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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

UHS OPERATES THE UNIVERSITY OF TENNESSEE MEDICAL CENTER ("MEDICAL CENTER") WHICH OFFERS MEDICAL CARE TO A TWENTY-ONE COUNTY SERVICE AREA LOCATED THROUGHOUT EAST TENNESSEE, AND PROVIDES SERVICES TO PATIENTS LOCATED IN SOUTHEAST KENTUCKY, SOUTHWEST VIRGINIA, AND WESTERN NORTH CAROLINA THROUGH OPERATION OF THE MEDICAL CENTER, UHS PROVIDES HEALTHCARE SERVICES WITHIN ITS COMMUNITY AND BEYOND, PROVIDING SPECIALIZED CARE THAT IS CUSTOMARILY ONLY AVAILABLE AT ACADEMIC MEDICAL CENTERS, SUPPORTS MEDICAL RESEARCH AND EDUCATION THROUGH AN AFFILIATION AGREEMENT WITH THE UNIVERSITY OF TENNESSEE GRADUATE SCHOOL OF MEDICINE, PROVIDES A PATIENT BASE FOR TRAINING PHYSICIANS, DENTISTS, NURSES, AND OTHER HEALTH PROFESSIONALS, AND PROVIDES SUPPORT FOR CLINICAL RESEARCH AND RESEARCH TRAINING

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 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 \$ 522,280,393 including grants of \$ 696,057) (Revenue \$ 595,226,272)

PATIENT CARE SERVICESSEE THE STATEMENT OF COMMUNITY BENEFIT PROVIDED IN SCHEDULE O FOR DETAIL RELATED TO PATIENT CARE SERVICES

4b

(Code) (Expenses \$ 46,929,862 including grants of \$) (Revenue \$ 31,120,692)

AS THE ONLY ACADEMIC MEDICAL CENTER IN THE REGION, UHS IS COMMITTED TO EDUCATION IN ORDER TO PREPARE HEALTHCARE PROFESSIONALS FOR THE FUTURE EDUCATION IS AN ONGOING ENDEAVOR FOR ALL EMPLOYEES, MANY OF WHOM WILL HAVE AN OPPORTUNITY TO SERVE AS TEACHERS AS WELL AS STUDENTS THE MEDICAL CENTER COLLABORATES WITH THE GRADUATE SCHOOL OF MEDICINE AND OTHER ACADEMIC INSTITUTIONS AND IT MAINTAINS A LEARNING ENVIRONMENT WITH DEVOTION TO TECHNOLOGICAL AND TREATMENT ADVANCES THAT PROVIDE BETTER CARE FOR PATIENTS SEE THE STATEMENT OF COMMUNITY BENEFIT PROVIDED IN SCHEDULE O FOR DETAIL RELATED TO THE UNIVERSITY OF TENNESSEE GRADUATE SCHOOL OF MEDICINE

4c

(Code) (Expenses \$ 17,498,239 including grants of \$) (Revenue \$)

UNREIMBURSED CHARITY CARE AND SELF-PAY DISCOUNTSEE THE STATEMENT OF COMMUNITY BENEFIT PROVIDED IN SCHEDULE O FOR DETAIL RELATED TO CHARITY CARE AND THE SELF-PAY DISCOUNT

4d

Other program services (Describe in Schedule O)
























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

4e

Total program service expenses ▶ 586,708,494

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	348			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	4,367			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	TN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	JOSEPH R LANDSMAN 2121 MEDICAL CENTER WAY NO 200 KNOXVILLE, TN (865) 305-9430

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JOSEPH R LANDSMAN JR DIRECTOR/PRESIDENT & CEO	65 00	X		X				1,073,659	0	224,796
(2) ROBERT F ELDER MD DIRECTOR/OB-GYN	65 00	X						483,355	0	49,186
(3) DR JOSEPH E JOHNSON DIRECTOR	1 00	X						0	0	0
(4) STEVE J SCHWAB MD DIRECTOR	1 00	X						0	0	0
(5) DR JIMMY CHEEK DIRECTOR	1 00	X						0	0	0
(6) DR JOSEPH A DIPIETRO DIRECTOR	1 00	X						0	0	0
(7) WILLIAM S RUKEYSER CHAIR	1 00	X						0	0	0
(8) CAROLYN FAIRBANK BIGGS DIRECTOR	1 00	X						0	0	0
(9) JERRY EPPS MD DIRECTOR	1 00	X						0	0	0
(10) SARA FORTUNE ROSE DIRECTOR	1 00	X						0	0	0
(11) STEWART BRESEE MD DIRECTOR	1 00	X						0	0	0
(12) RENDA J BURKHART VICE CHAIR	1 00	X						0	0	0
(13) HW SHERROD JR DIRECTOR	1 00	X						0	0	0
(14) DR DAVID E MILLHORN DIRECTOR	1 00	X						0	0	0
(15) MICHAEL STRICKLAND DIRECTOR	1 00	X						0	0	0
(16) THOMAS M FISHER SR VP/CFO	65 00			X				503,803	0	109,390
(17) WILLIAM D HALL SR VP/COO	65 00			X				481,403	0	102,612

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) NORMAN D MAJORS SR VP/CAO	65 00			X				694,720	0	69,205
(19) JOHN W LACEY SR VP/CMO	65 00			X				509,930	0	100,209
(20) STEVEN R ROSS SR VP/STRATEGIC DEV	65 00			X				459,065	0	91,494
(21) JANELL R CECIL SR VP/CNO	65 00			X				366,681	0	81,476
(22) RICHARD K GIECEK CHIEF DEVELOPMENT OFFICER	65 00				X			303,024	0	50,864
(23) BENNETT COX CHIEF GENERAL COUNSEL	65 00				X			358,204	0	65,359
(24) BETTY A GISSEL VP HUMAN RESOURCES	65 00				X			265,586	0	28,533
(25) JOHN J SHERIDAN VP GOVERNMENT RELATIONS	65 00				X			193,415	0	28,220
(26) STANLEY S MILLER MD ONCOLOGIST	65 00					X		1,096,795	0	27,789
(27) LARRY C KILGORE MD GYNECOLOGIC ONCOLOGY	65 00					X		726,153	0	77,496
(28) SUSAN N HUNTSINGER MD ONCOLOGIST	65 00					X		967,282	0	25,271
(29) JOHN L BELL MD SURGICAL ONCOLOGIST	65 00					X		698,688	0	70,719
(30) TIMOTHY J PANELLA ONCOLOGIST	65 00					X		740,339	0	24,490
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								9,922,102	0	1,227,109

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▶255

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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
GRADUATE SCHOOL OF MEDICINE 1924 ALCOA HIGHWAY KNOXVILLE TN 37920	MEDICAL EDUCATION	28,709,502
UNIVERSITY PHYSICIANS ASSOCIATION 9000 EXECUTIVE PARK DRIVE KNOXVILLE TN 37923	STAFFING/BILLING/ MGMT SRVCS	17,236,532
LABORATORY CORPORATION OF AMERICA 1924 ALCOA HIGHWAY KNOXVILLE TN 37920	LABORATORY SERVICES	12,374,528
JOHNSON & GAYLON CONTRACTORS PO BOX 3070 KNOXVILLE TN 37927	CONTRACTORS	5,136,691
ORTHO TENNESSEE 260 FORT SANDERS BLVD SUITE 200 KNOXVILLE TN 37922	MEDICAL COVERAGE/MGMT SRVCS	4,838,907
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶307	

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c	1,212,196			
	d	Related organizations 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	5,266,928			
	g	Noncash contributions included in lines 1a-1f \$	2,847			
	h	Total. Add lines 1a-1f	6,479,124			
Program Service Revenue	Business Code					
	2a	NET PATIENT REVENUE	621500	597,546,525	597,546,525	
	b	PROGRAM SERVICE REV	621400	28,245,218	28,161,470	83,748
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	625,791,743			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	6,071,318		521,337	5,549,981
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			3,514,580	47,074		
			0	0		
			3,514,580	47,074		
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)	3,561,654	47,074		3,514,580
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			243,813,109	75,358		
			243,033,927	0		
			779,182	75,358		
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)	854,540			854,540
	8a	Gross income from fundraising events (not including \$ 1,212,196 of contributions reported on line 1c) See Part IV, line 18				
	a		0			
	b	Less direct expenses b	515,987			
	c	Net income or (loss) from fundraising events	-515,987			-515,987
	9a	Gross income from gaming activities See Part IV, line 19				
	a					
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
	a					
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory				
	Miscellaneous Revenue		Business Code			
	11a	PARKING REVENUE	812930	991,034		991,034
	b	TELEPHONE SERVICE	812900	297,054	297,054	
	c	OTHER SERVICES	624100	219,378	219,378	
	d	All other revenue		447,828	7,826	440,002
	e	Total. Add lines 11a-11d	1,955,294			
	12	Total revenue. See Instructions	644,197,686	625,755,069	1,129,343	10,834,150

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).

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

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Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	629,192	629,192		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	66,865	66,865		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	6,694,190		6,694,190	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	197,415,908	177,664,524	19,751,384	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	13,434,754	11,467,498	1,967,256	
9	Other employee benefits.	25,009,192	23,244,597	1,764,595	
10	Payroll taxes.	13,387,062	12,293,823	1,093,239	
11	Fees for services (non-employees):				
a	Management.	8,193,289	8,193,289		
b	Legal.	309,424	169	309,255	
c	Accounting.	361,106	63,786	297,320	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	96,385,103	88,922,857	7,462,246	
12	Advertising and promotion.	1,971,928	218,088	1,753,840	
13	Office expenses.	139,559,065	138,802,526	756,539	
14	Information technology.				
15	Royalties.				
16	Occupancy.	15,964,745	15,389,150	575,595	
17	Travel.	1,180,505	937,896	242,609	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	429,803	364,241	65,562	
20	Interest.	12,218,668	12,218,668		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	24,490,737	24,490,737		
23	Insurance.	6,917,636	6,917,636		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	BAD DEBT	61,230,109	61,230,109		
b	EQUIPMENT RENTAL	2,125,726	2,040,818	84,908	
c	POSTAGE	670,817	555,475	115,342	
d	UBI TAX	150,378	150,378		
e	All other expenses	1,465,696	846,172	619,524	
25	Total functional expenses. Add lines 1 through 24e.	630,261,898	586,708,494	43,553,404	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

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				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		53,071,718	1	63,652,405
	2	Savings and temporary cash investments		19,049,554	2	16,213,189
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		73,004,468	4	79,399,027
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		6,186,619	8	5,507,111
	9	Prepaid expenses and deferred charges		943,965	9	1,440,648
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	396,916,851		
	b	Less accumulated depreciation	10b	193,476,049	10c	203,440,802
	11	Investments—publicly traded securities		125,904,655	11	136,115,854
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		2,587,263	13	2,647,094
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		34,008,341	15	39,199,201
	16	Total assets. Add lines 1 through 15 (must equal line 34)		511,048,617	16	547,615,331
Liabilities	17	Accounts payable and accrued expenses		94,034,951	17	99,290,834
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		247,804,136	20	264,769,383
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		21,531,682	23	16,908,117
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		24,256,920	25	23,452,540
	26	Total liabilities. Add lines 17 through 25		387,627,689	26	404,420,874
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		115,232,739	27	135,074,241
	28	Temporarily restricted net assets		3,134,867	28	3,004,377
	29	Permanently restricted net assets		5,053,322	29	5,115,839
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		123,420,928	33	143,194,457
	34	Total liabilities and net assets/fund balances		511,048,617	34	547,615,331

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	644,197,686
2	Total expenses (must equal Part IX, column (A), line 25)	2	630,261,898
3	Revenue less expenses Subtract line 2 from line 1	3	13,935,788
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	123,420,928
5	Net unrealized gains (losses) on investments	5	8,035,377
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-2,197,636
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	143,194,457

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?	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	Yes	

Additional Data

Software ID:

Software Version:

EIN: 31-1626179

Name: UNIVERSITY HEALTH SYSTEM INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOSEPH R LANDSMAN JR DIRECTOR/PRESIDENT & CEO	65 00	X		X				1,073,659	0	224,796
ROBERT F ELDER MD DIRECTOR/OB-GYN	65 00	X						483,355	0	49,186
DR JOSEPH E JOHNSON DIRECTOR	1 00	X						0	0	0
STEVE J SCHWAB MD DIRECTOR	1 00	X						0	0	0
DR JIMMY CHEEK DIRECTOR	1 00	X						0	0	0
DR JOSEPH A DIPIETRO DIRECTOR	1 00	X						0	0	0
WILLIAM S RUKEYSER CHAIR	1 00	X						0	0	0
CAROLYN FAIRBANK BIGGS DIRECTOR	1 00	X						0	0	0
JERRY EPPS MD DIRECTOR	1 00	X						0	0	0
SARA FORTUNE ROSE DIRECTOR	1 00	X						0	0	0
STEWART BRESEE MD DIRECTOR	1 00	X						0	0	0
REND A BURKHART VICE CHAIR	1 00	X						0	0	0
HW SHERROD JR DIRECTOR	1 00	X						0	0	0
DR DAVID E MILLHORN DIRECTOR	1 00	X						0	0	0
MICHAEL STRICKLAND DIRECTOR	1 00	X						0	0	0
THOMAS M FISHER SR VP/CFO	65 00			X				503,803	0	109,390
WILLIAM D HALL SR VP/COO	65 00			X				481,403	0	102,612
NORMAN D MAJORS SR VP/CAO	65 00			X				694,720	0	69,205
JOHN W LACEY SR VP/CMO	65 00			X				509,930	0	100,209
STEVEN R ROSS SR VP/STRATEGIC DEV	65 00			X				459,065	0	91,494
JANELL R CECIL SR VP/CNO	65 00			X				366,681	0	81,476
RICHARD K GIECEK CHIEF DEVELOPMENT OFFICER	65 00				X			303,024	0	50,864
BENNETT COX CHIEF GENERAL COUNSEL	65 00				X			358,204	0	65,359
BETTY A GISSEL VP HUMAN RESOURCES	65 00				X			265,586	0	28,533
JOHN J SHERIDAN VP GOVERNMENT RELATIONS	65 00				X			193,415	0	28,220

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STANLEY S MILLER MD ONCOLOGIST	65 00					X		1,096,795	0	27,789
LARRY C KILGORE MD GYNECOLOGIC ONCOLOGY	65 00					X		726,153	0	77,496
SUSAN N HUNTSINGER MD ONCOLOGIST	65 00					X		967,282	0	25,271
JOHN L BELL MD SURGICAL ONCOLOGIST	65 00					X		698,688	0	70,719
TIMOTHY J PANELLA ONCOLOGIST	65 00					X		740,339	0	24,490

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization UNIVERSITY HEALTH SYSTEM INC	Employer identification number 31-1626179
--	--

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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <div>a <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated</div>
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <div>(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 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?</div>
h	<input type="checkbox"/>	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 monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

Part IIISupport Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage			
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶			

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization UNIVERSITY HEALTH SYSTEM INC	Employer identification number 31-1626179
--	--

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 in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

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

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		300
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		174,243
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			174,543
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization UNIVERSITY HEALTH SYSTEM INC	Employer identification number 31-1626179
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Part I

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

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

Part II

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

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

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 XIII and complete the following table

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	5,335,691	4,696,167	3,939,899	3,248,694	2,846,890
b Contributions	62,517	526,636	654,498	608,652	363,843
c Net investment earnings, gains, and losses	145,494	112,888	101,770	92,712	93,551
d Grants or scholarships					
e Other expenditures for facilities and programs				10,159	
f Administrative expenses					
g End of year balance	5,543,702	5,335,691	4,696,167	3,939,899	3,304,284

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment 100 000 %

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations

(ii) related organizations

b

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

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,614		2,614
b Buildings		16,818	12,898	3,920
c Leasehold improvements		225,545,794	77,054,161	148,491,633
d Equipment		143,802,165	104,176,035	39,626,130
e Other		27,549,460	12,232,955	15,316,505
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				203,440,802

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

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

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

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

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	ALL ENDOWMENT FUNDS ARE USED TO SUPPORT THE OVERALL MISSION OF THE UNIVERSITY HEALTH SYSTEM - PATIENT CARE, RESEARCH, AND EDUCATION. THERE ARE SEVENTEEN FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES. THE INTEREST INCOME IS POSTED TO GIFT FUNDS ASSOCIATED WITH THE ENDOWMENTS AND IS FOR EITHER GENERAL OR SPECIFIC PURPOSES BASED UPON THE INTENT OF THE DONOR.

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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

TN

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		<u>DINNER (AEIO)</u> (event type)	<u>GOLF TOURNAMENT (TEE UP)</u> (event type)	<u>2</u> (total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	982,282	78,030	151,884
	2	Less Contributions . . .	982,282	78,030	151,884
	3	Gross income (line 1 minus line 2)			
Direct Expenses	4	Cash prizes			
	5	Noncash prizes	9,918		9,918
	6	Rent/facility costs . . .	48,000	7,692	16,613
	7	Food and beverages . .	96,885	2,106	680
	8	Entertainment	13,750	350	1,500
	9	Other direct expenses .	252,365	1,609	64,519
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			

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	<div><div>Yes</div><div>No</div></div>	<div><div>Yes</div><div>No</div></div>	<div><div>Yes</div><div>No</div></div>
	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 _____

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

a The organization's facility	13a	
b An outside facility	13b	

14 Enter 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 of the third party

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 Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SYSTEM INC

Employer identification number
31-1626179

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			10,254,035		10,254,035	1 800 %
b Medicaid (from Worksheet 3, column a)			73,117,107	71,544,891	1,572,216	0 280 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			10,074,299	7,535,180	2,539,119	0 450 %
d Total Financial Assistance and Means-Tested Government Programs			93,445,441	79,080,071	14,365,370	2 530 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			683,357		683,357	0 120 %
f Health professions education (from Worksheet 5)			16,297,490		16,297,490	2 860 %
g Subsidized health services (from Worksheet 6)			7,219,586		7,219,586	1 270 %
h Research (from Worksheet 7)			272,266		272,266	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			212,550		212,550	0 040 %
j Total Other Benefits			24,685,249		24,685,249	4 340 %
k Total. Add lines 7d and 7j			118,130,690	79,080,071	39,050,619	6 870 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support		2,862		2,862	0 %
4	Environmental improvements					
5	Leadership development and training for community members		20,500		20,500	0 %
6	Coalition building		14,510		14,510	0 %
7	Community health improvement advocacy		299,645		299,645	0 050 %
8	Workforce development					
9	Other		5,139		5,139	0 %
10	Total		342,656		342,656	0 050 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

61,230,109

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

5,200,000

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

121,125,984

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

126,703,065

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-5,577,081

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

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

9b

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

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 DLUHS INC	LABORATORY SERVICES	5 000 %		
2 2 UTM HOME CARE SERVICES LLC	HOME HEALTH SERVICES	33 000 %		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	UNIVERSITY HEALTH SYSTEM INC 9000 EXECUTIVE PARK DRIVE BLDG D-240 KNOXVILLE, TN 37923	X	X		X		X	X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

UNIVERSITY HEALTH SYSTEM INC

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
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 the community health 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 CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
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 CHNA, indicate how (check all that apply to date)		
a <input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7 COST IS DERIVED FROM THE ACTUAL EXPENSE DATA ACCUMULATED WITHIN THE UNIVERSITY HEALTH SYSTEM, INC ("UHS") GENERAL LEDGER WHICH ADDRESSES ALL PATIENT SEGMENTS (INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED, AND SELF-PAY) UHS ALLOCATES THOSE EXPENSES TO ALL PATIENT SEGMENTS AT THE PROCEDURE LEVEL BASED ON A COST TO CHARGE RATIO AND AGGREGATES THE EXPENSES AT THE PATIENT LEVEL
		PART I, L7 COL(F) BAD DEBT EXPENSE INCLUDED IN FORM 990, PART IX, LINE 24, COLUMN (A) IS \$61,230,109 UHS EXCLUDED THE FULL AMOUNT, \$61,230,109, FOR PURPOSES OF CALCULATING THE PERCENTAGE IN COLUMN (F), ON PART I, LINE 7

