b>34,609</b>	33,144
Depreciation and amortization	<b>21,449</b>	21,737
Provision for bad debts, net of recoveries of \$3,293 and \$3,423 in 2012 and 2011, respectively	<b>12,199</b>	13,571
Interest	<b>3,106</b>	3,242
Other operating expenses	<b>38,006</b>	35,212
Total operating expenses	<b>334,537</b>	328,516
Income from operations	<b>25,170</b>	17,141
Other income (expense):		
Unrestricted gifts and bequests	<b>467</b>	471
Net investment income	<b>2,153</b>	4,986
Other nonoperating expenses	<b>(892)</b>	(874)
Equity in joint venture income	<b>2,176</b>	912
Loss from extinguishment of debt	<b>–</b>	(1,117)
Total other income, net	<b>3,904</b>	4,378
Excess of revenues over expenses	<b>\$ 29,074</b>	\$ 21,519

*See accompanying notes*

Middlesex Hospital

Statements of Changes in Net Assets

(In thousands)

	<b>Years Ended September 30</b>	
	<b>2012</b>	<b>2011</b>
Unrestricted net assets:		
Excess of revenues over expenses	\$ 29,074	\$ 21,519
Change in net unrealized gains (losses) on other than trading securities	12,924	(5,780)
Change in accumulated pension charges to unrestricted net assets (Note 8)	(19,085)	(19,038)
Transfer to parent	(2,998)	(3,398)
Net assets released from restrictions for purchase of property and equipment	144	406
Change in unrestricted net assets	<u>20,059</u>	<u>(6,291)</u>
Temporarily restricted net assets:		
Contributions	2,889	1,037
Net realized investment gains	222	267
Change in net unrealized gains	1,049	(334)
Net assets released from restrictions for purchase of property and equipment	(144)	(406)
Expenditures for intended purposes	<u>(1,226)</u>	<u>(1,087)</u>
Change in temporarily restricted net assets	<u>2,790</u>	<u>(523)</u>
Permanently restricted net assets:		
Contributions	83	85
Net realized investment gains	—	(9)
Change in net unrealized gains	1	—
Change in permanently restricted net assets	<u>84</u>	<u>76</u>
Change in net assets	22,933	(6,738)
Net assets, beginning of year	<u>138,072</u>	<u>144,810</u>
Net assets, end of year	<u><u>\$ 161,005</u></u>	<u><u>\$ 138,072</u></u>

*See accompanying notes*

**Middlesex Hospital**  
**Statements of Cash Flows**  
*(In thousands)*

	Years Ended September 30	
	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 22,933	\$ (6,738)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	21,449	21,737
Provision for bad debts, net of recoveries	12,199	13,571
Loss from extinguishment of debt	—	1,117
Change in accumulated pension charges to unrestricted net assets	19,085	19,038
Restricted contributions, net of expenditures	(1,746)	(35)
Transfers to parent	2,998	3,398
Change in net unrealized and realized gains on investments	(16,349)	870
Change in operating assets and liabilities		
Patient accounts receivable	(14,407)	(18,284)
Due from related parties	7	798
Prepaid and other assets	(1,595)	(1,884)
Accounts payable, accrued payroll and related liabilities, and other liabilities	312	8,803
Accrued retirement liabilities	(6,615)	(9,617)
Estimated self-insurance liability	666	900
Estimated third-party payor settlements	2,737	541
Net cash provided by operating activities	<u>41,674</u>	<u>34,215</u>
Cash flows from investing activities		
Purchases of property and equipment, net	(26,664)	(37,791)
Short-term investments, net	460	16,926
Long-term investments, net	(15,481)	—
Proceeds from sales of investments limited as to use	3,569	10,909
Purchases of investments limited as to use	(6,643)	(18,141)
Distributions from joint venture	1,800	250
Investment income	2,440	6,138
Net cash used in investing activities	<u>(40,519)</u>	<u>(21,709)</u>
Cash flows from financing activities		
Transfers to parent	(2,998)	(3,398)
Proceeds from issuance of long-term debt	2,987	33,803
Payments for financing of long-term debt	—	(32,641)
Repayment of long-term debt	(4,580)	(3,407)
Deferred financing costs	—	(538)
Restricted contributions, net of expenditures	1,746	35
Net cash used in financing activities	<u>(2,845)</u>	<u>(6,146)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,690)</u>	<u>6,360</u>
Cash and cash equivalents, beginning of year	<u>56,459</u>	<u>50,099</u>
Cash and cash equivalents, end of year	<u>\$ 54,769</u>	<u>\$ 56,459</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 3,028</u>	<u>\$ 3,432</u>
Cash paid for taxes	<u>\$ —</u>	<u>\$ 615</u>

*See accompanying notes*

Middlesex Hospital  
Notes to Financial Statements  
September 30, 2012 and 2011  
(*amounts in thousands*)

**1. Organization and Significant Accounting Policies**

**Organization**

Middlesex Hospital (the Hospital) is a not-for-profit acute care hospital. The Hospital is controlled by Middlesex Health System, Inc. (System). The Hospital also has a 50% ownership in the Middlesex Center for Advanced Orthopedic Surgery, LLC.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

**Cash Equivalents and Short-Term Investments**

Cash equivalents represent highly liquid investments with maturities of less than three months. Short-term investments are primarily corporate bonds and commercial paper, with maturities of three to twelve months. Both exclude amounts limited as to use by the Board of Directors (Board) designation or other restrictive arrangements.

**Accounts Receivable and Net Patient Service Revenue**

Accounts receivable result from health care services provided by the Hospital. The amount of the allowance for uncollectible accounts is based on management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **1. Organization and Significant Accounting Policies (continued)**

##### **Investments and Investment Income**

Investment income includes unrestricted realized gains and losses and unrestricted interest and dividends from board-designated funds and donor restricted funds included in investments limited as to use on the balance sheets. Income on short-term investment funds held by a trustee and assets deposited in the Hospital's self-insurance trust fund are reported as other revenue.

If donor restricted, the realized investment income and losses from donor restricted investments are added to the appropriate restricted net assets. Unrealized gains and losses on all investments are excluded from the excess of revenues over expenses and recorded as a component of net assets, except when certain declines represent an other-than-temporary impairment in accordance with the Hospital's policy. Other-than-temporary impairments of \$64 and \$868 were recorded in net investment income in the statements of operations for the fiscal years ended September 30, 2012 and 2011, respectively.

##### **Investments Limited as to Use**

Investments limited as to use include assets set aside by the Board for future unspecified uses and to support education and other programs. The Board retains control over these funds and may at its discretion subsequently authorize the use of these funds for any purpose. Investments limited as to use also include donor restricted assets, assets held by trustees under revenue bond agreements, and a self-insurance trust arrangement.

##### **Property and Equipment, Net**

Property and equipment acquisitions are recorded at cost. Property and equipment donated to the Hospital are recorded at fair value at the date of receipt. Improvements and major renewals are capitalized, and maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful life of each class of asset and is computed on the straight-line method. Estimated useful lives range from 3 to 10 years for equipment and 20 to 40 years for buildings and land improvements.

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### **1. Organization and Significant Accounting Policies (continued)**

#### **Long-Lived Assets**

The Hospital reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value and may not be recoverable. At September 30, 2012 and 2011, no impairment was recorded.

#### **Estimated Self-Insurance Liability**

The Hospital has adopted a policy of self-insuring the deductible portion of its medical malpractice and general liability insurance coverage. The deductible limits were \$1,000 per claim and \$3,000 in aggregate annually during fiscal 2012 and 2011. The Hospital, in consultation with its actuary, records as a liability an estimate of expected losses. Such liability, discounted at 3%, totaled \$13,850 and \$13,666 at September 30, 2012 and 2011, respectively. In addition, the Hospital self-insures its workers' compensation program and has purchased excess insurance for those losses exceeding \$400 per occurrence (see note 10).

#### **Net Asset Categories**

To ensure observance of limitations and restrictions placed on the use of resources available to the Hospital, the accounts of the Hospital are maintained in the following net asset categories:

##### *Unrestricted*

Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are assets set aside by the Board for future unspecified uses and to support education and other programs over which the Board retains control and may, at its discretion, subsequently use for other purposes.

##### *Temporarily Restricted*

Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose and/or as to time of expenditure.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **1. Organization and Significant Accounting Policies (continued)**

##### *Permanently Restricted*

Permanently restricted net assets represent contributions received with the donor stipulation that the principal be invested in perpetuity and that only the income earned thereon be available for specific or general purposes.

##### *Net Patient Service Revenue*

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

##### **Donor-Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions, which is included in other operating revenue. Donor-restricted contributions whose restrictions are met within the same year as received are classified as unrestricted contributions in the accompanying financial statements.

##### **Excess of Revenues Over Expenses**

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from the excess of revenues over expenses (the performance indicator) include unrealized gains (losses) on other than trading securities, equity transfers from affiliates, both temporarily and permanently restricted donations and investment income, changes in perpetual trust arrangements and the change in pension funding and postretirement obligations.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **1. Organization and Significant Accounting Policies (continued)**

##### *Income Taxes*

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

The Hospital's unrelated trade or business activities are generally limited to income from the laboratory and linen services departments. The laboratory provides services to patients referred by private physician practices and tests patient specimens submitted by skilled nursing facilities. The linen services department provides linen services to local physician offices and healthcare organizations.

