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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

**A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012**

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization INDIANA UNIVERSITY HEALTH BLOOMINGTON INC		<b>D</b> Employer identification number 35-1720796
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) PO BOX 1149 Suite	Room/suite	<b>E</b> Telephone number (812) 353-9171
	City or town, state or country, and ZIP + 4 BLOOMINGTON, IN 47403		<b>G</b> Gross receipts \$ 393,634,693
	<b>F</b> Name and address of principal officer MARK E MOORE CEO PO BOX 1149 BLOOMINGTON, IN 474021149		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
<b>J</b> Website: ▶ WWW.IUHEALTHBLOOMINGTON.ORG			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL'S MISSION IS TO IMPROVE THE HEALTH OF OUR PATIENTS AND COMMUNITY THROUGH INNOVATION AND EXCELLENCE IN CARE, EDUCATION, RESEARCH, AND SERVICE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	19
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	3,299
	6 Total number of volunteers (estimate if necessary)	6	425
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	3,257,656
7b Net unrelated business taxable income from Form 990-T, line 34	7b	1,011,656	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 5,014,099	Current Year 2,406,817
	9 Program service revenue (Part VIII, line 2g)	336,485,891	382,330,864
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,613,049	4,089,711
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	57,494	4,616,159
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	347,170,533	393,443,551
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	97,826
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		159,943,122	173,383,428
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	0
b Total fundraising expenses (Part IX, column (D), line 25) $\$0$			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		146,300,230	164,665,056
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		306,341,178	338,150,794
19 Revenue less expenses Subtract line 18 from line 12		40,829,355	55,292,757
Net Assets or Fund Balances	Beginning of Current Year		End of Year
	20 Total assets (Part X, line 16)	339,277,591	385,876,639
	21 Total liabilities (Part X, line 26)	105,999,691	120,911,598
	22 Net assets or fund balances Subtract line 21 from line 20	233,277,900	264,965,041

## Part II Signature Block

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

<b>Sign Here</b>	Signature of officer				2013-11-14		
	James J Myers CFO Type or print name and title				Date		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name		Preparer's signature		Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ ERNST & YOUNG US LLP					Firm's EIN ▶	
	Firm's address ▶ 1100 HUNTINGTON CTR 41 S HIGH ST COLUMBUS, OH 43215					Phone no (614) 224-5678	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

Indiana University Health Bloomington Hospital's mission is to improve the health of our patients and community through innovation and excellence in care, education, research, and service

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 \$182,517,453 including grants of \$0 ) (Revenue \$261,187,094 )

Inpatient and outpatient ancillary medical services, including laboratory, radiology, and other imaging services, 24-hour emergency department and ambulance services, and a full range of cardiac services, among others

4b

(Code)

(Expenses \$56,703,018 including grants of \$0 ) (Revenue \$78,917,325 )

Inpatient and outpatient surgical services Indiana University Health Bloomington (IUHB) performed a total of 3,679 inpatient and 10,915 outpatient surgical procedures during 2012 Please see Schedule O for additional information concerning IUHB's program services

4c

(Code)

(Expenses \$27,795,041 including grants of \$0 ) (Revenue \$38,684,189 )

Acute inpatient medical care, representing the services provided to a total of 12,846 adult and pediatric inpatients and 1,977 newborn infants during 2012 IUHB provides a range of complex medical care including orthopedic, post-surgical, cardiac, intensive care, and psychiatric services Please see Schedule O for additional information concerning IUHB's program services

4d

Other program services (Describe in Schedule O )

(Expenses \$2,545,152 including grants of \$102,310 ) (Revenue \$3,542,256 )

4e
























Total program service expenses

269,560,664

Form 990 (2012)

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 <b>Section 501(c)(3) organizations.</b> 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	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI 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 Yes	
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	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more 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		No
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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
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	Yes	
36	<b>Section 501(c)(3) organizations.</b> 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? <b>Note.</b> 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.	317	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	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	3,299
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> 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	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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	1a	19	
	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			
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	IN
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	JAMES J MYERS CFO BLOOMINGTON HOSP PO BOX 1149 BLOOMINGTON, IN (812) 353-9171

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

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

- List 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

[illegible]



## Part VII

(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			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .								4,304,318	1,413,834	1,693,949

**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▶127

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

## **Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
PREMIER HEALTHCARE LLC , PO BOX 550 BLOOMINGTON IN 474020550	E/R PHYSICIANS	3,494,209
MAYO MEDICAL LABS , PO BOX 9146 MINNEAPOLIS MN 554809146	CLINICAL LABS	977,729
BORMA , PO Box 1149 BLOOMINGTON IN 474021149	Operating Room Mgmt	951,500
IU Cardiovascular Surgeon Corp , 950 N Meridian St INDIANAPOLIS IN 46204	Physician Services	824,736
TOTAL RENAL CARE INC , PO BOX 8500-1607 PHILADELPHIA PA 191781607	DIALYSIS SERVICES	816,193

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 ▶23

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				
	d	Related organizations . . . .	1d	474,481			
	e	Government grants (contributions)	1e	1,777,045			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	155,291			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		2,406,817			
Program Service Revenue			Business Code				
	2a	Net Patient Service Revenue	900099	303,550,026	303,550,026		
	b	Reference Laboratory	621500	70,640,647	67,480,726	3,159,921	
	c	Income/(Loss) From Partnerships	900099	2,072,966	2,072,966		
	d	Shared Services	541900	1,394,054	1,394,054		
	e	EHR INCENTIVE	900099	3,928,609	3,928,609		
	f	All other program service revenue		744,562	744,562		
	g	Total. Add lines 2a-2f . . . . .		382,330,864			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		522,362		522,362	
	4	Income from investment of tax-exempt bond proceeds . . . . .		0			
	5	Royalties . . . . .		0			
	6a	Gross rents	(i) Real	(ii) Personal			
			880,459				
			191,142				
			689,317	0			
	d	Net rental income or (loss) . . . . .		689,317	59,674	629,643	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			3,567,349				
			3,567,349				
	d	Net gain or (loss) . . . . .		3,567,349		3,567,349	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
	b	Less direct expenses . . . . .	b				
	c	Net income or (loss) from fundraising events . . . . .		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a				
	b	Less direct expenses . . . . .	b				
	c	Net income or (loss) from gaming activities . . . . .		0			
	10a	Gross sales of inventory, less returns and allowances . . . . .	a				
	b	Less cost of goods sold . . . . .	b				
	c	Net income or (loss) from sales of inventory . . . . .		0			
Miscellaneous Revenue		Business Code					
11a	Cafeteria/Food Service	722514	1,646,191			1,646,191	
b	PURCHASE DISCOUNTS	900099	728,640			728,640	
c	Child Care	624410	470,438		38,061	432,377	
d	All other revenue . . . . .		1,081,573			1,081,573	
e	Total. Add lines 11a-11d . . . . .		3,926,842				
12	Total revenue. See Instructions . . . . .		393,443,551	379,170,943	3,257,656	8,608,135	

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

☐

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.	102,310	102,310		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	3,597,065	2,111,003	1,486,062	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	124,181,602	102,302,263	21,879,339	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	9,829,673	8,032,235	1,797,438	
9	Other employee benefits.	26,715,445	21,830,302	4,885,143	
10	Payroll taxes.	9,059,643	7,403,011	1,656,632	
11	Fees for services (non-employees):				
a	Management.	1,946,510	1,877,396	69,114	
b	Legal.	251,615		251,615	
c	Accounting.	287,665		287,665	
d	Lobbying.	13,065		13,065	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	550,438		550,438	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	28,296,553	13,820,301	14,476,252	
12	Advertising and promotion.	1,636,947	1,515,857	121,090	
13	Office expenses.	11,094,007	5,826,222	5,267,785	
14	Information technology.	5,570,123	338,136	5,231,987	
15	Royalties.	0			
16	Occupancy.	6,323,022	2,811,832	3,511,190	
17	Travel.	816,095	621,282	194,813	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	1,886,549	1,826,828	59,721	
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	17,827,328	14,567,451	3,259,877	
23	Insurance.	1,357,650	10,401	1,347,249	
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	Drugs and Medical Supplies.	49,397,350	49,397,350		
b	Bad Debt.	19,101,109	19,101,109		
c	MEDICAID HAF FEES.	13,300,996	13,300,996		
d	UNRELATED BUSINESS INC TAX.	7,491		7,491	
e	All other expenses.	5,000,543	2,764,379	2,236,164	
25	Total functional expenses. Add lines 1 through 24e.	338,150,794	269,560,664	68,590,130	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 ☐

				(A)		(B)
				Beginning of year		End of year
Assets	<b>1</b>	Cash—non-interest-bearing . . . . .		39,582	<b>1</b>	20,538
	<b>2</b>	Savings and temporary cash investments . . . . .		51,212,393	<b>2</b>	74,516,157
	<b>3</b>	Pledges and grants receivable, net . . . . .		1,440,130	<b>3</b>	0
	<b>4</b>	Accounts receivable, net . . . . .		39,026,874	<b>4</b>	40,270,826
	<b>5</b>	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .		0	<b>5</b>	0
	<b>6</b>	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 . . . . .		0	<b>6</b>	0
	<b>7</b>	Notes and loans receivable, net . . . . .		0	<b>7</b>	0
	<b>8</b>	Inventories for sale or use . . . . .		5,420,169	<b>8</b>	5,373,660
	<b>9</b>	Prepaid expenses and deferred charges . . . . .		4,771,573	<b>9</b>	4,794,621
	<b>10a</b>	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	<b>10a</b> 378,010,474			
	<b>b</b>	Less: accumulated depreciation . . . . .	<b>10b</b> 257,696,910	121,879,413	<b>10c</b>	120,313,564
	<b>11</b>	Investments—publicly traded securities . . . . .		100,659,766	<b>11</b>	119,514,186
	<b>12</b>	Investments—other securities. See Part IV, line 11 . . . . .		0	<b>12</b>	0
	<b>13</b>	Investments—program-related. See Part IV, line 11 . . . . .		3,009,422	<b>13</b>	3,471,638
	<b>14</b>	Intangible assets . . . . .		0	<b>14</b>	3,583,576
	<b>15</b>	Other assets. See Part IV, line 11 . . . . .		11,818,269	<b>15</b>	14,017,873
	<b>16</b>	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .		339,277,591	<b>16</b>	385,876,639
Liabilities	<b>17</b>	Accounts payable and accrued expenses . . . . .		29,855,671	<b>17</b>	35,525,268
	<b>18</b>	Grants payable . . . . .		0	<b>18</b>	0
	<b>19</b>	Deferred revenue . . . . .		27,894	<b>19</b>	13,826
	<b>20</b>	Tax-exempt bond liabilities . . . . .		42,879,356	<b>20</b>	44,759,686
	<b>21</b>	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		0	<b>21</b>	0
	<b>22</b>	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 . . . . .		0	<b>22</b>	0
	<b>23</b>	Secured mortgages and notes payable to unrelated third parties . . . . .		3,425,814	<b>23</b>	3,113,941
	<b>24</b>	Unsecured notes and loans payable to unrelated third parties . . . . .		0	<b>24</b>	0
	<b>25</b>	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .		29,810,956	<b>25</b>	37,498,877
	<b>26</b>	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .		105,999,691	<b>26</b>	120,911,598
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>					
	<b>27</b>	Unrestricted net assets . . . . .		229,706,716	<b>27</b>	260,860,194
	<b>28</b>	Temporarily restricted net assets . . . . .		2,936,703	<b>28</b>	3,470,216
	<b>29</b>	Permanently restricted net assets . . . . .		634,481	<b>29</b>	634,631
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>					
	<b>30</b>	Capital stock or trust principal, or current funds . . . . .			<b>30</b>	
	<b>31</b>	Paid-in or capital surplus, or land, building or equipment fund . . . . .			<b>31</b>	
	<b>32</b>	Retained earnings, endowment, accumulated income, or other funds . . . . .			<b>32</b>	
	<b>33</b>	<b>Total net assets or fund balances</b> . . . . .		233,277,900	<b>33</b>	264,965,041
	<b>34</b>	<b>Total liabilities and net assets/fund balances</b> . . . . .		339,277,591	<b>34</b>	385,876,639

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	393,443,551
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	338,150,794
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	55,292,757
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	233,277,900
5	Net unrealized gains (losses) on investments . . . . .	5	9,510,192
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	-33,115,808
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	264,965,041

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	2a	No
b	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	2b	Yes
c	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	2c	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?	3a	Yes
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes

Additional Data

Software ID:

Software Version:

EIN: 35-1720796

Name: INDIANA UNIVERSITY HEALTH BLOOMINGTON 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			
Daniel J Peterson Charman	2 0	X		X				0	0	0
Moya L Andrews EdD Director	2 0	X						0	0	0
Mark D Bradford Director	2 0	X						0	0	0
Lynn H Coyne Director	2 0	X						0	0	0
Allen W Dunn MD Director	2 0	X						0	0	0
Daniel F Evans Jr Director	2 0 55 0	X						0	1,413,834	865,442
James V Faris MD Director	2 0	X						0	0	0
Michael L Gentile Director	2 0	X						0	0	0
Virgil W Hunt Director	2 0	X						0	0	0
Chad A Johnson MD Director	2 0	X						0	0	0
Christopher J Kroll Director	2 0	X						0	0	0
Lee J Marchant Director	2 0	X						0	0	0
Charles R McKeen Director	2 0	X						0	0	0
Joyce B Polling Director/Secretary/Vice Chair	2 0	X		X				0	0	0
Michael A Robbins Director	2 0	X						0	0	0
Eleanor H Rogers RN Director	2 0	X						0	0	0
Susan D Wier Director/Treasurer	2 0	X		X				0	0	0
Linda S Williamson Director	2 0	X						0	0	0
Barbara A Wrenn Director	2 0	X						0	0	0
Mark E Moore CEO	50 0 2 0			X				1,207,270	0	184,445
James J Myers CFO	50 0			X				288,411	0	87,033
Steven D Deckard VP, HR	50 0				X			245,971	0	58,100
Kenneth E Marshall MD VP & CMO	50 0				X			348,574	0	70,937
Mark W McMath VP & CIO	50 0				X			222,846	0	64,614
Ruth Ann Morris RN VP & CNO	50 0				X			278,000	0	96,359

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			
Larry Bailey Vice President	10 0 32 0				X			385,112	0	59,393
Lee McKinley MD Physician	50 0					X		295,346	0	61,027
Amartyadeb Goswami MD Physician	50 0					X		287,225	0	42,492
Charles McCalla MD Physician	50 0					X		269,230	0	55,725
Mark Munroe MD Physician	50 0					X		239,676	0	12,499
A Perry Gnffith MD Physician	50 0					X		236,657	0	35,883

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 INDIANA UNIVERSITY HEALTH BLOOMINGTON INC	Employer identification number 35-1720796
---	--

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 )

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

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

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

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

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 )

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

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 )

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

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 )

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

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h  
a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated

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)

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

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the 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?

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 INDIANA UNIVERSITY HEALTH BLOOMINGTON INC	Employer identification number 35-1720796
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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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		13,065
j	Total. Add lines 1c through 1i.			13,065
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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
Schedule C, Part II-B	Line 1i - Other Activities	Indiana University Health Bloomington Hospital, Inc. ("IU Health Bloomington Hospital") paid institutional membership dues to the American Hospital Association ("AHA") and Indiana Hospital Association ("IHA") during 2012 in the amount of \$34,858 and \$82,534, respectively. Each membership organization notified IU Health Bloomington Hospital that a portion of the dues it paid were used for lobbying purposes. The AHA used 24.60%, or \$8,575 of 2012 membership dues paid by IU Health Bloomington Hospital, for lobbying expenditures. The IHA used 5.44%, or \$4,490 of the 2012 membership dues paid by IU Health Bloomington Hospital, for lobbying expenditures. The total membership dues paid to these organizations by IU Health Bloomington Hospital during 2012 that were attributable to lobbying expenditures was \$13,065.

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization INDIANA UNIVERSITY HEALTH BLOOMINGTON INC	Employer identification number 35-1720796
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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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

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 . . . . .	3,571,184	4,313,701	4,108,745	3,703,110	3,703,110
b Contributions . . . . .	533,663		204,956	405,635	
c Net investment earnings, gains, and losses					
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .		742,517			
f Administrative expenses . . . . .					
g End of year balance . . . . .	4,104,847	3,571,184	4,313,701	4,108,745	3,703,110

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

15 461 %

c

Temporarily restricted endowment

84 539 %

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 . . . . .

	Yes	No
3a(i)		No
3a(ii)	Yes	
3b	Yes	

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 . . . . .		19,606,797		19,606,797
b Buildings . . . . .		152,468,133	93,241,074	59,227,059
c Leasehold improvements . . . . .		6,197,948	4,346,351	1,851,597
d Equipment . . . . .		190,796,891	155,719,345	35,077,546
e Other . . . . .		8,940,705	4,390,140	4,550,565
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				120,313,564

Schedule D (Form 990) 2012





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

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

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

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

**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
Schedule D, Part V Endowment Funds	Line 4 Intended Uses of Organizations Endowment Funds	Temporarily and permanently restricted net assets are generally restricted for indigent and other patient care services, medical education and research programs, and medical supplies and equipment
ASC 740-10 FOOTNOTE FROM FINANCIAL STATEMENTS	SCHEDULE D, PART X, LINE 2	INDIANA UNIVERSITY HEALTH BLOOMINGTON, INC IS A SUBSIDIARY IN THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIANA UNIVERSITY HEALTH, INC INDIANA UNIVERSITY HEALTH, INC ADOPTED FIN 48 (NOW ASC 740-10) IN 2007. NO DISCLOSURES WERE REQUIRED IN 2012 UNDER GAAP AS INDIANA UNIVERSITY HEALTH, INC DOES NOT HAVE ANY MATERIAL TAX CONTINGENCIES THAT REQUIRED DISCLOSURES IN THE FOOTNOTES

OMB No 1545-0047

**Open to Public Inspection**

35-1720796

**3** Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

Schedule F (Form 990) 2012

**Part II** **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶

**3** Enter total number of other organizations or entities . . . . . ►

**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Part III can be duplicated if additional space is needed.

[illegible]

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes

☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☐ Yes

☒ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

**Supplemental Information**  
Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

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  
INDIANA UNIVERSITY HEALTH BLOOMINGTON INC

Employer identification number  
35-1720796

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 checked="" 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 checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input 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	3a	Yes	
		3b	Yes	
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"? . . . . .	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

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) . . . .		13,057	15,421,785	0	15,421,785	4 830 %
b Medicaid (from Worksheet 3, column a) . . . . .		43,791	45,002,038	33,117,196	11,884,842	3 730 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .		4,064	3,383,351	2,857,598	525,753	0 160 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs .		60,912	63,807,174	35,974,794	27,832,380	8 720 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .	28	122,439	1,296,272	742	1,295,530	0 410 %
f Health professions education (from Worksheet 5) . . . .	3	3,539	430,299	4,400	425,899	0 130 %
g Subsidized health services (from Worksheet 6) . . . .	2	14,109	22,012,528	15,749,063	6,263,465	1 960 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	3	27,800	411,065	0	411,065	0 130 %
j <b>Total.</b> Other Benefits . . . .	36	167,887	24,150,164	15,754,205	8,395,959	2 630 %
k <b>Total.</b> Add lines 7d and 7j .	36	228,799	87,957,338	51,728,999	36,228,339	11 350 %



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	1	775	0	0	0	0 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	1	150	0	0	0	0 %
7 Community health improvement advocacy	1	365	7,842	0	7,842	
8 Workforce development	1	15	1,465	0	1,465	
9 Other						
10 Total	4	1,305	9,307	0	9,307	0 %

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

No

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

19,101,109

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

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

73,819,258

6

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

6

92,505,159

7

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

7

-18,685,901

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

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(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 S IN Surgery Ctr LLC	outpatient surgery	45 000 %		55 000 %
2 S IN Radiolog Assoc	radiological services	50 000 %		50 000 %
3 Bloomington Endo Ctr	gastrointestinal treatment	51 000 %		49 000 %
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	Indiana University Health Bloomington 601 West Second Street Bloomington, IN 47403 www.IUHEALTHBLOOMINGTON.ORG	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)

INDIANA UNIVERSITY HEALTH BLOOMINGTON

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
<b>9</b> 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?		<b>9</b> Yes	
<b>10</b> 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</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b> Yes	
<b>11</b> 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>200</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b> Yes	
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input checked="" type="checkbox"/> Asset level			
<b>c</b> <input checked="" type="checkbox"/> Medical indigency			
<b>d</b> <input type="checkbox"/> Insurance status			
<b>e</b> <input type="checkbox"/> Uninsured discount			
<b>f</b> <input type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b> Yes	
<b>14</b> 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)		<b>14</b> Yes	
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request			
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .		<b>15</b> Yes	
<b>16</b> 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			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			
<b>17</b> Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged		<b>17</b>	No
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <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 checked="" 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 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?

