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Form 990

## Return of Organization Exempt From Income Tax

2012

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung  
benefit trust or private foundation)

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

## 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	<b>C</b> Name of organization ST MARY'S HOSPITAL CENTRALIA ILLINOIS		<b>D</b> Employer identification number 37-0662580
<input type="checkbox"/> Address change	Doing Business As		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address)	Room/suite	
<input type="checkbox"/> Terminated	477 N LINDBERGH BLVD		
<input type="checkbox"/> Amended return	City or town, state or country, and ZIP + 4 ST LOUIS, MO 63141		E Telephone number (618) 436-8000
<input type="checkbox"/> Application pending			<b>G</b> Gross receipts \$ 100,069,200
<b>F</b> Name and address of principal officer WILLIAM THOMPSON 477 N LINDBERGH BLVD ST LOUIS, MO 63141		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

**I** Tax-exempt status  501(c)(3)  501(c) ( ) (insert no)  4947(a)(1) or  527**J** Website: ► WWW.SSMHC.COM**K** Form of organization  Corporation  Trust  Association  Other ► **L** Year of formation 1939 **M** State of legal domicile IL

## Part I Summary

<b>1</b> Briefly describe the organization's mission or most significant activities TO CONTINUE THE HEALING MINISTRY OF JESUS CHRIST BY IMPROVING & PROVIDING REGIONAL, COST EFFECTIVE QUALITY HEALTH SERVICES FOR EVERYONE, WITH A SPECIAL CONCERN FOR THE POOR AND VULNERABLE		
<b>2</b> Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets		
<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	17
<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	8
<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a) . . . . .	<b>5</b>	1,070
<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	117
<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	0
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	0

<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	<b>Prior Year</b>	<b>Current Year</b>
	1,285,117	1,853,793
<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .		
	107,051,145	96,508,444
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .		
	651,299	370,705
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
	978,728	1,113,528
<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .		
	109,966,289	99,846,470

<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	<b>Prior Year</b>	<b>Current Year</b>
	98,306	53,860
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		
	0	0
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		
	52,710,038	54,295,653
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		
	0	0
<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ► <sup>0</sup>		
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .		
	54,010,840	44,853,597
<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)		
	106,819,184	99,203,110
<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .		
	3,147,105	643,360

<b>20</b> Total assets (Part X, line 16) . . . . .	<b>Beginning of Current Year</b>	<b>End of Year</b>
	64,065,256	64,912,022
<b>21</b> Total liabilities (Part X, line 26) . . . . .		
	70,316,966	64,392,057
<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .		
	-6,251,710	519,965

## 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 JUNE L PICKETT SECRETARY Type or print name and title	2013-11-15 Date
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<b>Paid Preparer Use Only</b>	Print/Type preparer's name BROOKE KITCHEN	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00849302
	Firm's name ► DELOTTE TAX LLP			Firm's EIN ► 86-1065772	
	Firm's address ► 1111 BAGBY STREET SUITE 4500 HOUSTON, TX 77002			Phone no (713) 982-2000	

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

### **Part III Statement of Program Service Accomplishments**

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

**1 Briefly describe the organization's mission**

THROUGH OUR EXCEPTIONAL HEALTH CARE SERVICES, WE REVEAL THE HEALING PRESENCE OF GOD.

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 C.

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 C

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 \$ 81,393,236 including grants of \$ 53,860 ) (Revenue \$ 96,508,444

SEE SCHEDULE O FOR A COMPLETE DESCRIPTION OF PROGRAM SERVICE ACCOMPLISHMENTS.

**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

**4c** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

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

4e Total program service expenses **1** 81 393 236

**Part IV Checklist of Required Schedules**

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

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

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II

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

9 Did the organization report an amount in Part X, line 21 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

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V

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

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

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX

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

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part XI

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

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

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

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

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV

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

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

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)

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

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

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b	Yes	
11c		No
11d		No
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

**Part IV Checklist of Required Schedules (continued)**

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

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

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

		Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	<b>1a</b>	0	
<b>b</b> Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	<b>1b</b>	0	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>		
<b>2a</b> 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	<b>2a</b>	1,070	
<b>b</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)	<b>2b</b>	Yes	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	No	
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>3b</b>		
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	No	
<b>b</b> If "Yes," enter the name of the foreign country See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No	
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No	
<b>c</b> If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	<b>6a</b>	No	
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>	<b>7a</b>	No	
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7b</b>		
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7c</b>	No	
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7d</b>	0	
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7e</b>	No	
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7f</b>	No	
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7g</b>		
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7h</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>8</b>		
<b>8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>9a</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>	<b>9b</b>		
<b>a</b> Did the organization make any taxable distributions under section 4966?			
<b>b</b> Did the organization make a distribution to a donor, donor advisor, or related person?			
<b>10 Section 501(c)(7) organizations.</b> Enter	<b>10a</b>		
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10b</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
<b>11 Section 501(c)(12) organizations.</b> Enter	<b>11a</b>		
<b>a</b> Gross income from members or shareholders	<b>11b</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	<b>13a</b>		
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O	<b>13b</b>		
<b>b</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	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No	
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	<b>14b</b>		

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

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

### Section A. Governing Body and Management

		Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year	<b>1a</b>	17	
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>b</b> Enter the number of voting members included in line 1a, above, who are independent	<b>1b</b>	8	
<b>2</b> 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?	<b>2</b>		No
<b>3</b> 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?	<b>3</b>		No
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	<b>4</b>		No
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?	<b>5</b>		No
<b>6</b> Did the organization have members or stockholders?	<b>6</b>	Yes	
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	<b>7a</b>	Yes	
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<b>7b</b>	Yes	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following	<b>8a</b>	Yes	
<b>a</b> The governing body?	<b>8b</b>	Yes	
<b>b</b> Each committee with authority to act on behalf of the governing body?	<b>9</b>		No
<b>9</b> 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			

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

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates?	<b>10a</b>	No
<b>b</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?	<b>10b</b>	
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<b>11a</b>	No
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13	<b>12a</b>	Yes
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<b>12b</b>	Yes
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	<b>12c</b>	Yes
<b>13</b> Did the organization have a written whistleblower policy?	<b>13</b>	Yes
<b>14</b> Did the organization have a written document retention and destruction policy?	<b>14</b>	Yes
<b>15</b> 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?	<b>15a</b>	Yes
<b>a</b> The organization's CEO, Executive Director, or top management official	<b>15b</b>	Yes
<b>b</b> Other officers or key employees of the organization		
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<b>16a</b>	No
<b>b</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?	<b>16b</b>	

### Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed  IL
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply  
 Own website  Another's website  Upon request  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  
 KAY TINSLEY 400 N PLEASANT AVENUE CENTRALIA, IL (618) 436-6536

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

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

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

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

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

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

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

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

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

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 **19**

		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	Yes
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <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
CENTRALIA ANESTHESIOLOGY SERVICES INC 4227 LINCOLNSHIRE DRIVE MT VERNON IL 62864	MEDICAL SERVICES	1,974,434
CROWN LINEN SERVICE 322 E INDUSTRIAL DR COLUMBIA IL 62236	LAUNDRY SERVICES	629,992
MID AMERICA RADIOLOGY SC 152 LEMAY FERRY RD ST LOUIS MO 63166	MEDICAL SERVICES	557,077
ADVANCED ICU CARE INC 999 EXECUTIVE PARKWAY STE 320 ST LOUIS MO 63141	MEDICAL SERVICES	553,505
MIDWEST EMERGENCY DEPARTMENT PO BOX 8882 FORT WORTH TX 76124	MEDICAL SERVICES	473,813

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 ▶24

**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
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b> Membership dues . . . . .	<b>1b</b>				
	<b>c</b> Fundraising events . . . . .	<b>1c</b>				
	<b>d</b> Related organizations . . . . .	<b>1d</b>	378,747			
	<b>e</b> Government grants (contributions)	<b>1e</b>	1,441,713			
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	33,333			
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
	<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		1,853,793			
<b>Program Service Revenue</b>	<b>2a</b> NET PATIENT SERVICE REVENUE	Business Code				
		621110	95,026,189	95,026,189		
	<b>b</b> ANESTHESIA SERVICES	621110	215,020	215,020		
	<b>c</b>					
	<b>d</b>					
	<b>e</b>					
	<b>f</b> All other program service revenue		1,267,235	1,267,235		
	<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		96,508,444			
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		364,044			364,044
	<b>4</b> Income from investment of tax-exempt bond proceeds					
	<b>5</b> Royalties . . . . .					
	<b>6a</b> Gross rents	(i) Real	541,032			
	<b>b</b> Less rental expenses	(ii) Personal	214,217			
	<b>c</b> Rental income or (loss)		326,815			
	<b>d</b> Net rental income or (loss) . . . . .			326,815		326,815
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	15,174			
<b>b</b> Less cost or other basis and sales expenses	(ii) Other	0	8,513			
<b>c</b> Gain or (loss)		15,174	-8,513			
<b>d</b> Net gain or (loss) . . . . .			6,661		6,661	
<b>8a</b> Gross income from fundraising events (not including of contributions reported on line 1c)						
See Part IV, line 18 . . . . .	a					
<b>b</b> Less direct expenses . . . . .	b					
<b>c</b> Net income or (loss) from fundraising events . . . . .						
<b>9a</b> Gross income from gaming activities						
See Part IV, line 19 . . . . .	a					
<b>b</b> Less direct expenses . . . . .	b					
<b>c</b> Net income or (loss) from gaming activities . . . . .						
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .						
<b>b</b> Less cost of goods sold . . . . .	b					
<b>c</b> Net income or (loss) from sales of inventory . . . . .						
<b>Miscellaneous Revenue</b>		Business Code				
<b>11a</b> CAFETERIA		722210	395,238			395,238
<b>b</b> PRINT SERVICES		561000	312,180			312,180
<b>c</b> MEDICAL RECORDS		561000	79,295			79,295
<b>d</b> All other revenue . . . . .						
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .		786,713				
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .		99,846,470	96,508,444	0	1,484,233	