##### *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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Financial statement areas where management applies the use of assumptions and estimates consist primarily of investments, the allowance for uncollectible accounts, net patient service revenue, third-party reimbursement matters, accrued retirement liabilities, and estimated self-insurance liability.

#### **Reclassifications**

Certain reclassifications were made to the 2011 financial statements in order that they may be consistent with the current year presentation.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **1. Organization and Significant Accounting Policies (continued)**

##### *Recently Issued Authoritative Pronouncements*

In August 2010, the FASB issued Accounting Standards Codification (“ASC”) 954-605, *Measuring Charity Care for Disclosure*. ASC 954-605 requires that the level of charity care provided be presented based on the direct and indirect costs of the charity services provided. ASC 954-605 also requires separate disclosure of the amount of any cash reimbursements received for providing charity care. ASC 954-605 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of this guidance has no impact on the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by health care entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis. The amendments to ASC 954 clarify that a health care entity should not net insurance recoveries against a related claim liability; the amount of the claim liability should be determined without consideration of insurance recoveries. The Hospital adopted the required components of this guidance in 2012. As a result of the adoption of this standard, the Hospital increased other current assets and self-insured liability by approximately \$170.

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*. The guidance requires certain health care entities to present the bad debt expense associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than as an operating expense. The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. Management is currently evaluating the impact and will adopt the guidance as of October 1, 2012.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

## **2. Healthcare Regulatory Environment**

### **Federal Regulatory Environment**

The healthcare industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare and Medicaid fraud and abuse and security and privacy of health information. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The State of Connecticut Public Act No. 11-6, An Act Concerning the Budget for the Biennium Ending June 30, 2013 and Other Provisions Relating to Revenue, includes a tax on the net patient revenues of hospitals and changes to the Disproportionate Share Hospital (DSH) payments to hospitals effective for the State's fiscal year beginning July 1, 2011. The Hospital's combined negative impact on its income from operations for 2012 was \$1,414.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **3. Net Patient Service Revenue**

The following table summarizes revenues from services to patients:

	<b>2012</b>	<b>2011</b>
Gross patient service revenue:		
Inpatient	\$ 497,333	\$ 466,210
Outpatient	<u>621,817</u>	<u>567,462</u>
	<u>1,119,150</u>	<u>1,033,672</u>
Deductions:		
Allowances	(763,805)	(690,703)
Charity care	<u>(7,509)</u>	<u>(6,856)</u>
	<u>(771,314)</u>	<u>(697,559)</u>
Net patient service revenue	<u>\$ 347,836</u>	<u>\$ 336,113</u>

The Hospital has agreements with third-party payors that provide reimbursement to the Hospital at amounts different from the Hospital's established billing rates. These differences, including self-insured portion of health care benefits provided at its facilities for its employees and their dependents, are accounted for as allowances in determining net patient service revenue.

Middlesex Hospital has a longstanding commitment to providing healthcare to all those in need, regardless of their ability to pay. The Hospital provides both free care and care at reduced rates. The costs for providing these services were calculated using an adjusted cost-to-charge ratio. The charges written off for patients that qualified for free care under the Hospital's Charity Care Program totaled approximately \$7,509 and \$6,856 in 2012 and 2011, respectively. The estimated costs for these services were \$2,081 and \$2,042 in 2012 and 2011, respectively.

During 2012 and 2011 approximately 34% of net patient service revenue was received under the Medicare program, 9% under the state Medicaid and city welfare programs, 48% was received from contracts with private health payors and 9% from patients and others. During the years ended September 30, 2012 and 2011, changes in estimates related to settlements with third-party payors for prior years (decreased) increased net patient service revenue by \$(1,444) and \$481, respectively.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **3. Net Patient Service Revenue (continued)**

As of September 30, 2012 and 2011, approximately 36% and 33%, respectively, of patient accounts receivable was due from Medicare, 8% and 10%, respectively, was due from Medicaid and city welfare, 37% was due from private health payors and 19% and 20%, respectively, was due from patients and others.

#### **4. Other Revenue**

Certain health care providers can earn incentive payments between 2011 and 2016 from Medicare and Medicaid for establishing an Electronic Health Record (EHR) system and maintaining its meaningful use. The Hospital recognizes income when it is reasonably assured that it is in compliance with the program criteria. The Hospital has included amounts in other operating revenue related to the program for fiscal year 2012.

Other revenue consists of the following for fiscal years 2012 and 2011:

	<b>2012</b>	<b>2011</b>
EHR income	\$ 2,838	\$ —
Grants	2,011	1,908
Cafeteria sales	1,264	1,267
Technical laboratory income	1,164	1,035
Investment income	622	960
Rental income	376	441
Purchase discounts	363	393
Miscellaneous	3,233	3,540
	<hr/> <b>\$ 11,871</b>	<hr/> <b>\$ 9,544</b>

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### 5. Investments Limited as to Use and Investments

Cost and fair values for investments included in investments limited as to use as of September 30 are summarized as follows:

	2012		2011	
	Total		Total	
	Fair Value	Cost	Fair Value	Cost
Mutual funds				
Equity	\$ 71,289	\$ 59,469	\$ 47,388	\$ 47,854
Fixed income	38,780	35,464	42,411	40,336
Common stock				
U S equity	4,672	3,039	3,586	3,017
Non-U S equity	720	463	597	602
Corporate debt securities	13,728	13,740	6,823	6,886
U S Government and Agency obligations	12,782	12,777	4,948	4,956
Money market funds	5,346	5,345	6,059	6,092
Cash	1,820	1,820	5,321	5,321
Total	\$ 149,137	\$ 132,117	\$ 117,133	\$ 115,064

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **5. Investments Limited as to Use and Investments (continued)**

At September 30, 2012, investments with a fair value below cost for more than 12 months included certain common stock with a fair value of \$55 and an unrealized loss of \$65.

At September 30, 2011, investments with a fair value below cost for less than 12 months included certain common stock and U.S. Government and Agency obligations with a fair value of \$454 and \$236, respectively, and an unrealized loss of \$31 and \$1, respectively. Investments with fair value below cost for more than 12 months included certain mutual funds, common stock and U.S. Government and Agency obligations with a fair value of \$15,708, \$792, and \$685, respectively, and an unrealized loss of \$1,450, \$81 and \$1, respectively.

Investments limited as to use consisted of the following as of September 30:

	2012		2011	
	Market	Cost	Market	Cost
Funds held in trust under revenue bond agreements	\$ 4,321	\$ 4,319	\$ 4,431	\$ 4,433
Funds held in trust for estimated self-insurance liability	8,413	7,705	7,771	7,564
Board-designated funds	95,568	81,484	80,737	79,087
Donor-restricted funds	15,167	12,932	13,547	13,263
Total	<u>\$ 123,469</u>	<u>\$ 106,440</u>	<u>\$ 106,486</u>	<u>\$ 104,347</u>

Included in net investment income for the years ended September 30, 2012 and 2011 was investment income of \$2,759 and \$1,486, respectively, and realized (losses) gains on sales of investments of \$(606) and \$3,500, respectively.

Investments and investments limited as to use are reported at fair value based on readily determinable fair market values or estimated fair value. Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### **5. Investments Limited as to Use and Investments (continued)**

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a formal hierarchy and framework for measuring fair value, and expanded disclosure about fair value measurements and the reliability of valuation inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- **Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.
- **Level 2** – Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **5. Investments Limited as to Use and Investments (continued)**

Investment securities, in general, are exposed to various risks. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short term liquidity of certain investments held by the Hospital which could impact the value of investments after the date of these financial statements.

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets at fair value as of September 30, 2012:

	<b>Fair Value as Determined by Quoted Prices in Active Markets (Level 1)</b>	<b>Valuation Techniques Based on Observable Market Data (Level 2)</b>	<b>Valuation Techniques Incorporating Information Other Than Observable Market Data (Level 3)</b>	<b>Total</b>
<b>Mutual funds</b>				
Equity	\$ 71,289	\$ —	\$ —	\$ 71,289
Fixed income	—	38,780	—	38,780
<b>Common stock</b>				
U S equity	4,672	—	—	4,672
Non-U S equity	720	—	—	720
<b>Corporate debt securities</b>				
U S Government and Agency obligations	—	13,728	—	13,728
Money market funds	5,346	—	—	5,346
<b>Cash and cash equivalents</b>	<u>56,589</u>	<u>—</u>	<u>—</u>	<u>56,589</u>
	<u><u>\$ 138,616</u></u>	<u><u>\$ 65,290</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 203,906</u></u>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **5. Investments Limited as to Use and Investments (continued)**

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets at fair value as of September 30, 2011:

	<b>Fair Value as Determined by Quoted Prices in Active Markets (Level 1)</b>	<b>Valuation Techniques Based on Observable Market Data (Level 2)</b>	<b>Valuation Techniques Incorporating Information Other Than Observable Market Data (Level 3)</b>	<b>Total</b>
<b>Mutual funds</b>				
Equity	\$ 47,388	\$ —	\$ —	\$ 47,388
Fixed income	—	42,411	—	42,411
<b>Common stock</b>				
U S equity	3,586	—	—	3,586
Non-U S equity	597	—	—	597
<b>Corporate debt securities</b>	—	6,823	—	6,823
<b>U S Government and Agency obligations</b>	—	4,948	—	4,948
<b>Money market funds</b>	6,059	—	—	6,059
<b>Cash and cash equivalents</b>	61,780	—	—	61,780
	<b>\$ 119,410</b>	<b>\$ 54,182</b>	<b>\$ —</b>	<b>\$ 173,592</b>

Mutual funds and common stock are traded actively on exchanges and price quotes for these shares are readily available.