Identifier	ReturnReference	Explanation
		PART II THE ACTIVITIES REPORTED IN PART II SEEK TO ACHIEVE SPECIFIED OBJECTIVES, INCLUDING IMPROVING ACCESS TO HEALTH SERVICES, ENHANCING PUBLIC HEALTH, AND RELIEF OF GOVERNMENT BURDEN THE ACTIVITIES ARE AVAILABLE TO THE GENERAL PUBLIC, FOCUSING ON LOW-INCOME CONSUMERS
		PART III, LINE 4 TO DETERMINE THE AMOUNTS REPORTED IN PART III, LINES 2 AND 3, UHS USES ACTUAL EXPENSE DATA ACCUMULATED BY PATIENT WITHIN THE TRENDSTAR SYSTEM BASED ON A COST TO CHARGE RATIO THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER UHS'S CHARITY CARE POLICY CONSISTS OF ALL BAD DEBT ACCOUNTS WHEREBY THE PATIENTS 1 DID NOT FOLLOW THROUGH WITH THE APPROPRIATE TNCARE OR CHARITY CARE APPLICATIONS (IF THEY FOLLOWED THROUGH CHARITY WOULD HAVE BEEN GRANTED) 2 HAD TNCARE COVERAGE BUT NOT AT THE TIME OF SERVICE (A MAJORITY WERE PATIENTS DISENROLLED BY THE TNCARE PROGRAM THESE PATIENTS NEVER FOLLOWED THROUGH WITH REAPPLYING FOR TNCARE OR CHARITY CARE) 3 LIABILITY AMOUNTS REMAINED UNPAID AFTER THEIR LOCAL GOVERNMENTAL ASSISTANCE PROGRAM PAID AND THEY NEVER FOLLOWED THROUGH WITH CHARITY APPLICATION THE TEXT OF THE UHS AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS READS "NET PATIENT SERVICE REVENUE IS REPORTED AT ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYORS, AND OTHERS FOR SERVICES RENDERED AND INCLUDES ESTIMATED RETROACTIVE REVENUE ADJUSTMENTS DUE TO FUTURE AUDITS, REVIEWS, AND INVESTIGATIONS RETROACTIVE ADJUSTMENTS ARE CONSIDERED IN THE RECOGNITION OF REVENUE ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED, AND SUCH AMOUNTS ARE ADJUSTED IN FUTURE PERIODS AS ADJUSTMENTS BECOME KNOWN OR AS YEARS ARE NO LONGER SUBJECT TO SUCH AUDITS, REVIEWS, AND INVESTIGATIONS ON THE BASIS OF HISTORICAL EXPERIENCE, A SIGNIFICANT PORTION OF UHS' UNINSURED PATIENTS WILL BE UNABLE OR UNWILLING TO PAY FOR THE SERVICES PROVIDED THEREFORE, UHS RECORDS A SIGNIFICANT PROVISION FOR DOUBTFUL ACCOUNTS RELATED TO UNINSURED PATIENTS THIS PROVISION FOR DOUBTFUL ACCOUNTS IS PRESENTED ON THE CONSOLIDATED STATEMENTS OF OPERATIONS AS A COMPONENT OF NET PATIENT REVENUE "UHS PROVIDES CARE TO PATIENTS WHO MEET CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES UHS DOES NOT REPORT AS REVENUE THE CHARGES THAT QUALIFY AS CHARITY CARE BECAUSE UHS DOES NOT PURSUE COLLECTION OF THOSE AMOUNTS

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE ALLOWABLE COST REPORTED IN THE UHS MEDICARE COST REPORT, AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6, IS DERIVED FROM THE ACTUAL EXPENSE DATA FROM THE UHS GENERAL LEDGER UHS ALLOCATES THOSE EXPENSES TO PATIENTS AT THE PROCEDURE LEVEL BASED ON A COST TO CHARGE RATIO THE SHORTFALL OF \$5,577,081 AS REPORTED IN PART III, LINE 7, SHOULD BE TREATED AS A COMMUNITY BENEFIT BECAUSE, ABSENT THE MEDICARE PROGRAM, IT IS LIKELY MANY OF THE INDIVIDUALS WOULD QUALIFY FOR CHARITY CARE OR OTHER NEEDS-BASED GOVERNMENT PROGRAMS BY ACCEPTING PAYMENT BELOW COST TO TREAT THESE INDIVIDUALS, THE BURDENS OF GOVERNMENT ARE RELIEVED WITH RESPECT TO THESE INDIVIDUALS IRS REVENUE RULING 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NONPROFIT HOSPITALS, STATES THAT IF A HOSPITAL SERVES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY ALSO, THERE IS A SIGNIFICANT POSSIBILITY THAT CONTINUED REDUCTION IN REIMBURSEMENT MAY ACTUALLY CREATE DIFFICULTIES IN ACCESS FOR THESE INDIVIDUALS, AND THE AMOUNT SPENT TO COVER THE MEDICARE SHORTFALL IS MONEY NOT AVAILABLE TO COVER CHARITY CARE AND OTHER COMMUNITY BENEFIT NEEDS
		PART III, LINE 9B IT IS THE POLICY OF UHS TO PURSUE COLLECTION OF PATIENT BALANCES FROM PATIENTS WHO HAVE THE ABILITY TO PAY FOR THESE SERVICES IF ADDITIONAL ASSISTANCE IS APPROVED, THE PATIENT ACCOUNT REPRESENTATIVE WILL SUBMIT A LETTER TO THE PATIENT TO INFORM HIM/HER OF APPROVAL OR PROVIDE OTHER INSTRUCTIONS IF APPROVED FOR AN ADJUSTMENT, THE PATIENT ACCOUNT REPRESENTATIVE WILL SUBMIT THE INFORMATION TO PATIENT ACCOUNTS, WHO WILL PROCESS THE WRITE-OFF OR OTHER DISCOUNTS THE ORGANIZATION'S COLLECTION POLICY CONTAINS PROVISIONS ON THE COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE THE ORGANIZATION MAINTAINS COLLECTION PRACTICES THAT APPLY TO ALL PATIENTS, CHARITY CARE AND NON-CHARITY CARE PATIENTS, CONSISTENTLY AND FAIRLY REGARDLESS OF INSURANCE STATUS THE UNIVERSITY OF TENNESSEE MEDICAL CENTER ("MEDICAL CENTER"), AS A TRAUMA CENTER, OFTEN TREATS PATIENTS WHO HAVE HAD AN UNPLANNED CATASTROPHIC HEALTHCARE OCCURRENCE PATIENTS MAY HAVE THE MEANS TO PAY ONLY A PORTION OF THE ENTIRE COST ALLOWANCES ARE MADE TO ADJUST THEIR HIGH BALANCES TO A MORE MANAGEABLE PAYOFF AMOUNT WE UTILIZE AN INCOME CRITERION TO ADJUST A SIGNIFICANT PORTION OF THE BALANCE AS A CHARITY DISCOUNT PATIENT ACCOUNT REPRESENTATIVES DILIGENTLY WORK WITH PATIENTS AND EVALUATE NEW INFORMATION LEARNED DURING THE COLLECTION PROCESS TO DETERMINE IF COLLECTION ACTIVITIES SHOULD BE CEASED OR IF THE PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
UNIVERSITY HEALTH SYSTEM, INC		PART V, SECTION B, LINE 20D THE STATE OF TENNESSEE ALLOWS A HOSPITAL TO CHARGE NO MORE THAN 185% OF THE MOST RECENTLY SETTLED COST TO CHARGE RATIO IN THE MEDICARE COST REPORT UHS AUTOMATICALLY EXTENDS A 45% DISCOUNT TO SELF-PAYING PATIENTS THIS 45% DISCOUNT COMPLIES WITH STATE REGULATIONS
		PART VI, LINE 2 UHS SUPPORTS AND STRENGTHENS OUR KEY COMMUNITIES THROUGH DELIVERING NEEDED SERVICES BY LEADING AND PARTNERING WITH OTHER ORGANIZATIONS TO POSITIVELY IMPACT HIGH PRIORITY HEALTH ISSUES THE COMMUNITY HEALTH ADVISORY COMMITTEE ("CHAC") ANALYZES MULTIPLE SOURCES OF HEALTH STATUS, DEMOGRAPHIC, AND SOCIOECONOMIC INFORMATION TO IDENTIFY KEY COMMUNITIES, PRIORITIZE SPECIFIC POPULATION NEEDS, AND DETERMINE THE FOCUS FOR UHS INVOLVEMENT THE CHAC REVIEWS AND FORMULATES RECOMMENDATIONS FOR ORGANIZATIONAL INVOLVEMENT FOR IDENTIFIED NEEDS THE CHAC TEAM LEVERAGES OUR CORE COMPETENCIES TO DESIGN AND IMPLEMENT STRATEGIC INITIATIVES AND ACTION PLANS TO ADDRESS THESE PRIORITIES THE CHAC MONITORS PROGRESS THROUGH ACTION PLANS AND PERFORMANCE MEASURES AND REPORTS RESULTS QUARTERLY TO SENIOR LEADERS AND TO THE CHAC IN COLLABORATION WITH OUR LOCAL COUNTY HEALTH DEPARTMENT AND COMMUNITY RESOURCE PROGRAMS, A COLLABORATION WAS FORMED TO BRING TOGETHER HEALTH CARE PROVIDERS AND ORGANIZATIONS THAT MAKE UP OUR LOCAL PUBLIC HEALTH SYSTEM AND SERVES TO GUIDE OUR COMMUNITY TO IDENTIFY AND TAKE ACTION ON PRIORITY HEALTH ISSUES TOGETHER! HEALTHY KNOX PROVIDES A FRAMEWORK FOR LOCAL PROGRAMMATIC AND FISCAL DECISION-MAKING AND INFORMS THE DEVELOPMENT OF STRATEGIC COMMUNITY HEALTH IMPROVEMENT PLAN COOPERATION WITH MANY COMMUNITY HEALTH PARTNERS UHS UTILIZES DATA OBTAINED DURING THIS ASSESSMENT INITIATIVE TO IMPROVE DELIVERY OF SELECT SERVICES TO MEET THE NEEDS OF THE COMMUNITY IT SERVES UHS' IMPACT OF SUPPORT IS DETERMINED THROUGH A COMMUNITY BENEFIT DATABASE ANALYSIS OF DISBURSEMENTS AND ANNUAL PROCESS REVIEW

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 TO COMMUNICATE THE HOSPITAL'S FINANCIAL POLICY TO THE PATIENT, THE "UNDERSTANDING YOUR HOSPITAL BILL" BROCHURE IS MADE AVAILABLE AT ALL POINTS OF REGISTRATION (INTAKE, PROCESS AND DISCHARGE) AND FINANCIAL COUNSELORS ALONG WITH CUSTOMER SERVICE REPRESENTATIVES ARE AVAILABLE TO DISCUSS SPECIFIC CASES THE BROCHURE INSTRUCTS THE PATIENT TO CONTACT THE FINANCIAL COUNSELOR OR PATIENT ACCOUNTS FOR MORE INFORMATION ON CHARITY AND OTHER APPLICABLE DISCOUNTS FINANCIAL COUNSELORS VISIT PATIENT ROOMS WHEN POSSIBLE TO EXPLAIN THE UHS BILLING PROCESS, PAYMENT PLANS AND SCREEN FOR ASSISTANCE SUCH AS TENNCARE, VICTIM OF CRIME OR CHARITY WRITE-OFF FINANCIAL COUNSELORS SCREEN ADMISSIONS FOR TRUE HARDSHIP CASES THAT SHOULD BE REVIEWED FOR CHARITY AND CLEARLY STATE THE ELIGIBILITY REQUIREMENTS TO THE PATIENT THE ORGANIZATION'S CHARITY CARE POLICY (A PATIENT-FRIENDLY SUMMARY) AND FINANCIAL ASSISTANCE CONTACT INFORMATION IS POSTED IN THE ADMISSIONS AREAS, EMERGENCY AREAS, AND OTHER AREAS OF THE ORGANIZATION'S FACILITIES IN WHICH ELIGIBLE PATIENTS MAY BE PRESENT, AS WELL AS ON OUR WEBSITE POLICIES ARE ALSO POSTED IN SPANISH DUE TO THE HIGH VOLUME OF SPANISH-SPEAKING PATIENTS THE MAJORITY OF STAFF ASSOCIATED WITH PATIENT CONTACT ARE KNOWLEDGEABLE ABOUT THE CHARITY CARE POLICY
		PART VI, LINE 4 UHS' KEY COMMUNITIES ARE DEFINED BY OUR DEMOGRAPHIC LOCATIONS WITHIN A 21 COUNTY REGIONAL SERVICE AREA KNOX COUNTY IS CONSIDERED OUR PRIMARY SERVICE AREA WHERE OUR ACADEMIC MEDICAL CENTER RESIDES SURROUNDING COUNTIES, SUCH AS ANDERSON, SEVIER, BLOUNT, LOUDON, JEFFERSON, AND HAMBLÉN COUNTIES ARE SUPPORTED BY OUR NETWORK OF PRIMARY CARE PHYSICIANS, SPECIALISTS, AND OTHER CLINICAL SERVICES UHS' KEY COMMUNITIES INCLUDE THE UNDERSERVED AND DISADVANTAGED POPULATIONS, PRIORITIZED BY THOSE WITH THE GREATEST NEED FOR SERVICES UHS IDENTIFIES ITS KEY COMMUNITIES AND DETERMINES AREAS FOR ORGANIZATIONAL INVOLVEMENT BY THE CHAC AND UHS TEAM MEMBER ANALYSIS OF STATE, LOCAL, AND REGIONAL HEALTH STATISTICAL DATA UHS HAS MANY PROGRAMS AND PARTNERSHIPS IN PLACE TO SUPPORT AND BENEFIT HIGH PRIORITY AND KEY COMMUNITIES WHICH INCLUDES - HEALTHY LIVING KITCHEN PROVIDES NUTRITIONALLY BASED EDUCATION CLASSES AND TEACHES INDIVIDUALS HOW TO COOK HEALTHY TO IMPROVE HEALTH STATUS AND MANAGE DIETS WHICH LESSENS THE IMPACT OF CHRONIC DISEASE, SUCH AS DIABETES AND CARDIOVASCULAR DISORDERS - COMMUNITY AND WORKSITE BASED HEALTH SCREENINGS AND EDUCATION FOR CANCER, DIABETES, HYPERTENSION, OBESITY, AND HYPERLIPIDEMIA - RESPIRATORY THERAPY PARTNERS WITH COORDINATED SCHOOL HEALTH STAFF TO IMPLEMENT SMOKING CESSATION AND PREVENTION PROGRAMS TO MIDDLE SCHOOL AGED CHILDREN - BREAST HEALTH OUTREACH PROGRAM (BHOP) WHICH PROVIDES MOBILE BREAST SCREENINGS TO DISADVANTAGED POPULATIONS THROUGH A COLLABORATIVE PARTNERSHIP EFFORT WITH SUSAN G KOMEN AND AVON FOUNDATIONS - CANCER INSTITUTE PROVIDES PROSTATE AND SKIN CANCER EDUCATION AND SCREENINGS - REGIONAL INFANT MORTALITY REDUCTION TASK FORCE WHICH IS COMPOSED OF THE MEDICAL CENTER TEAM MEMBERS, PUBLIC HEALTH ENTITIES, AND COMMUNITY PARTNERS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 UHS USES MULTIPLE STAKEHOLDERS AND DATA TO SUPPORT SOCIETAL WELL-BEING FOR OUR COMMUNITY OUR CORE COMPETENCIES ARE PARTNERING WITH COMMUNITY ORGANIZATIONS AND INNOVATION, WHILE ALSO CONTRIBUTING TO OUR ENVIRONMENT, SOCIAL, AND ECONOMIC SYSTEMS UHS CONSIDERS ENVIRONMENTAL IMPACT IN PROJECT ANALYSIS AND DAILY OPERATIONS SEVERAL STRATEGIES TO CONSERVE ENERGY AND RECYCLE PAPER ARE IMPLEMENTED AND EVIDENCED THROUGHOUT OUR CAMPUS AND DAILY ACTIVITIES UHS ACTIVELY PARTICIPATES IN KNOXVILLE AREA PROJECT ACCESS ("KAPA"), AN INNOVATIVE COMMUNITY APPROACH THROUGH WHICH THE MEDICAL CENTER'S PHYSICIANS AND SPECIALISTS PROVIDE CARE FOR THOSE IN OUR SERVICE AREA WHO ARE WITHOUT THE ABILITY TO PAY KAPA IS A PHYSICIAN-LED COMMUNITY EFFORT AND WAS CREATED AS A COMPREHENSIVE HEALTHCARE PLAN TO HELP PATIENTS WHO STRUGGLE EVERYDAY WITH THE CHALLENGES OF POVERTY, HAVE NO ACCESS TO EMPLOYER-SPONSORED OR GOVERNMENT-SPONSORED INSURANCE PROGRAMS, AND HAVE AN INCOME OF 200% OF THE POVERTY LEVEL OR BELOW THE INTERFAITH HEALTH CLINIC PROVIDES PRIMARY CARE SERVICES TO A SEGMENT OF THE COMMUNITY THAT IS IN NEED - THE WORKING UNINSURED THEY SERVE THE NEEDS OF OUR RESIDENTS THAT DO NOT QUALIFY FOR TENNCARE AND CANNOT AFFORD TO PURCHASE PRIVATE HEALTH INSURANCE UHS IS PROUD TO HAVE PARTNERED WITH INTERFAITH HEALTH CLINIC SINCE THE BEGINNING OF THIS INNOVATIVE COMMUNITY EFFORT WHICH BEGAN IN 1991 WE HAVE OFFERED OUR SUPPORT BOTH FINANCIALLY AND THROUGH GIFTS OF IN-KIND SERVICES IN KEEPING WITH OUR MISSION TO SERVE THROUGH HEALING, EDUCATION, AND DISCOVERY, WE ALSO VALUE THE IMPORTANCE OF PREVENTION STRATEGIES TO IMPEDE CHRONIC DISEASE DEVELOPMENT UHS USES NATIONAL AND STATE HEALTH POLICY AND LOCAL COUNTY STATISTICAL DATA WHEN AVAILABLE TO IDENTIFY COMMUNITY SPECIFIC HEALTH PRIORITIES WITHIN THE REGION SUCH AS HIGH SMOKING LEVELS, CANCER RATES, HEART DISEASE, AND DIABETES WE REVALIDATE OUR COMMUNITY INVOLVEMENT BASED ON MARKET INFORMATION, FOCUS GROUPS, STRATEGIC PLANNING PROCESS, AND COMMUNITY NEEDS ASSESSMENT TO ALIGN OUR CRITERIA THAT WILL BE USED TO SUPPORT OUR INVOLVEMENT UTILIZING THE INFORMATION AND DATA COLLECTED FROM NUMEROUS SOURCES, UHS IDENTIFIES RESOURCES AND ORGANIZATIONAL ALLIANCES LOCALLY TO FORM RESOURCE PARTNERSHIPS TO INITIATE A PROCESS TO ADDRESS THE PRIORITIES OF NEED WE SOLICIT REQUESTS FROM SERVICE LINE LEADERS TO ENSURE THAT WE IDENTIFY WHAT WE AS AN ORGANIZATION DESIRE TO SUPPORT AND EVALUATE ADDITIONAL REQUESTS FOR SUPPORT FROM THE COMMUNITY WHEN A NEED IS IDENTIFIED THE MEDICAL CENTER HAS POSITIONED ITSELF TO IMPROVE THE OVERALL HEALTH OF THE COMMUNITIES WE SERVE BY OUR ORGANIZATIONAL STRUCTURE, SUBDIVISIONS OF RESPONSIBILITY, AND ALIGNMENT OF OUR MISSION, VISION, AND VALUES, OUR CORE COMPETENCIES, OUR CENTERS OF EXCELLENCE FOCUSED PRIORITIES, AND INTEGRATION OF OUR SUPPORT INTO THE COMMUNITY THROUGH COLLABORATION AND PARTNERSHIPS SENIOR LEADERS AND TEAM MEMBERS CONTRIBUTE TO IMPROVING COMMUNITIES AND BUILDING COMMUNITY HEALTH BY ACTIVELY PARTICIPATING IN COMMUNITY SERVICE PROGRAMS AND PARTNERSHIPS SENIOR LEADERS PERSONALLY SERVE ON COMMUNITY SERVICE BOARDS AND LEAD COLLABORATIVE PARTNERSHIP INITIATIVES INCLUDING GOVERNMENT, COMPETITORS, NOT-FOR PROFIT ORGANIZATIONS, AND FOUNDATIONS ADDITIONALLY, PLEASE REFER TO THE STATEMENT OF COMMUNITY BENEFIT AS PROVIDED IN SCHEDULE O FOR FURTHER DOCUMENTATION REGARDING UHS' COMMITTMENT WITHIN ITS COMMUNITY</p>
		<p>PART VI, LINE 6 UHS IS CURRENTLY AFFILIATED WITH EAST TENNESSEE CHILDREN'S HOSPITAL IN PROVIDING JOINT HEALTHCARE SERVICES FOR THE PEDIATRIC POPULATION OF OUR REGION UHS PARTNERS WITH SEVERAL LOCAL ORGANIZATIONS IN SUPPORT OF CHILDREN'S HEALTH AND WELLBEING</p>