**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 

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	53,860	53,860		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees . . .	2,005,054	449,783	1,555,271	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .				
7 Other salaries and wages	36,288,231	28,421,347	7,866,884	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . .	2,503,208	1,939,193	564,015	
9 Other employee benefits . . .	10,816,848	8,293,510	2,523,338	
10 Payroll taxes . . .	2,682,312	2,027,178	655,134	
11 Fees for services (non-employees)				
a Management . . .	962,208		962,208	
b Legal . . .	319,406		319,406	
c Accounting . . .	59,436		59,436	
d Lobbying . . .				
e Professional fundraising services See Part IV, line 17				
f Investment management fees . . .				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . .	9,975,285	9,120,557	854,728	
12 Advertising and promotion . . .	510,462		510,462	
13 Office expenses . . .	5,512,246	4,848,204	664,042	
14 Information technology . . .	5,783,296	5,772,711	10,585	
15 Royalties . .				
16 Occupancy . . .	2,113,235	1,928,337	184,898	
17 Travel . . .	297,090	165,928	131,162	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . .				
19 Conferences, conventions, and meetings . . .	74,002	56,134	17,868	
20 Interest . . .	972,638	972,638		
21 Payments to affiliates . . .				
22 Depreciation, depletion, and amortization . . .	3,485,212	3,218,130	267,082	
23 Insurance . . .	621,527		621,527	
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 MEDICAL SUPPLIES	11,359,113	11,359,113		
b MEDICARE PROVIDER TAX	2,669,259	2,669,259		
c LICENSES AND TAXES	139,182	97,354	41,828	
d				
e All other expenses				
<b>25 Total functional expenses.</b> Add lines 1 through 24e	99,203,110	81,393,236	17,809,874	0
<b>26 Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► 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 

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
<b>Assets</b>			
1	Cash—non-interest-bearing	1	
2	Savings and temporary cash investments	56,567	2
3	Pledges and grants receivable, net	3	
4	Accounts receivable, net	20,311,578	4
5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	6	
7	Notes and loans receivable, net	7	
8	Inventories for sale or use	1,675,826	8
9	Prepaid expenses and deferred charges	1,849,174	9
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	44,832,918
b	Less accumulated depreciation	10b	17,296,070
		28,745,497	10c
		27,536,848	
11	Investments—publicly traded securities	11	
12	Investments—other securities See Part IV, line 11	8,075,400	12
13	Investments—program-related See Part IV, line 11	13	
14	Intangible assets	2,172,339	14
15	Other assets See Part IV, line 11	1,178,875	15
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	64,065,256	16
<b>Liabilities</b>			
17	Accounts payable and accrued expenses	9,665,122	17
18	Grants payable	18	
19	Deferred revenue	19	
20	Tax-exempt bond liabilities	10,080,152	20
21	Escrow or custodial account liability Complete Part IV of Schedule D	21	
22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	22	
23	Secured mortgages and notes payable to unrelated third parties	40,134,000	23
24	Unsecured notes and loans payable to unrelated third parties	24	
25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	10,437,692	25
26	<b>Total liabilities.</b> Add lines 17 through 25	70,316,966	26
<b>Net Assets or Fund Balances</b>			
	<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>		
27	Unrestricted net assets	-6,548,895	27
28	Temporarily restricted net assets	297,185	28
29	Permanently restricted net assets	29	0
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
30	Capital stock or trust principal, or current funds	30	
31	Paid-in or capital surplus, or land, building or equipment fund	31	
32	Retained earnings, endowment, accumulated income, or other funds	32	
33	Total net assets or fund balances	-6,251,710	33
34	<b>Total liabilities and net assets/fund balances</b>	64,065,256	34
		64,912,022	

**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	99,846,470
2	Total expenses (must equal Part IX, column (A), line 25)	2	99,203,110
3	Revenue less expenses Subtract line 2 from line 1	3	643,360
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-6,251,710
5	Net unrealized gains (losses) on investments	5	32,009
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	6,096,306
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	519,965

**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 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 checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
2c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	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
3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 37-0662580  
**Name:** ST MARY'S HOSPITAL CENTRALIA ILLINOIS

**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
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee			
VERLE BESANT DIRECTOR	1 00 1 00	X					0	0	0
MARY BURGAN DIRECTOR	1 00 1 00	X					0	0	0
SR M RAMONA DOMBROWSKI CSSF DIRECTOR	1 00 1 00	X					0	0	0
D BRUCE GEARY CPA CMA DIRECTOR	1 00 1 00	X					0	0	0
PHILIP GUSTAFSON DIRECTOR	20 00 20 00	X					0	646,285	156,679
SAJAN K NEMANI MD DIRECTOR	40 00 1 00	X					243,680	0	0
SR MARY JEAN RYAN FSM PART YEAR DIRECTOR	1 00 40 00	X					0	0	0
WILLIAM P THOMPSON DIRECTOR & PRESIDENT	1 00 40 00	X	X				0	2,161,601	1,088,396
SR M CLARETTE STRZEWSKI CSSF DIRECTOR	1 00 1 00	X					0	0	0
JITENDRA K TRIVEDI MD DIRECTOR	1 00 40 00	X					0	320,074	70,565
BRUCE MERRELL DIRECTOR & HOSP PRES	40 00 1 00	X	X				0	420,178	169,327
MICHAEL WARREN DIRECTOR	1 00 40 00	X					0	500,732	276,722
RAVINDRA GEORGE MD DIRECTOR	1 00 40 00	X					0	456,165	92,867
BEN HOULE MD DIRECTOR	1 00 1 00	X					0	0	0
CHRISTOPHER HOWARD DIRECTOR	1 00 40 00	X					0	873,195	368,042
REV RON JOHNSON DIRECTOR	1 00 1 00	X					0	0	0
DIXIE PLATT DIRECTOR	1 00 40 00	X					0	514,403	242,813
STACY TATE DIRECTOR	1 00 1 00	X					0	0	0
KRIS A ZIMMER TREASURER	1 00 40 00		X				0	837,428	257,469
JUNE L PICKETT SECRETARY	1 00 40 00		X				0	240,525	353,818
CARISSA HIBBERT ASST SECRETARY	20 00 20 00		X				45,035	0	24,677
KAY TINSLEY VP FISCAL SERVICES	20 00 20 00		X				203,043	0	84,043
STEVEN BARNEY VICE PRESIDENT	1 00 40 00		X				0	779,380	231,364
VIRGINIA TELFORD VP NURSING	40 00 0 00			X			191,614	0	22,064
MARK CLARK VP OPERATIONS	20 00 20 00			X			178,901	0	101,943

**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	
		Or director	Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated employee	Former		
DELAND EVISCHI VP BUSINESS DEVELOPMENT	18 00 22 00					X			175,888	0 79,552
CHRISTINA ADAMS VP OPERATIONS	20 00 20 00					X			0	167,993 98,150
JULIE LONG VP PLANNING & MARKETING	20 00 20 00					X			0	174,029 56,098
MICHELLE DARNELL VP SYSTEMS IMPROVEMENT	20 00 20 00					X			0	168,345 80,672
THOMAS BLYTHE VP HUMAN RESOURCES	20 00 20 00					X			0	177,947 69,380
JAMES RUETER CRNA	40 00 0 00					X			210,526	0 50,450
RAJENDRA SHROFF MEDICAL DIRECTOR	40 00 0 00					X			157,611	0 43,225
JEFFREY RAPP CLINICAL PHARMACY MGR	40 00 0 00					X			137,543	0 53,574
KARA BOROWIAK PHARMACY OPERATIONS MGR	40 00 0 00					X			136,559	0 9,643
PATRICIA NEUDECKER DIRECTOR PHYSICAL THER	40 00 0 00					X			134,698	0 62,837
RICHARD HUNTINGTON FORMER KEY EMPLOYEE	1 00 40 00						X		0	111,124 59,778
GREG SIMS FORMER KEY EMPLOYEE	1 00 40 00						X		0	155,317 54,887

**SCHEDULE A**  
(Form 990 or 990EZ)**Public Charity Status and Public Support****2012****Open to Public  
Inspection**

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

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

Department of the Treasury  
Internal Revenue ServiceName of the organization  
ST MARY'S HOSPITAL CENTRALIA ILLINOIS

Employer identification number

37-0662580

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

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

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

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

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

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

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

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

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

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

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

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

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

e  a  Type I  b  Type II  c  Type III - Functionally integrated  d  Type III - Non-functionally integrated

f  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)

g  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

h  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?

i  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
<b>Total</b>						

**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						
<b>4 Total.</b> Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
<b>6 Public support.</b> 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)						
<b>11 Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						

**Section C. Computation of Public Support Percentage**

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

**Part III Support Schedule for Organizations Described in 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						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (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						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12 )						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b>						

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 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 <b>33 1/3% support tests—2012.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	
<b>b</b> <b>33 1/3% support tests—2011.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	
20 <b>Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions	

**Part IV** **Supplemental Information.** 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**

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2012

Open to Public  
Inspection**SCHEDULE C**  
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****For Organizations Exempt From Income Tax Under section 501(c) and section 527**

► Complete if the organization is described below. ► Attach to Form 990 or Form 990-EZ.