For corporate debt securities and U.S. government and agency obligations multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue for each security. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **5. Investments Limited as to Use and Investments (continued)**

Net asset value (NAV) is used as a practical expedient to estimate the fair value of certain investments, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2012 and 2011, the Hospital had no intentions to sell investments at amounts different than NAV.

#### **6. Property and Equipment, Net**

Property and equipment and the related accumulated depreciation as of September 30 consist of the following:

	<b>2012</b>	<b>2011</b>
Land and land improvements	\$ 11,972	\$ 9,196
Buildings and fixed equipment	222,251	236,364
Other equipment	136,913	163,590
Leasehold improvements	2,062	2,545
	<b>373,198</b>	411,695
Less accumulated depreciation	<b>(208,046)</b>	<b>(258,275)</b>
	<b>165,152</b>	153,420
Construction in progress (estimated cost to complete \$8,703)	<b>14,694</b>	21,322
Property and equipment, net	<b>\$ 179,846</b>	<b>\$ 174,742</b>

In 2012, in an effort to bring the Hospital's plant assets up to date, approximately \$72,000 of assets were retired. These assets were fully depreciated and no longer in use at the time of their retirement.

Total rental expense under operating leases for the years ended September 30, 2012 and 2011 was approximately \$5,440 and \$5,316, respectively.

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### **6. Property and Equipment, Net (continued)**

The following is a schedule of future minimum rentals under operating lease agreements:

Fiscal year ending:	
2013	\$ 4,039
2014	3,325
2015	2,166
2016	1,345
2017	1,096
Thereafter	5,427
	<hr/>
	\$ 17,398
	<hr/>

### **7. Long-Term Debt**

As of September 30, 2012 and 2011, the Hospital's long-term debt consisted primarily of the following State of Connecticut Health and Educational Facilities Authority (CHEFA) Revenue Bonds and certain mortgage notes payable which are secured by certain real estate and other real property:

	<b>2012</b>	<b>2011</b>
Fixed Rate Revenue Bonds, Series N, due July 1, 2027	\$ 30,020	\$ 31,930
Fixed Rate Revenue Bonds, Series M, due July 1, 2027	12,850	13,530
Fixed Rate Revenue Bonds, Series L, due July 1, 2036	20,995	21,465
Mortgage notes and capital leases, net of interest	1,620	152
	<hr/>	<hr/>
	65,485	67,077
Add bond premium	2,465	2,577
Less current portion	(4,618)	(3,123)
	<hr/>	<hr/>
	\$ 63,332	\$ 66,531

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **7. Long-Term Debt (continued)**

CHEFA Series L Revenue Bonds (Series L bonds) and CHEFA Series M Auction Rate Bonds (Series M bonds) were issued on December 7, 2006 for \$22,760 and \$16,620, respectively. The Series L proceeds were used to finance the construction of a new emergency department facility and the Series M proceeds were used to refinance the Series K bonds. The Series L bonds mature from July 1, 2009 through July 1, 2036 at interest rates between 4.0% and 5.0%. On April 17, 2008, the Series M bonds were converted from their initial auction rate mode to a fixed rate mode. The Series M bonds mature from July 1, 2008 through July 1, 2027 at interest rates between 3.0% and 4.9%. CHEFA Series N Revenue Bonds (Series N bonds) were issued on July 26, 2011 for \$31,930. The Series N proceeds were used to refinance the Series H bonds. The Series N bonds mature from July 1, 2012 through July 1, 2027 at interest rates between 3.0% and 5.0%.

The Hospital has entered into a formal unsecured revolving line of credit agreement with a local bank. The maximum borrowing limit on this line of credit totaled \$6,000 as of September 30, 2012 and 2011. Advances under this agreement have an annual interest rate based on the LIBOR rate plus 1.0% as determined for each interest period. The line of credit expires on April 30, 2013. As of September 30, 2012 and 2011 there were no advances.

In fiscal 2011, CHEFA Series N Revenue Bonds (Series N bonds) were issued on behalf of Services to refinance the Series I bonds. The Series N bonds mature from July 1, 2012 through July 1, 2027 at interest rates between 3.0% and 5.0%. As a member of the obligated group, the Hospital is a guarantor of the Series N bonds. The outstanding balance of these bonds was \$5,160 at September 30, 2012.

The Hospital is required to maintain certain deposits with a trustee relating to its outstanding CHEFA bonds. Such deposits are included in investments limited as to use in the financial statements and consist of \$4,321 in debt service funds. All of the outstanding CHEFA bonds and mortgage notes place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds and mortgage notes are outstanding. All of the outstanding CHEFA bonds are secured by the gross receipts of the Hospital.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **7. Long-Term Debt (continued)**

The unamortized amount of deferred bond issuance costs was \$1,828 and \$1,917 at September 30, 2012 and 2011, respectively. Bond issuance costs are amortized over the life of the bonds using a method which does not differ materially from the effective interest method in the amount sufficient to amortize the costs over the term of the bonds.

The fair value of the Hospital's CHEFA bonds, based on market prices, was approximately \$69,258 and \$70,215 at September 30, 2012 and 2011, respectively.

Aggregate scheduled repayments on long-term debt and capital lease payments are as follows:

	<b>Long-Term Debt</b>	<b>Mortgage Notes/ Capital Leases</b>
2013	\$ 3,045	1,573
2014	3,135	21
2015	3,255	21
2016	3,410	5
2017	3,565	—
Thereafter	<u>47,455</u>	<u>—</u>
	63,865	1,620
Add bond premium	<u>2,465</u>	<u>—</u>
	<u><u>\$ 66,330</u></u>	<u><u>1,620</u></u>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **8. Defined Benefit Retirement Plans**

The Hospital sponsors several retirement plans including a noncontributory, defined benefit pension plan (the Plan) covering substantially all of its employees. The Plan's benefits are based on years of credited service and average base pay during the employees' five highest-paid consecutive calendar years of credited service. The Plan is funded in accordance with the Employee Retirement Income Security Act (ERISA) minimum funding requirements.

On July 31, 2009 the Hospital adopted a soft freeze of the Plan, effective January 1, 2010. All pension accruals have ceased under the terms of the Plan, with the limited exception that participants who were actively employed on December 31, 2009 will continue to have eligible compensation earned after December 31, 2009 recognized in the calculation of their accrued benefit beyond December 31, 2009.

As of December 31, 2010, the current Supplemental Executive Retirement Plan (SERP) was frozen and converted from a defined benefit to a defined contribution approach. In doing so, the lump sum value of the current SERP accrued benefit as of December 31, 2010 was established as the opening defined contribution account value as of January 1, 2011. These plan changes triggered curtailment and settlement accounting in fiscal 2011 following board approval of the plan changes. For accounting purposes, the defined benefit element of the current SERP is now terminated.

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### 8. Defined Benefit Retirement Plans (continued)

The funded status at September 30, 2012 and 2011 for the plans are as follows:

	<b>2012</b>	<b>2011</b>
Accumulated benefit obligation	<u><u>\$ 252,066</u></u>	<u><u>\$ 216,037</u></u>
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	260,453	248,047
Service cost	—	42
Interest cost	11,994	12,319
Actuarial loss	35,601	12,393
Benefits paid	(6,505)	(12,062)
Curtailments	—	(1,191)
Settlements	—	905
Projected benefit obligation, end of year	<u><u>301,543</u></u>	<u><u>260,453</u></u>
Change in plan assets		
Fair value of plan assets, beginning of year	145,231	140,171
Actual return on plan assets	25,729	144
Employer contributions	9,963	16,978
Benefits paid	(6,505)	(12,062)
Fair value of plan assets, end of year	<u><u>174,418</u></u>	<u><u>145,231</u></u>
Funded status		
Amounts recognized in balance sheets consist of		
Current liability	\$ (48)	\$ (65)
Noncurrent liability	<u><u>(127,077)</u></u>	<u><u>(115,157)</u></u>
Net amount recognized	<u><u>\$ (127,125)</u></u>	<u><u>\$ (115,222)</u></u>
Amounts recognized as accumulated charges to unrestricted net assets consist of		
Net actuarial loss	<u><u>\$ 126,377</u></u>	<u><u>\$ 107,292</u></u>
	<u><u>\$ 126,377</u></u>	<u><u>\$ 107,292</u></u>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **8. Defined Benefit Retirement Plans (continued)**

	<b>2012</b>	<b>2011</b>
Components of net periodic benefit cost:		
Service cost	\$ —	\$ 42
Interest cost	11,994	12,319
Expected return on plan assets	(11,408)	(10,917)
Net amortization and deferral	2,195	1,561
Curtailment loss	—	458
Settlement loss	—	1,823
Net periodic benefit cost	<b><u>2,781</u></b>	<b><u>5,286</u></b>

The prior service cost that will be amortized from accumulated charges to unrestricted net assets into net periodic benefit cost over the next fiscal year is \$3,501.