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	TN

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
UNIVERSITY HEALTH SYSTEM INC

Employer identification number
31-1626179

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

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

11

3

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

1

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) EMPLOYEE ASSISTANCE SCHOLARSHIPS	26	4,123			
(2) CRISIS FUND CHARITABLE ASSISTANCE	4185	39,742			
(3) MEDICAL EXPLORATIONS STIPENDS	41	23,000			

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS THE ORGANIZATION HAS GUIDELINES IN PLACE THAT ARE TO BE USED IN REVIEWING THE ELIGIBILITY OF GRANTEEES FOR EMPLOYEE EDUCATION ASSISTANCE SCHOLARSHIPS, APPLICANTS MUST SUBMIT RECEIPTS FOR EXPENDITURES FOR OTHER GRANTS, VARIOUS PROCEDURES ARE IN PLACE DEPENDING ON GRANT TYPE, INCLUDING REQUIREMENTS TO SUBMIT APPLICATIONS FOR REVIEW AND APPROVAL ALL GRANTS REQUIRE WRITTEN DOCUMENTATION AND APPROPRIATE LEVELS OF APPROVAL

Software ID:

Software Version:

EIN: 31-1626179

Name: UNIVERSITY HEALTH SYSTEM INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EAST TN CHILDRENS HOSPITALPO BOX 15010 KNOXVILLE,TN 37901	62-6002604	501(C)(3)	6,000				GENERAL DONATION
EAST TN ECONOMIC DEVELOPMENT10215 TECHNOLOGY DRIVE STE 202 KNOXVILLE,TN 37932	62-1158958	501(C)(3)	18,000				GENERAL DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
INTERFAITH HEALTH CLINIC315 GILL AVENUE KNOXVILLE,TN 37917	58-1947641	501(C)(3)	50,000				GENERAL DONATION
KNOX ACADEMY MED PROJECT ACCESS115 SUBURBAN ROAD KNOXVILLE,TN 37923	62-1458199	501(C)(3)	10,000				GENERAL DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN HEART ASSOCIATION4708 PAPERMILL DRIVE KNOXVILLE,TN 37909	13-5613797	501(C)(3)	7,500				GENERAL DONATION
UNITED WAY GREATER KNOX INC1301 HANNAH AVENUE KNOXVILLE,TN 37921	62-0475748	501(C)(3)	35,000				GENERAL DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNIVERSITY OF TENNESSEE301 ANDY HOLT TOWER KNOXVILLE,TN 37996	62-6001636	N/A	30,100				GENERAL DONATION
SECOND HARVEST FOOD BANK922 DELAWARE AVENUE KNOXVILLE,TN 37921	58-1450139	501(C)(3)	25,000				GENERAL DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SUSAN G KOMEN FOUNDATION5005 LBJ FREEWAY SUITE 250 DALLAS,TX 752446100	75-1835298	501(C)(3)	50,250				GENERAL DONATION
VARIETY OF EASTERN TENNESSEE7132 REGAL LANE KNOXVILLE,TN 37918	33-1025696	501(C)(3)	9,000				GENERAL DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FOUNDATION OF THE NATIONAL STUDENT NURSES' ASSOCIATION45 MAIN STREET SUITE 606 BROOKLYN,NY 11201	13-3123125	501(C)(3)	7,500				GENERAL DONATION
GREAT SMOKY MOUNTAIN COUNCILPO BOX 51885 KNOXVILLE,TN 379501885	62-0476811	501(C)(3)	16,500				GENERAL DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EAST TENNESSEE HEALTH INFORMATION NETWORK 2035 LAKESIDE CENTER WAY SUITE 180 KNOXVILLE,TN 37922	20-4055041	501(C)(3)	341,257				GENERAL DONATION

Schedule J (Form 990) <div>Department of the Treasury Internal Revenue Service</div>	Compensation Information For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees ▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23. ▶ Attach to Form 990. ▶ See separate instructions.	OMB No 1545-0047
		2012
		Open to Public Inspection

Name of the organization UNIVERSITY HEALTH SYSTEM INC	Employer identification number 31-1626179
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use		
	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence		
	<input type="checkbox"/> Tax idemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees		
	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
1b	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 of 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 filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	<input checked="" type="checkbox"/> Compensation committee	<input checked="" 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			
4a	Receive a severance payment or change-of-control payment?			No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes		
4c	Participate in, or receive payment from, an equity-based compensation arrangement?			No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
5a	The organization?			No
5b	Any related organization?			No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
6a	The organization?			No
6b	Any related organization?			No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	Yes		
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 Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III			No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?			

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINE 4B	PART I, LINE 4B SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN NAME AMOUNT JANELL R CECIL \$ 6,684 STEVEN R ROSS 17,283 LARRY C KILGORE, M D 8,532 ABOVE DISTRIBUTIONS WERE INCLUDED IN TAXABLE INCOME DURING 2012 IN ACCORDANCE WITH PLAN DOCUMENTS
	PART I, LINE 7	THE SENIOR VP'S INCENTIVE PLAN IS CONTINGENT UPON TARGETS APPROVED BY THE CEO, WHICH INCLUDES ACHIEVEMENTS OF QUALITY, OPERATIONAL, FINANCIAL, AND STRATEGIC TARGETS. THE CEO DISCUSSES THE INCENTIVE PLAN WITH THE BOARD'S COMPENSATION COMMITTEE WITH BOARD APPROVAL REQUIRED OF THE PLAN. THE INCENTIVE PLAN WAS REVIEWED BY INTEGRATED HEALTHCARE STRATEGIES (IHS), A THIRD-PARTY COMPENSATION CONSULTANT. DATA COMPILED BY IHS IS USED FOR COMPARABILITY. COMPENSATION PAID TO BOARD MEMBERS, WHO ARE ALSO EMPLOYEES, IS PRIMARILY FOR PROFESSIONAL RESPONSIBILITIES AS PHYSICIANS OR ADMINISTRATORS. THE COMPENSATION PACKAGES OF THE CEO, OFFICERS, BOARD MEMBERS, AND OTHER KEY EMPLOYEES ARE REVIEWED AND APPROVED BY THE ENTIRE BOARD OF DIRECTORS ANNUALLY. COMPENSATION IS DETERMINED BY THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS AND APPROVED BY THE EXECUTIVE COMMITTEE AND THE FULL BOARD. THE BOARD MAINTAINS COMPARABILITY DATA FROM INDEPENDENT THIRD-PARTY COMPENSATION CONSULTANTS AND COMPENSATION DATA FROM SIMILARLY-SITUATED ORGANIZATIONS FOR FUNCTIONALLY COMPARABLE POSITIONS. THE BOARD ADHERES TO THE CONFLICT OF INTEREST POLICY AT ALL TIMES WITH REGARD TO APPROVAL OF COMPENSATION.

Software ID:
Software Version:
EIN: 31-1626179
Name: UNIVERSITY HEALTH SYSTEM INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JOSEPH R LANDSMAN JR	(i) (ii)	796,895 0	275,000 0	1,764 0	215,352 0	9,444 0	1,298,455 0	0 0
ROBERT F ELDER MD	(i) (ii)	385,382 0	96,683 0	1,290 0	48,376 0	810 0	532,541 0	0 0
THOMAS M FISHER	(i) (ii)	419,357 0	82,600 0	1,846 0	91,701 0	17,689 0	613,193 0	0 0
WILLIAM D HALL	(i) (ii)	397,277 0	81,388 0	2,738 0	87,323 0	15,289 0	584,015 0	0 0
NORMAN D MAJORS	(i) (ii)	618,098 0	49,020 0	27,602 0	68,395 0	810 0	763,925 0	0 0
JOHN W LACEY	(i) (ii)	409,895 0	63,080 0	36,955 0	90,765 0	9,444 0	610,139 0	0 0
STEVEN R ROSS	(i) (ii)	362,895 0	68,808 0	27,362 0	82,050 0	9,444 0	550,559 0	0 0
JANELL R CECIL	(i) (ii)	300,757 0	54,800 0	11,124 0	66,187 0	15,289 0	448,157 0	0 0
RICHARD K GIECEK	(i) (ii)	258,270 0	30,900 0	13,854 0	30,575 0	20,289 0	353,888 0	0 0
BENNETT COX	(i) (ii)	319,598 0	35,863 0	2,743 0	64,549 0	810 0	423,563 0	0 0
BETTY A GISSEL	(i) (ii)	220,586 0	28,721 0	16,279 0	25,323 0	3,210 0	294,119 0	0 0
JOHN J SHERIDAN	(i) (ii)	162,133 0	21,553 0	9,729 0	18,776 0	9,444 0	221,635 0	0 0
STANLEY S MILLER MD	(i) (ii)	1,096,345 0	0 0	450 0	12,500 0	15,289 0	1,124,584 0	0 0
LARRY C KILGORE MD	(i) (ii)	715,541 0	0 0	10,612 0	72,595 0	4,901 0	803,649 0	0 0
SUSAN N HUNTSINGER MD	(i) (ii)	966,982 0	0 0	300 0	12,500 0	12,771 0	992,553 0	0 0
JOHN L BELL MD	(i) (ii)	659,598 0	37,800 0	1,290 0	69,909 0	810 0	769,407 0	0 0
TIMOTHY J PANELLA	(i) (ii)	739,056 0	0 0	1,283 0	12,500 0	11,990 0	764,829 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
UNIVERSITY HEALTH SYSTEM INC

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 Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number
31-1626179

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A THE HEALTH EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX	62-1220275	49952MBU9	04-27-2007	236,534,376	REFINANCE THE ISSUERS 1999 BONDS AND FINANCE CERTAIN CAPITAL IMPROVEMENTS		X		X		X
B THE HEALTH EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX	62-1220275		12-01-2010	50,000,000	CAPITAL ADDITIONS		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	236,534,376		50,000,000					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows	161,918,145							
7	Issuance costs from proceeds	2,045,137		400,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	72,571,095		49,600,000					
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2010		2013		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part 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 of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	0%		0%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		X				

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X		X				
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X					
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X			X				
b	Name of provider	DEPFABLB							
c	Term of GIC	2 000000000000							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?								

Part VI

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

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

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SYSTEM INC

Employer identification number

31-1626179

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) UNIVERSITY PHYSICIANS ASSOCIATION INC	DR ELDER SERVES ON THE UHS BOARD AND SERVES AS UPA PRESIDENT	17,236,532	UNIVERSITY PHYSICIANS ASSOCIATION, INC ("UPA") PROVIDES PHYSICIAN, BILLING AND CLINICAL SERVICES TO UHS UHS REIMBURSES UPA FOR CLINICAL STAFF SALARIES ALL TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH AND REPRESENT FAIR MARKET VALUE		No
(2) UNIVERSITY ANESTHESIOLOGISTS	DR EPPS SERVES ON THE UHS BOARD AND IS AN OWNER IN UNIV ANESTHESIOLOGISTS	4,244,426	UNIVERSITY ANESTHESIOLOGISTS PROVIDES PHYSICIAN SERVICES TO UHS ALL TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH AND REPRESENT FAIR MARKET VALUE		No
(3) UNIVERSITY CARDIOLOGY	DR BRESEE SERVES ON THE UHS BOARD AND IS AN OWNER IN UNIVERSITY CARDIOLOGY	1,310,663	UNIVERSITY CARDIOLOGY PROVIDES PHYSICIAN AND OTHER CLINICAL SERVICES TO UHS ALL TRANSACTIONS ARE CONDUCTED AT ARMS-LENGTH AND REPRESENT FAIR MARKET VALUE		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization UNIVERSITY HEALTH SYSTEM INC	Employer identification number 31-1626179
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	BOARD MEMBERS JOSEPH A. DIPIETRO, JOSEPH E. JOHNSON, JIMMY CHEEK, STEVE J. SCHWAB, AND DAVID E. MILLHORN ARE EACH EMPLOYEES OF THE UNIVERSITY OF TENNESSEE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE TAX RETURN IS PREPARED BY AN UNRELATED, INDEPENDENT ACCOUNTING FIRM AND THEN SUBMITTED TO THE UHS CONTROLLER AND CFO FOR INTERNAL REVIEW A DRAFT IS THEN PROVIDED TO THE UHS FINANCE COMMITTEE AND THEN THE ENTIRE UHS BOARD OF DIRECTORS WHO REVIEWS THE FORM 990 PRIOR TO FILING THE SENIOR VP/CFO ATTENDS THE MEETINGS TO ANSWER ANY QUESTIONS AND ADDRESS ANY SIGNIFICANT DISCLOSURES WITHIN THE FORM 990

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH MEMBER OF THE BOARD OF DIRECTORS ANNUALLY COMPLETES A CONFLICT OF INTEREST DISCLOSURE. THESE CONFLICT OF INTEREST DISCLOSURES ARE REVIEWED BY THE UHS OFFICE OF GENERAL COUNSEL TO ASSURE COMPLIANCE WITH THE POLICY. ADDITIONALLY, BOARD MEMBERS ARE ASKED TO RECUSE THEMSELVES ON ANY MATTERS OF INTEREST BEFORE THE BOARD IN WHICH A CONFLICT OF INTEREST MAY EXIST. ANY SUCH RECUSAL IS DOCUMENTED WITHIN THE MINUTES OF THE BOARD OR COMMITTEE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION OF THE CEO, OFFICERS AND OTHER KEY EMPLOYEES IS DETERMINED BY THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH A POLICY ADOPTED BY THE BOARD. ONCE APPROVED BY THE COMMITTEE, THE PROPOSED COMPENSATION IS APPROVED BY THE EXECUTIVE COMMITTEE OF THE BOARD AND THE FULL BOARD OF DIRECTORS. DATA COMPILED BY INTEGRATED HEALTHCARE STRATEGIES, A THIRD-PARTY COMPENSATION CONSULTANT, IS USED FOR COMPARABILITY.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS OF THE ORGANIZATION ARE HELD AS PUBLIC RECORDS OF THE STATE OF TENNESSEE SECRETARY OF STATE OFFICE. AS SUCH, THESE DOCUMENTS ARE OPEN TO THE PUBLIC. THE CONFLICT OF INTEREST POLICIES OF UHS FOR BOTH EMPLOYEES AND BOARD MEMBERS ARE AVAILABLE UPON REQUEST. QUARTERLY FINANCIAL STATEMENTS AND THE ANNUAL AUDITED FINANCIAL STATEMENTS ARE POSTED ON DACBOND.COM AND EMMA.MSRB.ORG, THE OFFICIAL PUBLIC DISCLOSURE WEBSITE.

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES PROGRAM SERVICE EXPENSES 11,283,538 MANAGEMENT AND GENERAL EXPENSES 448,729 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 11,732,267 OTHER OUTSIDE SERVICES PROGRAM SERVICE EXPENSES 39,466,375 MANAGEMENT AND GENERAL EXPENSES 2,515,564 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 41,981,939 BILLING/COLLECTION FEES PROGRAM SERVICE EXPENSES 2,978,202 MANAGEMENT AND GENERAL EXPENSES 4,277,654 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 7,255,856 CLINICAL SERVICES PROGRAM SERVICE EXPENSES 14,078,212 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 14,078,212 MAINTENANCE EXPENSES PROGRAM SERVICE EXPENSES 4,080,604 MANAGEMENT AND GENERAL EXPENSES 83,010 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 4,163,614 MEDICAL SERVICES PROGRAM SERVICE EXPENSES 17,035,926 MANAGEMENT AND GENERAL EXPENSES 137,289 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 17,173,215

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	DECREASE IN RESTRICTED ASSETS -67,973 PARTNERSHIP INCOME NOT ON BOOKS - 1,017,534 CONTRIBUTIONS IN NET ASSETS -1,628,116 OTHER CHANGES IN REVENUE 515,987

Identifier	Return Reference	Explanation
AUDIT COMMITTEE	FORM 990, PART XII, LINE 2C	UHS HAS A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF INDEPENDENT ACCOUNTANTS THE OVERSIGHT PROCESS IS UNCHANGED FROM THE PRIOR YEAR