7

Name and address	Type of Facility (describe)
1 IUH BLOOMINGTON HOSP COMM HEALTH SVCS 333 EAST MILLER DRIVE BLOOMINGTON,IN 47401	COMMUNITY HEALTH SERVICES
2 IUH BLOOMINGTON HOSP HOME MEDICAL EQUIP 1355 WEST BLOOMFIELD ROAD SUITE 4 BLOOMINGTON,IN 47403	DURABLE MEDICAL EQUIPMENT SUPL
3 IUH BLOOMINGTON HOSP HOME HEALTH SVCS 333 EAST MILLER DRIVE BLOOMINGTON,IN 47401	HOME HEALTH AGENCY
4 IUH BLOOMINGTON HOSPITAL HOSPICE 619 WEST FIRST STREET BLOOMINGTON,IN 47403	HOSPICE
5 IUH BLOOMINGTON HOSP CTR OCCUP HEALTH 3443 WEST THIRD STREET BLOOMINGTON,IN 47404	OCCUPATIONAL HEALTH PROGRAM
6 IUH BLOOMINGTON HOSP PROMPTCARE WEST 3443 WEST THIRD STREET BLOOMINGTON,IN 47404	URGENT CARE CENTER
7 IUH BLOOMINGTON HOSP PROMPTCARE EAST 326 SOUTH WOODCREST DRIVE BLOOMINGTON,IN 47401	URGENT CARE CLINIC
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 3C		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL MAKES PARTIAL FINANCIAL ASSISTANCE DETERMINATIONS BASED UPON PATIENTS' LIQUID ASSET AND INCOME LEVELS THE HOSPITAL CALCULATES A PATIENT'S TOTAL AVAILABLE FUNDS BY ADDING ANNUAL INCOME AND LIQUID ASSETS, AND THEN SUBTRACTING 200% OF THE FEDERAL POVERTY GUIDELINES FOR THE FAMILY SIZE THE DIFFERENCE BETWEEN THE BILLED CHARGES AND THE TOTAL AVAILABLE FUNDS TO PAY THE HOSPITAL IS ADJUSTED OFF TO FINANCIAL ASSISTANCE ALL PATIENTS QUALIFYING FOR FINANCIAL ASSISTANCE RECEIVE A FINANCIAL ASSISTANCE DISCOUNT THAT IS AT LEAST AS LARGE AS THE AVERAGE OF THE THREE LARGEST NEGOTIATED COMMERCIAL DISCOUNT RATES
PART I, LINE 6A		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL REPORTS ITS COMMUNITY BENEFIT INVESTMENTS AND INITIATIVE HIGHLIGHTS IN TWO SEPARATE REPORTS FIRST, THE HOSPITAL PREPARES A SEPARATE COMMUNITY BENEFIT REPORT THAT ONLY REFLECTS COMMUNITY BENEFIT ACTIVITIES OCCURRING UNDER ITS TAX IDENTIFICATION NUMBER IN ADDITION, THE INDIANA UNIVERSITY HEALTH STATEWIDE SYSTEM PUBLISHES AN ANNUAL COMMUNITY BENEFIT REPORT THAT ENCOMPASSES THE COMMUNITY BENEFIT ACTIVITIES OF ALL OF ITS STATEWIDE FACILITIES

Identifier	ReturnReference	Explanation
PART I, LINE 7G		IN ACCORDANCE WITH THE INSTRUCTIONS, INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL IDENTIFIED SUBSIDIZED HEALTH SERVICES AS SERVICES THAT WERE PROVIDED AT A FINANCIAL LOSS AND WOULD NO LONGER BE OFFERED IN THE COMMUNITY IF THE HOSPITAL DISCONTINUED THE SERVICE THE HOSPITAL DID NOT INCLUDE ANY COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC AS SUBSIDIZED HEALTH SERVICES
PART I, LINE 7, COLUMN (F)		IN CALCULATING THE PERCENTAGE OF TOTAL EXPENSE REPORTED IN COLUMN (F), TOTAL EXPENSES AS REPORTED ON FORM 990, PART IX, LINE 25, COLUMN (A) WERE REDUCED BY \$19,101,109, THE AMOUNT OF BAD DEBT EXPENSE INCLUDED ON THAT LINE



Identifier	ReturnReference	Explanation
PART I, LINE 7		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL USED A HOSPITAL-WIDE COST-TO-CHARGE RATIO TO CALCULATE THE COST OF PROVIDING SERVICES TO CHARITY CARE PATIENTS. DEPARTMENT-SPECIFIC COST-TO-CHARGE RATIOS FROM THE HOSPITAL'S MEDICARE COST REPORT WERE USED TO CALCULATE THE COST OF MEDICAID SERVICES, HEALTHY INDIANA PLAN SERVICES, AND SUBSIDIZED HEALTH SERVICES. ACTUAL DIRECT COSTS PLUS AN INDIRECT COST FACTOR FROM THE MEDICARE COST REPORT WAS USED TO CALCULATE THE COST OF COMMUNITY HEALTH IMPROVEMENT SERVICES, HEALTH PROFESSIONS EDUCATION, AND CONTRIBUTIONS TO COMMUNITY GROUPS.
PART II		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL PROVIDES FINANCIAL AND IN-KIND SUPPORT TO COMMUNITY AGENCIES AND PROGRAMS THAT BENEFIT THE WELL-BEING OF THE COMMUNITY. THIS COMMUNITY SUPPORT IS PROVIDED TO SUCH PROGRAMS AS THE MONROE COUNTY EMERGENCY MANAGEMENT DISASTER PREPAREDNESS EFFORTS. IU HEALTH BLOOMINGTON HOSPITAL ALSO IMPROVES THE HEALTH OF ITS COMMUNITY THROUGH COLLABORATIONS AND PARTNERSHIPS SUCH AS THE ACTIVE LIVING COALITION AND THE ACTIVE AGING COALITION. THE ACTIVE LIVING COALITION IS COMPRISED OF INDIVIDUALS AND ORGANIZATIONS REPRESENTING COMMUNITY SECTORS OF HEALTH CARE, EDUCATION, CITY GOVERNMENT, COUNTY GOVERNMENT, BUSINESS, AND SERVICE ORGANIZATIONS WHO ARE ADDRESSING THE PUBLIC HEALTH ISSUE OF PHYSICAL INACTIVITY. THE COALITION STRIVES TO INCREASE THE NUMBER OF PEOPLE WHO ENGAGE IN A HEALTHY, PHYSICALLY ACTIVE LIFESTYLE THROUGH COLLABORATIVE EFFORTS ON COMMUNITY EVENTS, RESEARCH, NETWORKING AND PROGRAMMING THAT LEADS TO INCREASED PHYSICAL ACTIVITY OPPORTUNITIES FOR ALL WHO RESIDE IN MONROE COUNTY. THIS PROGRAM IS OFFERED AT NO CHARGE TO THE PARTICIPANTS WHO ARE REFERRED BY THEIR HEALTHCARE PRACTITIONER. THE ACTIVE AGING COALITION IS A GRASSROOTS NETWORKING ORGANIZATION CONSISTING OF SENIORS AND THE BUSINESSES AND NON-PROFIT ORGANIZATIONS WHO SERVE THEM. THE GOAL OF THE COALITION IS TO IDENTIFY SPECIFIC AREAS OF NEED IMPACTING SENIORS AND CREATE FOCUS GROUPS TO WORK ON THESE AREAS. FINALLY, IU HEALTH BLOOMINGTON HOSPITAL IMPROVES LONG-TERM ACCESS TO HEALTHCARE IN THE COMMUNITY BY WORKING WITH EDUCATIONAL INSTITUTIONS TO HOST CAREER DAYS AND PLACE STUDENTS IN JOB SHADOWING OPPORTUNITIES IN ITS FACILITY.

Identifier	ReturnReference	Explanation
PART III, LINE 4		Below is the footnote to the organizations financial statements that describes how the organization determines the provision for uncollectible patient accounts Summary of Significant Accounting Policies Accounts Receivable and Allowance for Uncollectible Accounts "The Indiana University Health System does not require collateral or other security for the delivery of health care services from its patients, substantially all of whom are residents of the state of Indiana However, assignment of benefit payments payable under patients health insurance programs and plans (e g , Medicare, Medicaid, health maintenance organizations, and commercial insurance policies) is routinely obtained, consistent with industry practice The provision for uncollected patient accounts, for all payors, is recognized when services are provided based upon managements assessment of historical and expected net collections, taking into consideration business and economic conditions, changes and trends in health care coverage, and other collection indicators Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon accounts receivable payor composition and aging, the significance of individual payors to outstanding accounts receivable balances, and historical write-off experience by payor category, as adjusted for collection indicators The results of this review are then used to make any modifications to the provision for uncollected patient accounts and the allowance for uncollectible accounts In addition, the Indiana University Health System follows established guidelines for placing certain past due patient balances with collection agencies Patient accounts that are uncollected, including those placed with collection agencies, are initially charged against the allowance for uncollectible accounts in accordance with collection policies of the Indiana University Health System and, in certain cases, are reclassified to charity care if deemed to otherwise meet financial assistance policies of the Indiana University Health System " Methodology used in determining the amount reported on line 2 as bad debt Indiana University Health Bloomington Hospital considers an account as bad debt when it has unsuccessfully exhausted its internal collections efforts Rationale for including bad debt as community benefit IU Health Bloomington Hospital provides health care services through various programs that are designed, among other matters, to enhance the health of the community and improve the health of low-income patients In addition, the Hospital provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance because of inadequate resources and are uninsured or underinsured
PART III, LINE 8		DEPARTMENT-SPECIFIC COST-TO-CHARGE RATIOS FROM THE HOSPITAL'S MEDICARE COST REPORT WERE USED TO CALCULATE THE COST OF MEDICARE SERVICES THE MEDICARE COSTS OF SERVICES INCLUDED IN PART I AS "SUBSIDIZED HEALTH SERVICES" WERE THEN REMOVED TO ENSURE THAT COSTS WERE NOT DOUBLE COUNTED ON SCHEDULE H IN ACCORDANCE WITH THE SCHEDULE H INSTRUCTIONS, IU HEALTH BLOOMINGTON HOSPITAL ONLY INCLUDED THE ALLOWABLE COSTS AND NET MEDICARE COLLECTIONS THAT WERE REPORTED IN THE HOSPITAL'S MEDICARE COST REPORT THEREFORE, THIS FIGURE EXCLUDED SUBSTANTIAL MEDICARE SHORTFALLS THAT RESULTED FROM PROVIDING AMBULANCE, CLINICAL LABORATORY, THERAPY, AND MEDICARE PART C SERVICES THE HOSPITAL BELIEVES THAT ITS ENTIRE MEDICARE SHORTFALL SHOULD BE CONSIDERED A COMMUNITY BENEFIT IN ACCORDANCE WITH ITS MISSION, THE HOSPITAL PROVIDES NECESSARY HEALTHCARE SERVICES TO ALL PATIENTS REGARDLESS OF THEIR INSURANCE STATUS OR ABILITY TO PAY SERVICES ARE PROVIDED TO MEDICARE PATIENTS EVEN THOUGH THE HOSPITAL UNDERSTANDS THAT THE RESULTING REIMBURSEMENT WILL NOT BE ENOUGH TO COVER THE FULL COST OF PROVIDING THESE SERVICES MEDICARE BENEFICIARIES BENEFIT FROM THE HOSPITAL PROVIDING THESE SERVICES AT A FINANCIAL LOSS, AND THE HOSPITAL FEELS THAT THIS BENEFIT SHOULD BE INCLUDED IN REPORTS PROVIDED TO THE COMMUNITY

Identifier	ReturnReference	Explanation
PART III, LINE 9B		ACCOUNTS THAT ARE APPROVED FOR FINANCIAL ASSISTANCE ARE IMMEDIATELY WRITTEN-OFF AND ALL COLLECTION EFFORTS ARE CEASED
PART V, SECTION B, LINE 11		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL MAKES PARTIAL FINANCIAL ASSISTANCE DETERMINATIONS BASED UPON PATIENTS' LIQUID ASSET AND INCOME LEVELS. THE HOSPITAL CALCULATES A PATIENT'S TOTAL AVAILABLE FUNDS BY ADDING ANNUAL INCOME AND LIQUID ASSETS, AND THEN SUBTRACTING 200% OF THE FEDERAL POVERTY GUIDELINES FOR THE FAMILY SIZE. THE DIFFERENCE BETWEEN THE BILLED CHARGES AND THE TOTAL AVAILABLE FUNDS TO PAY THE HOSPITAL IS ADJUSTED OFF TO FINANCIAL ASSISTANCE. ALL PATIENTS QUALIFYING FOR FINANCIAL ASSISTANCE RECEIVE A FINANCIAL ASSISTANCE DISCOUNT THAT IS AT LEAST AS LARGE AS THE AVERAGE OF THE THREE LARGEST NEGOTIATED COMMERCIAL DISCOUNT RATES.

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 14G		THE HOSPITAL INCLUDED A SUMMARY OF THE FINANCIAL ASSISTANCE APPLICATION PROCESS ON ALL BILLS SENT TO PATIENTS THIS PROCESS SUMMARY WAS ALSO POSTED IN HOSPITAL REGISTRATION AREAS THESE NOTIFICATIONS CONTAINED THE TELEPHONE NUMBERS OF INDIVIDUALS TO CONTACT TO LEARN MORE ABOUT THE FINANCIAL ASSISTANCE PROCESS AND TO OBTAIN A COPY OF THE FINANCIAL ASSISTANCE APPLICATION
PART VI, LINE 2 - NEEDS ASSESSMENT		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL UTILIZES A VARIETY OF TOOLS TO ASSESS THE HEALTH CARE NEEDS OF ITS SERVICE AREA THESE TECHNIQUES INCLUDE ANALYZING DATA FROM ADMISSION AND DIAGNOSIS CODES, REVIEWING EMERGENCY DEPARTMENT STATISTICS, AND PARTNERING WITH LOCAL AGENCIES SUCH AS THE HEALTH DEPARTMENT, UNITED WAY, INDIANA UNIVERSITY, AND CITY OF BLOOMINGTON PARKS AND RECREATION THE HOSPITAL USES THE RESULTS OF ITS NEEDS ASSESSMENT TO TARGET ITS COMMUNITY BENEFIT ACTIVITIES

Identifier	ReturnReference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		Indiana University Health Bloomington Hospital employs an Individual Solutions team of case workers and financial assistance representatives to educate patients about governmental assistance programs and the Hospitals internal financial assistance program Uninsured patients are screened for eligibility for financial assistance, and, if eligible, the Individual Solutions team reaches out to the patients with education on the appropriate assistance program This education takes place via room visits to uninsured inpatient patients and discussions in the emergency department with uninsured outpatient patients The Individual Solutions team also screens Medicare patients for their ability to qualify for financial assistance either through Medicaid or the Hospitals charity care policy The Individual Solutions team assists patients in completing the Medicaid, Healthy Indiana Plan, and charity care application paperwork and serves as their advocates throughout the application process This advocacy can extend as far as attending a courtroom hearing in support of a patients Medicaid eligibility appeal if his or her application is originally denied by the State The Hospital also notifies patients of financial assistance programs at other points during the revenue cycle For example, Hospital staff alert patients to financial assistance programs during pre-hospitalization charge estimate requests and post-hospitalization billing inquiries The Hospital goes to extraordinary measures to educate and assist patients regarding the financial assistance programs that are potentially available to them Indiana University Health Bloomington Hospital has also funded an extensive outreach program to raise awareness of and enrollment in Indianas state sponsored health insurance program (the Healthy Indiana Plan) The Hospital utilizes the knowledge and expertise of its Individual Solutions team to promote the Healthy Indiana Plan (HIP) within our service area The Hospital promotes this program through direct mailings, newspaper advertisements, HIP enrollment events, and other events within the community The Individual Solutions team members meet with patients that need assistance completing Healthy Indiana Plan applications and are available to answer any questions that may arise during the application process This tremendous outreach initiative demonstrates the Hospitals commitment to educating its patient base about the financial assistance programs that are available within the community
PART VI, LINE 4 - COMMUNITY INFORMATION		Indiana University Health Bloomington Hospital is located in Monroe County and serves as a regional referral center for its ten county service area Monroe County is located in south central Indiana and has a population of 137,974 (based on 2010 census) The other nine counties in the Hospitals service area are comprised of primarily rural communities Bloomington is the largest town in Monroe County with a population of 69,247 The largest ethnic population in Monroe County is white (87.8%), followed by the Asian (5.2%), Black (3.3%), two or more race groups (2.5%) and American Indian/Alaska Native (0.3%) Hispanics make up 2.9% of the population, with Non-Hispanics equaling 97.1% Monroe County has a lower-than-average median household income of \$36,061 and a higher-than-average poverty rate of 21.9 percent Lack of income serves as a barrier to accessing nutritious food, physical activities and transportation to such resources This situation is exacerbated in the more rural areas of Monroe County where there are few public transportation options However, the county is resource-rich with a vibrant health care and social assistance network, extensive parks and recreation programs and facilities and home to Indiana Universitys main campus

Identifier	ReturnReference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH		INDIANA UNIVERSITY HEALTH BLOOMINGTON HOSPITAL IS INVOLVED IN MULTIPLE INITIATIVES TO INCREASE ACCESS TO CARE WITHIN ITS COMMUNITY THE HOSPITAL CURRENTLY OPERATES TWO PRIMARY CARE OFFICES THAT HELP ADDRESS THE PRIMARY CARE SHORTAGE AND ACCESS TO CARE ISSUES PRESENT IN THE COMMUNITY THE HOSPITAL RECENTLY BEGAN PLANS FOR A THIRD PRIMARY CARE FACILITY TO PROVIDE FOR THE HEALTHCARE NEEDS OF MONROE COUNTY THE HOSPITAL ALSO FINANCIALLY SUPPORTS THE LOCAL VOLUNTEERS IN MEDICINE UNINSURED CLINIC BY PROVIDING FREE TESTING SERVICES, STAFF SUPPORT, AND BOARD LEADERSHIP FURTHERMORE, THE HOSPITAL PROVIDES SUPPORT TO COMMUNITY MEMBERS UNDERGOING CANCER TREATMENT BY PROVIDING AN EDUCATIONAL RESOURCE AND SUPPORT CENTER (OLCOTT CENTER) THAT IS FREE OF CHARGE TO THE COMMUNITY FINALLY, THE HOSPITAL SERVES AS THE SPONSORING AGENCY FOR THE WIC PROGRAM OF MONROE AND GREENE COUNTIES, THE MONROE COUNTY PUBLIC HEALTH CLINIC, AND THE POSITIVE LINK HIV AND AIDS AWARENESS AND CARE COORDINATION PROGRAM
PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM ROLES		INDIANA UNIVERSITY HEALTH IS A COMPREHENSIVE HEALTHCARE SYSTEM COMPRISED OF NUMEROUS HOSPITALS, PHYSICIANS PRACTICES, AND OTHER HEALTHCARE FACILITIES ACROSS THE STATE BY COORDINATING CARE ACROSS A FULL CONTINUUM OF SERVICES, THE SYSTEM IS ABLE TO PROVIDE PREEMINENT CARE TO THE RESIDENTS OF INDIANA ALTHOUGH EACH HOSPITAL IN THE SYSTEM PREPARES ITS OWN COMMUNITY BENEFIT PLAN RELATIVE TO ITS RESPECTIVE COMMUNITY, IU HEALTH CONSIDERS ITS COMMUNITY BENEFIT PLAN AS AN IMPORTANT PART OF AN OVERALL VISION FOR STRENGTHENING THE STATE'S HEALTHCARE SAFETY NET

Identifier	ReturnReference	Explanation
Part VI, Line 7	State Filing of Community Benefit Report	IN





Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
INDIANA UNIVERSITY HEALTH BLOOMINGTON INC

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

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

OMB No 1545-0047

2012

Open to Public  
Inspection

Employer identification number  
35-1720796

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
(1) American Heart Association PO Box 4002902 Des Moines,IA 50340	13-5613797	501(c)(3)	20,000				S13 Bloominton GRFW/S12 Bloomington Gala
(2) The Greater Bloomington Chamber of Commerce PO Box 1302 Bloomington,IN 47402	35-0183215	501(c)(6)	14,234				Event Sponsorship
(3) Health Foundation of Greater Indianapolis 429 E Vermont St Ste 300 Indianapolis,IN 46202	35-6203550	501(C)(3)	10,000				Indiana Aids Fund
(4) Wonderlab Museum of Science Health & Tech 308 West 4th St Bloomington,IN 47404	35-1956521	501(c)(3)	6,500				T thermal Imaging Camera

2

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

3

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

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
Description of Organization's Procedures for Monitoring the Use of Grants	Form 990, Schedule I, Part I, Line 2	Through its own active involvement in the programs it helps to support or underwrite, Indiana University Health Bloomington is aware at all times of the programs activities

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
INDIANA UNIVERSITY HEALTH BLOOMINGTON INC

Employer identification number  
35-1720796

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	<div><input type="checkbox"/> First-class or charter travel</div> <div><input type="checkbox"/> Travel for companions</div> <div><input type="checkbox"/> Tax idemnification and gross-up payments</div> <div><input type="checkbox"/> Discretionary spending account</div> <div><input type="checkbox"/> Housing allowance or residence for personal use</div> <div><input type="checkbox"/> Payments for business use of personal residence</div> <div><input type="checkbox"/> Health or social club dues or initiation fees</div> <div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div>			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the 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			
	<div><input checked="" type="checkbox"/> Compensation committee</div> <div><input checked="" type="checkbox"/> Independent compensation consultant</div> <div><input type="checkbox"/> Form 990 of other organizations</div> <div><input type="checkbox"/> Written employment contract</div> <div><input checked="" type="checkbox"/> Compensation survey or study</div> <div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div>			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	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	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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
Supplemental Nonqualified Retirement Plan	Schedule J, Part I, Line 4B	As part of the executive compensation plan recommended to Indiana University Health Bloomington, Inc. by a professional compensation consulting firm, the hospital offers eligible senior executives the opportunity to participate in a non-qualified 457(F) deferred compensation plan. Following are the participants in the plan and amounts contributed by employer 2012: Mark E. Moore, CEO \$117,874; James J. Myers, CFO \$40,938; Steven D. Deckard, VP, HR \$7,685; Kenneth E. Marshall, M.D., VP & CMO \$33,109; Mark W. McMath, VP & CIO \$26,287; Ruth Ann Morris, R.N., VP & CNO \$26,347; Larry Bailey, Vice President \$21,818. Following are the amounts deferred by employees for 2012: Mark E. Moore, CEO \$0; James J. Myers, CFO \$16,500; Steven D. Deckard, VP, HR \$7,000; Kenneth E. Marshall, M.D., VP & CMO \$0; Mark W. McMath, VP & CIO \$6,470; Ruth Ann Morris, R.N., VP & CNO \$7,150; Larry Bailey, Vice President \$0. THE FOLLOWING PARTICIPANTS VESTED AS OF 12/31/12 AND CHOSE TO RECEIVE A DISTRIBUTION OF THE FOLLOWING AMOUNT: Mark E. Moore, CEO \$683,191; Steven D. Deckard, VP, HR \$47,544; Larry Bailey, Vice President \$136,243. Daniel F. Evans Jr. participates in an Indiana University Health, Inc. supplemental executive retirement plan, provisions of which are designed to retain critical employees. The plan provides for an additional retirement benefit for service through normal retirement or other key dates. If the executive leaves prior to retirement or other key dates, the benefit may be forfeited or reduced. The amount of this benefit has been included in column c, deferred compensation, representing the current year increase in the accrued benefit and/or current year contributions. No amount was actually paid to the executive during the year.
NON-FIXED PAYMENTS TO OFFICERS AND KEY EMPLOYEES	SCHEDULE J, PART I, LINE 7	According to the hospital's executive compensation plan, annual goals will be set for each member of the senior leadership group, and the degree of successful completion determined following the end of the year will determine that leader's annual bonus, if any. Any payouts will be in the form of a lump sum and will not affect the leader's base pay. The leader may elect to defer any or all of the bonus compensation through the hospital's 457(f) plan, subject to any plan restrictions, if required. The amount of the merit payment for the CEO shall be determined by the compensation committee; all other senior leaders' payments shall be recommended by the CEO to the compensation committee for approval prior to any award.