► See separate instructions.

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 ST MARY'S HOSPITAL CENTRALIA ILLINOIS	Employer identification number 37-0662580
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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?  Yes  No
- 4a Was a correction made?  Yes  No
- b If "Yes," describe in Part IV

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

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

(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

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

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

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

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

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

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
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?	Yes		34,206
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities?		No	
<b>j</b> Total Add lines 1c through 1i			34,206
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> Did the organization agree to 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."**

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

**Part IV Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, 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 D**  
(Form 990)**Supplemental Financial Statements****2012****Open to Public  
Inspection**

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

 Department of the Treasury  
 Internal Revenue Service

 Employer identification number  
 37-0662580
**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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?  Yes  No

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

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

Preservation of land for public use (e.g., recreation or 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
2a	
2b	
2c	
2d	

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)

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

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

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

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

**b** If "Yes," explain the arrangement in Part 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	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance . . . . .					
<b>b</b> Contributions . . . . .					
<b>c</b> Net investment earnings, gains, and losses . . . . .					
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .					
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .					

**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

**c** Temporarily restricted endowment

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

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

**(i)** unrelated organizations . . . . .

**(ii)** related organizations . . . . .

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

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

**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
<b>1a</b> Land . . . . .		1,259,000		1,259,000	
<b>b</b> Buildings . . . . .		26,269,428	7,304,118	18,965,310	
<b>c</b> Leasehold improvements . . . . .					
<b>d</b> Equipment . . . . .		16,055,655	9,365,492	6,690,163	
<b>e</b> Other . . . . .		1,248,835	626,460	622,375	
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . .					27,536,848

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) SSM COMPREHENSIVE INVESTMENT PROGRAM	8,123,428	F
(B) BENEFICIAL INTEREST IN FOUNDATION	235,094	F

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

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

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

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

**Part XIII Supplemental Information**

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

Identifier	Return Reference	Explanation
		PART X, LINE 2 ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS' FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF A RELATED ORGANIZATION, SSM HEALTH CARE (SSMHC) SSMHC EVALUATES ITS UNCERTAIN TAX POSITIONS ON AN ANNUAL BASIS A TAX BENEFIT FROM AN UNCERTAIN TAX POSITION MAY BE RECOGNIZED WHEN IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING RESOLUTIONS OF ANY RELATED APPEALS OR LITIGATION PROCESSES, BASED ON THE TECHNICAL MERITS THERE HAVE BEEN NO UNCERTAIN TAX POSITIONS RECORDED IN 2012 OR 2011

2012

Open to Public  
InspectionSCHEDULE 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.Name of the organization  
ST MARY'S HOSPITAL CENTRALIA ILLINOIS

Employer identification number

37-0662580

## Part I Financial Assistance and Certain Other Community Benefits at Cost

**1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .

**b** If "Yes," was it a written policy? . . . . .

**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

Applied uniformly to all hospital facilities       Applied uniformly to most hospital facilities

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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care

100%  150%  200%  Other \_\_\_\_\_ %

**b** Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care

200%  250%  300%  350%  400%  Other \_\_\_\_\_ %

**c** If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care

**4** Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .

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

**b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .

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

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

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

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

## 7 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) . . . . .			4,030,661		4,030,661	4 060 %
b Medicaid (from Worksheet 3, column a) . . . . .			24,124,434	14,061,060	10,063,374	10 140 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			28,155,095	14,061,060	14,094,035	14 200 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			498,816		498,816	0 500 %
f Health professions education (from Worksheet 5) . . . . .			277,083		277,083	0 280 %
g Subsidized health services (from Worksheet 6) . . . . .			2,967,816		2,967,816	2 990 %
h Research (from Worksheet 7) . . . . .			23,945		23,945	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			180,845		180,845	0 180 %
<b>j Total</b> Other Benefits . . . . .			3,948,505		3,948,505	3 970 %
<b>k Total</b> Add lines 7d and 7j . . . . .			32,103,600	14,061,060	18,042,540	18 170 %

**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			37,158		37,158	0 040 %
4 Environmental improvements			4,340		4,340	0 %
5 Leadership development and training for community members						
6 Coalition building			4,771		4,771	0 %
7 Community health improvement advocacy			26,007		26,007	0 030 %
8 Workforce development			46,547		46,547	0 050 %
9 Other						
<b>10 Total</b>			118,823		118,823	0 120 %

**Part III Bad Debt, Medicare, & Collection Practices**

		Yes	No	
1	Did the organization report bad debt expense in accordance with Healthcare 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	3,539,429	
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			
<b>Section A. Bad Debt Expense</b>				
5	Enter total revenue received from Medicare (including DSH and IME)	5	30,353,275	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	38,252,262	
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-7,898,987	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used			
<input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other				
<b>Section B. Medicare</b>				
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
9b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	No	
<b>Section C. Collection Practices</b>				

**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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

## Part V Facility Information

## **Section A. Hospital Facilities**

(list in order of size from largest to smallest—see instructions)

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

1

Name, address, and primary website address

Other (Describe)

### Facility reporting group

**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)

ST MARY'S HOSPITAL

**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 . . . . .	1	
	If "Yes," indicate what the CHNA report describes (check all that apply)		
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet 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)**

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<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? . . . . .	<b>10</b>	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000%</u>			
If "No," explain in Part VI the criteria the hospital facility used			
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . .	<b>11</b>	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u>			
If "No," explain in Part VI the criteria the hospital facility used			
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . .	<b>12</b>	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
<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 checked="" type="checkbox"/> Insurance status			
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount			
<b>f</b> <input checked="" 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? . . . . .	<b>14</b>	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
<b>a</b> <input checked="" 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 checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input checked="" 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 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? . . . . .	<b>17</b>	No	
If "Yes," check all actions in which the hospital facility or a third party engaged			
<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**

**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

- a  The hospital facility did not provide care for any emergency medical conditions
- b  The hospital facility's policy was not in writing
- c  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d  Other (describe in Part VI)

	Yes	No
<b>19</b> Yes		

**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  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b  The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c  The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d  Other (describe in Part VI)

<b>21</b>		No

**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

**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

<b>22</b>		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?

5

Name and address	Type of Facility (describe)
1 CENTRALIA WORK SAFETY INSTITUTE 1441 BROADWAY CENTRALIA, IL 62801	REHABILITATION FACILITY
2 SALEM WORK SAFETY INSTITUTE 1250 W WHITTAKER STREET SALEM, IL 62881	REHABILITATION FACILITY
3 MT VERNON WORK SAFETY INSTITUTE 8 CUSUMANO MT VERNON, IL 62864	REHABILITATION FACILITY
4 CARLYLE WORK SAFETY INSTITUTE 811 FAIRFAX ST CARLYLE, IL 62231	REHABILITATION FACILITY
5 BENTON WORK SAFETY INSTITUTE 501 N DUQUOIN BENTON, IL 62812	REHABILITATION FACILITY
6	
7	
8	
9	
10	

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
ELIGIBILITY GUIDELINES FOR DISCOUNTED CARE	SCHEDULE H, PART I, LINE 3B	ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS USES FEDERAL POVERTY GUIDELINES (FPG) TO DETERMINE ELIGIBILITY FOR PROVIDING DISCOUNTED CARE TO LOW INCOME INDIVIDUALS. THE APPLICABLE PERCENTAGE VARIES BASED ON HOW MUCH THE APPLICANT'S INCOME EXCEEDS FPG GUIDELINES. THE FOLLOWING SCHEDULE IS USED TO DETERMINE ELIGIBILITY FOR PROVIDING DISCOUNTED CARE. APPLICANT'S INCOME IS CHARITY CARE PERCENTAGE LESS THAN OR EQUAL TO 2 TIMES FPG 100% MORE THAN 2 TIMES, LESS THAN 2.5 TIMES FPG 80% MORE THAN 2.5 TIMES, LESS THAN 3 TIMES FPG 60% MORE THAN 3 TIMES, LESS THAN 3.5 TIMES FPG 40% MORE THAN 3.5 TIMES, LESS THAN 4 TIMES FPG 20% 4 OR MORE TIMES FPG 0%
OTHER CRITERIA FOR FREE OR DISCOUNTED CARE	SCHEDULE H, PART I, LINE 3C	AN EXCEPTION TO THE SLIDING SCALE IS PROVIDED FOR A PATIENT'S BALANCE DUE IF THE AMOUNT IS TOO LARGE TO BE REASONABLY PAID THROUGH AN INSTALLMENT PLAN OVER FOUR YEARS GIVEN THE FAMILY INCOME AND EXPENSES. TO FURTHER STREAMLINE AND AUTOMATE THE FINANCIAL ASSISTANCE PROCESS, ST. MARY'S HOSPITAL BUSINESS OFFICE PERSONNEL WILL AUTOMATICALLY CONSIDER 100% OF THE PATIENT ACCOUNT AS CHARITY IF THE COMMERCIAL SOFTWARE SYSTEM (SEARCHAMERICA) INDICATES THAT THE PATIENT IS LIVING AT OR BELOW 100% OF THE FEDERAL POVERTY LEVEL (FPL). THIS PROCESS IS CALLED "PRESUMPTIVE ELIGIBILITY".