Identifier	Return Reference	Explanation
		<p>BY THE MEDICAL CENTER, OTHER THAN REAL PROPERTY THE REAL PROPERTY IS LEASED FROM THE UNIVERSITY TO UHS FOR A TERM OF 50 YEARS UNDER THE TERMS OF THE EMPLOYEE SERVICES AGREEMENT, EXISTING UHS EMPLOYEES, AND ALL EMPLOYEES HIRED SUBSEQUENT TO JULY 28, 1999, ARE UHS EMPLOYEES ALL OTHER MEDICAL CENTER EMPLOYEES AS OF JULY 28, 1999, ARE LEASED BY UHS FROM THE UNIVERSITY AND RETAIN ALL UNIVERSITY BENEFITS THE EMPLOYEE SERVICES AGREEMENT CONTINUES UNTIL THE EARLIER OF THE TERMINATION OF THE LEASE AND TRANSFER AGREEMENT OR THE SEPARATION FROM SERVICE OF THE LAST LEASED UNIVERSITY EMPLOYEE THE AFFILIATION AGREEMENT GOVERNS THE CONTINUED RELATIONSHIP BETWEEN UHS AND THE GSM UHS WILL PASS THROUGH CERTAIN FEDERAL AND STATE FUNDS EARMARKED FOR GRADUATE MEDICAL EDUCATION, AND THE MEDICAL CENTER WILL CONTINUE TO BE THE PRIMARY TEACHING SITE FOR THE GSM III PATIENT CARE SERVICES IN AN EFFORT TO PROVIDE A CONTINUUM OF CARE FOR PATIENTS, FROM DIAGNOSIS THROUGH RECOVERY, UHS OFFERS CENTERS OF EXCELLENCE TO ENHANCE THE QUALITY OF HEALTHCARE DELIVERED TO THE COMMUNITY THE CENTERS OF EXCELLENCE ARE AS FOLLOWS</p> <p>BRAIN AND SPINE INSTITUTE THE BRAIN AND SPINE INSTITUTE IS MADE UP OF EXPERTS IN THE FIELD OF NEUROSCIENCE IN ORDER TO BRING PATIENTS THE MOST ADVANCED HEALTHCARE IN EAST TENNESSEE FOR A FULL RANGE OF NEUROLOGICAL DISEASES AND DISORDERS THE INSTITUTE OFFERS PATIENT-CENTERED CARE FOR INJURIES AND DISEASES SUCH AS TRAUMA (SPINAL CORD INJURY AND BRAIN INJURY), DEGENERATIVE DISEASES (ALZHEIMER'S AND PARKINSON'S), VASCULAR DISORDERS (STROKE AND ANEURYSMS), STRUCTURAL INJURIES AND CONDITIONS OF THE SPINE, AND TUMORS DIAGNOSING AND TREATING BRAIN AND SPINE DISEASES AND CONDITIONS DEMANDS MANY SPECIALISTS THAT PATIENTS CAN ACCESS THROUGH THE BRAIN AND SPINE INSTITUTE THE TEAM OF SPECIALISTS INCLUDING NEUROSURGEONS AND NEUROLOGISTS PROVIDE PATIENTS WITH THE HIGHEST QUALITY CARE THE BRAIN AND SPINE INSTITUTE OFFERS UNMATCHED EXPERTISE WITH ITS COLE NEUROSCIENCE CENTER FOR DEGENERATIVE NEUROLOGICAL (BRAIN) DISORDERS AND STATE-OF-THE-ART TECHNOLOGY WITH THE ONLY CYBERKNIFE CENTER IN THE KNOXVILLE REGION UT MEDICAL CENTER IS THE 31ST HOSPITAL IN THE US TO EARN COMPREHENSIVE STROKE CERTIFICATION FROM THE JOINT COMMISSION ON THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS (JCAHO) THE DESIGNATION COMES AFTER AN ON-SITE REVIEW BY JCAHO, THE NATION'S PREDOMINANT STANDARDS-SETTING AND ACCREDITING BODY IN HEALTHCARE UTMIC IS THE ONLY STROKE CENTER IN THE STATE TO BE RECOGNIZED BY AMERICAN HEART AND AMERICAN STROKE ASSOCIATIONS WITH THE GOLD PLUS ACHIEVEMENT AWARD FOR 3 YEARS OF 85% OR HIGHER OUTCOMES THE STROKE CENTER WAS ALSO AWARDED TARGET STROKE FOR ACHIEVING > 50% PATIENTS RECEIVING TPA IN LESS THAN 60 MINUTES FROM ARRIVAL AT THE MEDICAL CENTER THE SPINE CENTER HAS BEEN RECOGNIZED BY BLUE CROSS BLUE SHIELD AS A BLUE CENTER OF DISTINCTION WITH THREE DEDICATED NEUROSURGICAL OPERATING ROOMS, A DEDICATED STROKE UNIT, MEDICAL AND SURGICAL INTENSIVE CARE UNITS, THE COLE NEUROSCIENCE CENTER AND THE LATEST TECHNOLOGY COMBINED WITH THE EXPERIENCE AND SKILL OF THE BRAIN AND SPINE INSTITUTE STAFF, UT MEDICAL CENTER PROVIDES QUALITY CARE TO THE EAST TENNESSEE COMMUNITY FOR TREATMENT OF BRAIN AND SPINE DISEASE OR INJURY</p> <p>CANCER INSTITUTE THE CANCER INSTITUTE AT THE MEDICAL CENTER PROVIDES EACH PATIENT WITH COMPASSIONATE, COMPREHENSIVE AND COORDINATED CARE THROUGH A MULTIDISCIPLINARY TEAM OF SPECIALISTS FOCUSED ON THE TREATMENT, EARLY DETECTION AND PREVENTION IN THE FIGHT AGAINST CANCER THE CANCER INSTITUTE IS COMMITTED TO OVERCOMING THE CHALLENGE OF CANCER THROUGH TREATMENT, RESEARCH AND EDUCATION IN PARTNERSHIP WITH THOSE WE SERVE AS PART OF OUR MISSION, THE CANCER INSTITUTE STRIVES TO PROVIDE CANCER PATIENTS AND THEIR FAMILIES THE HIGHEST LEVEL OF CLINICAL CARE THE CANCER INSTITUTE ALSO PROVIDES THE NECESSARY SUPPORT AND INTEGRATIVE MEDICINE SERVICES TO PATIENTS IN ORDER TO BETTER COPE WITH THE EMOTIONAL, PSYCHOLOGICAL AND FINANCIAL ISSUES RELATED TO A CANCER DIAGNOSIS SERVICES AT THE CANCER INSTITUTE RANGE FROM A SINGLE ENTRY POINT FOR THE MANAGEMENT OF BREAST, PROSTATE, LUNG AND GASTROINTESTINAL CANCERS TO ADVANCED TREATMENT TECHNOLOGIES TO A TEAM OF HEALTHCARE PROVIDERS INCLUDING COUNSELORS AND CHAPLAINS TO PROVIDE EMOTIONAL AND SPIRITUAL SUPPORT THROUGHOUT CANCER TREATMENT ALL PATIENT SERVICES ARE PROVIDED BY A TEAM OF TRAINED AND EXPERIENCED PROFESSIONALS IN A CARING AND COMPASSIONATE ENVIRONMENT THE CANCER INSTITUTE HAS DEVELOPED A ROBUST OUTREACH PROGRAM PROVIDING BOTH PROFESSIONAL AND COMMUNITY EDUCATION AS WELL AS FREE OR LOW COST SCREENINGS FOCUSED ON THE EARLY DETECTION AND/OR PREVENTION OF CANCER ALSO AS PART OF OUR MISSION, THE CANCER INSTITUTE ACTIVELY PARTICIPATES IN CLINICAL RESEARCH PROGRAMS TO DISCOVER NEW WAYS TO PREVENT, DETECT, AND TREAT CANCER</p> <p>STATEMENT OF COMMUNITY BENEFIT UNIVERSITY HEALTH SYSTEM JANUARY 1, 2012 DECEMBER 31, 2012 I INTRODUCTION UNIVERSITY HEALTH SYSTEM, INC ("UHS") OPERATES THE UNIVER</p>

Identifier	Return Reference	Explanation
		<p>SITY OF TENNESSEE MEDICAL CENTER ("MEDICAL CENTER") WHICH OFFERS MEDICAL CARE TO A TWENTY- ONE COUNTY SERVICE AREA LOCATED THROUGHOUT EAST TENNESSEE, SOUTHEAST KENTUCKY, SOUTHWEST VIRGINIA, WESTERN NORTH CAROLINA AND BEYOND THROUGH OPERATION OF THE MEDICAL CENTER, UHS - PROVIDES HEALTHCARE SERVICES FOR THE RESIDENTS OF THE MEDICAL CENTER'S SERVICE AREA AND BEYOND, INCLUDING SPECIALIZED CARE THAT IS CUSTOMARILY AVAILABLE AT ACADEMIC MEDICAL CENTERS, - SUPPORTS MEDICAL RESEARCH AND EDUCATION THROUGH AN AFFILIATION AGREEMENT WITH THE UNIVERSITY OF TENNESSEE GRADUATE SCHOOL OF MEDICINE, - PROVIDES A PATIENT BASE FOR TRAINING PHYSICIANS, DENTISTS, NURSES AND OTHER HEALTH PROFESSIONALS, AND - PROVIDES SUPPORT FOR CLINICAL RESEARCH AND RESEARCH TRAINING THE MEDICAL CENTER IS OPERATED FOR THE BENEFIT OF THE COMMUNITY IN A MANNER CONSISTENT WITH SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE UHS HAS ADOPTED A FORMAL CHARITY CARE POLICY, HAS AN OPEN MEDICAL STAFF, AND OPERATES AN EMERGENCY ROOM, INCLUDING A LEVEL I TRAUMA CENTER IT IS GOVERNED BY A BOARD OF DIRECTORS COMPOSED OF INDEPENDENT CIVIC LEADERS FROM THE COMMUNITY AND REPRESENTATIVES FROM THE UNIVERSITY OF TENNESSEE THE MEDICAL CENTER HAS A RICH HISTORY IN THE COMMUNITY OF PROVIDING PATIENT-CENTERED CARE AND REMAINING AT THE FOREFRONT OF RESEARCH, TECHNOLOGY AND TREATMENTS UHS ATTRIBUTES ITS WELL-RESPECTED STANDING WITHIN THE COMMUNITY TO THE EXCEPTIONAL PEOPLE THAT DEDICATE THEMSELVES TO PATIENT CARE EXCELLENCE THE MEDICAL CENTER IS LICENSED FOR 581 ACUTE CARE BEDS AND SERVES AS A REFERRAL CENTER FOR THE REGION, PROVIDING SUPERIOR TREATMENTS AND HEALTHCARE SUPPORT TO RESIDENTS OF THE COMMUNITY AS WELL AS OFFERING EXPERT CARE AS THE AREA'S ONLY LEVEL I TRAUMA CENTER THE MEDICAL CENTER IS A TERTIARY FACILITY, OFFERING GENERAL, SPECIALTY AND SUB-SPECIALTY CARE IN A FULL RANGE OF MEDICAL FIELDS THE STATE HAS ALSO DESIGNATED THE MEDICAL CENTER AS A REGIONAL PERINATAL CENTER FOR HIGH-RISK PREGNANCY AND OPERATES A LEVEL III NURSERY, HEMOPHILIA CENTER AND CENTER FOR TRANSPLANT SERVICES WHICH PERFORMS KIDNEY AND PANCREAS TRANSPLANTS THE MEDICAL CENTER IS COMMITTED TO IMPROVING THE PATIENTS' QUALITY OF LIFE OF PATIENTS THROUGH LEADERSHIP IN HEALTHCARE, HEALTH EDUCATION AND CLINICAL RESEARCH IT IS UNIQUE BECAUSE OF ITS STANDING AS THE ONLY ACADEMIC HOSPITAL IN THE REGION, MAKING IT THE LEADING RESOURCE FOR RESEARCH, DISCOVERY AND UPDATED TREATMENTS IN THE COMMUNITY II HISTORY UHS WAS CREATED ON DECEMBER 21, 1998, FOR THE PURPOSE OF RESTRUCTURING THE OPERATION, MANAGEMENT, AND GOVERNANCE OF THE MEDICAL CENTER AND TO NEGOTIATE AGREEMENTS WITH THE UNIVERSITY OF TENNESSEE ("THE UNIVERSITY") TO FACILITATE THE RESTRUCTURING EFFECTIVE JULY 29, 1999, UHS ACQUIRED CERTAIN ASSETS AND THE OPERATIONS OF THE MEDICAL CENTER FROM THE UNIVERSITY, AND THE MEDICAL CENTER BECAME AN OPERATING DIVISION OF UHS PRIOR TO JULY 29, 1999, THE MEDICAL CENTER OPERATED AS A BUDGET ENTITY OF THE UNIVERSITY UHS ENTERED INTO THE FOLLOWING AGREEMENTS TO ACQUIRE THE OPERATIONS OF THE MEDICAL CENTER FROM THE UNIVERSITY 1) THE LEASE AND TRANSFER AGREEMENT, WHEREBY UHS LEASES CERTAIN REAL PROPERTY AND ACQUIRED CERTAIN PERSONAL PROPERTY FROM THE UNIVERSITY, 2) THE EMPLOYEE SERVICES AGREEMENT, WHEREBY UHS LEASES CERTAIN OF THE MEDICAL CENTER'S EMPLOYEES FROM THE UNIVERSITY, AND 3) THE AFFILIATION AGREEMENT, WHEREBY UHS AND THE UNIVERSITY AGREE TO CONTINUE THE MEDICAL CENTER'S HISTORICAL RELATIONSHIP WITH THE UNIVERSITY OF TENNESSEE MEMPHIS GRADUATE SCHOOL OF MEDICINE ("GSM") UNDER THE TERMS OF THE LEASE AND TRANSFER AGREEMENT, UHS PURCHASED ALL OF THE OPERATING ASSETS OF THE MEDICAL CENTER, INCLUDING ALL PERSONAL PROPERTY, EQUIPMENT, INVENTORY, CURRENT ASSETS, AND OTHER ASSETS USED</p>

Identifier	Return Reference	Explanation
		<p>EMERGENCY AND TRAUMA SERVICES THE MEDICAL CENTER IS THE ONLY LEVEL I TRAUMA CENTER IN THE REGION FOR ADULTS AND CHILDREN AND SERVES AS THE TERTIARY REFERRAL CENTER FOR MEDICAL CARE IN EAST TENNESSEE, SERVING KNOX COUNTY AND TWENTY SURROUNDING COUNTIES THE HEALTHCARE EXPERTS IN THE EMERGENCY DEPARTMENT TREAT MORE THAN 80,000 PATIENTS IN A YEAR WITH A COMMITMENT TO INDIVIDUALIZED PATIENT AND FAMILY CENTERED CARE AND TEAMWORK WHETHER ARRIVING BY A MBULANCE, AEROMEDICAL TRANSPORT SERVICE, OR PRIVATE VEHICLE, PATIENTS RECEIVE A FULL RANGE OF MEDICAL CARE THE FACILITY IS COMPRISED OF FOUR AREAS A CRITICAL RESUSCITATION BAY FO R THE MOST SERIOUSLY INJURED OR ILL PATIENTS, AN EMERGENT TREATMENT AREA FOR THOSE WITH A POTENTIALLY SERIOUS PROBLEM, A RAPID EVALUATION AND TREATMENT AREA FOR THE LESS ILL AND IN JURED, AND A FAST-TRACK AREA FOR THOSE WITH MINOR INJURY OR ILLNESS TO HOLD A LEVEL I TRA UMA CENTER DESIGNATION, UT MEDICAL CENTER, PROVIDES A TEAM OF SPECIALLY TRAINED PERSONNEL TO MEET THE EMERGENT AS WELL AS ON-GOING AND CHANGING NEEDS OF THE TRAUMA PATIENTS FROM AD MISSION TO DISCHARGE THE HEAD OF THIS TEAM IS THE TRAUMA SURGEON WHO SUPERVISES AND COORD INATES PATIENT CARE VARIOUS SPECIALTY PHYSICIANS SUCH AS A NEUROSURGEONS, ORTHOPEDIC SURG EONS, OR MAXILLOFACIAL OR PLASTIC SURGEONS ARE READILY AVAILABLE AND ARE CONSULTED AS NEED ED AFTER EVALUATION IN THE EMERGENCY DEPARTMENT, CRITICAL TRAUMA PATIENTS THEN ARE TRANSP ORTED TO THE 23-BED TRAUMA SURGICAL INTENSIVE CARE UNIT (TSICU) IN THE TRAUMA SURGICAL IC U, THE PATIENT IS FURTHER EVALUATED AND ADDITIONAL PROCEDURES ARE COMPLETED SUCH AS FOLLOW UP X-RAYS, SUTURING, SPLINTING AND OBSERVATION CRITICALLY INJURED PATIENTS ARE COMPLEX A ND CHALLENGING THEY OFTEN REQUIRE MASSIVE RESUSCITATION, INTRACRANIAL PRESSURE AND PARTIA L BRAIN TISSUE OXYGENATION MONITORING, MECHANICAL VENTILATION, CONTINUOUS RENAL REPLACEMEN T THERAPY , AS WELL AS MANY OTHER SPECIALIZED TREATMENTS AND PROCEDURES THE TSICU IS STAFF ED WITH EXPERIENCED PROFESSIONALS SUCH AS CRITICAL CARE NURSES, RESPIRATORY THERAPISTS, CA SE MANAGERS AND CERTIFIED NURSING ASSISTANTS AS AN ACADEMIC MEDICAL CENTER, EXISTING CLINICAL RESEARCH IS EVALUATED, NEW RESEARCH IS CONDUCTED AND CARE PATHS ARE EVIDENCED BASED A LLOWING PATIENTS THE MOST UP-TO-DATE CARE AVAILABLE MULTIDISCIPLINARY DAILY ROUNDS ARE MA DE BY THE TRAUMA TEAM CONSISTING OF RESIDENT PHYSICIANS, NURSES, PHARMACISTS, RESPIRATORY THERAPISTS, AND STUDENTS LED BY ATTENDING PHY SICIANS WHO DISCUSS THE CARE AND PROGRESS OF TRAUMA PATIENTS AND ESTABLISH THE DAILY PATIENT GOALS WHILE ENSURING HIGH QUALITY COMPREHE NSIVE CARE PLANNING FAMILIES ARE ASKED AND ENCOURAGED TO ATTEND THESE ROUNDS INCLUDING THEM AS PART OF THE TEAM CARING FOR THEIR LOVED ONE THE STAFF OF THE TRAUMA CENTER UTILIZE THE PATIENT AND FAMILY CENTERED MODEL OF CARE EVIDENCE OF THIS INCLUSIVE MODEL IS DEMONST RATED BY OUR OPEN VISITATION HOURS, FAMILY PRESENCE AT ROUNDS, REFERRALS TO CASE MANAGEMEN T, PASTORAL CARE AND IN THE ONGOING COMMUNICATION WITH THE PATIENTS AND THEIR FAMILIES HEART LUNG VASCULAR INSTITUTE THE HEART LUNG VASCULAR INSTITUTE ("HLVI") WAS ESTABLISHED IN 2000 TO HELP MEET THE INCREASING NEED FOR CARDIOVASCULAR AND LUNG DISEASE CARE HEART DISE ASE, STROKE AND PULMONARY DISEASE ARE AMONG THE LEADING CAUSES OF DEATH IN THE UNITED STAT ES IN ADDITION, TENNESSEE IS ONE OF THE WORST FIVE STATES FOR SMOKING, OBESITY, AND HIGH BLOOD PRESSURE ALL OF WHICH CONTRIBUTE TO THE DEVELOPMENT OF HEART AND LUNG DISEASE QUALI TY AND SAFETY IN PATIENT CARE HAVE BEEN AN INTEGRAL PART OF OUR MISSION AT THE HLVI THIS LED TO THE BUILDING OF A DEDICATED HEART HOSPITAL WITH A STATE OF THE ART CARDIOVASCULAR I NTENSIVE CARE UNIT (CVICU) MULTIDISCIPLINARY TEAMS, INCLUDING PHYSICIANS, NURSES, PHARMAC ISTS, RESPIRATORY THERAPISTS, AND OTHERS, USE EVIDENCE-BASED CARE PLANS TO IMPLEMENT A PAT IENT-FAMILY CENTERED MODEL OF CARE FACILITY DESIGN, TECHNOLOGY, AND INFORMATION SYSTEMS A LSO SUPPORT OUR GOAL OF EXCELLENCE THE UNIVERSITY OF TENNESSEE MEDICAL CENTER IS THE AREA 'S ONLY ACADEMIC MEDICAL CENTER, AND RESEARCH INTO THE CAUSE AND TREATMENT OF DISEASE IS P ART OF OUR MISSION THE OTHER ROLE OF ACADEMICS INVOLVES PHY SICIAN EDUCATION, THE UT GRADU ATE SCHOOL OF MEDICINE CURRENTLY OFFERS FELLOWSHIPS IN CARDIOVASCULAR MEDICINE, VASCULAR S URGERY AND PULMONARY MEDICINE THE GOALS OF THE HEART LUNG VASCULAR INSTITUTE ARE TO ATTAI N EXCELLENCE IN PATIENT CARE, PREVENTIVE MEDICINE, REHABILITATION SERVICES, RESEARCH AND E DUCATION EXCELLENCE IN PATIENT CARE MEANS OFFERING THE BEST DIAGNOSTIC AND TREATMENT PLAN S USING THE LATEST TECHNOLOGY IN A COMPASSIONATE MANNER AND KEEPING THE PATIENT AND FAMILY INFORMED AND COMFORTABLE, BOTH PHYSICALLY AND EMOTIONALLY PREVENTIVE MEDICINE INVOLVES E DUCATION ABOUT CARDIOVASCULAR AND LUNG DISEASE PROCESSES AND RISK REDUCTION THROUGH COMMUN ITY SEMINARS AND SCREENINGS SUCH AS THE HEARTWISE PROGRAM REHABILITATION SERVICES HELP PA TIENTS RECOVERING FROM HEART ATTACKS, HEART FAILUR</p>