Software ID:

Software Version:

EIN: 35-1720796

Name: INDIANA UNIVERSITY HEALTH BLOOMINGTON 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				
Daniel F Evans Jr	(i)	0	0	0	0	0	0	0
	(ii)	1,043,576	313,408	56,850	838,555	26,887	2,279,276	0
Mark E Moore	(i)	459,108	46,282	701,880	159,532	24,913	1,391,715	683,191
	(ii)	0	0	0	0	0	0	0
James J Myers	(i)	246,994	23,333	18,084	85,581	1,452	375,444	0
	(ii)	0	0	0	0	0	0	0
Steven D Deckard	(i)	170,163	14,369	61,439	40,413	17,687	304,071	47,544
	(ii)	0	0	0	0	0	0	0
Kenneth E Marshall MD	(i)	322,022	26,000	552	44,359	26,578	419,511	0
	(ii)	0	0	0	0	0	0	0
Mark W McMath	(i)	198,827	16,997	7,022	37,101	27,513	287,460	0
	(ii)	0	0	0	0	0	0	0
Ruth Ann Morris RN	(i)	247,020	20,782	10,198	75,177	21,182	374,359	0
	(ii)	0	0	0	0	0	0	0
Lee McKinley MD	(i)	287,461	0	7,885	43,419	17,608	356,373	0
	(ii)	0	0	0	0	0	0	0
A martyadeb Goswami MD	(i)	286,673	0	552	11,250	31,242	329,717	0
	(ii)	0	0	0	0	0	0	0
Charles McCalla MD	(i)	239,878	0	29,352	38,285	17,440	324,955	0
	(ii)	0	0	0	0	0	0	0
Mark Munroe MD	(i)	221,322	0	18,354	11,142	1,357	252,175	0
	(ii)	0	0	0	0	0	0	0
A Perry Griffith MD	(i)	236,105	0	552	11,250	24,633	272,540	0
	(ii)	0	0	0	0	0	0	0
Larry Bailey	(i)	211,391	27,428	146,293	33,068	26,325	444,505	136,243
	(ii)	0	0	0	0	0	0	0

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
INDIANA UNIVERSITY HEALTH BLOOMINGTON 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  
35-1720796

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 HOSPITAL AUTHORITY OF MONROE COUNTY INDIANA	000000000	000000000	02-16-2006	19,962,132	TAX-EXEMPT EQUIP LOANS (SEE PT VI)		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	19,962,132							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	0							
7	Issuance costs from proceeds	0							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	19,962,132							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2006							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		%		%		%	
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	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		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						
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?		X						
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							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	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							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider	0							
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)?								
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?	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?	X							

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

Identifier	Return Reference	Explanation
TAX-EXEMPT EQUIPMENT LOANS (MASTER LEASE AND SUBLEASE AGREEMENT)	0	Part I, Column (f) These funds, which were used entirely for the purchase of medical and hospital IT equipment, were originally received in three separate draws \$14,252,734 on 02/16/2006, \$3,256,179 on 06/07/2006, and \$2,453,219 on 12/28/2006 (Total = \$19,962,132) The equipment financed with these tax-exempt loans was separated into three categories \$5,566,946 assets with a 5-year useful life, \$2,403,488 assets with an 8-year useful life, and \$11,991,698 assets with a 10-year useful life (Total - \$19,962,132) The interest rate spread to the BMA Index used to calculate the variable-rate interest cost is 0.98% for the 5-year loan, 1.09% for the 8-year loan, and 1.21% for the 10-year loan As of 12/31/2012 the unpaid balances on the three loan categories are as follows \$0 on the 5-year loan, \$512,175 on the 8-year loan, and \$5,014,199 on the 10-year loan (Total = 5,526,374)

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  
INDIANA UNIVERSITY HEALTH BLOOMINGTON INC

Employer identification number  
  
35-1720796

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) BORMA	SEE SCHEDULE L, PART V	951,500	MEDICAL SERVICES PROVIDER		No
(2) PREMIER HEALTHCARE	SEE SCHEDULE L, PART V	3,494,209	MEDICAL SERVICES PROVIDER		No
(3) OLD NATIONAL BANK	SEE SCHEDULE L, PART V	3,160,445	GENERAL BANKING TRANSACTIONS		No
(4) BLOOMINGTON ANESTHESIOLOGISTS PC	SEE SCHEDULE L, PART V	759,800	MEDICAL SERVICES PROVIDER		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	FORM 990, SCHEDULE L, PART IV	Charles R McKeen, M D an IUHB Director, is also a member of a medical practice, Bloomington Operating Room Management Associates (BORMA), with whom the hospital contracts for surgical management and medical services IUHB paid the medical group BORMA, but not Dr McKeen directly, a total of \$951,500 James V Faris, M D an IUHB Director, is also a member and partial owner of a large Bloomington medical practice, Premier Healthcare, LLC, with whom the hospital contracts for a wide variety of medical services, including but not limited to cardiology and hospitalist coverage IUHB paid Premier healthcare, but not Dr Faris directly, a total of \$3,494,209 Mark D Bradford, an IUHB director, is president of Old National Bank, IUHB's primary bank Old National Bank financed \$2,866,528 of IUHB patient accounts receivable during 2012, in addition to providing customary commercial banking services Fees paid to Old National Bank in 2012 were \$293,917 Chad A Johnson, M D and Allen W Dunn, M D , both of whom are IUHB Directors, are also members of a medical practice, Bloomington Anesthesiologists, P C , with whom the hospital contracts for medical services IUHB paid the medical group Bloomington Anesthesiologists, P C , but not Dr Johnson or Dr Dunn directly, a total of \$759,800

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 INDIANA UNIVERSITY HEALTH BLOOMINGTON INC	Employer identification number 35-1720796
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Identifier	Return Reference	Explanation
DESCRIPTION OF OTHER PROGRAM SERVICES	FORM 990, PART III, LINE 4D	INDIANA UNIVERSITY HEALTH BLOOMINGTON'S PRIMARY REASON FOR EXISTENCE IS TO PROVIDE HIGH-QUALITY MEDICAL CARE FOR ITS COMMUNITY TO ACCOMPLISH THIS END, THE HOSPITAL HAS INCURRED SIGNIFICANT EXPENSE TO ACQUIRE THE BEST MEDICAL SUPPLIES AND EQUIPMENT AVAILABLE. MEDICAL SERVICES, BOTH INPATIENT AND OUTPATIENT, ARE SUBJECT TO ONGOING IMPROVEMENT AND EXPANSION IN RESPONSE TO THE CHANGING NEEDS OF THE COMMUNITY AS THE ONLY FULL-SERVICE MEDICAL/SURGICAL HOSPITAL IN MONROE COUNTY, IUHB PROVIDES SERVICES TO A LARGE POPULATION RESIDENTS OF OWEN, BROWN, GREENE, AND LAWRENCE COUNTIES ARE ALSO SIGNIFICANT USERS OF THE HOSPITAL'S SERVICES DURING THE FISCAL YEAR ENDING DECEMBER 31, 2012, IUHB DISCHARGED A TOTAL OF 12,846 ADULT AND PEDIATRIC INPATIENTS, AS WELL AS 1,977 NEWBORN INFANTS IN ADDITION, APPROXIMATELY 916,000 MEDICAL PROCEDURES WERE PERFORMED FOR HOSPITAL OUTPATIENTS SINCE ITS INCEPTION, IUHB HAS PROVIDED MEDICAL CARE TO ANY AND ALL PATIENTS PRESENTING THEMSELVES FOR SERVICE, REGARDLESS OF THEIR ABILITY TO PAY THE VALUE OF FREE CARE PROVIDED TO PATIENTS WHO QUALIFIED FOR HOSPITAL CHARITY DURING FISCAL YEAR 2012 WAS \$42,805,713, THE HOSPITAL IS ALSO A FULL PARTICIPANT IN PROVIDING CARE TO MEDICARE AND MEDICAID PATIENTS, AT REIMBURSABLE AMOUNTS FAR LOWER THAN ITS NORMAL CHARGES DURING 2012, THE HOSPITAL WAS EXTREMELY SUCCESSFUL IN ENROLLING MEMBERS OF ITS COMMUNITY BOTH IN THE MEDICAID PROGRAM AND IN THE MORE RECENTLY CREATED STATE HEALTH CARE PROGRAM KNOWN AS THE HEALTHY INDIANA PLAN (HIP) ALTHOUGH REIMBURSEMENTTO THE HOSPITAL UNDER THESE PROGRAMS IS EXTREMELY LOW IN COMPARISON TO GROSS PATIENT CHARGES, THE ENROLLMENT ASSISTANCE PROVIDED TO INDIVIDUALS SHOULD BE VIEWED AS A COMMUNITY BENEFIT SINCE SUCCESSFUL ENROLLEES ARE THEN COVERED FOR MOST OTHER ESSENTIAL MEDICAL SERVICES FROM OTHER PROVIDERS THAN JUST THE HOSPITAL ITSELF IN ORDER TO PROMOTE GOOD HEALTH CARE AND TO EMPHASIZE THE IMPORTANCE OF PREVENTIVE MEDICINE, THE HOSPITAL OFFERS FREE LECTURES PRESENTED BY KNOWLEDGEABLE PROFESSIONALS TO THE BLOOMINGTON COMMUNITY HISTORICALLY, THESE LECTURES, WHICH ARE HELD BOTH AT THE HOSPITAL AND THROUGHOUT THE SERVICE AREA, HAVE BEEN WELL ATTENDED AND WELL RECEIVED BY THE RESIDENTS OF MONROE AND SURROUNDING COUNTIES TOPICS COVERED BY THESE FREE SEMINARS INCLUDE NUTRITION, DIABETES, OBESITY, AND CANCER PREVENTION, TO NAME ONLY A FEW IN ADDITION TO PROVIDING EDUCATIONAL SESSIONS FOR SENIORS, THE HOSPITAL HAS ALSO DEVELOPED ITS SENIORITY PLUS PLAN, DESIGNED TO PROVIDE A FULL RANGE OF FREE SERVICE AND ADVICE TO THIS GROUP IN ADDITION TO EXTENSIVE DISCOUNT PROGRAMS THAT HAVE BEEN ARRANGED BY HOSPITAL STAFF ON BEHALF OF SENIORITY PLUS MEMBERS IUHB IS ACTIVELY INVOLVED IN EDUCATION FOR STUDENTS ENROLLED IN VARIOUS POST-SECONDARY VOCATIONAL AND ACADEMIC PROGRAMS, INCLUDING, BUT NOT LIMITED TO, NURSING, RESPIRATORY THERAPY, CLINICAL INFORMATICS, SURGICAL TECHNOLOGY, EMERGENCY MEDICAL RESPONSE, CLINICAL ENGINEERING, PHARMACY, LABORATORY, AND FOOD AND NUTRITION SERVICES ALSO TO FURTHER ITS EDUCATIONAL GOALS, THE HOSPITAL OFFERS CAREER COUNSELING TO LOCAL HIGH SCHOOLS AND JUNIOR HIGH SCHOOLS, EVEN PROVIDING A HEALTH CARE CAREER CAMP FOR STUDENTS DURING THE SUMMER MONTHS THROUGH THIS PROCESS, THE HOSPITAL HOPES TO INFORM YOUNG PEOPLE OF LITTLE KNOWN WAYS IN WHICH ONE MAY SERVE WITHIN THE MEDICAL COMMUNITY THROUGHOUT THE YEAR, IUHB HAS PROVIDED THE COMFORT OF VARIOUS COUNSELING AND SUPPORT GROUPS AT NO CHARGE TO ALL THOSE WHO NEED AND DESIRE THIS SERVICE, ADDRESSING SUCH ISSUES AS SMOKING CESSATION, DIABETES MANAGEMENT, AND COPING WITH THE LOSS OF A LOVED ONE THE HOSPITAL HAS ALSO CONTRIBUTED TO THE SAFETY AND WELL BEING OF THE CHILDREN IN ITS COMMUNITY BY PROVIDING CAR SEAT SAFETY CHECKS, BICYCLE HELMETS, SUNSCREEN, AND LEAD TESTING, ALL WITHOUT CHARGE TO THE BENEFICIARIES FAMILY OR BUSINESS RELATIONSHIPS FORM 990, Part VI, QUESTION 2 Chad A Johnson, MD and Allen W Dunn, MD have a business relationships as members of a medical practice, Bloomington Anesthesiologists, PC

Identifier	Return Reference	Explanation
Description of Classes of Members or Stockholders	Form 990, Part VI, Question 6	INDIANA UNIVERSITY HEALTH, INC (EIN 35-1955872) IS THE SOLE MEMBER OF INDIANA UNIVERSITY HEALTH BLOOMINGTON, INC

Identifier	Return Reference	Explanation
Description of Classes of Persons and the Nature of Their Rights	Form 990, Part VI, Question 7a	ANY AMENDMENT THAT WOULD IN ANY WAY RELATE TO THE NUMBER OF DIRECTORS OF HOSPITAL, THE SOURCE OF THEIR APPOINTMENTS, THE PROVISION WITH RESPECT TO SUPERMAJORITY VOTING, THE PROVISIONS REGARDING THE COUNCIL'S COMMITTEE INVOLVEMENT OR PROVISIONS WITH RESPECT TO THE REMOVAL OF SUCH DIRECTORS, SHALL REQUIRE THE PRIOR APPROVAL OF INDIANA UNIVERSITY HEALTH, INC

Identifier	Return Reference	Explanation
Descr Classes of Persons, Decisions Requiring Appr & Type of Voting Rights	Form 990, Part VI, Question 7b	NO ACTION OF THE HOSPITAL'S BOARD OR OF ANY OFFICER OR AGENT OF THE HOSPITAL REGARDING ANY MATTERS THAT ARE SUBJECT TO INDIANA UNIVERSITY HEALTH, INC 'S RESERVED POWERS SHALL HAVE ANY FORCE OR EFFECT WITHOUT PRIOR NOTICE TO AND THE WRITTEN APPROVAL OF INDIANA UNIVERSITY HEALTH, INC RESERVED POWERS REFERENCED ABOVE INCLUDE, BUT ARE NOT LIMITED TO, ANY ACTION THAT WOULD ALTER OPERATING AND CAPITAL BUDGETS, CHANGE THE CURRENT CORPORATE ENTITY STRUCTURE, OR CHANGE THE ARTICLES OF INCORPORATION

Identifier	Return Reference	Explanation
Describe the Process used by Management &/or Governing Body to Review 990	Form 990, Part VI, Question 11b	BEGINNING IN 2012, FOR THE TAX YEAR ENDED 12/31/2011, INDIANA UNIVERSITY HEALTH BLOOMINGTON PROVIDED A CONFIDENTIAL AND SECURE WEB SITE ACCESSIBLE TO MEMBERS OF ITS BOARD OF DIRECTORS, ON WHICH A COMPLETE COPY OF ITS IRS FORM 990, AS ULTIMATELY FILED WITH THE IRS, WAS POSTED FOR VIEWING BEFORE IT WAS FILED DURING THE TAX RETURN POSTING PERIOD, DIRECTORS WERE ENCOURAGED TO SUBMIT QUESTIONS OR SUGGESTIONS TO THE HOSPITAL'S CFO



Identifier	Return Reference	Explanation
Description of Process to Monitor Transactions for Conflicts of Interest	Form 990, Part VI, Question 12c	<p>FOLLOWING THE ANNUAL SUBMISSION OF ALL RELEVANT PERSON'S CONFLICT OF INTEREST FORMS, THE HOSPITAL AUDIT AND COMPLIANCE COMMITTEE MEETS TO REVIEW ALL RESPONSES AND TO DETERMINE WHETHER ANY OF THE POTENTIAL CONFLICTS THAT HAVE BEEN DOCUMENTED WOULD PREVENT ANY ONE'S SERVING ON THE BOARD OF DIRECTORS, OR CONTINUING AS A KEY EMPLOYEE. FOLLOWING ARE KEY EXCERPTS TAKEN FROM THE HOSPITAL'S 2012 CONFLICT OF INTEREST POLICY</p> <p>1) ALL BOARD MEMBERS, EX-OFFICIO BOARD MEMBERS, COMMITTEE MEMBERS OR SENIOR MANAGEMENT TEAM MEMBERS SHOULD ACT IN GOOD FAITH AND IN THE BEST INTERESTS OF INDIANA UNIVERSITY HEALTH BLOOMINGTON, INC</p> <p>2) ANY MEMBER HAVING AN EXISTING OR POTENTIAL INTEREST IN A CONTRACT OR OTHER TRANSACTION PRESENTED TO THE BOARD OF DIRECTORS OR A COMMITTEE THEREOF FOR DELIBERATION, AUTHORIZATION, APPROVAL, OR RATIFICATION, OR ANY PERSON WHO REASONABLY BELIEVES SUCH AN INTEREST EXISTS IN A MEMBER SHALL MAKE A PROMPT, FULL, AND FRANK DISCLOSURE OF THE INTEREST TO THE BOARD OR COMMITTEE AT THE EARLIEST POSSIBLE MEETING OF THE BOARD OR COMMITTEE</p> <p>3) A CONFLICT OCCURS WHEN A MEMBER HAS A DIRECT OR INDIRECT PROFESSIONAL OR PERSONAL INTEREST THAT COMPETES WITH THE INTERESTS OF THE HOSPITAL. THE POLCY REQUIRES (A) REGULAR ANNUAL STATEMENTS FROM MEMBERS THAT DISCLOSE EXISTING AND POTENTIAL CONFLICTS OF INTEREST, AND (B) CORRECTIVE AND DISCIPLINARY ACTION WITH RESPECT TO THE TRANSGRESSIONS OF SUCH POLICIES</p>