Identifier	ReturnReference	Explanation
PREPARATION OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, QUESTION 6A	<p>ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS IS PART OF THE INTEGRATED HEALTH SYSTEM KNOWN AS SSM HEALTH CARE IN AN EFFORT TO STRENGTHEN ITS COMMUNITY BENEFIT PROGRAM, SSM HEALTH CARE PLANS FOR, MEASURES, AND COMMUNICATES IN AN ANNUAL REPORT CHARITY CARE PROVIDED TO PERSONS WHO ARE LOW INCOME, THE UNPAID COSTS OF PUBLIC PROGRAMS AND OTHER ACTIVITIES THAT RESPOND TO COMMUNITY NEED, IMPROVE COMMUNITY HEALTH, OR REACH OUT TO LOW INCOME AND VULNERABLE PERSONS</p> <p>ST MARY'S HOSPITAL PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT THAT IS PROVIDED TO THE COMMUNITY AND CAN BE FOUND ON <a href="http://WWW.SMGSI.COM">WWW.SMGSI.COM</a> SSM HEALTH CARE'S 2012 ANNUAL COMMUNITY BENEFIT REPORT FOR THE SYSTEM CAN BE FOUND AT <a href="http://WWW.SSMHC.COM">WWW.SSMHC.COM</a></p>
DESCRIPTION OF COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7	<p>CHARITY CARE COSTING METHODOLOGY THE COST OF CHARITY CARE IS CALCULATED IN COMPLIANCE WITH CATHOLIC HEALTH ASSOCIATION (CHA) GUIDELINES A COST TO CHARGE RATIO CALCULATED USING THE IRS WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGE, WAS USED TO COMPUTE CHARITY CARE AT COST THIS IS THE RATIO OF TOTAL ADJUSTED OPERATING EXPENSE TO TOTAL GROSS PATIENT REVENUE THE GROSS REVENUE AMOUNT IS A GROSS AMOUNT - PRIOR TO CONTRACTUAL ADJUSTMENTS AND BAD DEBTS BOTH GROSS REVENUE AND COST ARE BASED ON CHARGES AT DATE/TIME OF SERVICE</p> <p>UNREIMBURSED MEDICAID COSTING METHODOLOGY THE COST OF UNREIMBURSED MEDICAID IS CALCULATED IN COMPLIANCE WITH CATHOLIC HEALTH ASSOCIATION (CHA) GUIDELINES A COST TO CHARGE RATIO CALCULATED UTILIZING IRS WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGE, WAS USED TO COMPUTE UNREIMBURSED MEDICAID COSTS THIS IS THE RATIO OF TOTAL ADJUSTED OPERATING EXPENSE TO TOTAL GROSS PATIENT REVENUE THE GROSS REVENUE AMOUNT IS A GROSS AMOUNT - PRIOR TO CONTRACTUAL ADJUSTMENTS AND BAD DEBTS BOTH GROSS REVENUE AND COST ARE BASED ON CHARGES AT DATE/TIME OF SERVICE</p> <p>COMMUNITY HEALTH IMPROVEMENT SERVICES AND COMMUNITY BENEFIT OPERATIONS COSTING METHODOLOGY THE COSTS FOR THESE PROGRAMS WERE DERIVED FROM THE ACTUAL COSTS INCURRED IN THESE AREAS THE EXPENDITURES ARE DETERMINED BASED ON ACTUAL INVOICES OR DOLLAR AMOUNTS SPENT AND CHARGED TO THESE DEPARTMENTS</p> <p>HEALTH PROFESSIONAL EDUCATION COSTING METHODOLOGY THE EXPENSES FOR HEALTH PROFESSION EDUCATION WERE TAKEN FROM THE DEPARTMENT'S INCOME AND EXPENSE STATEMENT, DERIVED FROM THE ACCOUNTING SYSTEM AMOUNTS PAID FROM RESIDENT DEPARTMENTS WERE ALSO INCLUDED</p> <p>RESEARCH COSTING METHODOLOGY RESEARCH EXPENSES WERE TAKEN FROM THE INCOME AND EXPENSE STATEMENT FOR THE RESEARCH DEPARTMENTS, DERIVED FROM THE ACCOUNTING SYSTEM CASH AND IN-KIND</p> <p>CONTRIBUTIONS TO COMMUNITY GROUPS COSTING METHODOLOGY CONTRIBUTION EXPENDITURES ARE BASED ON ACTUAL INVOICES THAT WERE CAPTURED AND REPORTED FOR THIS PROGRAM</p>

Identifier	ReturnReference	Explanation
DESCRIPTION OF COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	<p>ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS PARTICIPATES IN A WIDE ARRAY OF COMMUNITY AND CIVIC ORGANIZATIONS IN THE PROMOTION OF HEALTH CARE AND COMMUNITY BUILDING ACTIVITIES. SPECIFIC ACTIVITIES REPORTED IN PART II OF SCHEDULE H INCLUDE THE FOLLOWING COMMUNITY BUILDING - COMMUNITY SUPPORT ST MARY'S CENTRALIA HOSPITAL PARTICIPATES IN ACTIVITIES TO ENHANCE COMMUNITY SUPPORT NETWORKS SUCH AS NEIGHBORHOOD WATCH GROUPS, CHILDCARE COOPERATIVES, MENTORING PROGRAMS, YOUTH ASSET DEVELOPMENT AND DISASTER READINESS. THE HOSPITAL DEMONSTRATES A STRONG LEADERSHIP RESPONSE TO HEALTH-RELATED NEEDS PARTICULARLY FOR LOW-INCOME AND VULNERABLE POPULATIONS. SPECIFIC EVENTS AND ACTIVITIES INCLUDE ILLINOIS HOSPITAL ASSOCIATION MEETINGS, PROVIDING COMMUNION SERVICES AT PLAZA VERDE, PARTICIPATION IN AN ANNUAL EMERGENCY PREPAREDNESS SUMMIT, PARTICIPATION IN THE EMERGENCY PREPAREDNESS DRILL HELD BY THE CITY OF CENTRALIA AND PARTICIPATION IN THE ILLINOIS DEPARTMENT OF PUBLIC HEALTH HOSPITAL PREPAREDNESS PROGRAM COMMUNITY BUILDING - ENVIRONMENTAL IMPROVEMENTS. THE ST MARY'S HOSPITAL ENVIRONMENTAL SERVICES DEPARTMENT MAINTAINS PUBLIC WELLNESS STATIONS AND VISITOR SAFETY SUPPLIES THROUGHOUT THE HOSPITAL ON A MONTHLY BASIS. THE DEPARTMENT ALSO MAKES MONTHLY DELIVERIES OF COMMUNITY RECYCLE MATERIAL TO THE LOCAL COMMUNITY RECYCLING CENTER. COMMUNITY BUILDING - COALITION BUILDING ST MARY'S HOSPITAL PARTICIPATES IN NUMEROUS COMMUNITY COALITIONS AND COLLABORATIVE PARTNERSHIPS WHICH IMPROVE COMMUNITY HEALTH. SPECIFIC EVENTS INCLUDE PARTICIPATION IN THE MONTHLY MEETINGS OF THE MARION COUNTY NETWORKING MEETING, PARTICIPATION IN THE PATIENT CARE COALITION, HOSTING MONTHLY MEETINGS OF COMMUNITY MENTAL HEALTH GROUP WITH AREA MENTAL HEALTH PROVIDERS TO DISCUSS IMPROVING MENTAL HEALTH SERVICES IN THE COMMUNITY INCLUDING NETWORKING, COLLABORATION WITH PROVIDER SERVICES AND PROCURING FUNDING, PARTICIPATE IN MEETINGS OF THE JEFFERSON COUNTY COALITION TO SHARE RESOURCE INFORMATION AVAILABLE IN THE COMMUNITY INCLUDING GIVING PRESENTATIONS ON PROPER BREAST EXAMINATIONS. COMMUNITY BUILDING - COMMUNITY HEALTH IMPROVEMENT ADVOCACY - PARTICIPATE IN NUMEROUS AREA EVENTS TO PROMOTE COMMUNITY HEALTH INCLUDING THE FOLLOWING: A ST MARY'S HOSPITAL EMPLOYEE WAS APPOINTED BY THE GOVERNOR TO THE BREAST CANCER QUALITY SCREENING AND TREATMENT BOARD AND IS DIRECTING THE DOWNSTATE PILOT SITE FOR BREAST CANCER NAVIGATOR PROGRAM, HOSPITAL EMPLOYEES ASSISTED IN THE MEMORY EXPO, THE HOSPITAL HOLDS A MONTHLY MEMORY CLINIC WHERE SPECIALISTS IN ALZHEIMER AND OTHER MENTAL HEALTH ISSUES WORK WITH PATIENTS TO IMPROVE THEIR CONDITION, A HOSPITAL EMPLOYEE WAS AN EXAMINER FOR ILLINOIS PERFORMANCE EXCELLENCE WHICH EMPOWERS ORGANIZATIONS IN THEIR JOURNEY OF PERFORMANCE EXCELLENCE THROUGH AWARENESS AND DEVELOPMENT OF THE BALDRIGE CRITERIA, IMPROVING RESULTS AND CONTRIBUTING TO THE ECONOMIC VITALITY OF THEIR COMMUNITIES AND THE STATE OF ILLINOIS. COMMUNITY BUILDING - WORKFORCE DEVELOPMENT THE HOSPITAL INCURRED DIRECT RECRUITMENT COSTS TO CONDUCT RECRUITMENT ACTIVITIES TO DRAW PHYSICIANS TO PROVIDE SERVICES FOR MEDICALLY UNDERSERVED. THE HOSPITAL ALSO SPONSORED SIX STUDENTS FROM ITS SERVICE AREA TO ASSIST WITH THEIR CNA COURSES AT KASKASKIA COLLEGE.</p>
BAD DEBT EXPENSE & COSTING METHODOLOGY	SCHEDULE H, PART III, SECTION A, LINE 2	BAD DEBT COSTING METHODOLOGY BAD DEBT EXPENSE REPORTED IN THE ACCOUNTING SYSTEM, ADJUSTED FOR BAD DEBT RECOVERIES, WAS USED, MULTIPLIED BY THE COST TO CHARGE RATIO USING IRS WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGES

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE & COSTING METHODOLOGY	SCHEDULE H, PART III, SECTION A, LINE 3	ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS DID NOT MAKE AN ESTIMATE OF THE ORGANIZATION'S BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY
BAD DEBT EXPENSE & COSTING METHODOLOGY	SCHEDULE H, PART III, SECTION A, LINE 4	ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS IS PART OF THE SSM HEALTH CARE CONSOLIDATED AUDIT THE FOOTNOTE THAT REFERENCES BAD DEBT EXPENSE IN THE DECEMBER 31, 2012 CONSOLIDATED AUDIT IS AS FOLLOWS "IN LINE WITH ITS MISSION, SSMHC PROVIDES SERVICES TO PATIENTS WITHOUT REGARD TO THEIR ABILITY TO PAY FOR THOSE SERVICES FOR SOME OF ITS PATIENT SERVICES, SSMHC RECEIVES NO PAYMENT OR PAYMENT THAT IS LESS THAN THE FULL COST OF PROVIDING THE SERVICES SSMHC VOLUNTARILY PROVIDES FREE CARE TO PATIENTS WHO ARE UNABLE TO PAY FOR ALL OR PART OF THEIR HEALTH CARE EXPENSES AS DETERMINED BY SSMHC'S CRITERIA FOR FINANCIAL ASSISTANCE BECAUSE SSMHC DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS PATIENT SERVICE REVENUES IN SOME CASES, SSMHC DOES NOT RECEIVE THE AMOUNT BILLED FOR PATIENT SERVICES EVEN THOUGH IT DID NOT RECEIVE INFORMATION NECESSARY TO DETERMINE IF THE PATIENTS MET THE CRITERIA FOR FINANCIAL ASSISTANCE THE ESTIMATED COST OF CHARITY AND THE COST OF DOUBTFUL ACCOUNTS ARE AS FOLLOWS THE ESTIMATED COSTS ARE CALCULATED USING THE COSTS OF PROVIDING PATIENT CARE DIVIDED BY GROSS PATIENT SERVICE REVENUE THIS RATIO IS THEN MULTIPLIED BY THE GROSS CHARITY AND DOUBTFUL CHARGES TO DETERMINE ESTIMATED COSTS "BAD DEBT EXPENSE REPORTED ON LINE 2 FOR THE YEAR ENDED DECEMBER 31, 2012 WAS \$9,122,239 AT CHARGES AND \$3,539,429 AT COST

Identifier	ReturnReference	Explanation
DESCRIPTION OF MEDICARE COSTS INCLUDED IN COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, LINE 8	THE COST OF PROVIDING CARE TO MEDICARE ELIGIBLE PATIENTS IS GREATER THAN THE REIMBURSEMENT THAT MEDICARE ALLOWS ON THE MEDICARE COST REPORT ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS CONSIDERS THIS SHORTFALL AS A COMPONENT OF COMMUNITY BENEFIT BECAUSE THE REIMBURSEMENT IS NOT NEGOTIATED AND SERVICES ARE PROVIDED REGARDLESS OF THE PATIENTS' ABILITY TO PAY THE MEDICARE COSTS REPORTED ON LINE 6 WERE OBTAINED FROM THE 2012 MEDICARE COST REPORT
COLLECTION PRACTICES	SCHEDULE H, PART III, SECTION C, LINE 9B	ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS HAS ESTABLISHED WRITTEN CREDIT AND COLLECTION POLICY AND PROCEDURES THE BILLING AND COLLECTION POLICIES AND PRACTICES REFLECT THE MISSION AND VALUES OF SSM HEALTH CARE, INCLUDING OUR SPECIAL CONCERN FOR PEOPLE WHO ARE POOR AND VULNERABLE THE HOSPITAL EMBRACES ITS RESPONSIBILITY TO SERVE THE COMMUNITIES IN WHICH IT PARTICIPATES BY ESTABLISHING SOUND BUSINESS PRACTICES THE HOSPITAL'S BILLING AND COLLECTION PRACTICES WILL BE FAIR AND CONSISTENTLY APPLIED ALL STAFF AND VENDORS ARE EXPECTED TO TREAT ALL PATIENTS CONSISTENTLY AND FAIRLY REGARDLESS OF THEIR ABILITY TO PAY THEY RESPOND TO PATIENTS IN A PROMPT AND COURTEOUS MANNER REGARDING ANY QUESTIONS ABOUT THEIR BILLS AND PROVIDE NOTIFICATION OF THE AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE ONCE THE PATIENT'S RESPONSIBILITY PORTION IS DETERMINED WE SEND THE PATIENT A MINIMUM OF THREE STATEMENTS AND MAKE AT LEAST 1 PHONE CALL OVER A 90 DAY PERIOD THEN, IF NO PAYMENT IS RECEIVED, THE ACCOUNT IS SENT TO A COLLECTION AGENCY ALL OUTSIDE COLLECTION AGENCIES MUST COMPLY WITH STATE AND FEDERAL LAWS, COMPLY WITH THE ASSOCIATION OF CREDIT AND COLLECTION PROFESSIONAL'S CODE OF ETHICS AND PROFESSIONAL RESPONSIBILITY AND COMPLY WITH ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS' COLLECTION AND CHARITY POLICIES