Identifier	Return Reference	Explanation
		<p>E, HEART AND LUNG SURGERY , AND CHRONIC LUNG DISEASE THE HEART LUNG VASCULAR INSTITUTE SUP PORTS THE MEDICAL CENTERS' VISION TO BE NATIONALLY RECOGNIZED FOR EXCELLENCE IN PATIENT CA RE, MEDICAL EDUCATION AND BIOMEDICAL RESEARCH CENTER FOR WOMEN & CHILDREN'S HEALTH THE CE NTER FOR WOMEN & CHILDREN'S HEALTH IS A HUB FOR SUPPORTING WOMEN'S AND CHILDREN'S INDIVIDU AL HEALTHCARE NEEDS THE CENTER OFFERS COMPREHENSIVE SERVICES FOR CHILDBIRTH, HIGH RISK OB STETRICS, NEONATAL CARE, AND WOMEN'S MID-LIFE HEALTH, INCLUDING OSTEOPOROSIS, HEART HEALT H, ONCOLOGY SERVICES, GYNECOLOGICAL HEALTH, ROBOTIC SURGERY , TREATMENT FOR INCONTINENCE AN D PELVIC RELAXATION, BREAST HEALTH, AND PSYCHO-SOCIAL NEEDS IT PROVIDES SUPPORT, RESEARCH AND HEALTH INFORMATION, AN EXCEPTIONAL HEALTHCARE TEAM, CUTTING-EDGE TECHNOLOGY AND UNMAT CHED PATIENT AND FAMILY-CENTERED CARE THE STATE DESIGNATED REGIONAL PERINATAL PROGRAM HAS PROVIDED HIGH RISK OBSTETRICAL AND NEONATAL SERVICES SINCE 1974 IT INCLUDES A MATERNAL F ETAL MEDICINE HIGH RISK PROGRAM AND SERVICES WITH BOARD CERTIFIED PERINATOLOGISTS, A LEVEL III NEONATAL INTENSIVE CARE UNIT, BOARD CERTIFIED NEONATOLOGISTS, PEDIATRIC SURGEONS, PED IATRIC CARDIOLOGISTS, AND OTHER SUB-SPECIALISTS THE CENTER OFFERS PREMIER TECHNOLOGY WITH HIGHLY TRAINED HEALTHCARE PROFESSIONALS TO PROVIDE EXCELLENT PATIENT AND FAMILY-CENTERED CARE PATIENTS HAVE COMPREHENSIVE SERVICES IN ONE LOCATION FOR DIAGNOSIS, TREATMENT, SUPPO RT AND REHABILITATION FOR THEIR HEALTHCARE NEEDS UTILIZATION AS OF THE YEAR ENDING DECEMB ER 31, 2012, UHS MAINTAINED THE FOLLOWING OPERATING STATISTICS INPATIENT ADMISSIONS 26,23 6 OUTPATIENT VISITS 135,441 EMERGENCY ROOM VISITS 80,424 IV UNCOMPENSATED CARE THE HISTOR Y OF UHS DEMONSTRATES A CLEAR AND CONSISTENT CHARITABLE PURPOSE THE PROVISION OF HEALTHCA RE SERVICES TO ALL RESIDENTS OF THE COMMUNITY WITHOUT REGARD TO AGE, RACE, GENDER, CREED, GEOGRAPHIC LOCATION, CULTURAL BACKGROUND, OR ABILITY TO PAY THESE SERVICES SHOULD BE DELI VERED IN A WAY THAT MAINTAINS INDIVIDUAL DIGNITY AND ENHANCES THE QUALITY OF LIFE OF THE P ERSONS SERVED ONE OF THE MOST TANGIBLE EXPRESSIONS OF THE UHS CHARITABLE PURPOSE IS THE P ROVISION OF CARE TO THOSE WHO DO NOT HAVE THE ABILITY TO PAY A CHARITY CARE AND SELF-PAY DISCOUNT THE MEDICAL CENTER PROVIDES MEDICALLY NECESSARY SERVICES TO ALL PEOPLE, REGARDLE SS OF THEIR ABILITY TO PAY UHS HAS A DOCUMENTED CHARITY POLICY , WHICH TAKES INTO CONSIDER ATION INCOME LEVELS AND OTHER DEMOGRAPHIC FACTORS FOR THOSE WHO DO NOT QUALIFY UNDER THE EXISTING POLICY BUT ARE FACING DIFFICULT ECONOMIC CIRCUMSTANCES, ABILITY TO PAY IS DETERMI NED ON A CASE-BY-CASE BASIS THE MEDICAL CENTER ALSO HAS A POLICY REGARDING THOSE SELF-PAY PATIENTS WHO ARE INELIGIBLE FOR CHARITY CARE CONSIDERATION SUCH PATIENTS WILL RECEIVE A 45% DISCOUNT FROM CHARGES FOR THE YEAR ENDING DECEMBER 31, 2012, THE SYSTEM PROVIDED SERV ICES UNDER THE PREVIOUSLY STATED POLICY WHICH RESULTED IN LOSSES TO UHS OF APPROXIMATELY \$ 17,473,621 BOTH INPATIENTS AND OUTPATIENTS WERE PROVIDED CARE UNDER THE AFOREMENTIONED PO LICY NO PATIENT WAS REFUSED NECESSARY MEDICAL CARE ON THE BASIS OF HIS OR HER ABILITY TO PAY UNREIMBURSED CHARITY CARE AND SELF-PAY DISCOUNT \$17,473,621</p>

Identifier	Return Reference	Explanation
		<p>B MEDICARE IN ADDITION TO THE PROVISION OF CARE WITHOUT EXPECTATION OF PAYMENT OR THE PRO VISION OF CARE TO TENNCARE-ELIGIBLE PEOPLE AT RATES SUBSTANTIALLY BELOW COST, UHS PROVIDED SERVICES TO PEOPLE COVERED UNDER THE FEDERAL MEDICARE PROGRAM MEDICARE RECIPIENTS WERE T HE LARGEST SINGLE PAYOR CLASSIFICATION OF PATIENTS SERVED BY UHS THE PAYMENT RATE FOR INPATIENT SERVICES WAS ON A PER CASE RATE, CALCULATED BASED ON THE DIAGNOSTIC-RELATED GROUP INTO WHICH THE PATIENT WAS CATEGORIZED, COUPLED WITH OTHER FACTORS RELATED TO AREA WAGE RATES, MEDICAL EDUCATION, CAPITAL COSTS AND OTHER VARIABLES OUTPATIENT SERVICES WERE REIMBURSED ON A PRE-DETERMINED CASE RATE FOR THE YEAR ENDING DECEMBER 31, 2012, UNREIMBURSED SERVICES PROVIDED TO MEDICARE PATIENTS RESULTED IN A FINANCIAL LOSS OF \$5,577,081 UNREIMBURSED MEDICARE SERVICES \$5,577,081 C PUBLIC/INDIGENT CARE IN ADDITION TO THE LEVEL OF SERVICES IDENTIFIED IN PARAGRAPH A ABOVE, UHS IS AN ACTIVE PARTICIPANT IN OTHER FEDERAL, STATE OR LOCAL AND PUBLIC/INDIGENT PROGRAMS THESE PROGRAMS SEEK TO PROVIDE PAYMENT FOR HEALTHCARE SERVICES TO INDIVIDUALS WHO MEET CERTAIN FINANCIAL AND CATEGORICAL REQUIREMENTS FINANCIAL REQUIREMENTS INCLUDE EVALUATION OF BOTH ASSETS AND INCOME PUBLIC/INDIGENT PROGRAMS REIMBURSEMENT RATES ARE SUBSTANTIALLY BELOW COST FOR THE YEAR ENDING DECEMBER 31, 2012, UNREIMBURSED PUBLIC/INDIGENT SERVICES REPRESENTED A FINANCIAL LOSS TO UHS OF APPROXIMATELY \$2, 260,421 UNREIMBURSED PUBLIC/INDIGENT SERVICES \$2,260,421 C TENNCARE IN ADDITION TO THE LEVEL OF SERVICES IDENTIFIED IN PARAGRAPH A ABOVE, UHS IS AN ACTIVE PARTICIPANT IN THE STATE OF TENNESSEE TENNCARE PROGRAM THE TENNCARE PROGRAM SEEKS TO PROVIDE PAYMENT FOR HEALTHCARE SERVICES TO INDIVIDUALS WHO MEET CERTAIN FINANCIAL AND CATEGORICAL REQUIREMENTS FINANCIAL REQUIREMENTS INCLUDE EVALUATION OF BOTH ASSETS AND INCOME TENNCARE PROGRAM REIMBURSEMENT RATES ARE SUBSTANTIALLY BELOW COST FOR THE YEAR ENDING DECEMBER 31, 2012, UNREIMBURSED TENNCARE SERVICES REPRESENTED A FINANCIAL LOSS TO UHS OF APPROXIMATELY \$1,572,216 UNREIMBURSED TENNCARE SERVICES \$1,572,216 D COVERTN UHS SUBSIDIZED HEALTH SERVICES PROVIDED TO PATIENTS COVERED BY COVERTN COVERTN IS A PARTNERSHIP BETWEEN THE STATE, PRIVATE EMPLOYEES AND INDIVIDUALS TO OFFER A LIMITED BENEFIT, BASIC HEALTH PLAN TO EMPLOYEES OF TENNESSEE'S SMALL BUSINESS AND SELF-EMPLOYED THE SERVICES PROVIDED TO THE COVERTN PATIENTS WERE PROVIDED BELOW COST FOR THE YEAR ENDING DECEMBER 31, 2012, THE UNREIMBURSED SERVICES PROVIDED TO COVERTN PATIENTS RESULTED IN A FINANCIAL LOSS OF \$278,698 UNREIMBURSED COVERTN SERVICES \$ 278,698 SUMMARY, COMMUNITY BENEFIT TOTALS FOR UNCOMPENSATED CARE UNREIMBURSED CHARITY CARE \$ 17,473,621 UNREIMBURSED MEDICARE \$ 5,577,081 UNREIMBURSED PUBLIC/INDIGENT CARE \$ 2,260,421 UNREIMBURSED TENNCARE \$ 1,572,216 UNREIMBURSED COVERTN \$ 278,698 TOTAL UNCOMPENSATED CARE \$ 27,162,037 V COMMUNITY SERVICES UHS PROVIDES NUMEROUS EDUCATION AND OUTREACH EFFORTS TO THE COMMUNITY, RANGING FROM HEALTH SCREENINGS AND FAIRS TO PRESENTATIONS TO AREA GROUPS THE VARIOUS PROGRAMS AND SERVICES ARE PROVIDED COMPLIMENTARY OR AT A MINIMAL CHARGE THESE ARE OFFERED THROUGHOUT THE YEAR BASED UPON ACTIVITIES AND SERVICES WHICH UHS BELIEVES WILL SERVE A BONA FIDE COMMUNITY HEALTH NEED A COMMUNITY EDUCATION AND OUTREACH UHS HAS A LONG-STANDING COMMITMENT TO COMMUNITY OUTREACH, AS EVIDENCED BY AN ACTIVE SCHEDULE OF SPECIAL PROGRAMS, SPEAKERS, AND DISTRIBUTION OF EDUCATIONAL MATERIALS, AS WELL AS HEALTH EDUCATION PRESENTATIONS FOR THE GENERAL PUBLIC AND CLASSES FOR POPULATIONS WITH SPECIAL HEALTH NEEDS IN 2012, THE MEDICAL CENTER HELD VARIOUS EDUCATIONAL PROGRAMS FOR THE COMMUNITY, INCLUDING LUNCH AND LEARN SERIES, HEALTH FAIRS AND FLU SHOTS MANY TIMES, A FEE WOULD COVER ONLY THE COST OF FOOD OR WOULD BE USED ONLY AS AN INCENTIVE FOR PARTICIPATION NO FEES WERE CHARGED FOR EDUCATION IN CORPORATE VENUES, OFFERED FOR EMPLOYEES AND FAMILIES TOTAL COST OF LECTURES, SEMINARS, AND EDUCATIONAL PROGRAMS \$ 224,782 IN 2012, UHS PROVIDED OTHER PROGRAMS AND ACTIVITIES THAT PROMOTE HEALTH FOR THE BENEFIT OF THE COMMUNITY SUCH AS SUPPORT GROUPS AND FUNDRAISERS TOTAL OTHER EDUCATION AND OUTREACH \$ 91,691 B HEALTH SCREENINGS UHS EMPLOYEES WORK DILIGENTLY TO ACHIEVE THE UHS MISSION OF SUPPORTING HEALTH EDUCATION FOR THE PUBLIC FROM PROVIDING DISPLAYS AND STAFF WHO CAN ANSWER QUESTIONS AT LOCAL HEALTH FAIRS TO UNDERWRITING THE COST OF COMPLIMENTARY COMMUNITY SCREENINGS, THE ORGANIZATION REACHES INTO THE COMMUNITY IN MANY WAYS TO IMPROVE RESIDENTS' UNDERSTANDING OF THE IMPACT OF LIFESTYLE CHOICES ON HEALTH SCREENINGS INCLUDED BLOOD PRESSURE, OSTEOPOROSIS, CHOLESTEROL, VISION, AND CANCER TOTAL COST OF SCREENINGS \$366,884 SUMMARY, COMMUNITY SERVICES EDUCATIONAL PROGRAMS \$224,782 TOTAL OTHER EDUCATION/OUTREACH \$91,691 TOTAL HEALTH SCREENINGS \$366,884 TOTAL QUANTIFIABLE VALUE OF COMMUNITY SERVICES \$683,357 VI TRAINING AND EDUCATION FOR HEALTHCARE PROFESSIONALS AS THE ONLY ACA</p>

Identifier	Return Reference	Explanation
		<p> DEMIC MEDICAL CENTER IN THE REGION, UHS IS COMMITTED TO EDUCATION IN ORDER TO PREPARE HEALTHCARE PROFESSIONALS FOR THE FUTURE. EDUCATION IS AN ONGOING ENDEAVOR FOR ALL EMPLOYEES, MANY OF WHICH WILL HAVE AN OPPORTUNITY TO SERVE AS TEACHERS AS WELL AS STUDENTS. THE MEDICAL CENTER COLLABORATES WITH THE GSM AND OTHER ACADEMIC INSTITUTIONS AND IT MAINTAINS A LEARNING ENVIRONMENT WITH DEVOTION TO TECHNOLOGICAL AND TREATMENT ADVANCES THAT PROVIDE BETTER CARE FOR PATIENTS. UNIVERSITY OF TENNESSEE GRADUATE SCHOOL OF MEDICINE THE MEDICAL CENTER SERVES AS THE CLINICAL EDUCATION SITE OF THE GSM, WHICH MANAGES ALL RESIDENCY, FELLOWSHIP AND SUBSPECIALTY PROGRAMS IN ASSOCIATION WITH THE UT COLLEGE OF MEDICINE AND DENTISTRY. THE GRADUATE SCHOOL OF MEDICINE HAS A THREE-FOLD MISSION OF EXCELLENCE IN EDUCATION, PATIENT CARE, AND RESEARCH. ANNUALLY, THE GRADUATE SCHOOL OF MEDICINE MAINTAINS OVER 200 FACULTY AND 170 RESIDENTS IN TRAINING AT THE MEDICAL CENTER. COMPONENTS OF THE GRADUATE SCHOOL OF MEDICINE INCLUDE: <ul style="list-style-type: none"> - RESIDENCY AND FELLOWSHIP PROGRAMS ARE OFFERED IN MEDICINE AND DENTISTRY - THE PRIMARY CARE RESIDENCY PROGRAMS ARE FAMILY MEDICINE, INTERNAL MEDICINE, OBSTETRICS AND GYNECOLOGY - THE REMAINING MEDICINE PROGRAMS INCLUDE ANESTHESIOLOGY, GENERAL SURGERY, NUCLEAR MEDICINE, PATHOLOGY, RADIOLOGY, TRANSITIONAL YEAR, AND UROLOGY - FELLOWSHIPS ARE OFFERED THROUGH THE DEPARTMENTS OF FAMILY MEDICINE, MEDICINE, SURGERY, AND PATHOLOGY - FAMILY MEDICINE FELLOWSHIPS INCLUDE EMERGENCY MEDICINE, SPORTS MEDICINE, BEHAVIORAL MEDICINE, OBSTETRICS, AND, IN CONJUNCTION WITH THE DEPARTMENT OF MEDICINE, A FELLOWSHIP IN GERIATRIC MEDICINE - SURGERY OFFERS FELLOWSHIPS IN BOTH VASCULAR SURGERY AND TRAUMA/CRITICAL CARE - THE DEPARTMENT OF PATHOLOGY OFFERS A FELLOWSHIP IN CYTOPATHOLOGY AND SURGICAL PATHOLOGY AND IS IN THE PROCESS OF OFFERING A FELLOWSHIP IN FORENSIC PATHOLOGY - THE DEPARTMENT OF RADIOLOGY OFFERS EDUCATIONAL OPPORTUNITIES IN PET - RESIDENCIES ARE OFFERED IN GENERAL DENTISTRY AS WELL AS ORAL AND MAXILLOFACIAL SURGERY ADDITIONALLY, THE MEDICAL CENTER SERVES AS A CLINICAL EDUCATION SITE FOR THE UT COLLEGE OF PHARMACY. OTHER TRAINING PROGRAMS OFFERED INCLUDE MEDICAL TECHNOLOGY, NUCLEAR MEDICINE TECHNOLOGY, NURSE ANESTHESIA CONCENTRATION, CLINICAL PASTORAL EDUCATION, AND RADIOGRAPHY TECHNOLOGY. </p> <p> 2012 FINANCIAL SUPPORT FOR HEALTHCARE TRAINING AND EDUCATION IS AS FOLLOWS (UNREIMBURSED COST IS BELOW): <ul style="list-style-type: none"> NURSE ANESTHESIA CONCENTRATION (47) \$124,775 SCHOOL OF RADIOLOGIC TECHNOLOGY (10) 90,938 SCHOOL OF MEDICAL TECHNOLOGY (11) 15,744 PHARMACY (11) 30,647 PASTORAL CARE (17) 226,216 GRADUATE SCHOOL OF MEDICINE (176) 15,809,170 TOTAL UNREIMBURSED COSTS OF TRAINING AND EDUCATION \$16,297,490 </p>