	<b>2012</b>	<b>2011</b>
Weighted average assumptions as of September 30:		
Discount rate (obligation)	3.90%	4.65%
Discount rate (service cost – see below)	4.65%	5.20%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	3.50%	4.00%

The discount rate is based on high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value.

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### 8. Defined Benefit Retirement Plans (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2012:

	<b>Fair Value as Determined by Quoted Prices in Active Markets</b> <b>(Level 1)</b>	<b>Valuation Techniques Based on Observable Market Data</b> <b>(Level 2)</b>	<b>Valuation Techniques Incorporating Information Other Than Observable Market Data</b> <b>(Level 3)</b>	<b>Total</b>
Mutual funds				
Equity	\$ 96,936	\$ —	\$ —	\$ 96,936
Fixed income	—	58,545	—	58,545
Common/collective trust	—	10,170	—	10,170
Common stock				
U S equity	6,306	—	—	6,306
Non-U S equity	1,205	—	—	1,205
Money market funds	1,256	—	—	1,256
	<b>\$ 105,703</b>	<b>\$ 68,715</b>	<b>\$ —</b>	<b>\$ 174,418</b>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **8. Defined Benefit Retirement Plans (continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2011:

	<b>Fair Value as Determined by Quoted Prices in Active Markets (Level 1)</b>	<b>Valuation Techniques Based on Observable Market Data (Level 2)</b>	<b>Valuation Techniques Incorporating Information Other Than Observable Market Data (Level 3)</b>	<b>Total</b>
Mutual funds				
Equity	\$ 72,412	\$ —	\$ —	\$ 72,412
Fixed income	—	50,568	—	50,568
Common/collective trust	—	9,504	—	9,504
Common stock				
U S equity	4,543	—	—	4,543
Non-U S equity	1,004	—	—	1,004
Money market funds	7,200	—	—	7,200
	<b>\$ 85,159</b>	<b>\$ 60,072</b>	<b>\$ —</b>	<b>\$ 145,231</b>

Mutual funds and common stock are traded actively on exchanges and price quotes for these shares are readily available.

For corporate debt securities and U.S. government and agency obligations multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue for each security. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **8. Defined Benefit Retirement Plans (continued)**

Common collective trusts invest in other public or private individual assets as determined and managed by the fund. The Plan's interest in the common/collective trust fund is based on the fair values of the underlying investments. Investments in collective trust funds are valued at their respective NAV per share/unit on the valuation date. The Plan can redeem these investments at NAV on a daily basis.

The Plan's weighted average asset allocations at September 30, 2012 and 2011 by asset category are as follows:

	<b>Target</b>	<b>2012</b>	<b>2011</b>
Equity securities	57%	<b>56%</b>	60%
Debt securities	38%	<b>39%</b>	40%
Balanced funds	5%	<b>5%</b>	—%
<b>Total</b>	<b>100%</b>	<b>100%</b>	100%

The investment policy, as established by the Investment Committee, is to equal or exceed the rate of return of a benchmark composed 60% of a set of stock indexes, 35% of a custom bond index and 5% of the Salomon Smith Barney World Government Bond Index. For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis. The pension assets are to be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio. The asset allocation is reviewed on a quarterly basis.

Contributions of \$10,800 are expected to be paid to the Plan in 2013.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **8. Defined Benefit Retirement Plans (continued)**

The following benefit payments, which reflect expected future service for the retirement plans, are expected to be paid:

2013	\$	7,725
2014		8,427
2015		9,108
2016		9,869
2017		10,751
2018 – 2022		<u>66,238</u>
	\$	<u>112,118</u>

The Hospital does not provide post-retirement medical or health insurance benefits.

#### **9. Defined Contribution Plans**

Effective January 1, 2010 the Hospital implemented a new retirement program called the Middlesex Retirement Savings and Investment Plan which provides an automatic core contribution and a matching contribution when participants choose to make pre-tax contributions. The Hospital matches 50% of the first 4% that an employee contributes. In addition, employees become eligible for a core contribution upon completion of 12 months service provided they earn at least 1,000 hours of service in a calendar year and are actively employed on December 31, unless they retire or become disabled. The core contribution, which ranges from 2-6% of eligible pay, is based on the employee's age and years of service on December 31. The Hospital's contributions to the plan totaled \$2,795 and \$2,717 in 2012 and 2011, respectively. In addition, a core contribution of \$4,322, which is scheduled to be paid in 2013, is included in accrued payroll and related liabilities.

In addition, the Hospital sponsors other defined contribution plans for eligible employees. The Hospital's contributions to these plans totaled approximately \$706 and \$1,603 in 2012 and 2011, respectively.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **10. Estimated Self-Insurance Liability and Other Contingencies**

There have been malpractice, general liability, and workers' compensation claims that fall within the Hospital's partially self-insured program (see note 1) which have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2012 that may result in the assertion of claims.

The Hospital has established an irrevocable trust, funded based upon actuarially determined funding levels, to provide for the payment of malpractice and general liability claims and related expenses.

In addition, the Hospital is involved in litigation arising in the ordinary course of business. In the opinion of Hospital management, the ultimate resolution of these claims will not have a material impact on the Hospital's results of operations or financial position.

#### **11. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Hospital has been limited by the donors for a specific purpose. Temporarily restricted net assets are available for the following purposes as of September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Education	\$ 1,993	\$ 1,750
Health services	1,489	1,397
Capital and other	<u>5,567</u>	<u>3,112</u>
	<u><b>\$ 9,049</b></u>	<u><b>\$ 6,259</b></u>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **11. Temporarily and Permanently Restricted Net Assets (continued)**

Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. Permanently restricted net assets as of September 30, 2012 and 2011 are as follows:

	<b>2012</b>	<b>2011</b>
Free beds	\$ 1,563	\$ 1,562
Support of hospital operations	4,705	4,620
Other	696	698
	<hr/> <b>\$ 6,964</b>	<hr/> <b>\$ 6,880</b>

#### **12. Endowments**

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides guidance on investment decisions and endowment expenditures for nonprofit organizations. The Board of Trustees of the Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Hospital classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the 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 fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

The Hospital has interpreted UPMIFA as requiring 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. The Hospital 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

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **12. Endowments (continued)**

fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Hospital's endowments consist of approximately thirteen individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds consist of the following at September 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	\$ 3,482	\$ 6,964	\$ 10,446
Board-designated endowment funds	<u>91,908</u>	<u>—</u>	<u>—</u>	<u>91,908</u>
Total endowed net assets	<u>\$ 91,908</u>	<u>\$ 3,482</u>	<u>\$ 6,964</u>	<u>\$ 102,354</u>

Endowment funds consist of the following at September 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	\$ 3,092	\$ 6,880	\$ 9,972
Board-designated endowment funds	<u>77,417</u>	<u>—</u>	<u>—</u>	<u>77,417</u>
Total endowed net assets	<u>\$ 77,417</u>	<u>\$ 3,092</u>	<u>\$ 6,880</u>	<u>\$ 87,389</u>

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### 12. Endowments (continued)

Changes in endowment funds for the year ended September 30, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2011	\$ 77,417	\$ 3,092	\$ 6,880	\$ 87,389
Investment return				
Investment income	2,160	49	—	2,209
Net appreciation	<u>12,423</u>	<u>296</u>	<u>1</u>	<u>12,720</u>
Total investment return	14,583	345	1	14,929
Contributions, gifts and bequests	—	—	83	83
Transfers	—	71	—	71
Appropriation of endowment assets for expenditure	<u>(92)</u>	<u>(26)</u>	<u>—</u>	<u>(118)</u>
Endowment net assets, September 30, 2012	<u>\$ 91,908</u>	<u>\$ 3,482</u>	<u>\$ 6,964</u>	<u>\$ 102,354</u>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **12. Endowments (continued)**

Changes in endowment funds for the year ended September 30, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2010	\$ 77,811	\$ 3,133	\$ 6,804	\$ 87,748
Investment return				
Investment income	4,986	111	—	5,097
Net depreciation	<u>(5,342)</u>	<u>(100)</u>	<u>(9)</u>	<u>(5,451)</u>
Total investment return	(356)	11	(9)	(354)
Contributions, gifts and bequests	—	—	85	85
Transfers	—	(32)	—	(32)
Appropriation of endowment assets for expenditure	<u>(38)</u>	<u>(20)</u>	<u>—</u>	<u>(58)</u>
Endowment net assets, September 30, 2011	<u>\$ 77,417</u>	<u>\$ 3,092</u>	<u>\$ 6,880</u>	<u>\$ 87,389</u>

The Hospital has adopted investment and spending policies for endowment assets that attempt 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 the Hospital must hold in perpetuity or for a donor-specified period as well as board-designated funds.

To satisfy its long term rate-of-return objectives, the Hospital 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). The Hospital targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investments to achieve its long-term return objectives with prudent risk constraints.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **12. Endowments (continued)**

The Hospital follows a policy of spending an amount that approximates the investment income earned, in addition to specific purchases of capital equipment. Accordingly, the Hospital expects its spending policy will allow its endowment funds to be maintained in perpetuity by growing at a rate at least equal to the planned payouts. Additional real endowment growth will be provided through new gifts and any excess investment return.