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT PROCESS	SCHEDULE H, PART VI, LINE 2	<p>THE ANNUAL STRATEGIC, FINANCIAL AND HUMAN RESOURCES PLANNING PROCESS HAS INCLUDED AN ASSESSMENT OF THE COMMUNITY'S NEEDS TO INCLUDE THE IDENTIFICATION OF SPECIFIC AND MEASUREABLE "HEALTHY COMMUNITIES" INITIATIVES. OUR SYSTEM VISION FOR IMPROVED COMMUNITY HEALTH IS PURSUED IN ALL OF OUR WORK AT SSM HEALTH CARE FROM STRATEGIC PLANNING, FINANCIAL MANAGEMENT, AND DIRECT PATIENT CARE TO ADVOCACY, COMMUNITY PARTNERSHIPS AND HEALTHY COMMUNITIES INITIATIVES. OVERALL EFFORTS IN THIS AREA ARE COORDINATED THROUGH SSM HEALTH CARE'S COMMUNITY BENEFIT PROGRAM, WHICH FOCUSES ON ASSESSING AND IMPLEMENTING STRATEGIES TO ADDRESS IDENTIFIED COMMUNITY HEALTH NEEDS. SSM HEALTH CARE'S COMMITMENT TO COMMUNITY BENEFIT IS DEEPLY EMBEDDED INTO OUR ORGANIZATIONAL CULTURE AS REFLECTED IN OUR SYSTEM VISION STATEMENT WHICH READS THROUGH OUR PARTICIPATION IN THE HEALING MINISTRY OF JESUS CHRIST, COMMUNITIES, ESPECIALLY THOSE THAT ARE ECONOMICALLY, PHYSICALLY AND SOCIALLY MARGINALIZED, WILL EXPERIENCE IMPROVED HEALTH IN MIND, BODY, SPIRIT, AND ENVIRONMENT WITHIN THE FINANCIAL LIMITS OF THE SYSTEM. EACH SSM HEALTH CARE HOSPITAL WILL CONDUCT A SEPARATE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) ONCE EVERY THREE YEARS TO SUPPORT THE COMPLETION OF A CHNA IN ACCORDANCE WITH ESTABLISHED GUIDELINES. A SIX-STEP PROCESS WAS DEVELOPED. THE PROCESS DEFINES AN APPROACH THAT CAN BE USED TO ASSESS THE HEALTH NEEDS OF THE COMMUNITIES SERVED BY SSM HEALTH CARE AND DEVELOP STRATEGIES FOR MEETING THOSE NEEDS. THE PROCESS INCLUDES - DEVELOP A PLAN TO ADDRESS HEALTH REFORM MANDATES TO INCLUDE DEFINING HOW THE ASSESSMENT AND BY WHOM THE ASSESSMENT WILL BE COMPLETED, IDENTIFYING THE STAKEHOLDERS INVOLVED, AND THE TIME FRAME FOR COMPLETION - PERFORM DATA COLLECTION INCLUDING IDENTIFYING THE GEOGRAPHIC AREA SERVED, ACCESSING SECONDARY DATA SOURCES AND COORDINATING INTERVIEWS, SURVEY AND/OR FOCUS GROUPS FOR PRIMARY DATA COLLECTION - PERFORM DATA ANALYSIS BY EVALUATING QUANTITATIVE AND QUALITATIVE DATA TO IDENTIFY AND PRIORITIZE HEALTH NEEDS AND OPPORTUNITIES - CREATE A PLAN WITH GOALS, STRATEGIES, ACTIONS, DUE DATES, AND RESOURCE REQUIREMENTS WHICH INCLUDES INPUT FROM CONSTITUENTS - OBTAIN APPROVAL FROM SYSTEM MANAGEMENT TO BE ADOPTED IN 2012 AND INCORPORATE THE CHNA INITIATIVES INTO THE STRATEGIC PLAN TO INCLUDE APPOINTING RESPONSIBILITY FOR IMPLEMENTING THE PLAN AND ASSIGNING A STEERING COMMITTEE TO MONITOR PROGRESS AS APPROPRIATE - COORDINATE COMMUNICATION TO THE PUBLIC, BOARDS, STAFF AND OTHER STAKEHOLDERS PROGRESS IN ADDRESSING TOP PRIORITIES IMPACTING COMMUNITY HEALTH UTILIZING THIS PLAN, ST MARY'S HOSPITAL HAS COMPLETED ITS CHNA IN 2012 AND IT WAS ADOPTED AS PART OF OUR STRATEGIC PLAN. THE BOARD OF ST MARY'S HOSPITAL, ADMINISTRATIVE COUNCIL, PHYSICIANS, EMPLOYEES, AND COMMUNITY ARE ALL INVOLVED IN PROVIDING ONGOING FEEDBACK, MONITORING AND INFORMING THE DIRECTION OF POLICIES AND CONTENT OF COMMUNITY BENEFIT ACTIVITIES. THE THREE STRATEGIC PRIORITIES OF THE ST MARY'S HOSPITAL COMMUNITY BENEFITS PLAN ARE BUILDING LOCAL CAPACITY, IMPROVING HEALTH OUTCOMES, AND REDUCING SOCIAL ISOLATION. GOALS AND OBJECTIVES ARE ESTABLISHED TO CHANGE BEHAVIOR, PROVIDE METRICS TO MEASURE CHANGE, AND TO IMPACT THE OVERALL HEALTH OF THOSE WE SERVE IN AN EFFORT TO STRENGTHEN ITS COMMUNITY BENEFIT PROGRAM. ST MARY'S HOSPITAL HAS A COMMUNITY BENEFIT PLAN WHICH DETAILS THE PLANNING, MEASUREMENT AND COMMUNICATION OF THEIR COMMUNITY BENEFITS. COMMUNITY BENEFIT IS DEFINED AS SEEKING OUT AND SERVING THOSE WHO NEED HELP CONSISTENT WITH THE MISSION OF ST MARY'S HOSPITAL AS WELL AS THE BROADER COMMUNITY TO ENSURE OPTIMAL HEALTH STATUS IN OUR SERVICE REGION. THESE WIDE ARRAYS OF SERVICES INCLUDE, BUT ARE NOT LIMITED TO, LEADERSHIP AND COLLABORATIVE ACTIVITIES IN EDUCATION, ADVOCACY AND HEALTH PROMOTION.</p>
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	<p>ALL SSMHC FACILITIES WILL STRIVE TO PROVIDE EXCEPTIONAL HEALTH CARE SERVICES TO ALL PERSONS IN NEED REGARDLESS OF THEIR ABILITY TO PAY. ALL BILLING AND COLLECTION POLICIES REFLECT THE MISSION AND VALUES OF SSMHC, INCLUDING OUR SPECIAL CONCERN FOR PEOPLE WHO ARE POOR AND VULNERABLE. SSMHC FACILITIES OFFER DISCOUNTS FOR HOSPITAL SERVICES TO ALL UNINSURED PERSONS. SELF-PAY DISCOUNTS APPLY TO EVERYONE WHO DOES NOT HAVE HEALTH INSURANCE, NO MATTER THEIR ABILITY TO PAY. SSMHC APPLIES ITS CHARITY CARE POLICIES FAIRLY AND CONSISTENTLY. EACH PERSON IS TREATED AS AN INDIVIDUAL WITH SPECIFIC NEEDS FOR ASSISTANCE WITHOUT REGARD TO PAYMENT. SSMHC EMBRACES ITS RESPONSIBILITY TO SERVE THE COMMUNITIES IN WHICH WE PARTICIPATE BY ESTABLISHING SOUND BUSINESS PRACTICES. CHARITY CARE IS PROVIDED TO PATIENTS BASED ON A SLIDING SCALE FOR HOUSEHOLD INCOMES UP TO FOUR TIMES THE FEDERAL POVERTY LEVEL. PATIENTS WHOSE HOUSEHOLD INCOME IS NO MORE THAN TWO TIMES THE FEDERAL POVERTY LEVEL ARE ELIGIBLE FOR FREE HOSPITAL SERVICES. IN ADDITION, AN EXCEPTION TO THE SLIDING SCALE IS PROVIDED FOR A PATIENT'S BALANCE DUE IF THE AMOUNT IS TOO LARGE TO BE REASONABLY PAID THROUGH AN INSTALLMENT PLAN OVER FOUR YEARS GIVEN THE FAMILY INCOME AND EXPENSES. EACH ENTITY PROVIDING MEDICAL SERVICE SHALL PROVIDE INFORMATION TO THE PUBLIC REGARDING ITS CHARITY CARE POLICIES AND THE QUALIFICATION REQUIREMENTS FOR EACH OF ITS FACILITIES. WHEN STANDARD SYSTEM NOTICES AND COMMUNICATION REGARDING CHARITY CARE ARE AVAILABLE, THESE MUST BE USED. MODIFICATIONS TO THE STANDARD MAY BE MADE TO COMPLY WITH STATE AND LOCAL LAWS, AS WELL AS REFLECT CULTURALLY SENSITIVE TERMINOLOGY FOR THE POLICY. ALL NOTICES ARE EASY TO UNDERSTAND BY THE GENERAL PUBLIC, CULTURALLY APPROPRIATE AND AVAILABLE IN THOSE LANGUAGES THAT ARE PREVALENT IN THE COMMUNITY. THEY PROVIDE INFORMATION ABOUT - THE PATIENT'S RESPONSIBILITY FOR PAYMENT, - THE AVAILABILITY OF FINANCIAL ASSISTANCE FROM PUBLIC PROGRAMS AND ENTITY CHARITY CARE AND PAYMENT ARRANGEMENTS, - THE ENTITY'S CHARITY POLICY AND APPLICATION PROCESS, AND - WHO TO CONTACT TO GET ADDITIONAL INFORMATION OR FINANCIAL COUNSELING. THE FOLLOWING TYPES OF NOTICES TO THE PUBLIC ARE PROVIDED - SIGNS IN THE EMERGENCY DEPARTMENT, OUTPATIENT AND INPATIENT REGISTRATION AND PUBLIC WAITING AREAS - BROCHURES OR FLYERS PROVIDED AT TIME OF REGISTRATION AND AVAILABLE IN THE FINANCIAL COUNSELING AREAS - NOTICES SENT WITH OR ON PATIENT BILLS OR COMMUNICATIONS SENT TO PATIENTS AND GUARANTORS RELATED TO MEDICAL SERVICES - APPLICATIONS PROVIDED TO UNINSURED PATIENTS AT THE TIME OF REGISTRATION. THE APPLICATION FOR CHARITY CARE, TOGETHER WITH ANY REGISTRATIONS, MUST CLEARLY STATE THE POLICIES REGARDING CHARITY CARE, INCLUDING EXCLUDED SERVICES, ELIGIBILITY CRITERIA AND DOCUMENTATION REQUIREMENTS. INFORMATION ABOUT THE ENTITY'S CHARITY POLICIES IS ALSO PROVIDED TO PUBLIC AGENCIES.</p>