Identifier	Return Reference	Explanation
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15a	<p>BEGINNING IN 2003 AND EFFECTIVE FOR EVERY SUCCEEDING YEAR, INCLUDING THE YEAR ENDED 12/31/2012, INDIANA UNIVERSITY HEALTH BLOOMINGTON HAS HAD A FORMAL WRITTEN POLICY DEFINING COMPENSATION TO ITS CEO, CFO, AND ALL OTHER KEY EXECUTIVE EMPLOYEES (THIS GROUP IS REFERRED TO INTERNALLY AS THE SLG ) THE COMPENSATION COMMITTEE IS COMPRISED OF INDEPENDENT MEMBERS AND IS RESPONSIBLE FOR REVIEWING AND APPROVING ANY CHANGES TO EXECUTIVE COMPENSATION AND/OR BENEFITS ON AN ANNUAL BASIS ANY CHANGES ARE TO BE REASONABLE, MARKET COMPETITIVE, AND BASED ON MARKET INFORMATION SUPPLIED BY INDEPENDENT CONSULTANTS EMPLOYED BY THE COMPENSATION COMMITTEE AND NOT BY THE ADMINISTRATIVE STAFF CONSULTANTS SHALL REPORT THEIR FINDINGS DIRECTLY TO THE COMPENSATION COMMITTEE MEMBERS OF THE ADMINISTRATIVE STAFF SHALL NOT BE PRESENT WHILE DISCUSSIONS ARE HELD TO DETERMINE THE LEVEL OF COMPENSATION AND BENEFITS FOR THE SLG MINUTES OF COMPENSATION COMMITTEE PROCEEDINGS SHALL BE KEPT, REFLECTING THE COMMITTEE'S INDEPENDENCE, ANY IDENTIFIED CONFLICTS OF INTEREST, WHAT DECISIONS WERE MADE, AND WHAT INDIVIDUALS WERE PRESENT SALARY ADJUSTMENTS AND/OR BENEFIT CHANGES FOR ANY SLG MEMBER MUST BE APPROVED BY THE COMMITTEE PRIOR TO IMPLEMENTATION ALL SUCH APPROVED CHANGES WILL BE DISCLOSED TO THE FULL BOARD OF DIRECTORS AT THE NEXT REGULARLY SCHEDULED MEETING THE POLICY HERE DESCRIBED WAS USED TO EVALUATE SLG SALARIES DURING THE YEAR ENDED 12/31/2012</p>

Identifier	Return Reference	Explanation
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15b	THE COMPENSATION AND BENEFITS OF ALL KEY EXECUTIVE POSITIONS ARE SUBJECT TO THE SAME PROCESS AS DESCRIBED IN THE EXPLANATION FOR FORM 990, PART VI, LINE 15A THE PROCESS WAS MOST RECENTLY USED IN 2012 TO EVALUATE THE SENIOR LEADERSHIP POSITIONS

Identifier	Return Reference	Explanation
<p>Avail of Gov Docs, Conflict of Interest Policy, &amp; Fin Strmts to Gen Public</p>	<p>Form 990, Part VI, Question 19</p>	<p>INDIANA UNIVERSITY HEALTH BLOOMINGTON, INC ASKS THAT ANYONE REQUESTING A COPY OF ITS IRS FORM 990 COME TO ITS ADMINISTRATIVE OFFICE TO ACCESS THAT COPY REQUESTS TO SEE THE RETURN CAN BE SUBMITTED VIA THE HOSPITAL'S INTERNET WEB SITE OR BY TELEPHONING THE GENERAL SWITCHBOARD NUMBER FOR THE HOSPITAL STAFF ATTEMPTS TO ALWAYS RESPOND TO ALL REQUESTS WITHIN 24 HOURS, REGARDLESS OF THE MEANS OF TRANSMISSION COMPLIANCE POLICIES, SUCH AS THOSE DEFINING CONFLICTS OF INTEREST ARE AVAILABLE TO HOSPITAL EMPLOYEES VIA AN EXTENSIVE INTRANET SITE ANYONE OUTSIDE THE HOSPITAL MAY REQUEST A COPY VIA THE PUBLIC INTERNET SITE OR BY TELEPHONE FINANCIAL STATEMENTS, TOO, ARE AVAILABLE FOR VIEWING UPON REQUEST, BUT MUST BE OBTAINED IN PERSON FROM THE HOSPITAL'S ADMINISTRATIVE OFFICES</p>

Identifier	Return Reference	Explanation
Other Changes in Net Assets	Form 990, Part XI, Question 9	During 2012, Indiana University Health Bloomington, Inc. recorded the following other changes in net assets or fund balances: Change in Pension Obligation: \$ (8,280,906); Additional Paid In Capital/Net Asset Transfers: \$(25,368,570); Unrealized Increase In Foundation Net Assets: \$ 533,663; Rounding: \$ 5 _____; Total Other Changes in Net Assets: \$(33,115,808).

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  
INDIANA UNIVERSITY HEALTH BLOOMINGTON INC

Employer identification number  
35-1720796

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

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
See Additional Data Table							

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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Additional Data Table												

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
See Additional Data Table									

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

No

No

Yes

Yes

Yes

Yes

Yes

No

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) IU HEALTH SOUTHERN INDIANA PHYSICIANS	B	25,368,570	FMV
(2) BLOOMINGTON HOSPITAL FOUNDATION	C	474,481	FMV
(3) BLOOMINGTON HOSPITAL FOUNDATION	M	337,628	FMV
(4) BLOOMINGTON HOSPITAL FOUNDATION	N	617,992	FMV
(5) IU HEALTH PAOLI	P	361,062	FMV
(6) IU HEALTH SOUTHERN INDIANA PHYSICIANS	P	843,396	FMV

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: 35-1720796

Name: INDIANA UNIVERSITY HEALTH BLOOMINGTON 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								
Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership												
(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) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Ball Outpatient Sugery Center LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 27-0275794	Healthcare	IN	BOSCH	N/A				No			No	
Eagle Highlands Surgery Center LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 35-2259204	Healthcare	IN	EHSCH	N/A				No			No	
EHSC Holdings LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 45-4147879	Healthcare	IN	IUH	N/A				No			No	
Health Venture Management LLC  950 N Meridian St Ste 800 Indianapolis, IN 46204 20-5740218	Management	IN	IUH	N/A				No			No	
IEC Holdings LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 45-4148032	Healthcare	IN	IUH	N/A				No			No	
Indiana Endoscopy Centers LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 20-8398421	Healthcare	IN	IECH	N/A				No			No	
BSC Holdings LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 45-2314634	Healthcare	IN	IUH	N/A				No			No	
Mid-America Surgery Center LLC  2401 W University Ave Muncie, IN 47303 35-2002953	Healthcare	IN	CDHV	N/A				No			No	
ROC Surgery LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 27-1497960	Healthcare	IN	ROCSH	N/A				No			No	
ROCS Holdings LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 45-4148369	Healthcare	IN	IUH	N/A				No			No	
Senate Street Surgery Center LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 42-1709357	Healthcare	IN	SSSCH	N/A				No			No	
Beltway Sugery Centers LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 35-2072586	Healthcare	IN	BSCH	N/A				No			No	
SSSC Holdings LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 45-4148167	Healthcare	IN	IUH	N/A				No			No	
Cardinal Health Alliance LLC  2401 W University Ave Muncie, IN 47303 35-1966281	Managed Care	IN	IUHBMH	N/A				No			No	
Bloomington Endoscopy Centers LLC  PO BOX 1149 BLOOMINGTON, IN 47402 35-2117943	HEALTHCARE	IN	IUHB	RELATED	428,088	2,858,481		No	0		No	51 000 %

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
BMH Outpatient Sugery Services LLC  2401 W University Ave Muncie, IN 47303 20-4567998	Healthcare	IN	IUHBMH	N/A				No			No	
BOSC Holdings LLC  3000 Riverchase Galleria Ste 500 Birmingham, AL 35244 45-4147343	Healthcare	IN	IUH	N/A				No			No	
Cardinal Health Initiatives LLC  950 N Meridian St Ste 800 Indianapolis, IN 46204 30-0102702	Purchasing	IN	IUHBMH	N/A				No			No	
CHV Fund I LLC  950 N Meridian St Ste 800 Indianapolis, IN 46204 26-2523206	Venture Capital	IN	IUH	N/A				No			No	
CHV Fund Management LLC  950 N Meridian St Ste 800 Indianapolis, IN 46204 26-2523151	Venture Capital	IN	CHV	N/A				No			No	
Clarian Health Network LLC  950 N Meridian St Ste 800 Indianapolis, IN 46204 35-2055030	Healthcare	IN	IUH	N/A				No			No	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
BMH Medical Pavilion Association Inc  2525 W University Ave Muncie, IN 47303 35-1858408	Condo Management	IN	IUHBMH	C				Yes	
IU Health Southern IN Physicians Inc  PO Box 1149 Bloomington, IN 47402 35-1913875	Healthcare	IN	IUHB	C	48,233,681	14,648,559	100 000 %	Yes	
IUH Assurance Ltd  720 W Bay Rd PO Box 69 Grand Cayman CJ 98-0395429	Insurance	CJ	IUH	C				Yes	
Occ-Health Revenue Systems Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 20-3308057	Workers Comp PPO	IN	MOHC	C				Yes	
Parkmor Drug Inc  1501 S Main St Goshen, IN 46526 13-1394980	Pharmacy Sales	IN	GHS	C				Yes	
PILR Inc  200 High Park Ave Goshen, IN 46526 20-4294750	Development	IN	GHS	C				Yes	
Radiation Oncology Resources Inc  200 High Park Ave Goshen, IN 46526 26-2008424	Healthcare	IN	GHS	C				Yes	
SCANS Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 45-3080392	Healthcare	IN	CHVF1	C				Yes	
Univresity Health Management Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 27-2891143	Management	IN	CHV	C				Yes	
University Health Mgmt (China) Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 27-3891311	Management	IN	CHV	C				Yes	
Proteuo Fund LP  PO Box 31106 89 Nexus Way Grand Cayman CJ 98-1075227	Investments	CJ	IUH	C				Yes	
Cardinal Health Ventures Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 35-1611424	Management	IN	IUHBMH	C				Yes	
CHV Capital Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 26-0752507	Venture Capital	IN	IUH	C				Yes	
IU Health ACO Inc  950 N Meridian St Ste 800 Indianapolis, IN 46204 45-4421020	Healthcare	IN	IUH	C				Yes	
IU Health Board Designated Trust  400 Howard St San Francisco, CA 94105 30-6309021	Investment	IN	IUH	T				Yes	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
IU Health NTGI S&P500 Fund CF  PO Box 804358 Chicago, IL 60680 30-6298263	Investment	IN	IUH	T				Yes	
IU Health Plans Inc  1776 Meridian St Ste 300 Indianapolis, IN 46202 26-2127080	HMO	IN	IUH	C				Yes	
IU Health Risk Purchasing Group Inc  151 Meeting St Ste 301 Charleston, SC 29401 26-0202446	Insurance	IN	IUH	C				Yes	
IU Health Risk Retention Group Inc  151 N Meeting St Ste 301 Charleston, SC 29401 20-1107674	Insurance	SC	IUH	C				Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
IU HEALTH SOUTHERN INDIANA PHYSICIANS	B	25,368,570	FMV
BLOOMINGTON HOSPITAL FOUNDATION	C	474,481	FMV
BLOOMINGTON HOSPITAL FOUNDATION	M	337,628	FMV
BLOOMINGTON HOSPITAL FOUNDATION	N	617,992	FMV
IU HEALTH PAOLI	P	361,062	FMV
IU HEALTH SOUTHERN INDIANA PHYSICIANS	P	843,396	FMV

## CONSOLIDATED FINANCIAL STATEMENTS

Indiana University Health, Inc. and subsidiaries  
Years Ended December 31, 2012 and 2011  
With Report of Independent Auditors

Ernst & Young LLP



Indiana University Health, Inc. and subsidiaries

Consolidated Financial Statements

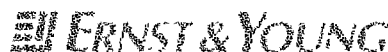
Years Ended December 31, 2012 and 2011

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## Report of Independent Auditors

The Board of Directors  
Indiana University Health, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Indiana University Health, Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and 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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity 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 of material misstatement, whether due to fraud or error.

### Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditor's 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 the entity's 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 the entity's 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 consolidated financial position of Indiana University Health, Inc. and subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### **Emphasis Matter**

As discussed in Note 3 to the consolidated financial statements, Indiana University Health, Inc. and subsidiaries changed its presentation of the provision for uncollectible accounts as a result of the adoption of Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, effective January 1, 2012.

*Ernst & Young LLP*

March 28, 2013

Indiana University Health, Inc. and subsidiaries

Consolidated Balance Sheets

(Thousands of Dollars)

	December 31	
	2012	2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 611,630	\$ 403,086
Patient accounts receivable, less allowance for uncollectible accounts of \$250,604 and \$197,025 at 2012 and 2011, respectively	617,548	550,933
Other receivables	161,947	87,807
Prepaid expenses	39,741	34,726
Inventories	84,341	82,884
Current portion of trustee-held funds	501	54,430
Total current assets	1,515,708	1,213,866
Assets limited as to use:		
Board-designated investment funds and other investments	1,967,308	1,528,549
Donor-restricted investment funds	94,975	88,107
Trustee-held funds for construction and debt service, less current portion	13,769	12,929
Total assets limited as to use, less current portion	2,076,052	1,629,585
Property and equipment:		
Cost of property and equipment in service	5,573,770	5,353,044
Less accumulated depreciation	(2,836,763)	(2,738,368)
	2,737,007	2,614,676
Construction-in-progress	44,467	90,384
Total property and equipment, net	2,781,474	2,705,060
Other assets:		
Equity interest in unconsolidated subsidiaries	57,819	72,254
Interest in net assets of foundations	12,898	12,251
Unamortized bond issuance costs	7,197	7,558
Goodwill, intangibles, and other assets	224,717	194,163
Total other assets	302,631	286,226
Total assets	\$ 6,675,865	\$ 5,834,737

	December 31	
	2012	2011
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 380,336	\$ 347,133
Accrued salaries, wages, and related liabilities	278,052	199,184
Accrued health claims	55,593	40,860
Estimated third-party payor allowances	107,552	86,754
Current portion of notes payable to banks	—	24,721
Current portion of long-term debt	60,853	101,131
Total current liabilities	882,386	799,783
Noncurrent liabilities:		
Long-term debt, less current portion	1,824,831	1,730,290
Interest rate swaps	165,923	196,627
Accrued pension obligations	154,480	139,002
Accrued medical malpractice claims	64,642	57,287
Other	53,955	52,689
Total noncurrent liabilities	2,263,831	2,175,895
Total liabilities	3,146,217	2,975,678
Net assets:		
Indiana University Health	3,257,945	2,619,481
Noncontrolling interest in subsidiaries	168,890	138,628
Total unrestricted	3,426,835	2,758,109
Temporarily restricted	36,549	34,761
Permanently restricted	66,264	66,189
Total net assets	3,529,648	2,859,059
 Total liabilities and net assets	 \$ 6,675,865	 \$ 5,834,737

*See accompanying notes*

Indiana University Health, Inc. and subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

(Thousands of Dollars)

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Revenues:		
Patient service revenue (net of contractals and discounts)	\$ 5,449,405	\$ 4,326,593
Provision for uncollectible accounts	(284,883)	(255,554)
Net patient service revenue	5,164,522	4,071,039
Member premium revenue	150,646	135,692
Other revenue	263,108	115,861
Total operating revenues	5,578,276	4,322,592
Expenses:		
Salaries, wages, and benefits	2,596,349	2,043,849
Supplies, drugs, purchased services, and other	1,773,395	1,596,664
Hospital assessment fee	179,834	—
Health claims to providers	96,132	94,059
Depreciation and amortization	266,941	252,293
Interest	64,358	51,178
Total operating expenses	4,977,009	4,038,043
Operating income before educational and research support	601,267	284,549
Educational and research support to Indiana University	(52,610)	(98,505)
Total operating income	548,657	186,044
Nonoperating income (losses):		
Investment income, net	147,902	2,727
Gains (losses) on interest rate swaps, net	17,054	(73,441)
Inherent contribution of acquired entities	3,062	48,714
Gain on acquisition and other	2,200	52,906
Total nonoperating income	170,218	30,906
Consolidated excess of revenues over expenses	718,875	216,950
Less amounts attributable to noncontrolling interest in subsidiaries	67,377	44,556
Excess of revenues over expenses attributable to Indiana University Health and subsidiaries	651,498	172,394

Continued on next page

Indiana University Health, Inc. and subsidiaries

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

	December 31, 2012			December 31, 2011		
	Total	Controlling	Noncontrolling	Total	Controlling	Noncontrolling
Unrestricted net assets						
Excess of revenues over expenses	\$ 718,875	\$ 651,498	\$ 67,377	\$ 216,950	\$ 172,394	\$ 44,556
Change in pension obligations	(28,226)	(28,226)	—	(49,887)	(49,887)	—
Contributions for capital expenditures	14,690	14,690	—	8,568	8,568	—
Distributions to noncontrolling interests	(56,663)	—	(56,663)	(27,480)	—	(27,480)
Issuance of noncontrolling interests related to acquisition	13,556	—	13,556	—	—	—
Contributions from noncontrolling interests	2,940	—	2,940	—	—	—
Purchase of noncontrolling interests	—	—	—	(39,294)	(26,993)	(12,301)
Fair value of initial noncontrolling interests in acquired entities	3,601	—	3,601	74,197	—	74,197
Sale of member interest to noncontrolling member	—	—	—	123,090	82,726	40,364
Other	(47)	502	(549)	(554)	(5,330)	4,776
	668,726	638,464	30,262	305,590	181,478	124,112
Temporarily restricted net assets						
Change in beneficial interest in net assets of foundations	568	568	—	(1,012)	(1,012)	—
Contributions	11,275	11,275	—	1,468	1,468	—
Investment return	2,921	2,921	—	222	222	—
Net assets released from restrictions	(13,220)	(13,220)	—	(3,096)	(3,096)	—
	1,544	1,544	—	(2,418)	(2,418)	—
Permanently restricted net assets						
Change in beneficial interest in net assets of foundations	68	68	—	12	12	—
Contributions and other	354	354	—	502	502	—
Investment return	(347)	(347)	—	—	—	—
	75	75	—	514	514	—
Increase in net assets before contributions of net assets of acquired organizations	670,345	640,083	30,262	303,686	179,574	124,112
Contributions of net assets of acquired organizations at April 1, 2012						
Temporarily restricted net assets of RHI	244	244	—	—	—	—
Contributions of net assets of acquired organizations at July 1, 2011						
Temporarily restricted net assets of White	—	—	—	53	53	—
Permanently restricted net assets of Morgan	—	—	—	560	560	—
Permanently restricted net assets of White	—	—	—	238	238	—
	—	—	—	851	851	—
Increase in net assets	670,589	640,327	30,262	304,537	180,425	124,112
Net assets at beginning of year	2,859,059	2,720,431	138,628	2,554,522	2,540,006	14,516
Net assets at end of year	\$ 3,529,648	\$ 3,360,758	\$ 168,890	\$ 2,859,059	\$ 2,720,431	\$ 138,628

See accompanying notes

Indiana University Health, Inc. and subsidiaries

Consolidated Statements of Cash Flows

(Thousands of Dollars)

	Year Ended December 31	
	2012	2011
<b>Operating activities</b>		
Increase in net assets	\$ 670,345	\$ 303,686
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in fair value of interest rate swaps	(32,294)	55,712
Change in pension liability	28,226	49,887
(Income) loss in unconsolidated subsidiaries	(3,603)	51,767
Provision for uncollected patient accounts	284,883	255,554
Issuance of noncontrolling interests and step up to fair value related to acquisitions	(17,157)	(74,197)
Contributions from noncontrolling interests	(2,940)	–
Inherent contribution of acquired entities	(3,062)	(48,714)
Fair value of initial noncontrolling interests in acquired entities		
Gain on consolidation of acquired entities	(2,200)	(61,411)
Depreciation and amortization	266,941	252,293
Amortization of deferred gain on sale of medical office buildings	(2,279)	(2,275)
Loss on extinguishment of debt	–	8,491
Restricted contributions and investment return	(14,839)	(2,043)
Purchase of noncontrolling interests	–	39,294
Proceeds from the sale of member interest to noncontrolling member	–	(123,090)
Distributions to noncontrolling interests	56,663	27,480
Trading securities	(388,975)	(280,457)
Net changes in operating assets and liabilities:		
Patient accounts receivable	(325,917)	(303,551)
Other assets	(52,772)	(42,666)
Accounts payable and accrued liabilities and other liabilities	18,219	6,708
Salaries, wages, and related liabilities	51,797	3,864
Deferred state disproportionate share revenue	–	(119,781)
Estimated third-party payor allowances	20,407	36,931
Net cash provided by operating activities	<u>551,443</u>	<u>33,482</u>

Indiana University Health, Inc. and subsidiaries

Consolidated Statements of Cash Flows (continued)

(Thousands of Dollars)

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash received	\$ 5,509	\$ (20,991)
Purchase of property and equipment, net of disposals	(218,107)	(335,183)
Net cash used in investing activities	(212,598)	(356,174)
<b>Financing activities</b>		
Increase in restricted net assets	14,839	2,043
Proceeds from tax incremental financing contribution	—	9,240
Repayments on long-term debt	(66,696)	(815,457)
Proceeds from issuance of long-term debt	—	1,014,054
Repayments on notes payable under line of credit, net of proceeds	(24,721)	(45,445)
Contributions from noncontrolling interests	2,940	—
Purchase of noncontrolling interests	—	(39,294)
Proceeds from the sale of members' interest to noncontrolling member	—	123,090
Distributions to noncontrolling interests	(56,663)	(27,480)
Net cash (used in) provided by financing activities	(130,301)	220,751
Increase (decrease) in cash and cash equivalents	208,544	(101,941)
Cash and cash equivalents at beginning of year	403,086	505,027
Cash and cash equivalents at end of year	\$ 611,630	\$ 403,086

See accompanying notes



# Indiana University Health, Inc. and subsidiaries

## Notes to Consolidated Financial Statements (Thousands of Dollars)

December 31, 2012 and 2011

### Mission Statement

*The mission of Indiana University Health is to improve the health of our patients and community through innovation and excellence in care, education, research, and service.*

*Indiana University Health will preserve, strengthen and build upon these values:*

*A patient's **total care**, including mind, body and spirit*

*Excellence in **education** for health care providers*

*Quality of care and **respect** for life*

***Charity**, equality and justice in health care*

*Leadership in health promotion and **wellness***

*Excellence in **research***

*An internal community of **trust** and respect*

## 1. Organization and Nature of Operations

### History and Organization

Indiana University Health, Inc. (Indiana University Health) and subsidiaries operate as a health care delivery system, which includes an academic health center affiliated with Indiana University, providing health care services throughout the state of Indiana. Health care services provided by Indiana University Health and its subsidiaries (hereinafter referred to as the Indiana University Health System) include acute, nonacute, tertiary, and quaternary care services on an inpatient, outpatient, and emergency basis; medical education and research; medical management services; health care diagnostic and treatment services for individuals and families in physician clinics and physician-group practices; occupational health care for businesses; and personal and home health care.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **1. Organization and Nature of Operations (continued)**

Indiana University Health was formed as an Indiana nonprofit corporation through a consolidation, as of January 1, 1997, under the terms of a Definitive Health Care Resources Consolidation Agreement, as amended (the Consolidation Agreement), and certain other related agreements by and between the Trustees of Indiana University and Methodist Health Group, Inc. (successor to Methodist Hospital). The facilities and operations of Indiana University Health University Hospital (University Hospital), Riley Hospital for Children of Indiana University Health (Riley Hospital), and Indiana University Health Methodist Hospital (Methodist Hospital) (collectively, the Downtown Hospitals of the Academic Health Center) were merged and consolidated to form a single corporate entity, which was then licensed as a single acute care hospital and operating as an academic health center. Members of the Board of Directors (the Board) of Indiana University Health are selected by its two classes of members: the Methodist Class (members of which are members of Methodist Health Group, Inc.) and the University Class (members of which are the individuals who are the Trustees of Indiana University).