#### **13. Functional Expenses**

The Hospital provides health care services primarily to residents within its geographic location. Expenses to provide these services for the years ended September 30, 2012 and 2011 are as follows:

	<b>2012</b>	<b>2011</b>
Health care services	\$ 284,181	\$ 282,285
Administrative and general	50,356	46,231
	<b><u>334,537</u></b>	<b><u>328,516</u></b>

#### **14. Related Party Transactions**

As of September 30, 2012 and 2011, the Hospital had the following receivables from related parties:

	<b>2012</b>	<b>2011</b>
Middlesex Health Resources, Inc.	\$ 6	\$ 19
Middlesex Health Services, Inc.	15	33
MHS Primary Care, Inc.	82	58
Total due from related parties	<b><u>103</u></b>	<b><u>110</u></b>

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **14. Related Party Transactions (continued)**

Certain general and administrative supplies and services and other miscellaneous costs are paid by the Hospital on behalf of certain affiliates. Amounts due for these services are reflected as other receivables in the preceding table.

The Hospital paid Resources approximately \$463 and \$418, respectively, during 2012 and 2011 for rent.

In addition, the Hospital had promissory notes due from MHS Primary Care, Inc. for lines of credit totaling \$166 at a rate of 7% to be paid in 120 monthly installments. The balances due on these notes were \$27 and \$48 at September 30, 2012 and 2011, respectively.

The Hospital made a cash transfer to the System of \$2,998 and \$3,398 for 2012 and 2011, respectively. The Hospital, in support of the System's mission, transfers funds annually to the System in conjunction with supporting activities within the integrated network. As of September 30, 2012, the Hospital has committed to transfer \$2,999 to the System in fiscal 2013.

#### **15. Subsequent Events**

The Hospital has evaluated events through January 28, 2013, which represents the date the financial statements were available to be issued and noted no subsequent events that would have impacted the Hospital's financial statements.

#### **16. Community Benefit (Unaudited)**

(statistical information in whole numbers)

As a medium-sized community hospital within a health system, providing extensive Community Benefit programs and services has always been the cornerstone of our organization. Continuous dedication to the communities we serve remains the hallmark of our vision, mission, and strategic planning. These objectives are inherent in the Health System and Hospital's vision and mission statements. The System's mission is to *improve the health and well-being of our community by providing quality health care services with caring, compassion and skill* with a vision designed to *create a new standard for community health care by contributing materially*

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

*to the health and well being of the communities it serves.* The pledge to Community Benefit is strengthened by the Hospital's inclusion of the term *Community Benefit* in its mission statement: *the Hospital recognizes community benefit, transparency and integrity as fundamental responsibilities and strives to meet community health needs to the fullest extent possible within its ability and resources.* Middlesex Hospital's Community Benefit program was formalized in 2006 as a natural outgrowth for housing our long-standing community services under one roof. Since then, strengthening our Community Benefit program with targeted programs to meet community health and well-being needs and promoting community-wide health improvement services has been an annual priority initiative for our Hospital's leadership and remains a core institutional program. Our comprehensive Community Benefit model encompasses the following domains: executive involvement and commitment; a defined reporting structure; dedicated staffing resources; governance engagement; staff participation; annual goals; inclusion in annual organizational planning; internal and external communications; and inclusion of community members and agency partners. This footnote provides an overview of Middlesex Hospital's community benefit activities, organized by the categorical accounting standards as determined by the Catholic Health Association/VHA structure (*Catholic Health Association, "A Guide For Planning and Reporting Community Benefit", 2006, revised 2008*)

#### **Community Health Improvement Services**

The Hospital subsidizes a vast range of community health education and health improvement programs, none of which are developed for marketing purposes, all of which are supported as a means of fulfilling the Hospital's mission to serve its community. Almost 100% of the time these services are offered free of charge; in the rare instance where a nominal fee is assessed, the cost of providing the service is not covered. Community health education is provided to the community at large, including (but not limited to) local schools, colleges, assisted living and skilled nursing facilities, small businesses and chamber of commerce, local health care provider agencies, non-Hospital affiliated healthcare providers, and social services. Some of the programs represent one time events, however most are ongoing and over the years have become entrenched

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

in the community as a source of support and continued education for a healthful future. Community health education is provided by the Hospital in many formats including lectures, written materials, interactive presentations and other group programs/activities. Examples of health educational programming include (but are not limited to):

- Community Education Presentations: including hand washing; H1N1 virus containment and vaccination; cancer prevention, integrative medicine, caregiver resources, chronic pulmonary obstructive disease/respiratory care, arthritis, diabetes, asthma (adult and pediatric), chronic heart failure, childhood obesity, smoking cessation, nutrition, stroke education, fall prevention. With geriatric services uncovered as a priority area in the Hospital's health assessment, the increased focus on health education for the elderly and local non-Hospital affiliated healthcare practitioners in geriatric services is exemplified by the Hospital's conducting targeted presentations to both sectors including the topics of fall prevention; the signs and symptoms of stroke; warning signs the elderly should not ignore; and 10 common healthcare errors seniors make.
- Health and Wellness Events/Health Fairs: it is common practice for the Hospital's staff members to answer the call of the community any time a request is made for educational support – one example is the annual request by Connecticut Valley Hospital, the state's department of mental health and addiction services, for the Hospital to participate in its employee and patient day-long health fair - the Hospital provides staffing to share information on multiple health topics to 400+ attendees, which includes a vulnerable general patient population as well as those held in the forensic division. The Hospital regularly participates in area health fairs/wellness events to share critical health information on topics and services including: diabetes; asthma; chronic obstructive pulmonary disease; slips and fall prevention and safety; blood pressure screenings; cancer awareness including breast, prostate and skin; smoking cessation data and information; bone density screening; maternal child health education; rehabilitation therapy; and youth behavioral health issues.

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### **16. Community Benefit (Unaudited) (continued)**

- Support Groups: The Hospital provides, at no charge, many support groups for patients and their families in response to the community's need for additional support in addressing the social, psychological or emotional issues that often occur in connection with disease, disability and grief. The support and skills of trained professionals offer self-help techniques and wellness/health-promotion. Support groups include: bereavement; caregivers; diabetes; meditation; prostate cancer; leukemia, lymphoma, and multiple myeloma; cancer's survivors; breastfeeding; first foods; and fit for kids.
- Cancer Center Health Awareness: as facing cancer can be one of life's most challenging experiences for patients, the Hospital's Cancer Center provides extensive free-of-charge services in an educational and supportive environment. An emphasis is placed on including family members in all support services. In addition to the substantial number of cancer-related support groups, the Cancer Center offers – at no cost – an annual Breast Cancer Awareness event; annual Cancer Survivor's Day; annual prostate event; annual Healthy Living Through Prevention wellness event; an art therapy program; movement through dance; nutrition and exercise class for breast cancer patients, wig room, and a comprehensive educational series with a multi-dimensional approach to defining cancer – including dealing with side effects, the importance of nutrition and exercise, coping with emotions and spirituality, alternative and integrative medicine therapies, and methods for communication
- Maternal Child Support: To reach out to the community's vulnerable population, the Hospital's Pregnancy and Birth Center (PBC) waives all fees for participants from the Hospital's Family Advocacy Maternal Child Health Program – a comprehensive service within the Behavioral Health Department that outreaches to low-income families lacking necessary resources. Tuition waiver allows access for Family Advocacy members to PBC's Newborn & Infant classes, Breastfeeding classes, and Prepared Childbirth classes.
- Health Literature: providing no-cost access to health care literature and resources to the public is possible through the Hospital's libraries and publications. The Hospital's main campus and Cancer Center libraries encourage community use of health and medicine resource information. The community, including students, patients, non-employed nurses and physicians routinely utilizes the library's extensive collection of books and periodicals and depends on librarian support as a part of information gathering. The

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

Cancer Center library is an active participant of the CT Library On Request System, which is available in public libraries as a resource to locate and borrow books, videos and tapes – with the assistance of the Hospital's librarian, patients and families are able to obtain desired cancer health information by use of this service. In addition, the Cancer Center issues a quarterly newsletter (2,500 household mailing) that reviews cancer-related and health living topics.

Throughout the year the Hospital provides a number of community-based clinical services, including clinics and screenings offered on a reoccurring basis or as a special event. The Hospital views screenings and clinics as valuable secondary prevention measures that enable the detection of early illness/disease onset, bring awareness to the screened individual regarding the importance of detection and early treatment intervention, and provide referral when appropriate and necessary. These services are offered to meet identified community needs and/or improve community health. Examples of the Hospital's community based clinical services offered to the community at large throughout the year include (but are not limited to): diabetes care free A1C screenings; annual flu shots and free blood pressure and cholesterol clinics provided by the Hospital's Homecare department, a subsidized service, to local seniors; free flu immunizations and TB testing offered to those who are unable to pay; and community-wide free screenings for blood pressure.