Identifier	Return Reference	Explanation
		<p>VII MEDICAL RESEARCH RESEARCH IS AN IMPORTANT PART OF THE UHS MISSION PATIENTS NEED PRACTITIONERS FAMILIAR WITH THE LATEST MEDICAL PROCEDURES AND TECHNOLOGY INVOLVEMENT IN CLINICAL TRIALS ADVANCES THE KNOWLEDGE OF OUR PHYSICIANS AND PROVIDES PATIENTS WITH ACCESS TO NEW THERAPIES THAT ARE OTHERWISE UNAVAILABLE RESEARCH ONE YEAR MAY BECOME STANDARD MEDICAL THERAPY THE FOLLOWING YEAR OF COURSE, LABORATORY RESEARCH SERVES AS THE UNDERPINNING FOR OUR CLINICAL INVESTIGATIONS RESEARCHERS ARE INVOLVED IN BASIC AND CLINICAL RESEARCH AND CLINICAL TRIALS PRIMARY RESEARCH AREAS INCLUDE VASCULAR ENDOTHELIAL BIOLOGY, IMMUNOLOGY, ONCOLOGY, AMYLOID-RELATED DISEASE, DIABETES, ALZHEIMER'S DISEASE, NUTRITION AND TRAUMA THE UNIVERSITY OF TENNESSEE GRADUATE SCHOOL OF MEDICINE HOUSES A NUMBER OF RESEARCH EFFORTS THAT HAVE ALREADY MADE A CONSIDERABLE IMPACT ON THE UNDERSTANDING AND TREATMENT OF SERIOUS MEDICAL DISORDERS, INCLUDING ALZHEIMER'S DISEASE, HUNTINGTON'S DISEASE, AMYLOID DISEASE, MULTIPLE MYELOMA, OVARIAN AND BREAST CANCER, AND REPRODUCTIVE DISORDERS THESE FOCUSED ARE AS OF EXCELLENCE PROVIDE AN EVER INCREASING INTERFACE BETWEEN THE CLINICAL AND RESEARCH ARMS OF THE MEDICAL CENTER TOTAL UNREIMBURSED COST OF MEDICAL RESEARCH \$272,266</p> <p>VIII DONATIONS UHS RECOGNIZES THE IMPACT THAT OTHER NON-PROFIT ORGANIZATIONS HAVE ON THE COMMUNITY IN WHICH THEY SERVE IN ADDITION TO ITS DIRECT CONTRIBUTIONS TO THE COMMUNITY THROUGH ITS SERVICES, INDIGENT CARE, AND COMMUNITY EDUCATION AND OUTREACH, UHS PROVIDES CASH AND NONCASH DONATIONS TO VARIOUS CHARITABLE AND CIVIC ORGANIZATIONS WITHIN THE COMMUNITY THESE EFFORTS AFFIRM UHS' ROLE AS A CORPORATE CITIZEN, SUPPORTING COMMUNITY ORGANIZATIONS AND ENHANCING THE QUALITY OF LIFE IN THE EAST TENNESSEE AREA IN 2012, UHS PROVIDED SUPPORT OF MORE THAN \$212,550 NUMEROUS HEALTH AND HUMAN SERVICE AGENCIES, INCLUDING BUT NOT LIMITED TO THE FOLLOWING RECIPIENTS - AMERICAN CANCER SOCIETY - AMERICAN HEART ASSOCIATION - EAST TENNESSEE CHILDREN'S HOSPITAL - GOODWILL INDUSTRIES-KNOXVILLE - GREAT SMOKY MOUNTAIN COUNCIL - HELEN ROSS MCNABB - KNOXVILLE ACADEMY OF MEDICINE - KNOXVILLE ACADEMY OF MEDICINE PROJECT ACCESS - KNOX COUNTY IMAGINATION LIBRARY - MARCH OF DIMES - UNITED WAY - MANY ADDITIONAL DONATIONS TO SUPPORT COMMUNITY EVENTS AND SERVICES, CHURCHES AND SCHOOLS IN ADDITION TO THE CASH DONATIONS ITEMIZED ABOVE, UHS IS UNABLE TO QUANTIFY MANY OF THE SERVICES AND BENEFITS IT PROVIDES TO VARIOUS ORGANIZATIONS TOTAL DONATIONS AND IN-KIND CONTRIBUTIONS \$212,550</p> <p>IX OTHER COMMUNITY BUILDING ACTIVITIES A IMPROVE ACCESS TO HEALTHCARE UHS ALSO PROVIDES PROGRAMS TO IMPROVE ACCESS TO HEALTHCARE FOR INDIVIDUALS WHO LACK INSURANCE DURING 2012, UHS DEDICATED AN EMPLOYEE TO WORK ENTIRELY WITH SELF-PAY PATIENTS IN HELPING THEM APPLY FOR STATE ASSISTANCE THROUGH THE TENNCARE PROGRAM ADDITIONALLY DURING 2012, UHS DEDICATED TWO CLERKS TO ASSIST, ONE OF WHICH SERVES AS AN INTERPRETER FOR PATIENTS WHOSE FIRST LANGUAGE IS NOT ENGLISH UHS STRIVES TO MEET THE NEEDS OF THE COMMUNITY'S EVER-GROWING IMMIGRANT POPULATION BY ENSURING FULL ACCESS TO HEALTHCARE WITHOUT ALLOWING COMMUNICATION TO BE A BARRIER COSTS RELATED TO IMPROVING ACCESS TO HEALTHCARE IN 2012 WERE \$92,000</p> <p>B COMMUNITY HEALTH IMPROVEMENT UHS PROVIDED SUPPORT TO INTERFAITH HEALTH CLINIC PROVIDING AFFORDABLE MEDICAL CARE, DENTAL CARE, MENTAL HEALTH COUNSELING AND PRESCRIPTION MEDICATIONS FOR THE WORKING UNINSURED COSTS RELATED TO COMMUNITY HEALTH IMPROVEMENT WERE \$50,000 IN 2012</p> <p>C COMMUNICATION INTERPRETER THE COMMUNITY IN WHICH UHS OPERATES HAS EXPERIENCED A SIGNIFICANT INCREASE IN INDIVIDUALS WHO SPEAK LIMITED OR NO ENGLISH AND/OR WHO USE ENGLISH ONLY AS A SECOND LANGUAGE AS SUCH, UHS HAS EXPANDED ITS OUTREACH EFFORTS TO SUCH INDIVIDUALS BY USING INTERPRETERS IN ADDITION, UHS PURCHASES INTERPRETER SERVICES FOR THOSE WHO ARE HEARING IMPAIRED DURING 2012, UHS INCURRED COSTS FOR THE CYRACOM TELEPHONE INTERPRETER, WHEREBY NON-ENGLISH SPEAKING PATIENTS ARE ABLE TO COMMUNICATE WITH THE MEDICAL STAFF AND HEARING IMPAIRED INTERPRETERS COSTS FOR INTERPRETERS IN 2012 WERE \$196,105</p> <p>D ECONOMIC DEVELOPMENT UHS SUPPORT ECONOMIC DEVELOPMENT ACTIVITIES THROUGH THE EAST TENNESSEE DEVELOPMENT AGENCY AND LEADERSHIP DEVELOPMENT COSTS RELATED TO ECONOMIC DEVELOPMENT IN 2012 WERE \$45,511</p> <p>TOTAL OTHER QUANTIFIABLE COMMUNITY BUILDING ACTIVITIES \$342,656</p> <p>X CONTRIBUTIONS OF VOLUNTEERS SINCE 1962, UT MEDICAL CENTER HAS ENJOYED THE SERVICES OF THE VOLUNTEERS WHO HAVE GIVEN OVER 840,000 HOURS THE VOLUNTEER DEPARTMENT COORDINATES THE ACTIVITIES OF THREE MAIN GROUPS OF VOLUNTEERS THE AUXILIARY, INDEPENDENT VOLUNTEERS, AND THE JUNIOR VOLUNTEERS ALL VOLUNTEERS WHO DONATE TIME AND SERVICE TO THE MEDICAL CENTER WORK IN A VARIETY OF SETTINGS SUCH AS INPATIENT AND OUTPATIENT FACILITY DEPARTMENTS, PATIENT RECEPTION AREAS, GIFT SHOP, ETC LIFTING THE SPIRITS OF UPMC PATIENTS IS WHAT THE VOLUNTEER PROGRAM IS ALL ABOUT VOLUNTEERS ARE INVOLVED IN SUCH ACTIVITIES AS DELI</p>

Identifier	Return Reference	Explanation
		<p>VERING FLOWERS, MAIL AND GIFTS, SERVING REFRESHMENTS AND PROVIDING WARM BLANKETS FOR THE ONCOLOGY PATIENTS, READING MATERIALS, A CHEERFUL SMILE AND A COMFORTING WORD VOLUNTEERS ALSO PROVIDE A VALUABLE SOURCE OF INFORMATION FOR THE PATIENTS' FAMILIES AND FRIENDS AND ARE ESPECIALLY IMPORTANT WHEN SERVING AS A LIAISON DURING CRUCIAL TIMES IN THE FAMILY WAITING LOUNGES CURRENTLY, THE GROUP OF NEARLY 250 PEOPLE IS DIVIDED AMONG AUXILIARY MEMBERS, INDEPENDENT VOLUNTEERS, AND JUNIOR VOLUNTEERS FOR 2012, VOLUNTEERS DONATED ALMOST 41,000 HOURS OF SERVICE TO THE MEDICAL CENTER THE AUXILIARY CONTRIBUTED \$115,000 TO THE MEDICAL CENTER IN 2012 AS FOLLOWS \$25,000 TOWARD THE PEDIATRIC NICU RESPIRATORY EQUIPMENT, \$25,000 TO THE TEAM TRAINING PROGRAM, \$25,000 TO THE MAGNET NURSING PROGRAM AND \$40,000 TO THE HELPING HANDS FUND OVER THE YEARS, THE UNIVERSITY OF TENNESSEE HOSPITAL AUXILIARY HAS PROVIDED NEARLY 3 MILLION DOLLARS TO THE MEDICAL CENTER IN SUPPORT OF THE ONGOING MISSION, VISION AND VALUES OF THE INSTITUTION XI SUMMARY OF QUANTIFIABLE COMMUNITY BENEFITS PROVIDED BY THE SYSTEM, 2012 A SUMMARY LISTING OF THE QUANTIFIABLE COMMUNITY BENEFITS PROVIDED BY UHS DESCRIBED IN THE BODY OF THIS REPORT APPEARS BELOW MANY OF THE BENEFITS DESCRIBED ON THE PREVIOUS PAGES CANNOT BE QUANTIFIED IN DOLLARS, ESPECIALLY MANY OF UHS' CONTRIBUTIONS IN THE AREA OF COMMUNITY HEALTH EDUCATION AND OUTREACH A CONTRIBUTIONS MEASURABLE IN DOLLARS UNCOMPENSATED PATIENT CARE \$27,162,037 COMMUNITY SERVICES 683,357 TRAINING AND EDUCATION FOR HEALTHCARE PROFESSIONALS 16,297,490 RESEARCH 272,266 DONATIONS 212,550 OTHER COMMUNITY OUTREACH ACTIVITIES 342,656 TOTAL CONTRIBUTIONS \$44,970,356 B RELATED CONTRIBUTIONS MEASURABLE IN DOLLARS EMPLOYEE DONATIONS FOR HEALTH SYSTEM-SANCTIONED CHARITABLE AND COMMUNITY SERVICE EVENTS \$ 98,381 CONTRIBUTIONS OF HOSPITAL'S VOLUNTEER ORGANIZATIONS 115,000 TOTAL RELATED CONTRIBUTIONS \$ 213,381 TOTAL QUANTIFIABLE COMMUNITY BENEFITS, 2012 TOTAL CONTRIBUTIONS \$44,970,356 RELATED CONTRIBUTIONS 213,381 TOTAL QUANTIFIABLE COMMUNITY BENEFITS \$45,183,737</p>

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SYSTEM INC

Employer identification number
31-1626179

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) UHS ASC LLC 1520 CHEROKEE TRAIL STE 200 KNOXVILLE, TN 37920 31-1626179	INVESTMENT COMPANY	TN	0	0	UNIVERSITY HEALTH SYSTEM INC
(2) REGIONAL TRAUMA SERVICES LLC 1520 CHEROKEE TRAIL STE 330 KNOXVILLE, TN 37920 20-2769076	TRAUMA MANAGEMENT	TN	1,733,345	382,293	UNIVERSITY HEALTH SYSTEM INC

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

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

Part III

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) UHS VENTURES INC 9000 EXECUTIVE PARK DRIVE D-240 KNOXVILLE, TN 37923 62-1619460	MANAGEMENT SERVICES	TN	UNIVERSITY HEALTH SYSTEM INC	C	1,095,819	698,971	100 000 %	Yes	

Part V

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

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

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 or (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

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

No

Yes

No

No

No

No

Yes

Yes

Yes

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

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

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 31-1626179
Name: UNIVERSITY HEALTH SYSTEM INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements and Schedules

December 31, 2012 and 2011

(With Independent Auditors' Reports Thereon)



KPMG LLP
Suite 1000
401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report

The Board of Directors
University Health System, Inc

We have audited the accompanying consolidated financial statements of University Health System, Inc and subsidiaries (UHS), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

The management of UHS is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to UHS' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UHS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of University Health System, Inc and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with U S generally accepted accounting principles.



As discussed in note 1 to the consolidated financial statements, UHS changed its presentation of provision for doubtful accounts as a result of the adoption of Accounting Standards Update No 2011-07, *Health Care Entities Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*

KPMG LLP

Nashville, Tennessee
March 25, 2013

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2012 and 2011

Assets	2012	2011
Current assets		
Cash and cash equivalents	\$ 64,459,130	53,488,082
Short-term investments	16,213,189	19,049,554
Current portion of assets limited as to use	205,534	205,532
Patient accounts receivable, net of allowance for doubtful accounts of \$40,393,000 and \$35,145,000 at December 31, 2012 and 2011, respectively	72,489,282	68,062,338
Other receivables	6,647,541	4,785,169
Estimated third-party settlements	19,998,341	19,878,212
Inventories	5,507,111	6,186,619
Prepaid expenses and other current assets	1,440,648	943,965
Total current assets	186,960,776	172,599,471
Assets limited as to use, less current portion	11,034,902	8,105,776
Long-term investments	136,115,854	125,904,665
Property and equipment, net	203,440,802	196,292,034
Deferred financing costs, net of accumulated amortization of \$425,000 and \$333,000 at December 31, 2012 and 2011, respectively	2,080,017	2,171,977
Investments in affiliated organizations	2,647,094	2,600,857
Other assets	5,880,407	3,646,834
Total assets	\$ 548,159,852	511,321,614
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 10,325,303	11,347,727
Accounts payable	48,189,513	46,862,557
Accrued pay roll and related liabilities	30,267,632	27,776,870
Accrued expenses and other current liabilities	20,687,411	18,769,036
Estimated third-party settlements	7,988,998	6,941,671
Total current liabilities	117,458,857	111,697,861
Long-term debt, less current portion	271,352,198	257,988,092
Other liabilities	15,735,586	17,315,249
Total liabilities	404,546,641	387,001,202
Net assets		
Unrestricted	135,492,995	116,132,223
Temporarily restricted	3,004,377	3,134,867
Permanently restricted	5,115,839	5,053,322
Total net assets	143,613,211	124,320,412
Total liabilities and net assets	\$ 548,159,852	511,321,614

See accompanying notes to consolidated financial statements

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Statements of Operations
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue		
Net patient service revenue	\$ 599,093,457	554,335,512
Provision for doubtful accounts	<u>(61,277,376)</u>	<u>(49,372,617)</u>
Net patient service revenue less provision for doubtful accounts	537,816,081	504,962,895
Other revenue	<u>36,995,804</u>	<u>36,639,519</u>
Total revenue	<u>574,811,885</u>	<u>541,602,414</u>
Operating expenses		
Salaries, wages, and benefits	256,646,078	242,633,399
Medical supplies and drugs	139,614,343	125,371,828
Purchased services	78,773,484	72,534,847
Graduate medical education reimbursed to the University	31,120,692	30,167,311
Insurance and other	28,148,288	27,323,923
Interest	12,218,668	12,167,745
Depreciation and amortization	<u>24,490,737</u>	<u>22,674,981</u>
Total operating expenses	<u>571,012,290</u>	<u>532,874,034</u>
Operating income	<u>3,799,595</u>	<u>8,728,380</u>
Nonoperating gains		
Contributions	3,606,812	983,710
Investment income	7,958,604	3,105,577
Change in fair value of derivative instrument	<u>3,995,761</u>	<u>2,216,165</u>
Total nonoperating gains, net	15,561,177	6,305,452
Net income attributable to noncontrolling interest	<u>—</u>	<u>18,201</u>
Revenue and gains in excess of expenses and losses	19,360,772	15,052,033
Purchase of noncontrolling interest	<u>—</u>	<u>(379,594)</u>
Increase in unrestricted net assets	<u>\$ 19,360,772</u>	<u>14,672,439</u>

See accompanying notes to consolidated financial statements

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Net assets attributable to UHS	Noncontrolling interest	Total net assets
Balance at December 31, 2010	\$ 101,459,784	1,975,856	4,526,686	107,962,326	526,902	108,489,228
Revenue and gains in excess of expenses and losses	15,052,033	—	—	15,052,033	(18,201)	15,033,832
Purchase of noncontrolling interest	(379,594)	—	—	(379,594)	(508,701)	(888,295)
Contributions	—	2,046,906	526,636	2,573,542	—	2,573,542
Net assets released from restriction used in operations	—	(887,895)	—	(887,895)	—	(887,895)
Balance at December 31, 2011	116,132,223	3,134,867	5,053,322	124,320,412	—	124,320,412
Revenue and gains in excess of expenses and losses	19,360,772	—	—	19,360,772	—	19,360,772
Contributions	—	2,273,242	62,517	2,335,759	—	2,335,759
Net assets released from restriction used in operations	—	(2,403,732)	—	(2,403,732)	—	(2,403,732)
Balance at December 31, 2012	<u>\$ 135,492,995</u>	<u>3,004,377</u>	<u>5,115,839</u>	<u>143,613,211</u>	<u>—</u>	<u>143,613,211</u>

See accompanying notes to consolidated financial statements

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase in total net assets	\$ 19,292,799	16,358,086
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Depreciation and amortization	24,490,737	22,674,981
Provision for doubtful accounts	61,277,376	49,372,617
Equity in earnings of affiliated organizations	(1,281,993)	(2,299,099)
Imputed interest on capital lease obligation	1,865,592	1,761,588
Changes in unrealized gains on trading securities	(2,909,056)	1,610,159
Realized gains on trading securities	(795,476)	(584,287)
Change in fair value of derivative instrument	(3,995,761)	(2,216,165)
Amortization of financing costs	91,960	81,021
Amortization of bond premium	(431,599)	(510,514)
Gain on sale of assets, net	(75,357)	(17,594)
Noncontrolling interest in earnings of consolidated subsidiaries	—	(18,201)
Changes in assets and liabilities affecting operating activities		
Patient accounts receivable	(65,704,320)	(55,051,911)
Other receivables	(1,862,372)	649,646
Estimated third-party settlements	927,198	(3,127,705)
Inventories	679,508	(706,015)
Prepaid expenses and other current assets	(2,730,256)	(3,371,205)
Accounts payable	790,025	2,066,576
Accrued payroll and related liabilities	2,490,762	4,798,349
Accrued expenses and other liabilities	4,334,473	(2,188,979)
Net cash provided by operating activities	<u>36,454,240</u>	<u>29,281,348</u>
Cash flows from investing activities		
Proceeds from sale or maturity of investments	243,358,754	291,775,706
Purchases of investments	(249,958,175)	(297,688,900)
Purchases of property and equipment	(30,776,548)	(40,099,020)
Proceeds from the sale of assets	1,228	1,300
Capital distributions from affiliated organization	1,235,756	2,385,696
Purchase of equity interest in affiliated organization	—	(508,701)
Net cash used in investing activities	<u>(36,138,985)</u>	<u>(44,133,919)</u>

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	21,994,846	21,427,314
Payments of long-term debt	<u>(11,339,053)</u>	<u>(11,664,838)</u>
Net cash provided by financing activities	<u>10,655,793</u>	<u>9,762,476</u>
Increase (decrease) in cash and cash equivalents	10,971,048	(5,090,095)
Cash and cash equivalents at beginning of year	<u>53,488,082</u>	<u>58,578,177</u>
Cash and cash equivalents at end of year	<u>\$ 64,459,130</u>	<u>53,488,082</u>
Supplemental disclosure of cash flow information		
Cash paid for interest for the years ended December 31, 2012 and 2011 was \$11,767,814 (net of amount capitalized of \$160,497) and \$11,313,819 (net of amount capitalized of \$329,835), respectively		
Noncash investing activities		
Assets and liabilities resulting from equipment purchases		
Equipment	\$ 788,828	6,626,092
Accounts payable	536,931	1,707,334
Capital lease	251,897	4,918,758

See accompanying notes to consolidated financial statements

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(1) Summary of Significant Accounting Policies

(a) Organization, Principles of Consolidation, and Operations

University Health System, Inc. (UHS), a Tennessee nonprofit corporation, comprises the following (1) University of Tennessee Medical Center (Medical Center), (2) UHS Ventures, Inc. (UHSV), (3) University Ambulatory Surgical Center, LLC (UASC), and (4) Regional Trauma Service, LLC (RTS). All significant intercompany balances and transactions have been eliminated in consolidation. The mission of UHS is to serve as a regional healthcare provider, as well as a research and educational facility.

UHS was created on December 21, 1998 for the purpose of restructuring the operation, management, and governance of the Medical Center, and to negotiate agreements with The University of Tennessee (the University) to facilitate the restructuring. Effective July 29, 1999, UHS acquired certain assets and the operations of the Medical Center from the University, and the Medical Center became an operating division of UHS. Prior to July 29, 1999, the Medical Center operated as a budget entity of the University.

UHS entered into the following agreements to acquire the operations of the Medical Center from the University: (1) the Lease and Transfer Agreement, whereby UHS leases certain real property and acquired certain personal property from the University, (2) the Employee Services Agreement, whereby UHS leases certain of the Medical Center's employees from the University, and (3) the Affiliation Agreement, whereby UHS and the University agree to continue the Medical Center's historical relationship with the University of Tennessee Graduate School of Medicine (GSM). The effective date of the transfer of Medical Center operations to UHS was July 29, 1999. The transaction was accounted for as a purchase. The restructuring of Medical Center operations and the transfer agreements are explained in more detail in note 2.

University Health System, Inc. and University of Tennessee Medical Center

The Medical Center, an operating division of UHS, is an academic medical center delivering tertiary medical care to a 21-county region in eastern Tennessee. The Medical Center is a regional referral center for eastern Tennessee, western North Carolina, and southeastern Kentucky. The Medical Center is licensed for 581 acute care beds and has been designated by the State of Tennessee (State) as a Level I adult and pediatric Trauma Center, supported by five aeromedical helicopters. The State has also designated the Medical Center as a Regional Perinatal Center for high-risk pregnancy.

UHS Ventures, Inc.