The Consolidation Agreement requires that the salaries and related employee benefit costs be funded for medical doctor interns and residents of the Indiana University School of Medicine (the School of Medicine). The Board annually reviews and determines the level of support to the School of Medicine for these programs and the number of internships and residencies to be supported. The Consolidation Agreement also provides for additional support to the School of Medicine to recognize, as a result of the consolidation, the enhanced and increased level of services being provided, including services to the medically indigent through medical education and research. Annually (or more often), an appointed committee consisting of representatives of Indiana University Health, Methodist Health Group, Inc., and Indiana University determines the amount of such additional support to be provided to the School of Medicine.

#### **Nature of Operations**

The Indiana University Health System operates as an integrated health care delivery system comprising nonprofit and for-profit entities, with coordinated activities and policies designed to meet the mission of the Indiana University Health System. The principal operating activities of the Indiana University Health System are conducted at owned facilities or majority-owned or controlled subsidiaries and consist of the following.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 1. Organization and Nature of Operations (continued)

**Downtown Hospitals of the Academic Health Center (Hospital Campuses)** – Consist of three acute, tertiary and quaternary care, and diagnostic facilities, licensed as a single hospital, which constitutes the principal hospital activities of the academic health center and whose operations are located in the downtown area of Indianapolis, Indiana. These three hospitals, Methodist Hospital, University Hospital, and Riley Hospital are located on or near the campus of Indiana University-Purdue University in Indianapolis and the School of Medicine.

**Suburban Facilities (Indiana University Health West Hospital (West), Indiana University Health North Hospital (North) including Indiana University Health Tipton Hospital (Tipton), Indiana University Health Saxony Hospital (Saxony), and Rehabilitation Hospital of Indiana (RHI))** – Consist of three acute care hospitals, a critical access hospital, and an acute care rehabilitation hospital located in the western and northern suburban areas of metropolitan Indianapolis, Indiana. Saxony opened on December 1, 2011. Saxony operates as a division of the academic health center. RHI was consolidated into operations effective April 9, 2012 (see Note 4).

**Statewide Facilities** – Consist of acute care hospitals and health care systems located in Bedford, Bloomington, Goshen, Hartford City, Knox, Lafayette, LaPorte, Martinsville, Monticello, Muncie, and Paoli, Indiana. Principal hospital subsidiaries include Indiana University Health Bedford Hospital (Bedford), Indiana University Health Arnett Hospital (Arnett), Indiana University Health LaPorte Hospital and subsidiaries (LaPorte) including Indiana University Health Starke (Starke), Indiana University Health Goshen and subsidiaries (Goshen), Indiana University Health Ball Memorial Hospital and subsidiaries (Ball Memorial) including Indiana University Health Blackford (Blackford), Indiana University Health Bloomington Hospital and subsidiaries (Bloomington) including Indiana University Health Paoli (Paoli), Indiana University Health Morgan Hospital (Morgan), and Indiana University Health White Memorial Hospital (White). Morgan and White were consolidated into operations effective July 1, 2011 (see Note 4).

**Physician Operations** – Consist of physician offices and physician-group practices and clinics. Principal subsidiaries or divisions include Indiana University Health Arnett Physicians, Indiana University Health Ball Memorial Physicians, Indiana University Health Southern Indiana Physicians, Indiana University Health LaPorte Physicians, Indiana

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 1. Organization and Nature of Operations (continued)

University Health Goshen Physicians, Indiana University Health Radiology Partners, Inc., Indiana University Health Transplant Institute, and Heart Partners of Indiana, LLC.

Additionally, physician operations include Indiana University Health Physicians (IUHP), a nonprofit organization with locations primarily in Indianapolis, Indiana. IUHP was developed by integrating Indiana University Health owned or operated physician practices with newly acquired privately owned physician practices and practice plans of the School of Medicine. IUHP employs all of its physicians and operates as a delivery model that facilitates access, coordinates care, and improves quality, all designed to provide a better health care experience for patients. IUHP was consolidated into operations effective January 1, 2012 (see Note 4).

**Ambulatory Care** – Consists of occupational, personal, and home health care services and outpatient oncology services, which are located throughout the state of Indiana. Principal subsidiaries or divisions include Indiana University Health Occupational Services, Indiana University Health Home Care, and Central Indiana Cancer Centers.

**Medical Risk** – Consists of the medical management of health care services of members whose health care coverage is provided by the managed care networks of the Indiana University Health System.

**Foundations** – Indiana University Health is the sole corporate member of Methodist Health Foundation, Inc. (Methodist Health Foundation), which aids and supports Methodist Hospital and other programs and areas of Indiana University Health. Ball Memorial is the sole corporate member of Indiana University Ball Memorial Hospital Foundation (BMH Foundation), which aids in carrying out the mission of Ball Memorial. Morgan is the sole corporate member of Indiana University Health Morgan Hospital Foundation (Morgan Foundation), which aids and supports Morgan. Arnett is the sole corporate member of Indiana University Health Arnett Hospital Foundation (Arnett Foundation), which aids and supports Arnett. RHI is the sole corporate member of Rehabilitation Hospital of Indiana Foundation (RHI Foundation), which aids and supports RHI.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **1. Organization and Nature of Operations (continued)**

Indiana University Health or its subsidiaries have also entered into certain limited liability company agreements with physicians and other third parties for the operation of ambulatory surgery and diagnostic centers (located throughout the state of Indiana); network or management arrangements with several other hospitals to provide or operate hospital, rural outreach, or other medical services and programs (located in Columbus, Evansville, Greensburg, Kokomo, South Bend, and Terre Haute, Indiana); a 50% membership interest with a county governmental institution (located in Indianapolis, Indiana) in a nonprofit corporation that holds a health maintenance organization license and manages networks serving Medicaid patients; and a 50% membership interest in Indiana University Health Proton Therapy Center, LLC, a nonprofit entity owned with Indiana University Research and Technology Corporation, in a specialized cancer treatment and diagnostic clinic (located in Bloomington, Indiana). Where applicable, these arrangements are accounted for using the equity method of accounting.

#### **2. Community Benefit and Charity Care**

The Indiana University Health System provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, improve the health of low-income patients, and foster medical education and research through its affiliation with the School of Medicine. In addition, the Indiana University Health System provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance because of inadequate resources or those who are uninsured or underinsured. Health care services to patients under government programs, such as Medicare and Medicaid, are also considered part of the Indiana University Health System's benefit provided to the community since a substantial portion of such services are reimbursed at amounts less than cost.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **2. Community Benefit and Charity Care (continued)**

The Indiana University Health System's financial assistance policies are designed to provide care to patients regardless of their ability to pay, and all uninsured patients are eligible for discounts from established charges. Patients who meet certain criteria (generally based on up to 400% of federal poverty income guidelines, other patients who are victims of certain catastrophic events, or those who meet criteria to be part of the Indiana University Health System's medical education and research programs) are provided care without charge or at amounts less than established rates.

Patient service revenue is reported at estimated net realizable amounts for services rendered. The Indiana University Health System recognizes patient service revenue associated with patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, revenue is recognized on the basis of discounted rates in accordance with the financial assistance policy.

The amount of charity care provided is determined based on the qualifying criteria, as defined in the financial assistance policies, through approved applications completed by patients and their families or beneficiaries, or based on analysis of patients without third-party insurance coverage who did not apply for charity and whose income was equal to or less than 200% of federal poverty income guidelines. No payment for services is anticipated for those patients whose charity care applications have been approved, as well as for those other patient accounts whose income is equal to or less than 200% of federal poverty income guidelines and meet certain other criteria. The cost to provide charity care using the consolidated cost to charge ratio was \$204,420 and \$148,995 for 2012 and 2011, respectively. In addition, the Indiana University Health System provides a significant amount of uncompensated care to other uninsured and underinsured patients, which is included in the provision for uncollected patient accounts.

Enacted March 23, 2010, the Patient Protection and Affordable Care Act (the Affordable Care Act) required, among other things, that hospital organizations establish a financial assistance policy and a policy relating to emergency medical care. The hospital organizations of the Indiana University Health System have adopted a financial assistance policy that conforms with the Affordable Care Act and includes financial assistance eligibility criteria, the basis for calculating amounts charged to patients, the method for applying for financial assistance, billing and collections policies with regard to actions that may be taken in the case of nonpayment, as well as measures to widely publicize the policy within the communities served. Additionally, the Indiana University Health System's hospital organizations have adopted policies requiring the organizations to provide, without discrimination, care for emergency medical conditions to

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **2. Community Benefit and Charity Care (continued)**

individuals regardless of their eligibility under their financial assistance policy. These hospital organizations have also adopted policies to limit the amount charged for emergency or other medically necessary care that is provided to individuals eligible for assistance under the organizations' financial assistance policy to not more than the amounts generally billed to individuals who have insurance covering such care.

Reimbursements are received by the Indiana University Health System for Medicare and Medicaid beneficiaries in accordance with reimbursement agreements and related regulatory rules and regulations. Also, the Indiana University Health System receives certain additional Medicaid Disproportionate Share (DSH) payments and payments under the Medicaid Assessment Fee program from the state of Indiana (see Note 3). These reimbursements and payments are less than the cost of providing the related services.

The Indiana University Health System also provides education for health care providers, including support to the School of Medicine; counseling centers and chaplaincy programs that support patients' medical, spiritual, and emotional needs; programs to enhance quality of and respect for life, including neighborhood revitalization, community health clinics, and school-based health programs; charity, equality, and justice programs, including education programs available to independent health providers, and obesity prevention programs such as Garden on the Go and Indy Urban Acres, other medical research, and support to the Children's Values Fund; and fosters an internal community of trust, respect, and empowerment. The costs of providing these programs and services are included in expenses in the accompanying consolidated statements of operations and changes in net assets.

#### **3. Summary of Significant Accounting Policies**

##### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Indiana University Health and all majority-owned or controlled subsidiaries. The equity method of accounting is used for investments in partnerships and companies where control is participatory or less than 50%. All significant intercompany balances and transactions have been eliminated in consolidation.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **3. Summary of Significant Accounting Policies (continued)**

##### **Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

##### **Reclassification**

The Indiana University Health System has reclassified the 2011 provision for uncollectible accounts to conform with the current year's presentation, as Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, has been adopted as of January 1, 2012. The reclassification had no effect on operating income or excess of revenues over expenses as previously reported.

##### **Fair Values of Financial Instruments**

Financial instruments include cash and cash equivalents, patient, other accounts receivable, assets limited as to use, accounts payable and accrued expenses, estimated third-party payor allowances, notes payable to banks, long-term debt, derivative financial instruments (i.e., fixed payor and basis swaps), and certain other current assets and liabilities.

The fair values for cash and cash equivalents, patient, other accounts receivable, accounts payable and accrued expenses, estimated third-party payor allowances, notes payable to banks, and certain other current assets and liabilities approximate the carrying amounts reported in the consolidated balance sheets and, in the opinion of management, represent highly liquid assets or short-term obligations. The fair values for assets limited as to use, long-term debt, and derivative financial instruments are described in Notes 5, 7, 8, and 9.

##### **Derivative Financial Instruments**

The Indiana University Health System has entered into certain interest rate swap transactions (fixed-pay swaps and basis swaps). As of and for the years ended December 31, 2012 and 2011, the Indiana University Health System's fixed-pay swap and basis swap agreements did not



## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **3. Summary of Significant Accounting Policies (continued)**

qualify for hedge accounting. Therefore, the changes in fair value of these interest rate swaps during these years are reported with nonoperating income in the consolidated statements of operations and changes in net assets.

#### **Net Patient Service Revenue**

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others at the time services are rendered. Certain revenue is subject to estimated retroactive revenue adjustments under reimbursement agreements with third-party payors due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period that the related services are rendered, and such amounts are adjusted in future periods as adjustments become known.

For the year ended December 31, 2012, the percentage of net patient service revenue derived under Medicare, Medicaid, and managed care programs approximated 23%, 7%, and 55%, respectively (24%, 7%, and 59%, respectively, in 2011). A managed care provider represented 26% and 30% of net patient service revenue in 2012 and 2011, respectively. Provision has been made, by a charge to contractual allowances as an offset to patient service revenue, for the differences between gross charges for patient services and estimated reimbursement from these government and insurance programs.

Indiana University Health is a Medicaid DSH provider under Indiana law (IC 12-15-16(1-3)) and, as such, is eligible to receive state DSH payments. The amount of these additional state DSH funds is dependent on regulatory approval by agencies of the federal and state governments and is determined by the level, extent, and cost of uncompensated care (as defined) and various other factors. For the years ended December 31, 2012 and 2011, state DSH payments have been made by the state of Indiana, and amounts were recorded as revenue based on data acceptable to the state of Indiana, less any amounts management believes may be subject to adjustment. State DSH payments by the state of Indiana are based on the fiscal year of the state, which ends June 30 of each year. State DSH reimbursement is recognized as revenue after eligibility is determined by the state and payments are probable and reasonably estimable. The 2010 through 2012 state DSH payments of \$110,334 recognized by Indiana University Health and certain subsidiaries during 2012 were recorded in net patient service revenue in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2012. The 2011 state DSH payments of \$221,623 recognized by Indiana University Health and

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **3. Summary of Significant Accounting Policies (continued)**

certain subsidiaries during 2011 were recorded in net patient service revenue in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2011.

During April 2012, the Indiana General Assembly approved a hospital assessment fee program. Under this program, the Office of Medicaid Policy and Planning (OMPP) collects an assessment fee from eligible hospitals. The fee will then be used in part to increase reimbursement to eligible hospitals for services provided in both fee-for-service and managed care programs and as the state share of DSH payments. This program is effective retroactively from July 1, 2011, and will continue through June 30, 2013. During the year ended December 31, 2012, the Indiana University Health System recognized increased reimbursement of \$474,235, of which \$161,802 related to 2011. This increased reimbursement was recorded within net patient service revenue on the consolidated statements of operations and changes in net assets. The Indiana University Health System also recognized an assessment fee of \$179,834, of which \$59,936 related to 2011. This fee was recorded within hospital assessment fee on the consolidated statements of operations and changes in net assets.

Laws and regulations governing Medicare, Medicaid, and other governmental programs are extremely complex, subject to interpretation, and sometimes provide for retroactive adjustments. As a result, there is a reasonable possibility that recorded estimated settlements could change by a material amount in the near term. The Indiana University Health System believes it is in compliance with applicable laws and regulations governing Medicare, Medicaid, and other governmental programs and that adequate provisions have been recorded for any adjustments that may result from final settlements. However, any adjustments to the currently estimated settlements are recorded in future periods.

During 2012, the Indiana University Health System received a settlement from the United States Department of Health & Human Services and Centers for Medicare & Medicaid Services related to underpayments for Medicare services dating back several years in the amount of \$22,570. The settlement was recorded within net patient service revenue on the consolidated statements of operations and changes in net assets.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 3. Summary of Significant Accounting Policies (continued)

Patient service revenue, net of contractual allowances and discounts and before the provision for bad debts, recognized in the year from major payor sources is as follows:

	<b>Year Ended December 31 2012</b>
Third-party payors	\$ 5,294,741
Self-pay patients	154,664
Total payors	<u>\$ 5,449,405</u>

#### Member Premium Revenue and Health Claims

The Indiana University Health System has agreements to provide medical services to subscribing participants or members that generally provide for predefined payments (on a per member/per month basis) regardless of services actually performed. The cost to provide health care services under these agreements, and for self-insured health benefits to employees, is accrued in the period in which the health care services are provided to a member or covered employee based, in part, on estimates, including an accrual for medical services provided but not yet reported. Expenses to providers are reported as health claims to providers in the accompanying consolidated statements of operations and changes in net assets. The accrual for medical services provided but not yet reported is reflected as accrued health claims in the accompanying consolidated balance sheets.

#### Meaningful Use Revenue

The American Recovery and Reinvestment Act of 2009 established incentive payments under Medicare and Medicaid programs for certain eligible professionals, hospitals, and critical access hospitals (Providers). Providers can receive incentive payments by adopting, implementing, and upgrading electronic health records (EHR) technology. Providers can also receive incentive payments for demonstrating meaningful use of EHR technology. Upon satisfaction of the meaningful use criteria, using a grant accounting model, the Indiana University Health System recognized \$24,133 and \$23,957 of these incentive payments within other revenue on the consolidated statements of operations and changes in net assets for the years ended December 31, 2012 and 2011, respectively. If specified meaningful use criteria are met in future periods, the Indiana University Health System may qualify for additional incentive payments.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **3. Summary of Significant Accounting Policies (continued)**

##### **Cash Equivalents**

Investments in highly liquid instruments with an original maturity of three months or less when purchased, excluding assets limited as to use, are considered by management to be cash equivalents.

The Indiana University Health System routinely invests in money market funds, including both treasury and agency money market funds and prime money market funds. Such instruments, as well as bank deposits, are potentially subject to concentrations of credit risk. In order to mitigate such risk, the Indiana University Health System generally places its cash and cash equivalents with institutions of high credit quality and/or positions them such that they are insured by the Federal Deposit Insurance Corporation.

##### **Accounts Receivable and Allowance for Uncollectible Accounts**

The Indiana University Health System does not require collateral or other security for the delivery of health care services from its patients, substantially all of whom are residents of the state of Indiana. However, assignment of benefit payments payable under patients' health insurance programs and plans (e.g., Medicare, Medicaid, health maintenance organizations, and commercial insurance policies) is routinely obtained, consistent with industry practice.

The provision for uncollected patient accounts, for all payors, is recognized when services are provided based upon management's assessment of historical and expected net collections, taking into consideration business and economic conditions, changes and trends in health care coverage, and other collection indicators. Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon accounts receivable payor composition and aging, the significance of individual payors to outstanding accounts receivable balances, and historical write-off experience by payor category, as adjusted for collection indicators. The results of this review are then used to make any modifications to the provision for uncollected patient accounts and the allowance for uncollectible accounts. In addition, the Indiana University Health System follows established guidelines for placing certain past due patient balances with collection agencies. Patient accounts that are uncollected, including those placed with collection agencies, are initially charged against the allowance for uncollectible accounts in accordance with collection policies of the Indiana University Health System and, in certain cases, are reclassified to charity care if deemed to otherwise meet financial assistance policies of the Indiana University Health System.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 3. Summary of Significant Accounting Policies (continued)

The composition of net patient accounts receivable is summarized as follows as of December 31:

	<b>2012</b>	<b>2011</b>
Managed care	<b>51%</b>	49%
Medicare	<b>21</b>	22
Medicaid	<b>7</b>	8
Other third-party payors	<b>12</b>	12
Patients	<b>9</b>	9
	<b>100%</b>	100%

A managed care payor represented 24% and 25% of net patient accounts receivables at December 31, 2012 and 2011, respectively.