Healthcare support services include all programs offered by the Hospital in order to increase access and quality of care to individuals, especially those living in poverty and/or other vulnerable populations. As these services represent targeted programs and interventions based on need, they are critical for assisting patients in achieving improved health and wellness. Given the intensity and duration of the initiatives, life-long positive impacts are often realized. Examples include (but are not limited to):

- Center for Chronic Care Management (CCCM) Disease Management: Currently over 10 years of age, a combined 10,000+ patients have been served by CCCM's various programs. The impetus for the center was an identified sub-set of repeat users of emergency department and inpatient services for asthma. A multidisciplinary team was tasked with examining notable resource gaps for this ambulatory care sensitive condition (that is, one that should be treated in the outpatient setting). A deficit of available

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

outpatient services and coordination of care for asthmatics resulting in barriers for achievement of self-management was identified and in response, using the Chronic Care Model, an evidence-based, patient-centered outpatient asthma service for adults (AIRMiddlesex) and children (LittleAIR) was designed and implemented, offering a comprehensive and systematic approach to the management of asthma as a chronic illness. The asthma care program became the prototype for identifying and meeting community need for chronic care interventions by adding accessible and oftentimes free-of-charge outpatient services. Added services include diabetes disease management (provided since mid-1990, formalized in 2001) and its component medical nutrition therapy; smoking cessation (1999); chronic heart failure (2005); and childhood weight management (2008). The Center's disease management programs have evolved as a critical part of the health delivery system in Middlesex County by filling unmet chronic care needs. Within the CCCM model, special attention is paid to those unable to access services elsewhere: patients who experience multiple social issues, are often uninsured, are unable to achieve and sustain improved health, and frequently encounter barriers to care. Most programs are offered at no cost to the patient and the program is therefore heavily underwritten by the Hospital. Each of CCCM's initiatives cooperate with community agencies to provide chronic disease management education.

- Cancer Care Management: the Cancer Care Program is a free program offered to patients with a breast, colon, lung, prostate or other cancer diagnosis. With compassion, reassurance and expert knowledge, the Nurse Navigators assist cancer patients in navigating the complex maze from diagnosis through the prescribed treatment and recovery phases of their illness. Additional support is given through education regarding medication and self-care requirements. The Navigators work with the network of specialists and technicians to ensure that the succession of tests and treatments are expedited in the best sequence with full consideration of the patient's needs.
- Transportation & Prescription Voucher Assistance: the Hospital provides a no-cost transportation service for patients requiring radiation oncology treatment who struggle with transportation - with a special emphasis on providing the service for the elderly. Transportation vouchers are supplied to patients in urgent situations and prescription vouchers are given to help to defray costs for patients who are unable to pay for medication.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

- Financial Counseling: the Hospital provides information about its financial assistance program to all patients and makes this assistance available to individuals who meet established guidelines. Financial Counselors and social workers are available to answer questions and aid in the application process. In addition, the Hospital has an internal committee that monitors its financial assistance processes, reviews guidelines for appropriateness, and makes adjustments as needed to ensure optimal accessibility to the support.
- Alternative to Hospitalization Program (ATH): ATH is a collaborative system offered in the Hospital's Emergency Department where staff works with state behavioral health services to identify eligible individuals for linkage to community-based substance abuse treatment programs.
- Women, Infants and Children (WIC) Program: WIC serves to safeguard the health of low-income women, infants, and children up to age five who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care. Middlesex Hospital recently became the local subcontractor for WIC when the City of Middletown Health Department, after 25 years, was unable to renew the contract. In addition, due to significant city budget cut-backs, the Middletown program had merged with another county, which made accessibility challenging for local WIC clients. When community members suggested the Hospital assume the program, the Hospital agreed with the importance of keeping the program local, improving accessibility of services, and responding to community need. The service currently resides under the Hospital's comprehensive Family Advocacy Maternal Child Health program which provides support and outreach to a segment of the community's at-risk population.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

##### **Health Professions Education**

Helping to prepare future health care professionals is a long-standing commitment of Middlesex Hospital and distinguishing characteristic that constitutes a significant community benefit. Year round, the Hospital supports health professions education for medical students, nursing students and technicians. The nationally respected *Middlesex Hospital Family Medicine Residency Program* graduates an impressive number of Family Practice physicians, many of whom continue to practice in the Middlesex County area after their training is complete. For more than 35 years the Hospital's Family Medicine Residency Program has trained physicians for a future in family practice. The educational curriculum encompasses a balanced approach in the domains of practical experiences and academics; independent and supervised study; office practice and hospital care; biomedical and psychosocial issues; personal medical care and community health perspectives; and core requirements and self-directed learning. Specialty tracks include: maternal/child; palliative medicine/geriatric; international health; integrative medicine; academic and leadership. To strengthen commitment to community health, each resident is required to participate in a community project as a means of understanding the community's available resources and health needs. Many of the residency projects have developed into on-going support programs for community members.

In addition to its Family Practice residents, the hospital welcomes medical and nursing student interns and provides on-site training during clinical rotations. Nursing students from local colleges and programs receive hands-on mentorship in the majority of clinical service lines year-round. For the nursing students, a good portion of the student-staff interaction is 1:1. The objective of the rotational format is to complement classroom learning with practical application; expose students to the integration of evidence based practice; train students in the care for patients with complex needs; and aid students in developing the organizational, interpersonal, and critical thinking skills needed to enter the field of nursing. Other healthcare professional education includes: the Hospital's Radiology School - a 50+ year old program that graduates radiologic technologists with an associates degree, prepares them to pass the national certification test for radiographers and qualify for state licensure, and operates at a loss for the Hospital; and clinical educational student training in the fields of pharmacy, social work, hospice, behavioral health, nuclear medicine, rehabilitation and physical therapy, infection

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### **16. Community Benefit (Unaudited) (continued)**

prevention, phlebotomy, emergency responders, surgical services, among other areas of healthcare. In addition to teaching within the walls of the hospital, staff members continuously work with non-Hospital employed health care providers and agencies in the community – topics have included (but are not limited to): stroke education, smoking cessation, chronic obstructive pulmonary disease, nutritional counseling, asthma, diabetes, chronic heart failure, childhood obesity, stress management, fall prevention, mammography, pain management, H1N1, elder care, health literacy, nurturing parenting training, child and adolescent behavioral health, and psychological testing. The Hospital's paramedics share their knowledge with health providers in the community on an on-going basis by providing regular EMS in-service training to volunteer emergency medical service organizations such as fire departments and ambulance associations.

#### **Subsidized Health Services**

The Hospital's subsidized health services represent a significant portion of Middlesex Hospital's annual community benefit aggregate financials and numbers served. Subsidized services are particular clinical programs provided to the community despite a financial loss, with negative margins remaining after specific dollars (charity care and bad debt) and shortfalls (Medicaid) are removed. In order to qualify as a subsidized service, the program must meet certain health delivery criteria; meet an identified need in the community; and would become unavailable or the responsibility of a governmental or another not-for-profit agency to provide if the Hospital discontinued the service. Middlesex Hospital's subsidized services for include Family Practice Group, Behavioral Health (inpatient and outpatient), Homecare, Cardiac Rehabilitation, Paramedics, Hospice, Wound Care and Pulmonary Rehabilitation.

- **Family Practice Group:** The Family Practice Group of Middlesex Hospital is made up of twelve faculty physicians and twenty-four resident physicians who are completing their four-year training in the specialty of Family Medicine (note: faculty and residency costs are captured under Health Professions Education). The group has been providing high-quality medical care to Middlesex County's community members since 1974. The practice serves patients of all ages with health care often coordinated for the entire family. Referrals to specialists are made when needed, with the Family Practice physician following patient care jointly with the specialist. In addition to caring for patients in the

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

office, the Family Practice physicians follow the care of their patients when they in Middlesex Hospital and some local nursing and convalescent homes. If the need arises and patients are confined to their homes, house calls can also be arranged. The Family Practice Group is comprised of three locations: Middletown, East Hampton and Portland. Nurse health educators are available in the three family practice offices to provide counseling on health-related topics that promote a healthy lifestyle. The offices are equipped for comprehensive preventive health care procedures such as Pap smears, vision and hearing testing, pulmonary function testing, and electrocardiograms. Minor surgical procedures can also be performed in all three offices. As the Family Practice group is within the Middlesex Hospital Health System, it relies on the broad services offered by the system. Services include access to multiple laboratory facilities for routine tests, counseling among many other outpatient service lines. In addition, all faculty physicians and resident physicians are on the staff of Middlesex Hospital. Middlesex Hospital's Family Practice group is a critically important subsidized outpatient service as it fills a gap in primary care services and addresses access to care challenges. Middlesex County has been designated by the Health Resources and Services Administration (HRSA) to be a Medically Underserved Area experiencing a shortage of select health services which include too few primary care providers. In addition, HRSA reports that Middlesex County is a Health Professional Shortage Area (HPSA) for primary medical care.