UHSV, a Tennessee nonprofit taxable organization and wholly owned subsidiary of UHS, had a 33% ownership interest in University of Tennessee Medical Center Home Care Services, LLC (UTMCHCS). The purpose of UTMCHCS is to provide home health and hospice services to UHS patients. Effective July 1, 2010, UTMCHCS was transferred to UHS. UHS' ownership interest in UTMCHCS is accounted for using the equity method.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

University Ambulatory Surgical Center, LLC

UASC operated an ambulatory surgery center located at the Medical Center through January 31, 2011. Effective February 1, 2011, UHS purchased the remaining equity interest in UASC. UASC is now accounted for as an operating department of UHS.

Regional Trauma Service, LLC

RTS, a nonprofit organization and wholly owned subsidiary of UHS, was established to provide physician services to patients of the Medical Center who have suffered a traumatic injury.

Also, see note 8, *Investments in Affiliated Organizations*.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Specifically, laws and regulations governing the Medicare and TennCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

(c) Cash and Cash Equivalents

UHS considers all highly liquid, interest-bearing investments with a maturity of three months or less when purchased to be cash equivalents.

(d) Investments and Investment Income

Investments held by UHS are classified as trading securities and are reported at fair value in the consolidated balance sheets. Fair values are based on quoted market prices.

Investment income on borrowed funds held by a trustee, to the extent not capitalized during a construction period, is recorded as other revenue. Investment income or loss, including realized and unrealized gains or losses, from all other investments is recorded as nonoperating gains (losses) unless temporarily or permanently restricted by donors.

(e) Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees in endowment funds and nonqualified deferred compensation plan assets. Amounts required to meet current liabilities and current capital expenditure budget requirements have been reclassified as current assets in the accompanying consolidated balance sheets at December 31, 2012 and 2011.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(f) Inventories

Supply inventories are stated at the lower of cost or market value, determined on the weighted average cost basis or on the first-in, first-out basis. Pharmacy inventories are stated at the lower of cost or market value, determined on the first-in, first-out basis.

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation is calculated on the straight-line basis over the estimated useful lives of the respective assets, except for leasehold improvements, which are amortized over the shorter of the expected useful life of the asset or related lease term. Buildings under capital lease obligations are amortized using the straight-line method over 20 years or longer (note 9). Such amortization is included in depreciation and amortization in the accompanying consolidated financial statements. Interest expense related to construction projects is capitalized during the construction period.

(h) Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the consolidated balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated.

(i) Deferred Financing Costs

Deferred financing costs consist of bond issuance costs and are amortized using the interest method or the straight-line method (which approximates the interest method) over the related terms of the debt.

(j) Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of UHS and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that are available for use either by the passage of time or by actions of UHS.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by UHS. Generally, the donors of these assets permit UHS to use all or part of the income earned on related investments for general or specific purposes.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Endowment – On January 1, 2008, UHS adopted Financial Accounting Standards Board (FASB) Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations*. Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*. ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Effective July 1, 2007, the State adopted legislation that incorporates the provisions outlined in UPMIFA. UHS' endowments consist solely of donor-restricted endowment funds. UHS' endowments consist of sixteen individual funds established for a variety of purposes.

UHS 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. As a result of this interpretation, UHS 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 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 approved for expenditure by UHS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UHS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of UHS and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of UHS, and (7) the investment policies of UHS.

UHS 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 organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in equities, fixed income, and cash equivalents.

UHS has a policy of annually approving for distribution investment income on endowments unless the endowment specifically states that the income should be accumulated in the fund until a maximum level is reached in the fund. For the years ended December 31, 2012 and 2011, there was approximately \$145,500 and \$113,000, investment income earned, appropriated, and recognized as unrestricted revenue and gains, respectively.

From time to time, it is possible that the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires UHS to retain as a fund of perpetual duration. These deficiencies could result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions. There were no such deficiencies as of December 31, 2012 or 2011.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions, whose restrictions are met in the same reporting period as the contributions are recorded as increases in unrestricted net assets.

(k) *Noncontrolling Interest*

Effective January 1, 2010, UHS adopted the new provisions of ASC 810-10-65-1, *Consolidation*, regarding noncontrolling interest in consolidated financial statements. This guidance requires UHS to clearly identify and present ownership interest in subsidiaries held by parties other than UHS in the consolidated financial statements within the net assets section. It also requires the amounts of consolidated revenues and gains in excess of expenses and losses attributable to UHS and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statements of operations.

(l) *Consolidated Statement of Operations*

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses. Peripheral or incidental transactions are reported as gains and losses.

(m) *Net Patient Service Revenue*

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. On the basis of historical experience, a significant portion of UHS' uninsured patients will be unable or unwilling to pay for the services provided. Therefore, UHS records a significant provision for doubtful accounts related to uninsured patients. This provision for doubtful accounts is presented on the consolidated statements of operations as a component of net patient revenue.

(n) *Charity Care*

UHS provides care to patients who meet criteria under its charity care policy without charge or at amounts less than its established rates. UHS does not report as revenue the charges that qualify as charity care because UHS does not pursue collection of those amounts.

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(o) *Derivative Financial Instrument*

UHS has not elected to use hedge accounting with respect to its derivative financial instrument. The derivative financial instrument is recognized as an asset or liability in the consolidated balance sheets at fair value. UHS includes the accrued differential payable or receivable on its derivative in operating income. The estimated gain or loss on the fair value of the derivative is included in nonoperating gains, net.

(p) *Income Taxes*

UHS has been recognized as a tax-exempt organization pursuant to Section 501(a) of the Internal Revenue Code as an entity described under Section 501(c)(3). The Surgical Center was a limited liability company treated as a partnership for state and federal tax purposes pursuant to the provisions of the Tennessee Limited Liability Company Act through February 1, 2011. After that time, it is a single member limited liability company disregarded as an entity separate from UHS for federal tax purposes. RTS is a single member limited liability company disregarded as an entity separate from UHS for federal tax purposes. UHSV is a Tennessee nonprofit corporation that is not exempt from federal taxes. Income tax expense for UHSV for the years ended December 31, 2012 and 2011 was not significant and was offset by operating losses in prior years for tax purposes.

(q) *Fair Value Measurements*

The following methods and assumptions were used by management in estimating fair values for financial instruments:

Current Assets and Current Liabilities – The carrying amounts reported in the accompanying consolidated balance sheets for current assets and liabilities approximate their fair value because of the short-term nature of these accounts.

Investments and Assets Limited as to Use – The carrying amounts reported in the accompanying consolidated balance sheets for long-term investments and assets limited as to use is fair value, which is based on quoted market prices.

Derivative Instruments – The fair value of UHS' derivative instrument is derived from a discounted cash flow analysis based on terms of the contract and the interest rate curve.

Debt – The fair value of long-term debt issued through the Health, Educational and Housing Facilities Board of the County of Knox, based on quoted market prices for the same or similar issues, was approximately \$271,845,000 and \$245,647,000 at December 31, 2012 and 2011, respectively. The carrying amount of other long-term debt reported in note 9 and on the consolidated balance sheets approximates the related fair value.

(r) *Recent Accounting Pronouncements*

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 for Certain Health Care Entities* (ASU 2011-07). UHS adopted ASU 2011-07 in fiscal year 2012 and applied it

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retrospectively to fiscal year 2011. UHS' presentation of provision for doubtful accounts in the consolidated statements of operations is now shown as a deduction from net patient service revenue, and was approximately \$61,277,000 and \$49,373,000 for the years ended December 31, 2012 and 2011, respectively. In addition, there are enhanced disclosures about the entities policies for recognizing revenue and assessing bad debts. The ASU also requires disclosures of patient service revenue as well as qualitative and quantitative information about changes in the allowance for doubtful accounts.

(s) *Reclassifications*

Certain 2011 amounts have been reclassified to conform to 2012 consolidated financial statement presentation. This includes reclassification of the provision for doubtful accounts from a component of operating expense to a deduction from net patient service revenue in accordance with ASU 2011-07. The reclassifications had no impact on total assets or changes in net assets.

(2) Acquisition of Medical Center Operations from the University

During 1999, UHS entered into the Lease and Transfer Agreement, the Employee Services Agreement, and the Affiliation Agreement to acquire the operations of the Medical Center from the University.

Under terms of the Lease and Transfer Agreement, UHS purchased, on July 29, 1999, all of the operating assets of the Medical Center, including all personal property, equipment, inventory, current assets, fund reserves, and other assets used by the Medical Center, other than real property. The real property used by the Medical Center is leased from the University to UHS for a term of 50 years.

Under terms of the Employee Services Agreement, existing UHS employees, and all employees hired subsequent to July 28, 1999, are UHS employees. All other Medical Center employees as of July 28, 1999 are leased by UHS from the University and retain all University benefits. The Employee Services Agreement continues until the earlier of the termination of the Lease and Transfer Agreement or the separation from service of the last leased University employee.

The Affiliation Agreement governs the continued relationship between GSM and UHS. UHS will pass through certain federal and state funds earmarked for graduate medical education (note 11). The Medical Center will continue to be the primary teaching site for GSM.

(3) Charity Care

The Medical Center provides services to patients who meet the criteria of its charity care policy without charge or at amounts less than its established rates. The criteria for charity care considers household income in relation to the federal poverty guidelines and the equity value of real property assets. The Medical Center provides qualifying services without charge for patients with adjusted gross income equal to or less than 200% of the poverty guidelines. For patients with adjusted gross income between 200% and 300% of the poverty guidelines, a partial charity write-off can be applied. If the patient's household income exceeds 300% of the poverty guidelines, the patient may still receive charity care services under the Medical Center's catastrophic medical policies.

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The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone and estimated costs incurred for services and supplies furnished under its charity care policy and equivalent service statistics. Costs incurred are estimated based on the ratio of departmental costs to gross charges plus overhead. The following information measures the approximate level of charity care provided during the years ended December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Charges foregone, based on established rates	\$ 41,177,000	41,903,000
Estimated costs incurred, less payments received	10,254,000	10,980,000

For the years ended December 31, 2012 and 2011, 3,174 and 3,901 patients received charity care, respectively. The charges foregone related to these patients were approximately 2.2% and 2.5% of gross patient revenue for each year, respectively. UHS also provided other community benefit, for which the value has not been quantified.

(4) Investments

Investments at December 31, 2012 and 2011 include the following:

	<u>2012</u>	<u>2011</u>
Cash equivalents	\$ 246,686	499,638
Money market funds	10,936,121	8,526,441
Corporate obligations	77,141,092	63,491,724
U.S. Treasury and agency obligations	49,077,031	59,603,419
Mutual funds	14,928,113	12,832,997
	<u>152,329,043</u>	<u>144,954,219</u>
Less short-term investments	<u>16,213,189</u>	<u>19,049,554</u>
Long-term investments	<u>\$ 136,115,854</u>	<u>125,904,665</u>

Investment income comprises the following for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest income	\$ 4,254,072	4,131,449
Realized gain on sales of securities, net	795,476	584,287
Unrealized (loss) gain on securities	2,909,056	(1,610,159)
	<u>\$ 7,958,604</u>	<u>3,105,577</u>

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(5) Net Patient Service Revenue

UHS has contractual agreements with third-party payors who reimburse UHS at amounts different from its established rates. Some of these payors also provide cost-based reimbursement for certain services, for which final settlement is determined based on the payors' audits of annual reports submitted by UHS.

Substantially, all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. Those rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Medicare reimbursement reports have been audited, and final settlements have been determined by the Medicare Fiscal Intermediary through the year ended December 31, 2010. Periods for which final settlements have not been made are subject to audit by program representatives. In the opinion of management, adequate provision has been made in the accompanying consolidated financial statements for the effects of estimated final settlements.

Effective January 1, 1994, the State replaced the existing Medicaid program with its TennCare program for providing healthcare to the poor and uninsured. TennCare beneficiaries enroll directly with a managed care organization (MCO) to provide their healthcare needs. These MCOs contract directly with healthcare providers to provide services to their enrollees. The basis for payment to UHS includes per diem rates, rates per discharge, and discounts from established charges.

UHS also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to UHS under these agreements includes per diem rates, rates per discharge, and discounts from established charges.

Pursuant to the Affiliation Agreement (note 2), UHS is required to pass through to the GSM certain federal and state funds earmarked for graduate medical education.

Revenue from the Medicare and TennCare programs accounted for approximately 42% and 14%, respectively, of UHS' net patient service revenue for the year ended December 31, 2012. Revenue from the Medicare and TennCare programs accounted for approximately 45% and 15%, respectively, of UHS' net patient revenue for the year ended December 31, 2011. Laws and regulations governing the Medicare and TennCare programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased approximately \$119,000 and \$1,385,000 in 2012 and 2011, respectively, due to final settlements and revised estimated settlements in excess of amounts previously recorded, removal of allowances previously estimated that are no longer necessary as a result of final settlements, and years that are no longer subject to audits, reviews, and investigations.

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UHS grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross Medical Center receivables from patients and third-party payors at December 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Medicare	34%	30%
TennCare/Medicaid	26	29
Other third-party payors	27	29
Other agencies	3	3
Patients	10	9
	<u>100%</u>	<u>100%</u>

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the consolidated statements of operations is as follows for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	\$ 1,893,307,086	1,699,509,717
Less:		
Contractual adjustments and other discounts	(1,253,036,623)	(1,103,271,148)
Charity care	(41,177,006)	(41,903,057)
Net patient service revenue before provision for doubtful accounts	599,093,457	554,335,512
Less provision for doubtful accounts	(61,277,376)	(49,372,617)
Net patient service revenue	<u>\$ 537,816,081</u>	<u>504,962,895</u>

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(6) Assets Limited as to Use

Assets limited as to use at December 31, 2012 and 2011 include the following

	<u>2012</u>	<u>2011</u>
Endowment funds – held for investment:		
Money market funds	\$ 268,694	247,414
Corporate bonds	2,165,962	1,731,973
Mutual funds	3,226,629	3,073,695
	<u>5,661,285</u>	<u>5,053,082</u>
Other	5,579,151	3,258,226
	<u>11,240,436</u>	<u>8,311,308</u>
Less current portion	205,534	205,532
	<u>\$ 11,034,902</u>	<u>8,105,776</u>

(7) Property and Equipment

Property and equipment at December 31, 2012 and 2011 are summarized as follows

	<u>2012</u>	<u>2011</u>
Land	\$ 2,614	2,614
Buildings	16,818	16,818
Equipment	163,461,675	155,053,720
Leasehold improvements	210,045,354	174,345,596
Buildings under capital lease obligation	15,500,439	15,500,439
	<u>389,026,900</u>	<u>344,919,187</u>
Less accumulated depreciation and amortization	193,476,049	170,769,358
	<u>195,550,851</u>	<u>174,149,829</u>
Construction in progress	7,889,951	22,142,205
Property and equipment, net	<u>\$ 203,440,802</u>	<u>196,292,034</u>

UHS had outstanding commitments under construction contracts for renovation projects totaling approximately \$2,132,000 and \$7,497,000 at December 31, 2012 and 2011, respectively, which are expected to be financed primarily from project funds (note 9)

(8) Investments in Affiliated Organizations

UHS and its subsidiaries have investments in DL/UHS, Inc (the Partnership) and UTMCHCS

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DL/UHS, Inc.

UHS and Dynacare Laboratory Management Limited entered into an agreement for ownership in the Partnership to operate an efficient, cost-effective, and competitive laboratory service organization. The Partnership provides UHS with laboratory testing required for its patients, as well as referral laboratory services. UHS' ownership interest is 5% and is accounted for using the equity method. UHS' investment in the Partnership at December 31, 2012 and 2011 was approximately \$1,122,000 and \$1,025,000, respectively.

Under a services agreement renewed in 2010, UHS agreed to pay a flat base rate per lab test performed. The term of the agreement is for 51 months through 2014. For the years ended December 31, 2012 and 2011, UHS incurred costs of approximately \$12,119,000 and \$11,225,000, respectively, related to this agreement. As of December 31, 2012 and 2011, UHS had accounts payable to the Partnership of approximately \$3,320,000 and \$2,873,000, respectively.

The Partnership entered into an operating lease with UHS for the space occupied by the laboratory on UHS' premises. The term of the lease was renewed in 2011 with a term of 51 months through 2014, and a payment of approximately \$53,000 due the first day of each month.

Under an employee services agreement, the Partnership agreed to reimburse UHS for the actual cost of laboratory employees. These costs were approximately \$3,351,000 and \$3,582,000 for the years ended December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, UHS had accounts receivable from the Partnership of approximately \$323,000 and \$337,000, respectively.

University of Tennessee Medical Center Home Care Services, LLC

UHSV was a 33% owner of UTMCHCS with Tennessee Health Care Group, LLC (67%). The purpose of UTMCHCS is to provide home health and hospice services. Effective July 1, 2010, UTMCHCS was transferred to UHS. The investment is accounted for using the equity method. For the years ended December 31, 2012 and 2011, UHS' share of UTMCHCS earnings was approximately \$651,000 and \$787,000, respectively. UHS received distributions of approximately \$691,000 and \$957,000 during the years ended December 31, 2012 and 2011, respectively. UHS' investment in UTMCHCS at December 31, 2012 and 2011 was \$934,000 and \$974,000, respectively.

Under an employee services agreement, UTMCHCS agreed to reimburse UHS for the actual cost of home health and hospice employees. These costs were approximately \$853,000 and \$949,000 for the years ended December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, UHS had accounts receivable from UTMCHCS of approximately \$188,000 and \$123,000, respectively.

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(9) Long-term Debt

Long-term debt at December 31, 2012 and 2011 is summarized as follows

	<u>2012</u>	<u>2011</u>
Revenue bonds, 2010 Series	\$ 49,059,604	27,097,758
Revenue bonds, 2007 Series, net of unamortized premium of approximately \$2,710,000 and \$3,141,000 at December 31, 2012 and 2011, respectively	215,709,779	220,706,378
Capital lease obligations	15,377,698	18,873,121
Other	<u>1,530,420</u>	<u>2,658,562</u>
	281,677,501	269,335,819
Less current portion	<u>10,325,303</u>	<u>11,347,727</u>
	<u>\$ 271,352,198</u>	<u>257,988,092</u>

(a) Revenue Bonds

2010 Series

On December 1, 2010, the Health, Educational and Housing Facilities Board of the County of Knox issued on behalf of UHS, \$50 million Revenue Bonds, Series 2010. Under the terms of the bond indenture, the proceeds, together with other financing sources, will be used to (i) finance or reimburse the costs of additions and improvements to Medical Center, (ii) capitalize a portion of the interest on the Bonds, and (iii) pay a portion of the costs of issuance of the Series 2010 Bonds. The Revenue Bonds, Series 2010, were issued as tax-exempt bonds and bear interest, payable semiannually, at a variable rate equal to 67.00% of the sum of the 30-day LIBOR plus 1.15%, plus 0.20%. The principal matures in varying annual amounts. The Revenue Bonds, 2010 Series, constitute serial bonds due January 1, 2043, subject to installments commencing on January 1, 2014.

Under the terms of the bond indenture, the Revenue Bonds, 2010 Series, are subject to tender by the owners thereof for purchase on the interest payment date immediately preceding the seventh anniversary of the effective date of the bond indenture.

UHS has three years from the effective date to drawdown the total proceeds of the bonds and complete the Medical Center additions and improvements. As of December 31, 2012, UHS had drawn down approximately \$49,060,000 to pay for these projects.

Under the terms of the bond indenture, UHS is required to maintain certain covenants, including a minimum debt service coverage ratio, as defined, of 1.20 and days cash on hand, as defined, of not less than 60 days, as long as the Revenue Bonds, 2010 Series, are outstanding.

The Revenue Bonds, 2010 Series are subject to redemption at the option of UHS, in whole or in part, at any time, at the redemption price of 100% plus accrued interest.