The allowance for uncollectible accounts for self-pay patients, including self-pay discounts and charity care, was 86% and 85% of self-pay accounts receivable as of December 31, 2012 and 2011, respectively. Effective January 1, 2011, Indiana University Health adopted a financial assistance policy as required by the Affordable Care Act. The Affordable Care Act has resulted in an increase in self-pay discounts, which are a reduction of patient service revenue, and a corresponding decrease in self-pay write-offs that are included in the provision for bad debts. Overall, the net of self-pay discounts and write-offs has not changed significantly for the years ended December 31, 2012 and 2011. The Indiana University Health System has not experienced significant changes in write-off trends and has not changed its financial assistance policy during the year ended December 31, 2012.

#### Inventories

Inventories consist primarily of drugs and supplies, are stated at the lower of cost or market, and are generally valued using the average cost method.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **3. Summary of Significant Accounting Policies (continued)**

##### **Assets Limited as to Use**

Assets limited as to use include the following: (i) cash and cash equivalents and designated investment assets, including those funds held by the consolidated foundations, set aside by the Board for future capital improvements and for other purposes, over which the Board retains control and may, in certain circumstances, use for other purposes; (ii) donor-restricted investment assets, the use of which has been specified by the donor; (iii) assets held by trustees under bond or trust indenture agreements for construction and debt service; and (iv) cash and equivalents and designated investment assets set aside for near-term capital improvements and other purposes, over which management retains control and may use for other purposes and which are classified as other investments. Substantially all assets limited as to use are invested and managed by professional investment managers and are held in custody by financial institutions. These funds are classified as trading securities. Accordingly, changes in unrealized gains and losses in the fair value of investments are included in nonoperating income within investment income in the accompanying consolidated statements of operations and changes in net assets. The Indiana University Health System is a limited partner in funds that employ hedged investment strategies. These investments are accounted for using the equity method of accounting, based on the fund's financial information.

##### **Property and Equipment**

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Included in property and equipment are costs for software developed for internal use.

Property and equipment under capital lease obligations are amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter. Such amortization is included with depreciation in the accompanying consolidated statements of operations and changes in net assets. Interest cost incurred on borrowed funds during the period of construction and other interest costs related to tax-exempt bonds are capitalized as a component of the cost of constructing the assets. In addition, interest earnings on unexpended borrowed funds related to tax-exempt financings offset capitalized tax-exempt interest. Repair and maintenance costs are expensed when incurred.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **3. Summary of Significant Accounting Policies (continued)**

The Indiana University Health System evaluates when events or changes in circumstances have occurred that would indicate that the remaining estimated useful life of long-lived assets warrant revision or that the remaining balance of such assets may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. If undiscounted cash flows are insufficient to recover the carrying value of the long-lived asset, such asset is written down to its fair value if its carrying value exceeds fair value.

#### **Unamortized Bond Issuance Costs and Bond Discount or Premium**

Costs incurred in connection with the issuance of long-term debt and bond discounts or premiums are amortized or accreted using the effective interest rate method. Amortization and accretion are included in interest expense in the accompanying consolidated statements of operations and changes in net assets (see Note 7).

#### **Contributions**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give, including indications of an intention to give, are reported at fair value at the date the gift is received. If the gifts are received with donor stipulations that limit the use of the donated assets, the gifts are reported as either temporarily or permanently restricted. Donor-restricted contributions for which restrictions are met in the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

#### **Noncontrolling Interest in Subsidiaries**

The Indiana University Health System attributed income of \$67,377 and \$44,556 for the years ended December 31, 2012 and 2011, respectively, to the noncontrolling interests based on the ownership percentage of the noncontrolling interests in certain of the Indiana University Health System's consolidated subsidiaries. These amounts are reflected in unrestricted net assets in the consolidated balance sheets.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **3. Summary of Significant Accounting Policies (continued)**

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

Temporarily and permanently restricted net assets are those assets whose use has been limited by donors to a specific time period or purpose. These net assets are generally restricted for medical education and research programs, medical supplies and equipment, and patient care services.

Interests in net assets of unconsolidated foundations are included in other assets in the accompanying consolidated balance sheets. The underlying assets of these interests in foundations consist primarily of cash and cash equivalents, money market and mutual funds, and marketable equity and debt securities (see Note 14).

##### **Business Combinations**

The Indiana University Health System allocates the purchase price of an acquisition to the various components of the acquisition based upon the fair value of each component, which may be derived from various observable or unobservable inputs and assumptions. Also, the Indiana University Health System may utilize third-party valuation specialists. These components typically include buildings, land, and equipment and may also include intangibles related to noncompete agreements or other specifically identified intangible assets. The excess of the fair value of assets acquired over liabilities assumed and the fair value of any noncontrolling interest is recorded as an inherent contribution within the performance indicator. Goodwill is recorded to the extent that liabilities assumed and noncontrolling interests exceed the fair value of assets acquired.



## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 3. Summary of Significant Accounting Policies (continued)

##### Goodwill and Intangible Assets

In connection with business combinations, the Indiana University Health System has recorded goodwill and definite-lived intangible assets on the accompanying consolidated balance sheets. The Indiana University Health System evaluates goodwill for impairment annually, or more frequently if events or changes in circumstances suggest that the carrying value of an asset may not be recoverable. The goodwill impairment analysis, performed at the reporting unit level, generally includes estimating the fair value and comparing that to the carrying value. If fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired. These valuation methods require the Indiana University Health System to make estimates and assumptions regarding future operating results, cash flows, changes in working capital, capital expenditures, profitability, and the cost of capital. The Indiana University Health System also reviews if events or changes in circumstances suggest impairment may have occurred related to the carrying value of the definite-lived intangible assets, which are amortized over periods of 5 to 35 years. It has been determined that there was no impairment to goodwill or definite-lived intangible assets during 2012 and 2011. Intangible assets included in other assets on the accompanying consolidated balance sheets as of December 31, 2012 and 2011, were \$184,145 and \$166,300, respectively, which include goodwill of \$166,801 and \$147,395, respectively. The increase in goodwill during 2012 primarily relates to a surgery center acquisition.

##### Operating and Performance Indicators

The activities of the Indiana University Health System are primarily related to providing health care services and, accordingly, expense information by functional classification is not used as a basis for measuring performance. Further, since substantially all resources are derived from providing health care services, similar to that if provided by a business enterprise, the following indicators are considered important in evaluating how well management has discharged its stewardship responsibilities:

**Operating Indicator (Operating Income)** – Includes all unrestricted revenue, gains, donor contributions to offset operating expenses, other support, equity income or loss of unconsolidated health care subsidiaries, and expenses directly related to the recurring and ongoing health care operations during the reporting period. The operating indicator excludes investment income or losses on assets limited as to use (including changes in unrealized gains and losses on investments), changes in the fair value of fixed-pay and basis swaps, gain

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### 3. Summary of Significant Accounting Policies (continued)

or loss on the extinguishment of debt, inherent contribution of acquired entities, noncontrolling interest, and gains and losses deemed by management not to be directly related to providing health care services.

**Performance Indicator (Excess of Revenues Over Expenses)** – Includes operating income and nonoperating income (losses). The performance indicator excludes certain changes in pension obligations and contributions for capital expenditures, distributions, and net assets released from restricted funds.

#### Income Taxes

The Internal Revenue Service (IRS) has determined that Indiana University Health and certain of its affiliated entities are tax-exempt organizations as defined in Section 501(c)(3) of the Internal Revenue Code.

Certain subsidiaries of Indiana University Health are taxable entities. The tax expense and liabilities of these subsidiaries are not material to the consolidated financial statements.

#### Subsequent Events

For the consolidated financial statements as of and for the year ended December 31, 2012, management has evaluated subsequent events through March 28, 2013, the date that these consolidated financial statements were issued.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **4. Business Combinations and Other Strategic Transactions**

##### **Indiana University Health Physicians**

Effective January 1, 2012, the bylaws of IUHP were amended and restated to, among other items, eliminate certain participatory rights of the noncontrolling members. With this change to the bylaws, Indiana University Health is deemed to control IUHP. The transaction was accounted for as an acquisition, and acquired assets and liabilities were recorded at fair value. At January 1, 2012, Indiana University Health recorded the value of working capital of \$7,460, property and equipment of \$10,947, and other long-term assets of \$9,081, net of pension liabilities assumed of \$8,691. No material debt was assumed. Indiana University Health also adjusted its preexisting equity interest in IUHP of \$15,349. This transaction resulted in a contribution of \$3,062, which was recorded within nonoperating income in the consolidated statements of operations and changes in net assets. There was no material remeasurement gain recorded upon obtaining control of this investee. The financial position of IUHP was consolidated with Indiana University Health effective January 1, 2012, and the financial results of IUHP have been consolidated beginning on that date. The consolidation of IUHP had no impact on revenues in excess of expenses because Indiana University Health had been recognizing 100% of IUHP's net loss due to funding all of its operating losses in prior periods.

##### **Rehabilitation Hospital of Indiana**

Effective April 9, 2012, the bylaws of RHI were amended to provide Indiana University Health with a 51% voting interest in participatory matters, so that Indiana University Health became the controlling member in RHI. Purchase accounting was applied to this transaction as Indiana University Health obtained control of the entity, which was previously accounted for under the equity method. As such, the assets, liabilities, and noncontrolling interests of RHI were recorded at fair value. Indiana University Health recorded the value of working capital and assets limited to use of \$14,613, property and equipment and other assets of \$13,713, and ownership interests of \$7,593. Long-term debt and other liabilities of \$20,733 were assumed. Indiana University Health remeasured its previous equity method investment upon the change in control, which resulted in a gain of \$2,200 recorded within other nonoperating income on the consolidated statements of operations and changes in net assets, representing the fair value of Indiana University Health's equity interest in RHI in excess of its previous carrying value. The financial position of RHI was consolidated with Indiana University Health effective with the amendment, and the financial results of RHI were consolidated beginning on that date. The recorded amounts

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **4. Business Combinations and Other Strategic Transactions (continued)**

for assets and liabilities are provisional and subject to change pending the finalization of purchase price allocation. However, Indiana University Health does not expect any future adjustments will be material.

##### **White Hospital**

On April 26, 2011, Indiana University Health entered into an Affiliation and Asset Purchase Agreement (the White Agreement) with White County Memorial Hospital, a 25-bed critical access hospital located in Monticello, Indiana, whereby effective July 1, 2011, White County Memorial Hospital transferred certain of its assets and liabilities to Indiana University Health White Memorial Hospital (White), a newly created nonprofit organization, and Indiana University Health is the sole corporate member of White. White has obtained tax-exempt status. The purchase price was \$955, payable over ten years, plus the assumption of liabilities. The White Agreement was designed to enable both organizations to better position themselves to serve patients and the community and to provide White with certain support services.

As the sole corporate member of White, Indiana University Health has control of White through appointment of the majority of the Board of Directors. The transaction was accounted for as an acquisition, and acquired assets and liabilities were recorded at fair value. At July 1, 2011, Indiana University Health recorded the value of working capital and assets limited to use of \$8,202 and property and equipment of \$34,975, net of long-term debt assumed of \$37,304, resulting in a contribution of \$4,627, which was recorded within nonoperating income on the consolidated statement of operations and changes in net assets. On July 1, 2011, Indiana University Health extinguished long-term debt of \$24,901 assumed in the transaction and replaced it with an intercompany note that is eliminated in consolidation. Indiana University Health also recorded restricted net assets of \$291 as part of the acquisition. The financial position of White was consolidated with Indiana University Health effective July 1, 2011, and the financial results of White have been consolidated beginning on that date.

##### **Morgan Hospital**

On June 28, 2011, Indiana University Health entered into an Affiliation and Asset Purchase Agreement (the Morgan Agreement) with Morgan Hospital and Medical Center, a 106-bed not-for-profit hospital located in Martinsville, Indiana, whereby effective July 1, 2011, Morgan Hospital and Medical Center transferred certain of its assets and liabilities to Indiana University Health Morgan Hospital (Morgan), a newly created tax-exempt nonprofit organization. Indiana

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **4. Business Combinations and Other Strategic Transactions (continued)**

University Health is the sole corporate member of Morgan. In connection with the transaction, Morgan became the sole corporate member of Indiana University Health Morgan Hospital Foundation (formerly Morgan County Hospital Foundation). The Morgan Agreement was designed to enable both organizations to better position themselves to serve patients and the community, promote economic development and job preservation in Morgan County, and to provide Morgan with certain support services.

As the sole corporate member of Morgan, Indiana University Health has control of Morgan through appointment of the majority of the Board of Directors. The transaction was accounted for as an acquisition, and acquired assets and liabilities were recorded at fair value. At July 1, 2011, Indiana University Health recorded the value of working capital and assets limited to use of \$12,416 and property and equipment of \$32,977, net of long-term debt assumed of \$746, resulting in a contribution of \$44,087, which was recorded within nonoperating income on the consolidated statement of operations and changes in net assets. Indiana University Health also recorded restricted net assets of \$560 as part of the acquisition. The financial position of Morgan was consolidated with Indiana University Health effective July 1, 2011, and the financial results of Morgan have been consolidated beginning on that date.

#### **Indiana University Health Saxony Hospital**

Saxony, located in Fishers, Indiana, opened on December 1, 2011. The hospital's focus is surgical services for cardiovascular, orthopedic, and spine. The hospital construction was completed during November 2011 at an aggregate cost of approximately \$224,242, which was recorded as property and equipment at December 31, 2012. In addition, start-up, organization, and development costs aggregated \$5,740 for the year ended December 31, 2011, and were charged to operations. Saxony operates as a division of the academic health center. An adjacent ambulatory surgery center, Indiana University Health Saxony Surgery Center, LLC, opened during the first quarter of 2012.

#### **Purchase of Noncontrolling Interests in West**

Effective April 29, 2011, West redeemed 100% of its physician-owned membership interests for \$9,430. Prior to this redemption, Indiana University Health held a 76.9% membership interest in West. Upon the purchase, Indiana University Health became the sole corporate member of West. West became a separate tax-exempt organization in 2012. The purchase price paid to physicians in excess of the carrying amount of noncontrolling interest was recorded to unrestricted net assets.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **4. Business Combinations and Other Strategic Transactions (continued)**

##### **Purchase of Noncontrolling Interests in North**

Effective November 1, 2011, 100% of North's physician-owned membership interests were purchased by Indiana University Health for \$29,864. Prior to this purchase, Indiana University Health held a 63.8% membership interest in North. Upon the purchase, Indiana University Health became the sole corporate member of North. North became a separate tax-exempt organization in 2012. The purchase price paid to physicians in excess of the carrying amount of noncontrolling interest was recorded to unrestricted net assets.

##### **Central Indiana Cancer Centers**

Effective June 1, 2011, Indiana University Health purchased the business operations of Central Indiana Cancer Centers (CICC) for \$12,000. CICC operates community-based cancer centers providing comprehensive cancer care services and treatments. The transaction was accounted for as a purchase with assets acquired of \$3,263, which includes property and equipment of \$2,495 and a definite-lived intangible asset related to noncompete agreements recognized for \$3,510. The purchase resulted in goodwill of \$5,227 recorded in other assets on the accompanying consolidated balance sheets.

##### **Surgery Centers**

Effective July 1, 2011, Indiana University Health purchased one additional membership unit in Beltway Surgery Center (BSC) and Eagle Highlands Surgery Center (EHSC) and, as a result, Indiana University Health became the controlling member in these surgery centers. Purchase accounting was applied to this transaction, as these surgery centers were previously accounted for under the equity method. As such, the assets, liabilities, and ownership interests of these two entities were recorded at fair value, resulting in goodwill of \$122,799, which is classified in other long-term assets. At July 1, 2011, Indiana University Health recorded the value of working capital of \$16,927, property and equipment of \$6,931, and ownership interests (controlling and noncontrolling) of \$146,383. No material debt was assumed. Indiana University Health recorded its controlling investment in BSC and EHSC at fair value, which resulted in a gain of \$61,411 recorded within other nonoperating income, representing the fair value of Indiana University Health's preexisting equity interests in BSC and EHSC in excess of the carrying values.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **4. Business Combinations and Other Strategic Transactions (continued)**

Also effective July 1, 2011, Indiana University Health entered into a Membership Interest Purchase Agreement with Surgical Care Affiliates, LLC (SCA) whereby SCA purchased a noncontrolling 49% ownership interest in six holding companies, controlled subsidiaries that own and control BSC, EHSC, and four other surgery centers, for \$123,090. SCA, under very limited circumstances, can put its interests to Indiana University Health; however, because of the contingent nature of these rights and, in management's view, the remote possibility of such contingencies occurring, the SCA noncontrolling interests are reflected within unrestricted net assets.

The sale of 49% of the interests in the holding companies to SCA did not result in a change of control and therefore was accounted for as an equity transaction. The difference between the fair value of the consideration received from SCA and the amount by which the noncontrolling interest is adjusted was recognized in equity attributable to the parent. As reflected in the consolidated statement of operations and changes in net assets, \$40,364 of the \$123,090 consideration received was reflected as SCA's noncontrolling interest in the holding companies, and the remaining \$82,726 was recorded as an increase to unrestricted net assets.

#### **Neuroscience Center of Excellence (NCOE)**

In June 2012, construction was completed on the NCOE medical office building, and it opened to patients in August 2012. Upon completion, Indiana University Health entered into a 25-year lease with the NCOE developer. Because Indiana University Health obtains ownership of the medical office building at the end of the lease term, this is recorded as a capital lease. Additionally, Indiana University Health has a call option in year five of the lease to acquire the project for the then-current balance of amounts owed under the capital lease. At December 31, 2012, the value of the asset was \$91,705 and the capital lease obligation was \$93,153, which were recorded within property and equipment and long-term debt, respectively on the consolidated balance sheets.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **5. Assets Limited as to Use**

Board-designated and donor-restricted investment funds are invested in accordance with Board-approved policies. Trustee-held funds are generally invested in cash equivalents (including money market funds) and U.S. government and agency obligations, as defined by the debt agreements.

The estimated fair value of the assets limited as to use is determined using market information and other appropriate valuation methodologies. The methods and assumptions used to estimate the fair value of assets limited as to use are as follows: cash and cash equivalents — the carrying amounts reported in the consolidated balance sheets approximate fair value; marketable securities — the fair value amounts of marketable securities are based on quoted market prices or, if quoted market prices are not available, quoted market prices of comparable instruments and other observable inputs; and other investments, including alternative investments (such as hedge funds and private equity investments) are accounted for using the equity method of accounting based upon the net asset values as determined by third-party administrators of each fund in consultation with and approval of the fund investment managers.



## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 5. Assets Limited as to Use (continued)

The Indiana University Health System is a limited partner in funds that employ hedged investment strategies, which are designed to reduce overall portfolio volatility. Generally, redemptions may be made quarterly with written notice ranging from 30 to 95 days; however, some funds employ lock-up periods that restrict redemptions or charge a redemption fee during the lock-up period. Lock-up periods range from one to three years with redemption charges of up to 5% of net asset value for redemptions made on or before the anniversary date of the initial investment or additional contribution. Upon complete redemption, many of the funds have “hold-back” provisions that allow the fund to retain up to 10% of the assets until the fund completes its audited financial statements for the redemption period. These investments are accounted for using the equity method of accounting, based on the fund’s financial information.

Alternative investments include certain other risks that may not exist with other investments that are more widely traded. These include reliance on the skill of the fund managers, who often employ complex strategies utilizing various financial instruments, including futures contracts, foreign currency contracts, structured notes, and interest rate, total return, and credit default swaps. Additionally, alternative investments may provide limited information on a fund’s underlying assets and have restrictive liquidity provisions. Management believes that the Indiana University Health System, in consultation with its investment consultants, has the capacity to analyze and interpret the risks associated with alternative investments and with this understanding, has determined that these investments represent a prudent approach for use in its portfolio management.

The largest fund allocation to any fund manager, which is an alternative fund of funds investment, is \$157,048 at December 31, 2012, and there are no investments in any individual fund greater than 13.5% of that fund’s net assets. As of December 31, 2012, there are no material unfunded commitments relating to alternative investments. Changes in the value of these funds are included in nonoperating income and losses in the accompanying consolidated statements of operations and changes in net assets.

Indiana University Health, Inc. and subsidiaries

Notes to Consolidated Financial Statements (continued)

(Thousands of Dollars)

**5. Assets Limited as to Use (continued)**

The composition of assets limited as to use is set forth below.

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Board-designated investments and trustee-held funds:		
Cash and cash equivalents	\$ 58,634	\$ 183,065
Marketable securities:		
U.S. government and agency obligations	111,826	99,952
U.S. corporate obligations	354,825	315,815
U.S. equity securities	351,908	260,438
Non-U.S. securities	272,789	173,537
Total marketable securities	1,091,348	849,742
Other Board-designated investments:		
Alternative investments:		
Hedged strategy (fund of funds)	423,480	312,294
Hedged strategy (direct)	118,168	70,871
Real estate investment trusts and other	7,799	7,638
Total other Board-designated investments	549,447	390,803
Total Board-designated investments and trustee-held funds	1,699,429	1,423,610
Other investments:		
Cash and cash equivalents	8,539	6,672
U.S. government and agency obligations	184,216	153,449
U.S. corporate obligations	162,252	88,107
Non-U.S. securities	22,117	12,177
Total other investments	377,124	260,405
Total assets limited to use	2,076,553	1,684,015
Less current portion	(501)	(54,430)
Total assets limited to use, less current portion	\$ 2,076,052	\$ 1,629,585

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### 5. Assets Limited as to Use (continued)

Assets limited as to use include funds held by the Foundations whose fair values as of December 31, 2012, aggregated \$179,963, of which \$84,988 is considered Board-designated investment funds and \$94,975 is considered donor-restricted investment funds.