- Middlesex Hospital's Behavioral Health Program: provides a large spectrum of behavioral health services, including inpatient and outpatient therapy and support, child and adolescent services and a maternal child health program – and is heavily subsidized by the Hospital. The Hospital recognizes that the life disruptions caused by mental illness, severe behavioral problems, and addiction especially coupled with medical complexities can be devastating for patients and their families and is committed to providing the highest standard of care for both the physical and behavioral health needs of its psychiatric patients. Treatment is provided regardless of the patient's background and/or ability to pay. The behavioral health system at Middlesex Hospital is premised on guiding principles designed to empower each individual to attain optimal functioning in a compassionate, supportive, professional, collaborative environment. Each care plan is individualized with careful consideration of the patient's physical and mental needs and

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

preferences. The Hospital has a 20 bed psychiatric unit for patients requiring inpatient stays; Day Treatment Program that provides intensive outpatient and partial hospital services for adolescents, adults and geriatric patients with psychiatric and co-occurring substance abuse/psychiatric disorders; Outpatient Behavioral Health Clinic that offers treatment in individual, family, and group therapy to meet general adult and senior psychiatric needs; Family Advocacy Program (FAP) that offers comprehensive psychiatric services designed to improve the lives of children, adolescents and their families and improve access to critical resources; and FAP Maternal Child Health which provides primary prevention, case management and home-based parenting skill building wrap around and support services for at-risk first time families involved in Department of Children and Families (DCF).

- Middlesex Hospital Homecare: Recognizing the need for medical services for patients who are homebound, the Hospital's Homecare department, founded in 1900, makes over 160,000 visits per year to community residents with services available 7 days/week, 24 hours/day. While the program requires subsidy from the Hospital, it meets a vital need in community health. Staffing includes specialty nurses, home health aides, physical therapists, occupational therapists, speech therapists, medical social workers and nutritionists. The broad array of comprehensive services offered to meet the needs of the homecare patient encompass: 1) behavioral; 2) diabetes care and education; 3) specialized cardiac care; 4) geriatric care which focuses on the special needs of senior patients and includes management of conditions, complex medications and/or long-term illness; 5) infusion therapy; 6) the emergency response Lifeline program; 7) maternal/child health services; 8) hospice and palliative care services; 9) psychiatric nursing for patients with primary psychiatric illness living in the community; 10) medical rehabilitation; 11) respiratory/pulmonary care; 12) wound/ostomy care; and 13) various community health services including flu shots and health fairs.
- Middlesex Hospital Cardiac Rehabilitation: Cardiac Rehabilitation is a service offered by Middlesex Hospital due to community request. In response, the Hospital makes this comprehensive program available to its community members despite a financial loss. The service includes progressive cardiac-monitored exercise plans customized per individual,

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

risk-factor education, and is designed to assist patients who have had a recent heart attack, cardiac bypass, cardiac valve surgery, coronary angioplasty, or newly stabilized angina symptoms in achieving a speedy recovery and a healthy, productive lifestyle. Services for patients (and often their caregivers) include education on diagnosis, plan of care, and the requirements necessary to best manage their condition; discussion regarding appropriate lifestyle modifications given the new diagnosis; support to help diminish the fear of appropriate exercise and guidance on level of exertion and pulse rate monitoring; and symptom management education and recognition.

- Middlesex Hospital Paramedics Service: provides 24 hours/day, 7 days/week skilled emergency care and critical treatment to patients prior to arrival at the hospital. Paramedics work alongside fire and EMS personnel and are an important adjunct to emergency transport services, often administering care and providing advanced life support to the patient in the ambulance en route to the hospital – having care begin at the earliest opportunity is vital for best outcomes, particularly in cases of stroke and cardiac emergencies. Middlesex Hospital's paramedic program is one of three such hospital-based services in the State – its mission is to provide high quality, cost-effective, community focused emergency medical services to those who require immediate response. Patients receive the best possible paramedic level of care, regardless of their ability to pay or condition. Since inception of the service, the Hospital has covered the program's annual financial shortfalls.
- Middlesex Hospital's Hospice Program: is committed to caring for the terminally ill and their families by enhancing quality of life for the patient. Services include comfort care with relief of physical symptoms, the provision of emotional and spiritual support, and the desire to support the patient's right to make choices and remain as autonomous as possible during this phase of life. As terminal illness brings a host of new and difficult challenges for both patient and family, the Hospital's Hospice program views patient and family as a single unit of care. Care is delivered through an interdisciplinary team that includes physicians, nurses, social workers, physical therapists, occupational therapists, nutritionists, home health aides, spiritual support, pharmacists, bereavement counselors, and specially-trained volunteers. The care setting includes home hospice as well as an

# Middlesex Hospital

## Notes to Financial Statements (continued)

*(amounts in thousands)*

### **16. Community Benefit (Unaudited) (continued)**

inpatient unit designed to provide short-term care for patients requiring pain and symptom control as well as respite care during the last days of life. This vital community program functions at a loss for the Hospital. The Hospital also offers outpatient Palliative Care services which assist patients and families with critical decisions while providing maximum physical comfort and emotional support. Outpatient Palliative care services include pain and symptom control, psychosocial support, patient education about self-determination and advance directives, negotiating end-of-life decisions, and helping patients and loved ones understand and cope with the process of dying.

- Middlesex Hospital Wound Care: The Hospital performed a study and found that there was a gap in outpatient services for those experiencing complex and chronic wounds. In response, the Hospital created the Wound Care Center where a full range of services for effective wound treatment is provided. Clinical providers at both of the Hospital's Wound Care Center locations aid in determining what local or systemic factors are impeding the healing process, and assist in developing a specialized and individualized treatment care plan. Using a planned, systematic approach which includes consideration of all factors that affect wound healing, the Center treats four primary wound types: venous stasis ulcers, diabetic foot ulcers, ischemic ulcers and stage III and IV pressure ulcers. The Wound Care Center functions at a loss for the hospital and requires subsidy.
- Pulmonary Rehabilitation: The Hospital's Pulmonary Rehabilitation program was developed in direct response to the health assessment findings which identified half the adult population in Middlesex County to be at risk for COPD (18% are current smokers and 33% are former smokers). The study recommended development of a COPD pathway and program. In response, an inpatient COPD pathway was generated in conjunction with a supporting outpatient pulmonary rehabilitation program. The program is one of both education and exercise classes – it teaches patients about their lungs, how to exercise and do activities with less shortness of breath, and how to live better with a lung condition. Pulmonary Rehabilitation is offered to any patient with impaired pulmonary endurance. The Pulmonary Rehab program offers the Better Breather's Club, an adjunct service formed to help patients with respiratory diseases cope with their difficulties. The free support group is for community members with COPD, asthma and

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

other chronic lung disease and is run by a respiratory therapist and invites pertinent guest speakers to enhance the education of the patient and their families about the respiratory illness from which they suffer. Pulmonary Rehab functions at a loss and requires Hospital subsidy in order to continue to be available to the community.

#### **Research**

Middlesex Hospital conducts research in the domains of clinical and community health. Clinical examples include national trials by the Hospital's Cancer Center for breast, lung, prostate, colorectal, among others.

The Hospital's Behavioral Health Department conducts clinical trials for a variety of health diagnoses with its outpatient clinic undergoing a major depressive disorder in adults study and with Family Advocacy continuing its participation in studies for major depression in children and adolescents. The Hospital continues to participate in the 5 year Physician Group Demonstration Project, a national community health initiative with The Centers for Medicare and Medicaid Services (CMS) designed to determine the feasibility of working with physician groups to improve the quality of care, patient outcomes and the cost efficiency of health care services. Middlesex is one of ten groups throughout the U.S. to participate.

#### **Financial and In-Kind Contributions**

Middlesex Hospital supports the community in the form of financial and in-kind contributions. The Hospital's in-kind contributions include equipment, food, linens and medical supplies that are donated both locally and globally. The Hospital regularly donates collected medical supplies to an international organization as well as to the Sayaxche Hospital in Guatemala, as part of the Middlesex-Sayaxche Project, an initiative linking Middlesex Community with a sister health system in Guatemala intended to bolster the healthcare infrastructure in one of the poorest regions of the country. Other in-kind donations include absorption of costs of copies of health information records for patients who cannot afford to pay for them, cafeteria discounts for YMCA residents, and staff coordination of community support drives including the United Way, Adopt-A-Family holiday gift program, American Cancer Society Daffodil Days, Families

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

Feeding Families, Lions' Club eyeglasses and hearing aid collection, Cell Phones for Soldiers, Light One Little Candle and Reach Out and Read childhood readership. The Hospital's main campus and satellite locations make meeting space available, free-of-charge and on an on-going basis, for many community groups that would otherwise struggle to pay for space. Examples of community programs that utilize hospital space include (but are not limited to): CT Parkinson's meeting group, CT Unity, Asperger Spouse & Family Support Group, Face Forward Peer to Peer Support Group with Schizophrenia and Schizoaffective Disorder, National Alliance Mentally Ill, and local nursing school programs. In addition, each year the Hospital makes substantial cash donations to carefully selected mission-driven community organizations throughout its service area. Examples include (but are not limited to): transportation for the elderly and continuation of a large annual contribution to the Middlesex Chamber of Commerce AskMe3 health literacy initiative designed to promote awareness and working solutions for low literacy and its direct health impact by providing essential skills for patients and providers during any patient-provider interaction/conversation. Support of the global community is exemplified by the Hospital's annual sponsorship of a delegation from Sayaxche, Guatemala to spend a week of education and training at the Hospital, covering airfare and all related expenses.