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS DEFINES ITS PRIMARY SERVICE AREA AS MARION COUNTY ILLINOIS. WITHIN MARION COUNTY THERE ARE NUMEROUS SMALL TOWNS, CITIES AND VILLAGES INCLUDING ALMA, CENTRAL CITY, CENTRALIA, LUKA, JUNCTION CITY, KELL, KIMMUNDY, ODIN, PATOKA, SALEM, SANDOVA, VERNON, AND WALNUT HILL. THE COUNTY COVERS 576 SQUARE MILES AND HAD A POPULATION OF 38,204 IN 2011. OF THIS POPULATION, 31.12% HAVE AN AVERAGE HOUSEHOLD INCOME UNDER \$25,000. MARION COUNTY HAS DESIGNATED HEALTH PROFESSIONAL SHORTAGES IN THE AREAS OF MENTAL HEALTH, LOW INCOME DENTAL AND LOW INCOME PRIMARY MEDICAL CARE. MARION COUNTY HAS DESIGNATED FIVE TOWNSHIPS TO BE MEDICALLY UNDERSERVED AREAS. THE DISTRIBUTION OF RACE/ETHNICITY IN OUR COMMUNITY IS WHITE/CAUCASIAN 92%, BLACK/AFRICAN-AMERICAN 4%, HISPANIC 1%, OTHER 3%. THE ENGLISH LANGUAGE IS SPOKEN IN 98% OF THE COUNTY'S HOUSEHOLDS. APPROXIMATELY 13% OF THE POPULATION HAS A BACHELOR'S DEGREE OR HIGHER. MARION COUNTY IS RANKED 87TH AMONG 102 ILLINOIS COUNTIES FOR OVERALL HEALTH STATUS. ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS DELIVERS HOSPITAL SERVICES IN INPATIENT, AMBULATORY SURGERY, OUTPATIENT, AND EMERGENCY ROOM SETTINGS. KEY SERVICE LINES INCLUDE CARDIOLOGY, ONCOLOGY, BEHAVIORAL HEALTH, PSYCHIATRICS, PHYSICAL THERAPY, OBSTETRICS, HYPERBARIC OXYGEN CHAMBER, WOUND CARE, ORTHOPEDICS, AND GENERAL SURGERY. ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS' SURGERY CENTERS ARE EQUIPPED WITH THE LATEST INNOVATIONS IN TECHNOLOGY ENSURING OUR PATIENTS HAVE ACCESS TO THE MOST ADVANCED TREATMENT WHILE STAYING CLOSE TO HOME TO PROVIDE COMPLETE NEUROLOGICAL CARE, OUR SPECIALISTS ARE SUPPORTED BY BOARD CERTIFIED NEURORADIOLOGISTS, A FULL SERVICE REHABILITATION UNIT, A HOME HEALTH DEPARTMENT, 24-HOUR MRI SERVICE, NEURODIAGNOSTIC EQUIPMENT, AND CARDIAC CATHETERIZATION LABORATORIES.
PROMOTION OF COMMUNITY HEALTH/FURTHERANCE OF EXEMPT PURPOSE	SCHEDULE H, PART VI, LINE 5	SSM HEALTH CARE'S MISSION STATEMENT IS "THROUGH OUR EXCEPTIONAL HEALTH CARE SERVICES, WE REVEAL THE HEALING PRESENCE OF GOD." ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS PARTICIPATES IN A WIDE ARRAY OF COMMUNITY PROGRAMS THROUGHOUT THE AREA TO FURTHER ITS EXEMPT PURPOSE OF PROMOTING THE HEALTH OF THE COMMUNITY. THE THREE STRATEGIC PRIORITIES OF THE ST MARY'S HOSPITAL COMMUNITY BENEFITS PLAN ARE BUILDING LOCAL CAPACITY, IMPROVING HEALTH OUTCOMES, AND REDUCING SOCIAL ISOLATION. GOALS AND OBJECTIVES ARE ESTABLISHED TO CHANGE BEHAVIOR, PROVIDE METRICS TO MEASURE CHANGE, AND TO IMPACT THE OVERALL HEALTH OF THOSE WE SERVE. HEALTHY COMMUNITIES INITIATIVES CREATE OPPORTUNITIES FOR EACH RESIDENT TO MEET HIS/HER POTENTIAL PHYSICALLY, MENTALLY, SOCIALLY, EMOTIONALLY, AND SPIRITUALLY. THE INITIATIVES BUILD ON THE STRENGTHS OF OUR COMMUNITIES AND SYSTEMS TO IMPROVE THE QUALITY OF LIFE AND TO CREATE A SENSE OF HOPE. ST MARY'S HOSPITAL HEALTHY COMMUNITIES INITIATIVES BUILD COMMUNITY CAPACITY AND INDIVIDUAL EMPOWERMENT THROUGH COMMUNITY ORGANIZING, LEADERSHIP DEVELOPMENT, PARTNERSHIPS, AND COALITION BUILDING. ST MARY'S HOSPITAL COMMUNITY HEALTH PROGRAMS PROVIDE COMPASSIONATE AND COMPETENT CARE WHILE THEY PROMOTE HEALTH IMPROVEMENT BY REACHING DIRECTLY INTO THE COMMUNITY TO ENSURE THAT LOW-INCOME AND UNDER-SERVED PERSONS CAN ACCESS HEALTH CARE SERVICES FOCUSING ON A BROAD DEFINITION OF HEALTH. ST MARY'S HOSPITAL CLINICS AND PROGRAMS PROVIDE MEDICAL AND MENTAL HEALTH SERVICES, HEALTH EDUCATION, HEALTH MANAGEMENT, PREVENTION, REFERRALS, INSURANCE ENROLLMENT AND IN-HOME PRIMARY CARE SERVICES AND SUPPORT, WHILE FOSTERING COLLABORATION AND INCORPORATING HEALTHY COMMUNITIES STRATEGIES. ST MARY'S HOSPITAL PROMOTES GRASSROOTS ADVOCACY AND ENGAGES PERSONS OF INFLUENCE TO AFFECT SOCIAL AND PUBLIC POLICY CHANGE IN ORDER TO PROMOTE BOTH COMMUNITY HEALTH AND HEALTHY COMMUNITIES. ST MARY'S HOSPITAL AND SSM HEALTH CARE ADVOCATE FOR VULNERABLE POPULATIONS BY DEVELOPING RELATIONSHIPS WITH POLICY MAKERS AND THROUGH TARGETED EDUCATION EFFORTS. ALL PROJECTS INCLUDE MEASURABLE OBJECTIVES WITH A SPECIFIC TIME FRAME AND HAVE ACTIVITIES THAT WILL FAVORABLY AFFECT HEALTH STATUS INDICATORS. PROJECTS TO ACCOMPLISH HEALTH STATUS OBJECTIVES MAY INCLUDE DISEASE PREVENTION PROGRAMS, HEALTH EDUCATION PROGRAMS, HEALTH CARE PROGRAMS FOR INDIVIDUALS WITH SPECIAL HEALTH CONCERN, AND OTHER PROJECTS THAT IMPROVE COMMUNITY HEALTH STATUS. PROJECTS TO ADDRESS THE HEALTH PROBLEMS OF MINORITIES, THE POOR, AND OTHER MEDICALLY UNDERSERVED POPULATIONS MAY INCLUDE IMPROVING ACCESSIBILITY AND CONTINUITY OF CARE, WORKING TO REDUCE DISPARITIES IN HEALTH STATUS, AND SPONSORING EFFORTS TO INCREASE THE NUMBER OF MINORITIES, THE POOR, AND UNDERSERVED WHO ENTER HEALTH PROFESSIONS AND WORK IN MEDICALLY UNDERSERVED COMMUNITIES. PROJECTS DESIGNED TO CONTAIN THE GROWTH OF COMMUNITY HEALTH CARE COSTS MAY INCLUDE IMPROVING EFFICIENCY OF SERVICES, IMPROVING CASE MANAGEMENT AND CONTINUITY OF CARE, SPONSORING HEALTH PROMOTION, DISEASE PREVENTION, AND SELF CARE ACTIVITIES, CONTAINING HEALTH CARE COSTS, AND REDUCING REDUNDANCIES THROUGH OUR COMMUNITY HEALTH NEEDS ASSESSMENT. WE IDENTIFY VARIOUS UNMET COMMUNITY HEALTH NEEDS. OUR PRIMARY RESPONSIBILITY IS TO ADDRESS THOSE THAT WE CAN IMPACT THE MOST, THAT IS, THOSE ALIGNED WITH OUR CORE COMPETENCIES. WE COMMUNICATE THE NEEDS IDENTIFIED IN THE ASSESSMENT TO THE COMMUNITY THROUGH A VARIETY OF MEDIA, DEVELOP A PLAN FOR HOW TO ADDRESS THOSE NEEDS THAT WE CAN IMPACT, AND IMPLEMENT STRATEGIES TO ADDRESS THESE NEEDS. OUR NEEDS ASSESSMENT WAS COMPLETED ON 10/15/12 AND ADOPTED AS PART OF OUR STRATEGIC PLAN ON 12/6/12. THE PRIORITY AREAS WERE ACCESS TO CARE, OBESITY, MENTAL HEALTH, SUBSTANCE ABUSE AND HEART DISEASE. EACH PRIORITY AREA WAS ASSIGNED A CHAMPION AND PROGRAMS AND SERVICES WERE DESIGNED TO ADDRESS THE IDENTIFIED NEED AS AN EXAMPLE OF HOW THE NEED IS ADDRESSED. THE FOLLOWING ACTIONS WERE TAKEN IN 2013 TO ADDRESS ACCESS TO CARE ISSUES: RECRUIT PHYSICIANS, NURSE PRACTITIONERS AND PHYSICIAN ASSISTANTS, EXPAND ACCESS TO HEALTH CARE SERVICES, PROVIDE MEDICATION ASSISTANCE AT LITTLE OR NO COSTS TO PATIENTS, ESTABLISH A PATIENT-CENTERED MEDICAL HOME TO COORDINATE PRIMARY CARE, WORK WITH EDUCATIONAL INSTITUTIONS TO HEIGHTEN AWARENESS AND PROVIDE LEARNING OPPORTUNITIES FOR ALL AGES AND DIVERSITIES, HOST AN ANNUAL EDUCATION AND SCREENING EVENT FOR UNINSURED AND UNDERINSURED PEOPLE. THE CHRONIC DISEASE MANAGEMENT PROGRAM IS ONE HEALTHY COMMUNITIES INITIATIVE THAT FOCUSES ON EDUCATING THE PATIENT AND FAMILY ABOUT THEIR DISEASE, IMPROVING ACCESS TO CARE, AND FACILITATING DISEASE SELF-MANAGEMENT. GOALS OF THIS PROGRAM ARE TO MAINTAIN INDEPENDENCE AS LONG AS POSSIBLE, REDUCE SYMPTOMS, REDUCE HOSPITALIZATIONS AND EDUCATE ABOUT MEDICATIONS AND CARE PATHWAYS. ONE OF THE CLAREST EXAMPLES OF HOW ST MARY'S HOSPITAL MEETS COMMUNITY NEED IS THROUGH OUR LITTLE EGYPT BREAST AND CERVICAL CANCER PROGRAM. OUR HOSPITAL HAS BEEN A LEAD AGENCY FOR THIS ILLINOIS PUBLIC HEALTH PROGRAM SINCE 1998 AND SERVES AS PAYER OF LAST RESORT FOR BREAST AND CERVICAL CANCER SCREENINGS AND EDUCATION FOR WOMEN WHO ARE UNINSURED. IN 2012, ST MARY'S HOSPITAL PROVIDED BREAST CANCER SCREENING TO 1,602 UNINSURED PATIENTS. THE PERCENTAGE OF UNINSURED WOMEN DIAGNOSED WITH STAGE 1 OR STAGE 2 BREAST CANCER WAS 75% FOR 2012 AND 2011. THE PROGRAM ALSO RESULTED IN THE PERCENT OF UNINSURED WOMEN DIAGNOSED WITH STAGE 3 OR 4 BREAST CANCER AT 25% FOR 2012 AND 2011. IN ADDITION TO THESE BREAST AND CERVICAL CANCER SCREENINGS, ST MARY'S HOSPITAL ALSO PROVIDES FREE SCREENINGS FOR PROSTATE CANCER, SKIN CANCER AND COLORECTAL CANCER AT VARIOUS LOCATIONS AND TIMES EACH YEAR. AMERICAN CANCER SOCIETY'S LOOK GOOD/FEEL BETTER PROGRAMS ARE OFFERED QUARTERLY AND CANCER SUPPORT GROUPS ARE OFFERED AT SEVERAL LOCATIONS EACH MONTH. ST MARY'S HOSPITAL IDENTIFIED OBESITY IN GENERAL AND CHILDHOOD OBESITY SPECIFICALLY AS A LARGE ISSUE IN MARION COUNTY. ST MARY'S HOSPITAL AND FELICIAN SERVICES INC AGREED TO PARTNER WITH THE CENTRALIA RECREATIONAL COMPLEX, A STATE-OF-THE-ART FACILITY THAT IS UNDERUTILIZED BY THE COMMUNITY AND SUFFERING FINANCIALLY, TO WORK ON A COMMON ISSUE OF OBESITY AND FITNESS. THE FELICIAN SISTERS CONTRIBUTED CASH AND IN-KIND SERVICES AND STAFF TO SUPPORT THE GROWTH AND DEVELOPMENT OF NEW PROGRAMS. OUR EDUCATIONAL LUNCHEONS FOCUSING ON TOPICS SUCH AS ARTHRITIS AND OTHER WELLNESS PROMOTION TOPICS. WE ALSO HOLD A MONTHLY STRESS MANAGEMENT CLASS WHICH IS FREE TO THE PUBLIC. ST MARY'S HOSPITAL PARTNERED WITH ADVANCED ICU CARE, THE NATION'S LARGEST INDEPENDENT PROVIDER OF HIGHLY TRAINED INTENSIVISTS TO DELIVER MONITORING BY CRITICAL CARE SPECIALISTS 24 HOURS A DAY, SEVEN DAYS A WEEK, PROVIDING AN EXTRA STAFF. ST MARY'S IS NOW ABLE TO MEET THE LATEST RECOMMENDATION TO HAVE INTENSIVIST PHYSICIANS AROUND THE BEDSIDE. ST MARY'S OFFERS PATIENT ROOMS THAT ARE DIVIDED INTO AND A FAMILY ZONE. THE SPACIOUS "FAMILY ZONE" IN EACH PATIENT ROOM ALLOWS THE PATIENTS' LOVED ONES TO STAY IN THE ROOM WITH THEM. A DECENTRALIZED MODEL OF NURSING HAS BEEN IMPLEMENTED IN THE NEW UNIT ALLOWING NURSES TO BE WITH PATIENTS RATHER THAN A CENTRALIZED STATION. A NEW PATIENTS CARDIAC MONITORING SYSTEM PROVIDES STATE-OF-THE-ART MONITORING FOR CRITICALLY ILL PATIENTS. THE SYSTEM CONSISTS OF 12 BEDSIDE MONITORS AND A CENTRAL VIEWSITING STATION WHICH PROVIDES CRITICAL PATIENT MONITORING. EACH PATIENT ROOM IS PROVING MEDICARE-FRIENDLY. THE UNITS ARE IN EACH ROOM ALLOWING THE NURSES TO DISPENSE MEDICATIONS AT THE BEDSIDE, WITHOUT GOING TO ANOTHER LOCATION TO OBTAIN MEDICATIONS. ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS ALSO FURTHERS ITS EXEMPT PURPOSE WITH THE FOLLOWING: ACTIVITIES THAT ARE OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY, THAT IS, ALL PERSONS. MEDICAL STAFF WITH PRIVILEGES AVAILABLE TO ALL GOVERNING BODY IN WHICH INDEPENDENT PERSONS REPRESENTATIVE OF THE COMMUNITY COMprise A EDUCATION OF HEALTH CARE PROFESSIONALS, - PARTICIPATES IN MEDICAID, MEDICARE, CHAMPS, TRICARE, AND/OTHER GOVERNMENT-SPONSORED HEALTH CARE PROGRAMS.