The composition and presentation of investment income (losses) recognized in the accompanying consolidated statements of operations and changes in net assets are as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Investment income:		
Interest and dividend income	\$ 31,649	\$ 23,601
Investment management and administration fees	(3,063)	(2,141)
Realized gains on sales of investments, net	35,086	9,867
Unrealized gains (losses) on investments	62,358	(27,377)
Equity gains (losses) of hedged strategy funds	21,872	(1,223)
	<u>\$ 147,902</u>	<u>\$ 2,727</u>

#### 6. Property and Equipment

The cost of property and equipment in service is summarized as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Land and improvements	\$ 260,329	\$ 230,192
Buildings and improvements	3,241,646	3,001,364
Equipment (including software developed for internal use of \$221,309 in 2012 and \$219,842 in 2011)	2,071,795	2,121,488
	<u>\$ 5,573,770</u>	<u>\$ 5,353,044</u>

Indiana University Health, Inc. and subsidiaries

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

**6. Property and Equipment (continued)**

Useful lives of each category of assets are based on the estimated useful time frame that the particular assets are expected to be in service, generally in accordance with guidelines established by the American Hospital Association. Assets are depreciated on a straight-line basis beginning in the month when placed in service, with asset lives ranging as follows: 20–30 years for land improvements, 15–40 years for buildings and improvements, and 3–10 years for equipment, including software developed for internal use.

Construction-in-progress for assets currently under development is anticipated to extend through 2014 and includes commitments for the construction, refurbishment, and replacement of facilities and equipment. A summary of the construction-in-progress is as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Software developed for internal use	\$ 13,772	\$ 7,842
NCOE	–	21,220
Riley Simon Family Tower	13,294	16,242
Other facilities and equipment	17,401	45,080
	<u>\$ 44,467</u>	<u>\$ 90,384</u>

Firm commitments for construction-in-progress totaled \$103,616 at December 31, 2012. However, other amounts aggregating approximately \$163,459 are anticipated to be incurred but are not legally required or committed and are subject to change or authorization by the Board.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 6. Property and Equipment (continued)

Certain buildings, medical and computer equipment, and software are accounted for as capital leases expiring in various years through 2021 and are included in property and equipment. Amortization of assets under capital leases is included in depreciation expense.

The following is a summary of property held under capital leases:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Software	\$ 1,985	\$ 22,870
Computer and office equipment	11,485	7,472
Medical equipment	28,542	24,931
Buildings	119,258	13,281
	<u>161,270</u>	<u>68,554</u>
Less accumulated amortization	(26,940)	(34,672)
	<u><u>\$ 134,330</u></u>	<u><u>\$ 33,882</u></u>

Interest rates are imputed based on the lower of the incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

#### 7. Debt

##### Obligated Groups

The Indiana University Health System operates under four separate Master Trust Indentures (MTIs). Each indenture provides for the issuance of long-term debt under various obligated group structures. The obligated groups and their respective members consist of the specific separate entities so named in the indenture and are described as follows: (1) the Indiana University Health Obligated Group, which includes the Downtown Hospitals of the Academic Health Center, LaPorte, and Saxony (a division of Indiana University Health) as members; (2) the Ball Memorial Obligated Group, including Ball Memorial and Blackford as members; (3) the Bloomington Obligated Group, which includes Bloomington as the sole member; and (4) the Rehabilitation Hospital of Indiana Obligated Group, which includes RHI as the sole member. These groups are required to meet certain covenants, and their members are jointly and severally liable for the obligations under their respective MTIs. The obligated groups are also subject to financial performance covenants that, among other compliance requirements, require

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 7. Debt (continued)

the maintenance of debt service ratios and limit each obligated group's ability to encumber certain of its respective assets. As of December 31, 2012, the Indiana University Health System was in compliance with all financial covenants.

#### Issuance and Extinguishment of Debt

##### *Indiana University Health Obligated Group*

On May 26, 2011, a direct bank loan (which was used to redeem Series 2003F bonds) was amended to defer the maturity date to June 30, 2012, with an interest rate based on one-month London Interbank Offered Rate (LIBOR). On June 29, 2012, the loan was further amended to defer the maturity date to June 30, 2014. As of December 31, 2012, the amount outstanding for this loan was \$40,900.

On April 19, 2011, Indiana University Health issued at par \$228,195 of Series 2011A, B, C, D, and E tax-exempt variable-rate bonds. Proceeds were used to currently refund the Series 2008A, C, and D tax-exempt variable-rate bonds outstanding in the amount of \$110,475; to repay a \$46,980 line-of-credit draw that had been used to refinance the Series 2008B bonds; to repay a \$21,947 line-of-credit draw that had been used to refinance the Tipton Adjustable Rate Demand Economic Development Revenue Bonds, Series 2006A; to pay expenses related to the issuance; and to fund project costs (including costs related to Saxony) of \$48,513.

On May 5, 2011, Indiana University Health issued at par \$274,815 of Series 2011F, G, H, and I tax-exempt variable-rate bonds. Proceeds were used to currently refund the Series 2005A, B, C, and D tax-exempt variable-rate bonds outstanding in the amount of \$273,925 and to pay certain expenses related to the issuance. On May 5, 2011, Indiana University Health issued at par \$166,660 of Series 2011J and K taxable variable-rate bonds. Proceeds were used to currently refund the Series 2003E and G taxable variable-rate bonds outstanding in the amount of \$166,125 and to pay certain expenses related to the issuance.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 7. Debt (continued)

On May 25, 2011, Indiana University Health issued at par \$111,435 of Series 2011L and M tax-exempt variable-rate bonds to fund project costs (including costs related to Saxony) in the amount of \$111,071 and to pay certain expenses related to the issuance.

On December 7, 2011, Indiana University Health issued at par \$209,980 of Series 2011N tax-exempt fixed rate bonds at a premium of \$11,637. Proceeds were used to currently refund the Series 2011F and G tax-exempt variable-rate bonds outstanding in the amount of \$128,395; to currently refund a portion (\$21,496) of the Series 2011E tax-exempt variable-rate bonds outstanding; to repay a portion of the line of credit in the amount of \$34,012; to refund the Hospital Authority of Monroe County Hospital Revenue Bonds, Series 1999B (Bloomington Hospital Obligated Group) outstanding in the amount of \$35,565; and to pay certain expenses related to the issuance. As of December 31, 2012, \$386 of proceeds from this bond issuance remained in current portion of trustee-held funds.

The refinancings during 2011 were accounted for as debt extinguishments, which resulted in a loss for the write-off of unamortized bond costs and expenses of the refunded bonds of \$8,491. This loss is shown with other nonoperating income on the consolidated statements of operations and changes in net assets.

The Indiana University Health Obligated Group has executed stand-by purchase and direct-pay letter-of-credit agreements in support of its variable-rate bond series, which require the credit provider to purchase bonds in the event the bonds are not remarketed. The existence of these agreements allows for the long-term classification of the associated variable-rate bond series. None of these agreements expires during 2013.

Indiana University Health, Inc. and subsidiaries

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

**7. Debt (continued)**

Long-term debt as of December 31, 2012 and 2011, consists of the following:

	<b>2012</b>	<b>2011</b>
<b>Indiana University Health Obligated Group</b>		
Indiana Finance Authority:		
Fixed Rate, Tax-Exempt Hospital Revenue Refunding Bonds, Series 2011N Serial and Term Bonds, payable in varying principal installments through 2038, with interest rates ranging from 2.00% to 5.13% at December 31, 2012	<b>\$ 197,960</b>	\$ 209,980
Variable-Rate Demand Notes, Tax-Exempt Revenue Refunding Bonds, Series 2011A, B, C, D, E, H, I, L, and M, payable in varying installments through 2036, with variable interest rates ranging between 0.10% and 0.91% at December 31, 2012	<b>457,320</b>	464,550
Variable-Rate Demand Notes, Taxable Hospital Revenue Bonds, Series 2011J and K, payable in varying principal installments through 2033, with an interest rate of 0.21% at December 31, 2012	<b>163,245</b>	166,660
Indiana Health and Educational Facility Financing Authority:		
Fixed Rate, Tax-Exempt Hospital Revenue Bonds, Series 2006A and 2006B Serial and Term Bonds, payable in varying principal installments through 2040, with interest rates ranging from 4.75% to 5.25% at December 31, 2012	<b>672,285</b>	677,650
Variable-Rate Commercial Bank Loans, payable in varying principal installments through 2038, with an interest rate of 0.71% at December 31, 2012	<b>40,900</b>	66,471
Fixed Rate Commercial Bank Loan, payable in varying principal installments through 2016, with an interest rate of 4.75% at December 31, 2012	<b>26,526</b>	35,192



Indiana University Health, Inc. and subsidiaries

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

**7. Debt (continued)**

	<b>2012</b>	<b>2011</b>
<b>Ball Memorial Obligated Group</b>		
Hospital Authority of Delaware County, Indiana:		
Fixed Rate, Tax-Exempt Revenue Refunding Bonds, Series 2009A, 2006, and 1997 Serial and Term Bonds, payable in varying principal installments through 2040, with interest rates ranging from 5.00% to 5.63% at December 31, 2012	\$ 91,840	\$ 93,820
<b>Bloomington Obligated Group</b>		
Hospital Authority of Monroe County, Indiana:		
Variable-Rate, Tax-Exempt Equipment Financing Agreements, payable in varying installments through 2016, with interest rates ranging from 1.22% to 1.34% at December 31, 2012	5,526	7,172
<b>Rehabilitation Hospital of Indiana Obligated Group</b>		
Indiana Finance Authority:		
Variable-Rate Demand Notes, Tax-Exempt Hospital Revenue Bonds, Series 2011A, payable in varying principal installments through 2031, with an interest rate of 0.15% at December 31, 2012	16,070	—
Variable-Rate, Subordinated Promissory Note, principal payable in full at maturity in 2017, with an interest rate of 0.13% at December 31, 2012	1,500	—

Indiana University Health, Inc. and subsidiaries

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

7. Debt (continued)

	2012	2011
<b>Other Nonobligated Group Debt</b>		
Bloomington, Variable-Rate, Taxable Revenue Bonds, Series 2008 Private Placement Bonds, payable in quarterly installments through 2019, variable interest rate of 0.77% at December 31, 2012	\$ 2,736	\$ 3,175
Stonehenge Community Development VII, LLC, Fixed Rate, Unsecured New Market Tax Credit Notes A and B, due in 2014 at an interest rate of 3.29%	25,000	25,000
Mortgage obligations (interest rates ranging from 1.46% to 6.24%)	9,497	12,375
Capital lease obligations	125,861	38,302
Other	33,789	39,173
Total long-term debt	1,870,055	1,839,520
Unamortized premium	15,629	16,622
Less current portion	(60,853)	(125,852)
Long-term debt, less current portion	<u>\$ 1,824,831</u>	<u>\$ 1,730,290</u>

The scheduled maturities and mandatory redemptions of long-term debt, assuming remarketing of variable-rate bonds, are as follows:

	Indiana University Health Obligated Group	Ball Memorial Obligated Group	Bloomington Obligated Group	RHI Obligated Group	Other	Total
Year ending December 31						
2013	\$ 40.657	\$ 4.095	\$ 1.670	\$ 348	\$ 14.083	\$ 60.853
2014	42.143	4.300	1.513	572	38.501	87.029
2015	42.151	4.510	1.397	615	10.369	59.042
2016	41.110	3.570	946	650	8.953	55.229
2017	43.000	3.110	—	2.195	6.717	55.022
Thereafter	1,349.175	72.255	—	13.190	118.260	1,552.880
	<u>\$ 1,558.236</u>	<u>\$ 91.840</u>	<u>\$ 5.526</u>	<u>\$ 17.570</u>	<u>\$ 196.883</u>	<u>\$ 1,870.055</u>

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 7. Debt (continued)

The estimated valuation of the revenue bonds is obtained from a third-party pricing service and is derived by utilizing well-priced, liquid bonds with similar characteristics such as currency, market type, industry, and credit rating. Pricing data for these reference bonds incorporates simple averages of indicative and executable price quotes obtained from various contributors, including brokers and other market makers, over a specified time window. These prices are used to construct a fair value curve, which in turn is used to discount the future cash flows of the revenue bonds. Based on the inputs used in determining the estimated fair value of these securities, this liability would be classified as Level 2 in the fair value hierarchy.

The estimated fair value of the revenue bonds at December 31, 2012 and 2011, amounted to \$1,669,299 (which includes Ball Memorial – \$98,736 and RHI – \$16,070) and \$1,624,299, respectively. The carrying value of the revenue bonds at December 31, 2012 and 2011, amounted to \$1,598,720 and \$1,612,660, respectively. The recorded value of all debt obligations not traded in the secondary credit markets approximated fair value at December 31, 2012 and 2011.

During 2012, Indiana University Health renewed its \$86,000 secured line of credit, which is secured under the terms of its Obligated Group MTI, bears interest on a variable rate based on LIBOR, and matures June 30, 2015. As of December 31, 2012 and 2011, the Indiana University Health System maintained several lines of credit totaling \$91,000 and \$97,000, respectively. There was no balance drawn on the lines of credit as of December 31, 2012. A balance of \$24,721 was drawn and outstanding and included within notes payable to bank in the consolidated balance sheets at December 31, 2011.

Total interest paid on long-term debt for the years ended December 31, 2012 and 2011, aggregated \$81,342 and \$79,031, respectively. Total interest capitalized during the years ended December 31, 2012 and 2011, amounted to \$3,862 and \$9,744, respectively.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 8. Derivative Financial Instruments

During 2011, Indiana University Health amended its interest rate swap arrangements to allow transfers of swaps to other counterparties and to limit the posting of collateral, and several interest rate swaps were transferred to other counterparties.

Long-term interest rate swap arrangements have been entered into with the primary objective being to mitigate interest rate risk. The following fixed-pay swaps, stated at current notional amounts, remain in place as of December 31, 2012:

	<b>Notional Amount</b>	<b>Effective Date</b>	<b>Maturity Date</b>	<b>Rate Received</b>	<b>Rate Paid</b>
\$	58,075	11/15/2005	2/16/2021	62.30% LIBOR plus 0.24%	3.19%
	60,195	6/23/2011	3/01/2036	62.30% LIBOR plus 0.24%	2.68%
	71,650	11/15/2005	2/15/2030	62.30% LIBOR plus 0.24%	3.35%
	71,950	6/20/2011	2/15/2030	62.30% LIBOR plus 0.24%	3.35%
	61,025	6/26/2003	3/01/2033	LIBOR	4.92%
	101,700	6/16/2011	3/01/2033	LIBOR	4.92%
	40,675	6/26/2003	3/01/2033	LIBOR	4.92%
	10,900	1/27/2006	11/02/2020	Securities Industry and Financial Markets Association (SIFMA)	3.98%
	800	6/30/2008	6/30/2013	LIBOR plus 1.75%	6.00%
	2,091	6/01/2004	6/01/2024	LIBOR plus 1.50%	7.05%
	1,519	6/01/2006	6/01/2026	LIBOR plus 1.25%	7.15%
	182	10/01/1999	10/01/2019	Prime minus 1.86%	7.72%

After giving effect to the above derivative transactions, the Indiana University Health System's variable-rate debt was approximately 11.1% and 12.2% of total debt outstanding as of December 31, 2012 and 2011, respectively.

Indiana University Health, Inc. and subsidiaries

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

**8. Derivative Financial Instruments (continued)**

In addition, long-term basis swap arrangements were entered into for the purpose of managing the effect of interest rates on cash flows and were in place as of December 31, 2012, as follows:

Notional Amount	Effective Date	Maturity Date	Swap Type	Rate Received	Rate Paid
\$ 140,446	3/10/2021	2/15/2033	Forward Starting Basis	75 00% three-month LIBOR minus 0 05%	SIFMA
178,449	1/04/2008	2/15/2033	Basis	75 00% one-month LIBOR	SIFMA
178,449	2/15/2009	2/15/2021	Basis	72 00% three-month LIBOR minus 0 13%	SIFMA
309,200	3/10/2021	1/07/2033	Forward Starting Basis	75 00% three-month LIBOR minus 0 04%	SIFMA
309,200	3/07/2009	3/07/2021	Basis	72 00% three-month LIBOR minus 0 12%	SIFMA
309,200	6/07/2011	1/07/2033	Basis	75 00% one-month LIBOR	SIFMA
250,000	3/01/2009	9/30/2038	Basis	77 00% three-month LIBOR minus 0 11%	SIFMA
250,000	3/01/2009	9/30/2038	Basis	77 00% three-month LIBOR minus 0 11%	SIFMA

Guidance on fair value accounting stipulates that a credit valuation adjustment (CVA) should be applied to the mark-to-market valuation position of interest rate swaps to more closely capture the fair value of such instruments. Collateral arrangements reduce the credit exposure and are considered in determining the CVA. As of December 31, 2012, the fair value of interest rate swaps was a liability of \$165,923, which is net of CVA of \$33,378. As of December 31, 2011, the fair value of interest rate swaps was a liability of \$196,627, which is net of CVA of \$32,639. The fair values of the swaps have been included with noncurrent liabilities in the accompanying consolidated balance sheets.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 8. Derivative Financial Instruments (continued)

As of December 31, 2012, interest rate swaps had a total notional amount of \$1,956,060, including \$480,762 of fixed-pay swaps and \$1,475,298 of basis swaps. Under agreements executed with counterparties, Indiana University Health is obligated to fund collateral amounts when the aggregate market value of swaps made with each counterparty exceeds certain thresholds. The aggregate fair value of all derivative instruments, consisting of fixed-pay and basis swaps, with credit-risk-related contingent features that are in a liability position on December 31, 2012 and 2011 was \$169,006 and \$198,179, respectively. No collateral was posted as of December 31, 2012 and 2011.

The Indiana University Health System recorded the following losses, within nonoperating income and losses, in the accompanying consolidated statements of operations and changes in net assets related to these derivative financial instruments:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Gains (losses) on interest rate swaps, net:		
Unrealized gains (losses) on interest rate swaps	\$ 32,294	\$ (55,712)
Realized losses on interest rate swaps	(15,240)	(17,729)
	<u>\$ 17,054</u>	<u>\$ (73,441)</u>

#### 9. Fair Value Measurements

Accounting guidance addresses aspects of the expanding application of fair value accounting. The fair value accounting guidance provides, among other matters, for the following: 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 and establishes a framework for measuring fair value; establishes a three-level hierarchy for fair value measurements based upon the observability of inputs to the valuation of an asset or liability as of the measurement date; requires consideration of nonperformance risk when valuing liabilities; and expands disclosures about instruments measured at fair value. The three-level hierarchy is based upon the nature of valuation techniques and whether such techniques are based upon observable or unobservable inputs, as defined.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 9. Fair Value Measurements (continued)

Observable inputs are intended to reflect market data obtained from independent sources, while unobservable inputs may reflect market assumptions made by management or measurements made by financial specialists generally associated with the financial asset or liability. These two types of inputs create the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date.
- Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. In evaluating the significance of inputs, the Indiana University Health System generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that, individually or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the assets or liabilities. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The following tables set forth by level within the fair value hierarchy the Indiana University Health System's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2012 and 2011. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, could be subject to change or variation, and may affect the valuation of fair value assets and liabilities and their classification within the fair value hierarchy levels.

Indiana University Health, Inc. and subsidiaries

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

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
<b>December 31, 2012</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 543,923	\$ —	\$ —	\$ 543,923
Trading securities				
U S government and agency	252,632	43,410	—	296,042
U S corporate obligations	161,651	355,426	—	517,077
U S equity securities	346,610	5,298	—	351,908
Non-U S securities	89,116	205,790	—	294,906
Real estate investment trusts and other	3,264	4,535	—	7,799
Beneficial interests in charitable remainder and perpetual trusts	—	9,192	—	9,192
Total assets measured at fair value on a recurring basis	<u>\$ 1,397,196</u>	<u>\$ 623,651</u>	<u>\$ —</u>	<u>\$ 2,020,847</u>
<b>Liabilities</b>				
Interest rate swaps	\$ —	\$ —	\$ 165,923	\$ 165,923
Total liabilities measured at fair value on a recurring basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 165,923</u>	<u>\$ 165,923</u>
	Level 1	Level 2	Level 3	Total
<b>December 31, 2011</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 189,737	\$ —	\$ —	\$ 189,737
Trading securities				
U S government and agency	220,666	32,735	—	253,401
U S corporate obligations	251,907	152,015	—	403,922
U S equity securities	260,102	336	—	260,438
Non-U S securities	84,992	100,722	—	185,714
Real estate investment trusts and other	3,949	3,689	—	7,638
Beneficial interests in charitable remainder and perpetual trusts	—	8,668	—	8,668
Total assets measured at fair value on a recurring basis	<u>\$ 1,011,353</u>	<u>\$ 298,165</u>	<u>\$ —</u>	<u>\$ 1,309,518</u>
<b>Liabilities</b>				
Interest rate swaps	\$ —	\$ —	\$ 196,627	\$ 196,627
Total liabilities measured at fair value on a recurring basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 196,627</u>	<u>\$ 196,627</u>



# Indiana University Health, Inc. and subsidiaries

## Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

### 9. Fair Value Measurements (continued)

The fair value of cash and cash equivalents, which consist mainly of funds invested in money market funds, is based on quoted market prices and classified as Level 1. The fair value of Level 1 trading securities is based on quoted market prices from an active exchange. The fair value of Level 2 trading securities is based on third-party market quotes for similar securities and other observable inputs. The fair value of interest rate swaps is based upon forward interest rate curves, as adjusted for CVA (see Note 8).