#### **Community Building Activities**

Middlesex Hospital's participation in Community Building activities has a vital role in continuing to promote health and well-being for residents in its service area and, in some cases, the international community. The Hospital offers its resources and expertise to support and strengthen community assets in a variety of programs that fall under the scope of community building. Staff members are highly participative in community partnerships and coalitions, the success of which are greatly enhanced by Hospital collaboration - many community initiatives would not be as effective without the Hospital's administrative and clinical staff in-kind involvement, support and expertise. The Hospital's participation in all community building activities are solely to benefit the community's health and well-being by improving access to health services and enhancing overall public health and in no case is the motivation for marketing purposes. Examples include (but are not limited to) staff involvement in: the Middlesex Chamber of Commerce's Prevention Committee, Safety Committee and Healthcare Council; United Way School Readiness Community Impact Team; United Way Community

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

Impact Council; Middlesex Community Council; Safe Kids; Interfaith Council of Middletown; Middletown's 10 Year Plan To End Homelessness; Middlesex Elderly Service Providers; St. Luke's Gatekeeper Program; Valley Shore YMCA; State of CT Stoke Committee; State of CT Childhood Obesity Group; Association For Ambulatory Behavioral Healthcare; Middlesex County Children's Coalition; Middlesex Community College Advisory Board For Human Services; CT Council for Child & Adolescent Psychology; Middletown School System Safety Committee; Community Flu Preparation Committee. The following four programs highlight the importance of the Hospital's involvement in community building activities:

- Community Care Team: Middlesex Hospital's last health assessment found that in Middletown, Emergency Department (ED) visit rates for alcohol dependence was two times higher than State and peer county benchmarks. In response, the Hospital placed a Health Promotion Advocate in the ED to coordinate care for this target population, and the Community Care Team (CCT) was developed as a community-based solution to a community-wide problem. The CCT is comprised of community agencies that specialize in the delivery of care for substance use and mental disorders. The team's objective is to provide patient-centered care and improve health outcomes by developing and implementing a safety-net of alternative services through multi-agency intervention and care planning. When a patient has entry through the ED, the Health Promotion Advocate coordinates care and acts as liaison to the CCT. The team meets on a weekly basis to review cases, uncover service gaps and develop individualized care plans of wrap-around services that best meet the needs to the specific patient. As the patient travels through the continuum of care he/she is linked to appropriate inpatient and outpatient services. For those who experience homelessness, linkage to stable living is included in the care planning. Through collaboration and open communication, the CCT has strengthened relationships with key stakeholders and community organizations and has improved patient outcomes and quality of life for those who struggle with the disease of severe alcoholism (and co-occurring diagnoses).
- Opportunity Knocks (OK) was formed in 2003 when three Middletown community leaders specializing in early childhood development - Middlesex Hospital's Medical Director of Nurseries & Pediatric Faculty for the Family Practice Residency Program, Middlesex Hospital's Family Advocacy Maternal Child Health Program supervisor and

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

Middletown's School Readiness coordinator – recognized that the health and developmental needs of Middletown's high-need young children could best be met through a coalition that crossed a variety of sectors. The multidisciplinary community coalition comprised of local health and social service agencies, early care and education providers, not-for-profit organizations and parents established goals that focused on the health and well-being of at-risk children ages 0-5. Since the inception of the program, Opportunity Knocks has served approximately 5,000 children ages 0-5 and countless family members. Middlesex Hospital provides OK's program planner, physician champion, grant-writing support and fiscal administration for the funding sources. In addition, staff members from multiple Hospital departments actively participate in the collaborative, including representatives from Family Advocacy Maternal Child Health, Diabetes Management, Asthma Management, Fit For Kids, Family Practice, the Family Medicine Residency program, and the Pregnancy & Birth Center.

- The Middlesex Hospital-Sayaxche Community Partnership extends the Hospital's involvement in community health to the global community. The goal of the project, started in 2008, is to establish a long-term, collaborative, mutually beneficial and ethically sound partnership between Middlesex Hospital and Middletown, CT community with the healthcare infrastructure of the Peten region in Guatemala, including Sayaxche Hospital, the Ministry of Health and the local health promoters. Based on a needs assessment conducted by Middlesex Hospital employees at the Sayaxche Hospital, the partnership has focused on addressing multiple areas of priority. Annual visits by delegations from Sayaxche to Middlesex Hospital, with the purpose of education and training in key areas, are underwritten by the Hospital. The Hospital contributes funding earmarked for the project; in-kind staff hours; donated supplies; and hosts a local community collaborative committee comprised interested agencies. The committee's objective is to set achievable goals that will improve access to health services by strengthening the health care infrastructure of the target population in the Peten region.
- The Hospital partakes in many good neighbor community activities outside of the scope of the healthcare delivery system; such participation often incurs significant expense to the Hospital. For Disaster Readiness, the Hospital plays a pivotal role by working in collaboration with key community partners to ensure the safety of the community at large

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

during a potential disaster. Hospital employees participate on multiple community boards and initiatives designed specifically to address disaster preparedness, control and address the ongoing overall safety of the community. Only the activities and associated cost which exceed licensure and standard practice requirements are included in the Hospital's community benefit inventory. Disaster readiness requires a comprehensive, community-wide coordinated effort for coping with such emergencies as natural disasters, infectious disease outbreaks, bio terrorism, or acts of civil unrest. Hospital security staff, paramedics, infectious diseases specialists, nursing and medical staff are all involved in the continuing effort to be prepared for whatever community emergencies might arise. Examples include participation in community disaster preparation committees, community education and natural disaster drills; pandemic preparedness and stockpiling of supplies that exceeds regulatory standards; and hosting yearly radiation drills for the staff of a local nuclear power plant where Hospital staff train power plant workers (at no-cost) on protocols for internal contamination.

- Middlesex Hospital's Shoreline Medical Center (SMC) is committed to working with local schools to introduce the concept of a medical career in a full range of medical related professions and reinforce the importance of continuing one's education. Each year SMC hosts a multidisciplinary Career Day, World of Work, and oversees high school student mentorship. In response to a looming nursing shortage a dedicated nurse at SMC created Career Day, an annual event where students from the community can experience an emergency in real time and learn what it's like to be a health professional. An additional benefit of Career Day includes spurring many high school students to intern at SMC throughout the school year – the internship provides a unique opportunity for students to receive direct mentorship from health care professionals and exposure to a variety of health delivery disciplines. As a result, many have chosen to pursue careers in health post high school graduation. Yet Another program designed specifically to encourage a career in health is SMC's World of Work where students from a local middle school spend half a day on-site learning about paramedics and emergency medical services, radiology, nursing and laboratory services. The idea is to foster an interest in health as a career at an early age.

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

##### **Community Benefit Operations**

Community Benefit Operations include activities and costs associated with community benefit strategic planning, administration, and health assessment production and execution. Middlesex Hospital has a dedicated manager of community benefit, along with a community benefit steering committee (comprised of hospital leadership) that oversees community benefit planning and operations.

For the past several years the Hospital has used its most recent health assessment as the basis of its community benefit priority areas and in response, extensive internal and external collaborations have focused on areas of identified need. In FY12, the Hospital joined the Middlesex County Coalition on Community Wellness (MCCCW) which includes members from the sectors of public health, healthcare, social services, community services and education. The Coalition's goal is to work together to conduct a community health needs assessment, identify key issues that impact the health and wellbeing of the communities serviced, and develop collaborative programs to meet identified need. The Hospital is a key partner in the MCCCW. The community health needs assessment is scheduled to be completed in FY13.

##### **Financial Assistance (Charity Care)**

Charity care includes free or discounted health services provided to persons who cannot afford to pay and who meet the Hospital's criteria for financial assistance. Great concern is taken to make sure that patients are informed of the availability of patient assistance funding programs. Signs (in English and Spanish) are posted in conspicuous places within the Hospital, including registration, administration, the emergency department, social services, billing, and waiting rooms. A Patient Guide is provided upon registration which outlines patient billing and financial services. The guide answers questions regarding available financial assistance qualifications and application processes. A financial assistance brochure is made widely available throughout the organization. Contact information is provided so that patients can easily reach a financial counselor to assist them. Applicants are screened for financial eligibility and assistance is provided to complete the paperwork. To ensure that the Hospital's generous financial assistance

## Middlesex Hospital

### Notes to Financial Statements (continued)

*(amounts in thousands)*

#### **16. Community Benefit (Unaudited) (continued)**

program is accessible, a Financial Assistance Workgroup was formed in 2008 to review all processes related to the financial assistance process, including user-friendliness of the application, expansion of charity care awards, and enhanced communication regarding the financial assistance availability. The Workgroup continues to meet to monitor and update, when needed, protocols related to charity care.

#### **State Sponsored Health Care, Unpaid Costs**

Community benefits related to government sponsored programs include the unpaid cost of specific public programs. In FY2012 payments received for Medicaid services provided by the Hospital did not cover the actual cost of providing these services; these unpaid costs are reported in the financial statement.

**About Ernst & Young**

Ernst & Young is a global accounting, tax, transaction and advisory services provider. We are one of the world's leading professional services firms, with shared values that drive us to deliver quality, make a difference by helping people and our clients to deliver on their potential.

For more information, please visit [www.ey.com](http://www.ey.com).

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate entity. Ernst & Young Global Limited is the company created by the merger, effective as of January 1, 2009, of EY LLP and EY France. Prior to this reorganization, Ernst & Young LLP was the principal member firm of the United States organization.