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2007 Series

During 2007, UHS advance refunded the Revenue Bonds, Series 1999, with the proceeds of the Revenue Bonds, 2007 Series. The Series 2007 bonds were issued by the Health, Educational and Housing Facilities Board of the County of Knox on behalf of UHS on April 27, 2007. Under the terms of the bond indenture, the proceeds, together with certain other funds, were used to (i) advance refund the Revenue Bonds, Series 1999, (ii) refinance certain taxable debt, (iii) pay a portion of the costs of acquiring, constructing, renovating, and equipping certain hospital facilities, (iv) fund capitalized interest on a portion of the project, and (v) pay the costs of issuing the Series 2007 Bonds. The Revenue Bonds, 2007 Series, were issued as tax-exempt bonds and bear interest, payable semiannually, at 4.00% to 5.25%. The principal matures in varying annual amounts. The Revenue Bonds, 2007 Series, constitute serial bonds due April 1, 2017, subject to redemption through sinking fund installments commencing on April 1, 2008, and term bonds due April 1, 2021, 2027, and 2036, subject to redemption through sinking fund installments commencing on April 1, 2020, 2022, and 2028, respectively.

Under the terms of the bond indenture, the Medical Center is required to maintain certain covenants, including a minimum debt service coverage ratio, as defined, of 1.10, as long as the Revenue Bonds, 2007 Series, are outstanding.

The Revenue Bonds, 2007 Series, maturing on or after April 1, 2017, are subject to redemption at the option of UHS, in whole or in part at any time, at the redemption price of 100% plus accrued interest.

UHS is not required to fund a debt service reserve fund. If UHS' days cash on hand falls below 60 days during the life of the bonds, UHS will be required to fund a debt service reserve fund, which can be released if days cash on hand increases above 60 days.

(b) Capital Lease Obligations

Pursuant to the Lease and Transfer Agreement (note 2), UHS acquired a leasehold interest in the real property of the Medical Center from the University for a term of 50 years. The guaranteed lease payment of \$50 million will be paid subject to an inflation index tied to the change in net Medical Center operating revenue through 2019, as defined, in annual payments equal to the lesser of (1) 20% of UHS' annual net operating income, as defined, or (2) \$3 million, subject to the index. The payment of \$50 million is guaranteed by March 15, 2020. In 2019, UHS and the University will negotiate an annual lease payment for the remaining 30 years of the lease.

UHS initially recorded an asset and capital lease obligation for the real property in the amount of approximately \$15,500,000, which represents the net present value of the guaranteed \$50 million discounted at 5.75% from December 31, 2019. The capital lease obligation is increased monthly by interest expense and is reduced by lease payments, if any. For the years ended December 31, 2012 and 2011, the lease payment required under the agreement was approximately \$2,872,000 and \$2,433,000, respectively. The 2012 amount was due by March 15, 2013 and is included in current portion of long-term debt in the accompanying consolidated financial statements at December 31, 2012.

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UHS entered into two capital lease obligations in 2012 and four capital lease obligations in 2011 for Medical Center equipment. The terms of the leases range from five to six years at interest rates ranging from 3.9% to 8.8%.

At December 31, 2012 and 2011, the gross amounts of property and equipment and related accumulated amortization recorded under capital leases were as follows:

	2012	2011
Buildings	\$ 15,500,439	15,500,439
Equipment	19,659,509	19,420,905
	<u>35,159,948</u>	<u>34,921,344</u>
Less accumulated amortization	22,631,166	19,028,655
	<u>\$ 12,528,782</u>	<u>15,892,689</u>

Amortization of assets held under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations.

Scheduled principal payments on long-term debt at December 31, 2012 are as follows:

	Revenue bonds	Capital lease obligations	Other	Total
2013	\$ 4,760,000	5,189,766	375,537	10,325,303
2014	5,330,000	1,608,595	403,195	7,341,790
2015	5,600,000	1,302,753	383,761	7,286,514
2016	5,880,000	181,641	277,659	6,339,300
2017	6,175,000	43,556	90,268	6,308,824
2018 and thereafter	234,314,604	23,586,918	—	257,901,522
Less amounts representing				
Interest under capital lease obligation	—	(16,535,531)	—	(16,535,531)
Unamortized premium on long-term debt	2,709,779	—	—	2,709,779
	<u>\$ 264,769,383</u>	<u>15,377,698</u>	<u>1,530,420</u>	<u>281,677,501</u>

(10) Derivative Instrument

UHS has executed a derivative financial instrument in the normal course of its business, but does not use it for trading purposes. UHS has one interest rate swap agreement that is designed to decrease the fixed rate interest expense associated with its indebtedness.

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The following table summarizes the general terms of UHS' swap agreement

	May 2006 interest rate swap
Effective date	May 26, 2006
Associated fixed rate debt	2007 Series
Term	23 years
Notional amount	\$ 176,000,000
Rate UHS pays	SIFMA ⁽¹⁾
Rate UHS receives	68.00% of three-month LIBOR ⁽²⁾ plus 0.425%

⁽¹⁾ SIFMA represents the Bond Market Association Municipal Swap Index

⁽²⁾ LIBOR represents the London Interbank Offered Rate

The fair value of the swap is the estimated amount UHS would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates. The fair value as of December 31, 2012 and 2011 of approximately \$(426,000) and \$(4,422,000), respectively, is included in other liabilities in the consolidated balance sheets. The change in the fair value of the derivative instrument was approximately \$3,996,000 and \$2,216,000, respectively, in 2012 and 2011 and is included in nonoperating gains, net in the consolidated statements of operations. Pursuant to the swap agreement, UHS is required to post collateral equal to the fair value of the liability that exceeds \$10,000,000 as of the valuation date. The net settlement amount received on the swap of approximately \$981,000 and \$829,000 for the years ended December 31, 2012 and 2011, respectively, is included as a reduction to interest expense in the consolidated statements of operations.

(11) Related-party Transactions

The University of Tennessee

Pursuant to the Employee Services Agreement (note 2), Medical Center employees as of July 28, 1999 were leased by UHS from the University and retained all University benefits for which they were eligible at that date. For the years ended December 31, 2012 and 2011, UHS paid approximately \$61,340,000 and \$64,896,000, respectively, to the University for salaries, wages, and benefits, including retirement benefits, of the leased employees.

Pursuant to the Affiliation Agreement (note 2), UHS is required to pass through to GSM certain federal and state funds earmarked for graduate medical education. For the years ended December 31, 2012 and 2011, the graduate medical education reimbursements amounted to approximately \$31,121,000 and \$30,167,000, respectively, and were recorded in the accompanying consolidated financial statements as net patient service revenue and as an offsetting amount in operating expenses. UHS had amounts due to GSM

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of approximately \$7,765,000 and \$7,149,000 at December 31, 2012 and 2011, respectively, which are included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets

(12) Employee Benefit Plans

(a) *UHS, Inc. Savings Plan*

UHS maintains a 403(b) savings plan (Savings Plan) to provide its employees a tax-sheltered annuity. All employees of UHS who work 20 or more hours per week or more than 1,000 hours per calendar year and have attained age 18 are eligible to participate in the Savings Plan from the first day of employment.

Participants may elect to have certain percentages or dollars of their compensation withheld and contributed to the Savings Plan. Total contributions cannot exceed limitations set forth in the Employee Retirement Income Security Act (ERISA) guidelines. The employer contribution is 5% of each participant's compensation (no matching required). Employer contributions begin after the eligible employee has worked 12 months. Contributions and/or voluntary deductions are made to funds selected by the UHS Benefits Committee. The participant identifies the funds he/she wishes to participate in and participants who do not select funds are enrolled in the Target Date funds. Participants are immediately vested in their voluntary deductions and earnings. Prior to January 1, 2003, participants with one year of employment but less than two years of employment became 20% vested in UHS contributions, and their vested percentage increased by 20% each year of employment, thereafter until they were fully vested after five years. For participants joining UHS on or after January 1, 2003, the vesting is a five-year cliff vesting, whereby the employee becomes fully vested after five years of employment. Beginning January 1, 2007, the vesting for all active employees changed to a six-year graduated vesting. Participants with two years of employment become 20% vested in UHS contributions, and their vested percentage increases by 20% each year of employment thereafter until they are fully vested after six years. Each employee with at least three years of service on January 1, 2007, who were not 100% vested, were permitted to make an irrevocable election regarding the applicable vesting schedule. For the years ended December 31, 2012 and 2011, total UHS expenses related to the Savings Plan were approximately \$5,440,000 and \$4,374,000, respectively.

Participants are eligible to receive the vested value of their account upon reaching the age of 59½, death, disability, or termination of employment. Hardship distributions may be requested from the employee's voluntary deductions but not the employer's contributions. Participants may elect to receive a lump-sum payment or payments over a period of time not to exceed the life expectancy of the participant or the joint life expectancy of the participant and his or her beneficiary.

As discussed in note 11, employees leased from the University retain all University benefits. Leased employees are not eligible to participate in the Savings Plan.

(b) *UHS, Inc. Nonqualified Plans*

UHS maintains a nonqualified deferred compensation plan (Nonqualified Plan) for senior management, vice presidents and equivalents, and physicians. The employer contribution is 5% up to

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the Internal Revenue Service (IRS) qualified maximum and 10% after the IRS maximum. All employer contributions are subject to a seven-year vesting schedule or attainment of age 60 and contributions are made at the close of each payroll cycle.

UHS maintains a separate Nonqualified Plan for senior management. The employer contribution is 8% - 10% based on the employee's position. The employer's contributions become vested according to the age of the Participant at the time the contribution was made. Contributions to a participant's account made in a year in which the participant attains the age of fifty seven (57) shall vest fully on January 1 of the year the Participant attains the age of sixty (60). For contributions made no later than the year in which the Participant attains the age of fifty eight (58) and each year thereafter shall vest fully on the last business day of the year in which the contribution is made. Contributions are made at the end of each payroll cycle.

UHS maintains a separate Nonqualified Plan for certified registered nurse anesthetists (CRNAs). The employer contribution is 5% up to the IRS qualified maximum. All employer contributions are subject to a seven-year vesting schedule or attainment of age 60 and contributions are made at the close of each payroll cycle.

For the years ended December 31, 2012 and 2011, total UHS expenses related to the Nonqualified Plans were approximately \$1,568,000 and \$732,000, respectively.

(13) Fair Values of Financial Instruments

On January 1, 2008, UHS adopted the provisions FASB Statement No. 157 (ASC 820), *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that UHS has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 and Level 2 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 64,459,130	—	—	64,459,130
Assets limited as to use				
Money market funds	967,428	—	—	967,428
Corporate bonds	2,165,962	—	—	2,165,962
Mutual funds	8,107,046	—	—	8,107,046
	<u>11,240,436</u>	<u>—</u>	<u>—</u>	<u>11,240,436</u>
Long-term investments				
Cash equivalents	246,686	—	—	246,686
Money market funds	10,936,121	—	—	10,936,121
U S corporate bonds	—	49,703,810	—	49,703,810
Asset-backed securities	—	18,232,949	—	18,232,949
International fixed income bonds	9,204,333	—	—	9,204,333
U S Treasury and agency bonds	23,670,598	25,406,433	—	49,077,031
Mutual funds	14,928,113	—	—	14,928,113
	<u>58,985,851</u>	<u>93,343,192</u>	<u>—</u>	<u>152,329,043</u>
Total	<u>\$ 134,685,417</u>	<u>93,343,192</u>	<u>—</u>	<u>228,028,609</u>
Liabilities				
Interest rate derivatives liability	\$ —	(425,687)	—	(425,687)
Total	<u>\$ —</u>	<u>(425,687)</u>	<u>—</u>	<u>(425,687)</u>

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 53,488,082	—	—	53,488,082
Assets limited as to use				
Money market funds	751,931	—	—	751,931
Corporate bonds	1,731,973	—	—	1,731,973
Mutual funds	5,827,404	—	—	5,827,404
	<u>8,311,308</u>	<u>—</u>	<u>—</u>	<u>8,311,308</u>
Long-term investments				
Cash equivalents	499,638	—	—	499,638
Money market funds	8,526,441	—	—	8,526,441
U S corporate bonds	—	42,020,338	—	42,020,338
Asset-backed securities	—	15,672,450	—	15,672,450
International fixed income bonds	5,798,936	—	—	5,798,936
U S Treasury and agency bonds	37,937,094	21,666,325	—	59,603,419
Mutual funds	12,832,997	—	—	12,832,997
	<u>65,595,106</u>	<u>79,359,113</u>	<u>—</u>	<u>144,954,219</u>
Total	<u>\$ 127,394,496</u>	<u>79,359,113</u>	<u>—</u>	<u>206,753,609</u>
Liabilities				
Interest rate derivatives liability	\$ —	(4,421,448)	—	(4,421,448)
Total	<u>\$ —</u>	<u>(4,421,448)</u>	<u>—</u>	<u>(4,421,448)</u>

(14) Commitments and Contingent Liabilities

(a) Lease Obligations

UHS leases certain buildings and equipment. These leases are classified as operating leases and have lease terms ranging from 1 to 10 years.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following table is a schedule by year of future minimum rentals on noncancelable operating leases with terms in excess of one year at December 31, 2012

2013	\$ 5,060,791
2014	4,223,514
2015	3,433,333
2016	3,301,141
2017	3,064,113
2018 and thereafter	20,287,183
	<u>\$ 39,370,075</u>

UHS' total lease expense for the years ended December 31, 2012 and 2011 was approximately \$6,197,000 and \$5,446,000, respectively

(b) Risk Management Programs

UHS purchases professional and general liability insurance, subject to certain deductibles, to cover medical malpractice and other general liability claims. Effective July 28, 2002, UHS assumed a self-insured retention to cover medical malpractice and other general liability claims. On January 1, 2005, UHS assumed a self-insured retention for workers' compensation. The insurance carrier pays claims, including the deductible on behalf of UHS, and UHS reimburses the insurance carrier on a monthly basis for paid claims. Workers' compensation claim payments made by the insurance carriers within the deductible are secured by UHS via standby letters of credit in the amounts of \$2,166,000 and \$1,512,500 issued by Wells Fargo. UHS also maintains an umbrella policy that provides \$50 million of excess liability coverage over and above the primary coverage for professional, general, automobile, workers' compensation, aviation, and ambulance liability.

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients, workers' compensation, and other risks. UHS has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accordingly, accrued professional, general, workers' compensation, and other liability losses of approximately \$19,601,000 and \$17,386,000 are recorded in accrued expenses and other liabilities in the accompanying consolidated financial statements at December 31, 2012 and 2011, respectively, which, in management's opinion, provide an adequate accrual for such claims.

(c) Healthcare Services

The federal government has been given substantial resources and authority for the completion of fraud and abuse investigations, and substantial fines and penalties have been established for offenders. Management continues to implement policies, procedures, and a compliance overview organizational structure to enforce and monitor compliance with government statutes and regulations. UHS' compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time.

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(15) Rentals under Operating Leases

UHS leases certain office space to physician groups and a laboratory service company. These leases are classified as operating leases and have lease terms of one to eight years.

The following is a schedule, by year, of minimum future rentals on noncancelable operating leases as of December 31, 2012:

2013	\$ 1,941,356
2014	1,768,776
2015	338,282
2016	112,630
2017	110,565
2018 and thereafter	1,036,853
	<u>\$ 5,308,462</u>

(16) Functional Expenses

UHS provides healthcare services to residents within its geographic location. Expenses related to providing these services were as follows for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Healthcare services	\$ 533,850,290	495,336,591
General and administrative	37,162,000	37,537,443
	<u>\$ 571,012,290</u>	<u>532,874,034</u>

(17) Subsequent Events

UHS has evaluated subsequent events from the balance sheet date through March 25, 2013, the date at which the consolidated financial statements were issued. No material subsequent events were identified for recognition, but the following disclosure is necessary:



KPMG LLP
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401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report on Supplementary Information

The Board of Directors
University Health System, Inc

We have audited the consolidated financial statements of University Health System, Inc. and subsidiaries (UHS) as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated March 25, 2013, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules 1 and 2 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of UHS' management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Nashville, Tennessee
March 25, 2013

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidating Schedule – Balance Sheet Information

December 31, 2012

	Medical Center	UHSV	RTS	Eliminations	Total
Current assets					
Cash and cash equivalents	\$ 63,361,915	806,725	290,490	—	64,459,130
Short-term investments	16,213,189	—	—	—	16,213,189
Current portion of assets limited as to use	205,534	—	—	—	205,534
Patient accounts receivable, net	72,268,837	132,920	87,525	—	72,489,282
Other receivables	7,038,387	31,370	4,278	(426,494)	6,647,541
Estimated third-party settlements	19,998,341	—	—	—	19,998,341
Inventories	5,507,111	—	—	—	5,507,111
Prepaid expenses and other current assets	1,440,648	—	—	—	1,440,648
Total current assets	186,033,962	971,015	382,293	(426,494)	186,960,776
Assets limited as to use, less current portion	11,034,902	—	—	—	11,034,902
Long-term investments	136,115,854	—	—	—	136,115,854
Property and equipment, net	203,440,802	—	—	—	203,440,802
Deferred financing costs, net	2,080,017	—	—	—	2,080,017
Investments in affiliated organizations	2,647,094	—	—	—	2,647,094
Other assets	5,880,407	—	—	—	5,880,407
Total assets	\$ 547,233,038	971,015	382,293	(426,494)	548,159,852
Current liabilities					
Current portion of long-term debt	\$ 10,325,303	—	—	—	10,325,303
Accounts payable	48,156,101	695,940	180,164	(842,692)	48,189,513
Accrued payroll and related liabilities	30,267,282	350	—	—	30,267,632
Accrued expenses and other current liabilities	20,485,158	124	202,129	—	20,687,411
Estimated third-party settlements	7,988,998	—	—	—	7,988,998
Total current liabilities	117,222,842	696,414	382,293	(842,692)	117,458,857
Long-term debt, less current portion	271,352,198	—	—	—	271,352,198
Other liabilities	15,463,541	272,045	—	—	15,735,586
Total liabilities	404,038,581	968,459	382,293	(842,692)	404,546,641
Net assets					
Unrestricted	135,074,241	2,556	—	416,198	135,492,995
Temporarily restricted	3,004,377	—	—	—	3,004,377
Permanently restricted	5,115,839	—	—	—	5,115,839
Total net assets	143,194,457	2,556	—	416,198	143,613,211
Commitments and contingent liabilities					
Total liabilities and net assets	\$ 547,233,038	971,015	382,293	(426,494)	548,159,852

See accompanying independent auditors' report

**UNIVERSITY HEALTH SYSTEM, INC.
AND SUBSIDIARIES**

Consolidating Schedule – Statement of Operations Information

Year ended December 31, 2012

	<u>Medical Center</u>	<u>UHSV</u>	<u>RTS</u>	<u>Eliminations</u>	<u>Total</u>
Revenue					
Net patient service revenue	\$ 596,264,364	1,095,750	1,733,343	—	599,093,457
Provision for doubtful accounts	(61,153,134)	(47,267)	(76,975)	—	(61,277,376)
Net patient service revenue less provision for doubtful accounts	535,111,230	1,048,483	1,656,368	—	537,816,081
Other revenue	36,995,697	105	2	—	36,995,804
Total revenue	572,106,927	1,048,588	1,656,370	—	574,811,885
Operating expenses					
Salaries, wages, and benefits	255,941,101	704,977	—	—	256,646,078
Medical supplies and drugs	139,559,061	55,282	—	—	139,614,343
Purchased services	76,399,010	718,104	1,656,370	—	78,773,484
Graduate medical education reimbursement	31,120,692	—	—	—	31,120,692
Insurance and other	28,097,333	50,955	—	—	28,148,288
Interest	12,218,668	—	—	—	12,218,668
Depreciation and amortization	24,490,737	—	—	—	24,490,737
Total operating expenses	567,826,602	1,529,318	1,656,370	—	571,012,290
Operating income	4,280,325	(480,730)	—	—	3,799,595
Nonoperating gains					
Contributions	3,606,812	—	—	—	3,606,812
Investment income	7,958,604	—	—	—	7,958,604
Change in fair value of derivative instrument	3,995,761	—	—	—	3,995,761
Total nonoperating gains, net	15,561,177	—	—	—	15,561,177
Net loss attributable to noncontrolling interest	—	—	—	—	—
Revenue and gains in excess of (less than) expenses and losses	19,841,502	(480,730)	—	—	19,360,772
Purchase of noncontrolling interest	—	—	—	—	—
Increase (decrease) in unrestricted net assets	\$ 19,841,502	(480,730)	—	—	19,360,772

See accompanying independent auditors' report