Cash and cash equivalents not held in money market accounts aggregated \$134,880 and \$403,086 as of December 31, 2012 and 2011, respectively, and are not included in the tables. The Indiana University Health System's \$541,648 and \$383,165 of alternative investments as of December 31, 2012 and 2011, respectively, are not included in the tables because they are accounted for using the equity method of accounting (see Note 5). The beneficial interests in charitable remainder and perpetual trusts are shown within other long-term assets on the accompanying consolidated balance sheets.

The following table is a rollforward of the amounts included in the consolidated balance sheets for financial instruments classified within Level 3 of the valuation hierarchy defined above:

	<b>Financial Liabilities for Derivative Financial Instruments</b>
Fair value at January 1, 2012	\$ 196,627
Transfers into Level 3	1,590
Unrealized gains	(32,294)
Fair value at December 31, 2012	<u>\$ 165,923</u>

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

#### **9. Fair Value Measurements (continued)**

Due to the significance of the CVA relative to the fair value of the swaps, whose inputs are not observable from objective sources, interest rate swaps are classified as Level 3 instruments. The Indiana University Health System engages a third party to assist in valuing the CVA. The CVA adjusts the fair value of each swap based on the credit risk of the party holding the swap in a liability position at that point in time. This credit risk is measured by taking the spread between the AAA-rated Muni GO curve and the A-rated Muni Healthcare curve (or the AA+ rated Muni GO curve for the swaps insured by Assured Guaranty Municipal Corporation) and adjusting that spread to a taxable basis using the relevant SIFMA/LIBOR ratio. A credit risk adjusted mark-to-market is then calculated by adding the relevant taxable spread to the LIBOR swap curve and revaluing the swap using the adjusted curve.

The value of the CVA may vary depending upon the following factors:

- whether the Indiana University Health System is required to post collateral under the swap agreements,
- to the extent that the credit rating of the Indiana University Health System increases or decreases, in which case the CVA would decrease and increase, respectively (assuming the swaps are in a liability position), or
- to the extent that the spread between the swap curves discussed above expands or compresses.

Generally, swaps are transferred between Level 2 and Level 3 when the CVA exceeds 10% of the gross valuation of the swap. Transfers are generally recorded at the end of the reporting period. There were no transfers between Level 1 and Level 2.

Indiana University Health, Inc. and subsidiaries

Notes to Consolidated Financial Statements (continued)

(Thousands of Dollars)

**10. Commitments and Contingencies**

**Leases**

Buildings and medical and office equipment are leased under noncancelable operating and capital leases. Future minimum lease payments as of December 31, 2012, are as follows:

	<b>Operating Leases</b>	<b>Capital Leases</b>
Year ending December 31:		
2013	\$ 58,253	\$ 19,936
2014	45,356	16,113
2015	35,349	14,427
2016	28,761	11,501
2017	23,376	10,124
Thereafter	74,343	192,031
Total minimum lease payments	<u>\$ 265,438</u>	264,132
Less amount representing interest		<u>138,271</u>
Present value of net minimum lease payments		<u>\$ 125,861</u>

Rent and lease expense, included in supplies, drugs, purchased services, and other expenses, amounted to \$89,478 and \$78,505 for the years ended December 31, 2012 and 2011, respectively.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **11. Medical Malpractice**

The Indiana University Health System's medical malpractice coverage is provided through a program of commercial insurance with a self-insured retention for claims made prior to July 1, 2002, and coverage through wholly owned captive insurance companies effective July 1, 2002. The program of medical malpractice coverage considers limitations in claims and damages prescribed by the Indiana Medical Malpractice Act (the Act), which limits the amount of individual claims to \$1,250 and annual aggregate claims to \$7,500, of which up to \$1,000 would be paid by the State of Indiana Patient Compensation Fund (the Fund) and \$250 by the Indiana University Health System for each occurrence of malpractice. The Act also requires that health care providers meet certain requirements, including making funding payments to the Fund and maintaining certain insurance levels. The Indiana University Health System has met these requirements and is a qualified provider under the Act, retaining risk of \$250 per occurrence and \$7,500 in the annual aggregate.

The Indiana University Health System's medical malpractice program includes coverage offered by the captive insurance companies. Commercial insurance carriers also provide reinsurance for certain excess general liability coverage of the captive insurance companies on a claims-made basis (aggregating \$100,000).

Contributions for coverage provided by the captive insurance companies are expensed as incurred, and loss reserves are established for incurred but not yet reported claims. Laws in the jurisdictions in which the captive insurance companies are domiciled require, among other matters, that certain capital and funding requirements be met. The actuarially determined amount of accrued medical malpractice claims is included in noncurrent liabilities in the accompanying consolidated balance sheets.

#### **12. Retirement Plans**

##### **Defined Contribution Plans**

Retirement benefits are provided to substantially all employees of the Indiana University Health System, primarily through defined contribution plans. Contributions, which are included in benefits expense, to the defined contribution plans are based on compensation of qualified employees and amounted to \$89,833 in 2012 and \$79,871 in 2011 (net of forfeitures of \$2,547 and \$2,650 in 2012 and 2011, respectively).

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 12. Retirement Plans (continued)

##### Defined Benefit Plans

Defined benefit pension plans sponsored by Indiana University Health, LaPorte, Ball Memorial, and Bloomington have been curtailed, with benefits generally frozen or limited, or no new participants are allowed. The defined benefit pension plans applicable to Indiana University Health were principally limited to current and former employees who elected not to participate in the defined contribution plan established at the time of Indiana University Health's formation and current and former executives who participated in a supplemental employee retirement plan of Indiana University Health.

Pension benefits are based on years of service and compensation of employees (as defined) and are actuarially determined. Where applicable, the funding policy is to annually contribute the contribution required to comply with applicable legislation and IRS regulations.

Adjustments to pension liabilities to reflect funded status are charged or credited to unrestricted net assets. An increase to the pension liability of \$15,478 has been recorded in 2012 due primarily to the consolidation of IUHP and lower discount rates assumed for net periodic pension costs and benefit obligation.

The following table sets forth the funded status of the defined benefit pension plans and amounts recognized in the consolidated financial statements as of and for the years ended December 31, 2012 and 2011. The discount rates used vary with each plan based on plan characteristics such as the average age of participants. The amounts in the following table for 2012 include the pension plan sponsored by IUHP, which was consolidated as of January 1, 2012.

Indiana University Health, Inc. and subsidiaries

Notes to Consolidated Financial Statements (continued)

(Thousands of Dollars)

**12. Retirement Plans (continued)**

	<b>2012</b>	<b>2011</b>
Changes in benefit obligation of the plans:		
Benefit obligation at beginning of year	\$ 438,884	\$ 404,445
Benefit obligation as of January 1, 2012, IUHP	<b>8,691</b>	—
Benefit obligation at the beginning of the year, as adjusted	<b>447,575</b>	404,445
Service cost and other	<b>2,191</b>	2,420
Interest cost	<b>21,601</b>	21,646
Actuarial loss	<b>51,738</b>	26,757
Benefits paid	<b>(24,991)</b>	(16,384)
Benefit obligation at end of year	<b>\$ 498,114</b>	\$ 438,884
Changes in assets of the plans:		
Fair value of assets at beginning of year	\$ 299,882	\$ 309,865
Actual return on assets	<b>30,992</b>	(3,480)
Employer contributions	<b>37,751</b>	9,882
Benefits paid	<b>(24,991)</b>	(16,385)
Fair value of assets at end of year	<b>\$ 343,634</b>	\$ 299,882
Funded deficiency at December 31	<b>\$ (154,480)</b>	\$ (139,002)
Items not yet recognized as a component of net periodic pension cost:		
Net actuarial loss	\$ 166,217	\$ 136,365
Prior service cost	<b>(314)</b>	(597)
	<b>\$ 165,903</b>	\$ 135,768

Indiana University Health, Inc. and subsidiaries

Notes to Consolidated Financial Statements (continued)

(Thousands of Dollars)

**12. Retirement Plans (continued)**

	<b>2012</b>	<b>2011</b>
Components of net pension benefit cost:		
Service cost	\$ 2,191	\$ 2,420
Interest cost	21,601	21,646
Expected return on assets	(22,927)	(24,811)
Amortization of unrecognized prior service cost	(283)	(283)
Amortization of unrecognized net loss	14,837	5,444
Amortization of transition obligation	80	—
Termination benefit and settlement expense	886	—
Net periodic pension cost	<u>\$ 16,385</u>	<u>\$ 4,416</u>
Weighted-average actuarial assumptions to determine benefit cost:		
Discount rate for net periodic pension cost	4.90%	5.50%
Discount rate for benefit obligations	4.10	4.95
Expected rate of return on plan assets	6.83	7.55
Rate of compensation increase	2.50	2.50
Accumulated benefit obligation	\$ 488,188	\$ 437,710
Fair value of assets at end of year	<u>343,634</u>	<u>299,882</u>
Accumulated benefit obligation exceeding fair value of plan assets	<u>\$ 144,554</u>	<u>\$ 137,828</u>
Expected future benefit payments:		
2013		\$ 28,627
2014		23,325
2015		24,777
2016		26,613
2017		27,909
2018–2022		149,247

Indiana University Health, Inc. and subsidiaries

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

**12. Retirement Plans (continued)**

Accumulated adjustments to unrestricted net assets at December 31, 2012, include amounts related to net actuarial loss and prior service costs that have not yet been recognized in net pension benefit cost. Expected amortization of amounts in unrestricted net assets is expected to increase net periodic pension costs by \$18,437 during the year ending December 31, 2013. Contributions are expected to aggregate \$34,771 to the defined benefit pension plans during 2013.

The principal long-term determinant of a plan's investment return is its asset allocation. The plans' allocations are heavily weighted toward equity assets versus other investments. The expected long-term rate of return assumption is based on the mix of assets in the plans, the long-term earnings expected to be associated with each asset class, and any additional return expected through active management. These assumptions are periodically benchmarked against peer plans.

The weighted-average asset allocations of the plans at December 31, by asset category, are as follows:

	<b>2012</b>	<b>2011</b>
<b>Asset category</b>		
U.S. equity securities	<b>29%</b>	29%
Hedged strategy (fund of funds)	<b>20</b>	21
Non-U.S. securities	<b>20</b>	20
U.S. corporate obligations	<b>18</b>	18
U.S. government obligations	<b>9</b>	9
Cash and cash equivalents	<b>3</b>	2
Real estate investment trusts and other	<b>1</b>	1
	<b>100%</b>	100%

The allocation strategy for the plans is currently composed of approximately 50% to 85% of equity investments and 15% to 50% of fixed-income investments. The largest component of these equity instruments is public equity securities that are diversified and invested in U.S. and international companies.



Indiana University Health, Inc. and subsidiaries

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

**12. Retirement Plans (continued)**

The following tables present the plans' financial instruments as of December 31, 2012 and 2011, measured at fair value on a recurring basis within the fair value hierarchy as disclosed in Note 9:

	Level 1	Level 2	Level 3	Total
<b>December 31, 2012</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 12,375	\$ –	\$ –	\$ 12,375
U S government and agency	18,364	12,709	–	31,073
U S corporate obligations	33,415	29,881	–	63,296
U S equity securities	97,806	686	–	98,492
Non-U S securities	50,885	18,424	–	69,309
Hedged strategy (fund of funds)	–	67,192	–	67,192
Real estate investment trusts and other	1,897	–	–	1,897
Total assets measured at fair value on a recurring basis	<u>\$ 214,742</u>	<u>\$ 128,892</u>	<u>\$ –</u>	<u>\$ 343,634</u>
<b>December 31, 2011</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,614	\$ –	\$ –	\$ 4,614
U S government and agency	13,766	12,291	–	26,057
U S corporate obligations	32,746	21,520	–	54,266
U S equity securities	89,552	386	–	89,938
Non-U S securities	41,864	17,334	–	59,198
Hedged strategy (fund of funds)	–	63,695	–	63,695
Real estate investment trusts and other	2,114	–	–	2,114
Total assets measured at fair value on a recurring basis	<u>\$ 184,656</u>	<u>\$ 115,226</u>	<u>\$ –</u>	<u>\$ 299,882</u>

The fair value of cash equivalents, which consist mainly of funds invested in money market funds, is based on quoted market prices and classified as Level 1. The fair value of Level 1 investments is based on quoted market prices from an active exchange. The fair value of Level 2 investments is based on third-party quotes based on quoted market prices of similar securities and other observable inputs.

The plans invest in alternative investments for which the net asset value per share represents the fair value of the investment held. Risks and redemption restrictions for these investments are similar to the alternative investments described in Note 5.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### 13. Endowments

Endowment funds of Methodist Health Foundation and BMH Foundation consist of donor-restricted endowment funds held for various specific purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of both foundations have interpreted the Uniform Prudent Management of Institutional Funds Act (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, the foundations classify as permanently restricted net assets the following: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the foundations in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the foundations consider the various factors in making a determination to appropriate or accumulate donor-restricted endowment funds, such as the duration and preservation of the fund, the purposes of the foundations and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the organization, and the investment policies of the foundations.

Changes in and composition of donor-restricted endowment net assets for both foundations for the years ended December 31, 2012 and 2011, were as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets at January 1, 2011	\$ 10,470	\$ 44,349	\$ 54,819
Investment return	(171)	330	159
Appropriation of endowment assets for expenditures	(1,011)	—	(1,011)
Endowment net assets at December 31, 2011	9,288	44,679	53,967
Investment return	5,031	227	5,258
Appropriation of endowment assets for expenditures	(3,379)	—	(3,379)
Endowment net assets at December 31, 2012	<u>\$ 10,940</u>	<u>\$ 44,906</u>	<u>\$ 55,846</u>

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

#### **13. Endowments (continued)**

In 2011, Methodist Health Foundation and BMH Foundation transferred \$709 from unrestricted net assets to temporarily restricted net assets to maintain donor-restricted endowment funds at the level required by the donor stipulations or law. In 2012, Methodist Health Foundation and BMH Foundation transferred a total of \$600 from temporarily and permanently restricted net assets back to unrestricted net assets as a result of a 2011 transfer from unrestricted net assets to maintain donor-restricted endowment funds at the level required by the donor stipulations or law.

Methodist Health Foundation and BMH Foundation have adopted separate investment and spending policies for endowment assets. Policies for both foundations attempt to preserve capital, maximize the return within reasonable and prudent levels of risk, and provide a return to the restricted funds. Endowment assets are invested in a manner that is intended to produce results that exceed the initial recorded value of the investment and yield a targeted long-term rate while assuming a moderate level of investment risk. Distributions are made for the purposes of supporting various Indiana University Health and Ball Memorial program services. Each foundation has set a threshold for the amount available to distribute each year.

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

##### **Indiana University School of Medicine**

The Consolidation Agreement requires that Indiana University Health fund salaries and related employee benefit costs for medical doctor interns and residents of the School of Medicine who provide services at the Indiana University Health System's facilities. These costs totaled \$41,307 and \$38,987 in 2012 and 2011, respectively, and have been reported with salaries, wages, and benefits expense in the accompanying consolidated statements of operations and changes in net assets.

The Consolidation Agreement also provides for additional support to the School of Medicine to recognize, as a result of the consolidation, the enhanced and increased level of services being provided, including services to the medically indigent through medical education and research. During 2012 and 2011, Indiana University Health expensed \$52,610 and \$98,505, respectively, related to educational and research support provided to the School of Medicine. The School of Medicine rents space at Indiana University Health's Fairbanks Hall, an educational and resource center, under a 34-year lease agreement with Indiana University Health. The School of Medicine prepaid the rent, totaling \$4,887 under the agreement, and the income is being recognized over the term of the lease.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Thousands of Dollars)*

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

The Indiana University Health System purchases certain services from the School of Medicine. These expenses, principally for medical care case management services, utilities, laboratory services, and other services, totaled \$21,981 and \$21,269 for the years ended December 31, 2012 and 2011, respectively, and have been reported with supplies, drugs, purchased services, and other expenses in the accompanying consolidated statements of operations and changes in net assets.

In 2012, Indiana University Health committed to support ratably for a five-year period ending December 31, 2016, certain basic, clinical, and translational research programs of the School of Medicine. The total commitment aggregates \$75,000, subject to Board approval annually, and will be used to reimburse expenses incurred by the School of Medicine. For the year ended December 31, 2012, the Indiana University Health System expensed \$15,000 under this agreement within supplies, drugs, purchased services, and other expenses in the accompanying consolidated statement of operations and changes in net assets, of which \$13,981 was accrued within accounts payable and accrued expenses at December 31, 2012. Additionally, in 2012 and 2011, the Board approved research grants in the amount of \$5,000 and \$3,000, respectively, which were expensed through purchased services in the accompanying consolidated statements of operations and changes in net assets.

During 2012, IUHP received a grant from Indiana University Medical Group Foundation in the amount of \$45,000 to be used toward physician recruitment and transition for the purpose of expanding access to care to Medicaid and other underserved patient populations. As the grant restrictions have been met as of December 31, 2012, the \$45,000 has been recorded as other operating revenue on the consolidated statements of operations and changes in net assets.

#### **Other Foundations**

Bloomington Hospital Foundation, Tipton County Foundation, Indiana University Health White Memorial Hospital Foundation, and White County Community Foundation are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code; these foundations hold funds solely on behalf of Bloomington, Tipton, and White, respectively. The financial statements of these foundations are not included in the consolidated financial statements. The interests in net assets of these other foundations, which totaled \$12,898 and \$12,251 at December 31, 2012 and 2011, respectively, are included with other assets and net assets in the accompanying consolidated balance sheets and principally represent donor-restricted funds. These foundations also hold other net assets that are subject to the direction of their respective Boards of Directors.

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

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

Other changes in the net assets of these foundations are generally reflected within temporarily and permanently restricted net assets.

#### Other Equity Interest Ventures

Prior to consolidation effective January 1, 2012, Indiana University Health held a 51% ownership interest in IUHP but did not control IUHP. Due to Indiana University Health funding all operating losses of IUHP, Indiana University Health recorded 100% of IUHP's net losses in 2011 (see Note 4).

The Indiana University Health System also has arrangements with other entities for the operation of cancer treatment and diagnostic clinics. The Indiana University Health System has an investment in the operation of a long-term rehabilitative care hospital, which was consolidated when Indiana University Health became the controlling member in 2012 with 51% voting interest (see Note 4).

Indiana University Health has a 50% membership interest in MDWise, Inc., a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code, which holds an HMO license and manages a network of health care providers serving Indiana Medicaid patients throughout the state of Indiana. MDWise, Inc. provides administrative and health claims payment processing for these networks, including Carewise, a division of the Indiana University Health System.

Summarized financial information for 2012 and 2011 is presented below. For 2012, the information includes MDWise, Inc. and the cancer treatment and diagnostic clinics. For 2011, the information includes MDWise, Inc., IUHP, which was consolidated as of January 1, 2012, the rehabilitative hospital, which was consolidated as of April 1, 2012, and the cancer treatment and diagnostic clinics.

	<b>2012</b>	<b>2011</b>
	<i>(Unaudited)</i>	
Net assets	\$ 43,728	\$ 66,945
Total revenues	466,079	811,361
Excess (deficit) of revenues over expenses	391	(62,008)

## Indiana University Health, Inc. and subsidiaries

### Notes to Consolidated Financial Statements (continued) (Thousands of Dollars)

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

In the accompanying consolidated financial statements, the Indiana University Health System has recorded its equity in the income (loss) of its unconsolidated subsidiaries that provide health care-related services within other operating revenue, totaling \$3,603 and \$(51,767) for the years ended December 31, 2012 and 2011, respectively.

Cash and cash equivalents held and managed by Indiana University Health on behalf of organizations that are not consolidated aggregated \$1,211 and \$1,384 at December 31, 2012 and 2011, respectively, and are included within accounts payable and accrued expenses in the consolidated balance sheets.

#### **15. Health Care Legislation and Regulation**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, participation requirements, reimbursement for patient services, Medicare and Medicaid fraud and abuse, and security, privacy, and standards of health information. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and noncompliance with regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, significant repayments for patient services previously billed, and disruptions or delays in processing administrative transactions, including the adjudication of claims and payment.

In the opinion of management, there are no known regulatory inquiries that are expected to have a material adverse effect on the consolidated financial statements of the Indiana University Health System; however, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Affordable Care Act and the Health Care and Education Reconciliation Act legislation, among other matters, is designed to expand access to coverage to substantively all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing Medicare and Medicaid coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of future regulations is not determinable.

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