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS IS A 501(C)(3) ORGANIZATION AND IS A MEMBER OF THE INTEGRATED HEALTH CARE SYSTEM KNOWN AS SSM HEALTH CARE ALONG WITH GOOD SAMARITAN REGIONAL HEALTH CENTER IN MOUNT VERNON, ILLINOIS, IT IS PART OF A JOINT OPERATING AGREEMENT BETWEEN SSM HEALTH CARE BASED IN ST LOUIS, MISSOURI AS MANAGING PARTNER, AND FELICIAN SISTERS, INC OF CHICAGO TOGETHER THE HOSPITALS ARE PURSUING A VISION TO CREATE A COMPREHENSIVE, REGIONAL HEALTH CARE ENTERPRISE COVERING A NINE COUNTY AREA IN SOUTH CENTRAL ILLINOIS
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	THE SSM HEALTH CARE ANNUAL CONSOLIDATED COMMUNITY BENEFIT REPORT IS FILED IN ILLINOIS, MISSOURI, OKLAHOMA, AND WISCONSIN



**Schedule I  
(Form 990)**

## **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

2012

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST MARY'S HOSPITAL CENTRALIA ILLINOIS

**Employer identification number**

## **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.

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) ILLINOIS PERFORMANCE EXCELLENCE (FORMERLY LINCOLN FOUND FOR PERFORMANCE) 1415 W DIEHL ROAD NAPERVILLE, IL 60563	36-3952696	501(C)(3)	7,500				TO SUPPORT CONTINUOUS QUALITY IMPROVEMENT INITIATIVES
(2) JOHN & ELEANOR MITCHELL FOUNDATION PO BOX 923 MT VERNON, IL 62864	37-6053100	501(C)(3)	7,813				TO SUPPORT THE OPERATIONS OF THE FOUNDATION
(3) ILLINOIS HOSPITAL RESEARCH AND EDUCATIONAL FOUNDATION 1151 EAST WARRENVILLE ROAD NAPERVILLE, IL 60563	23-7421930	501(C)(3)	27,398				TO ASSIST ILLINOIS HOSPITALS IN PROVIDING HEALTH CARE SERVICES
(4) KASKASKIA COLLEGE FOUNDATION 27210 COLLEGE ROAD CENTRALIA, IL 62801	37-1138260	501(C)(3)	5,000				TO ASSIST WITH BUILDING VETERAN'S TRIBUTE WALL
(5) MURRAY PARENTS ASSOCIATION 1535 W MCCORD CENTRALIA, IL 62801	23-73360176	501(C)(3)	5,000				TO SUPPORT GENERAL PROGRAMS

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

3 Enter total number of other organizations listed in the line 1 table. \_\_\_\_\_ 0

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
 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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 COMPLETED GRANT/CONTRIBUTION REQUESTS ARE FORWARDED TO THE MARKETING DEPARTMENT FOR INITIAL APPROVAL. THE MARKETING DEPARTMENT MAINTAINS A LOG OF ALL CONTRIBUTION REQUESTS. THE DEPARTMENT EVALUATES THE REQUEST AND FORWARDS REQUESTS RECOMMENDED FOR APPROVAL TO THE HOSPITAL PRESIDENT AND/OR ADMINISTRATIVE COUNCIL FOR FINAL APPROVAL. MOST GRANTS/CONTRIBUTIONS ARE MADE TO 501(C)(3) ORGANIZATIONS OR LOCAL CIVIC AND EDUCATIONAL ORGANIZATIONS

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

OMB No 1545-0047

Department of the Treasury  
Internal Revenue Service

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

**2012****Open to Public Inspection**Name of the organization  
ST MARY'S HOSPITAL CENTRALIA ILLINOIS

Employer identification number

37-0662580

**Part I Questions Regarding Compensation**

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

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

**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

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

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

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

**a** Receive a severance payment or change-of-control payment?

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

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

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

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

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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 INFORMATION	PART III	<p>PART I, LINE 3 COMPENSATION TO CEO/EXECUTIVE DIRECTOR THE ORGANIZATION'S CEO IS COMPENSATED BY A RELATED ORGANIZATION THAT UTILIZED THE FOLLOWING TO DETERMINE COMPENSATION (1) INDEPENDENT COMPENSATION CONSULTANT, (2) COMPENSATION SURVEY OR STUDY, (3) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE PART I, LINE 4A SEVERANCE PLAN SSMHC HAS ADOPTED A SEVERANCE POLICY TO PROVIDE A FINANCIAL TRANSITION IN THE EVENT OF INVOLUNTARY TERMINATION WITHOUT CAUSE FOR EXECUTIVE LEVEL POSITIONS THE AMOUNT OF THE COMPENSATION IS BASED ON THE POSITION HELD AND LENGTH OF SERVICE WITH SSMHC PART I, LINE 4B SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS PENSION RESTORATION PLAN SSM HEALTH CARE ("SSMHC") PROVIDES THIS SUPPLEMENTAL DEFINED BENEFIT NONQUALIFIED RETIREMENT PLAN TO ANY EMPLOYEE WHO IS A PARTICIPANT IN THE SSMHC QUALIFIED DEFINED BENEFIT PLAN WHO EARNS OVER THE INTERNAL REVENUE SERVICE COMPENSATION LIMIT THE PLAN "RESTORES" THE BENEFITS TO THESE EMPLOYEES THAT WOULD HAVE BEEN PROVIDED UNDER SSMHC'S QUALIFIED PLAN IF THE REGULATIONS DID NOT IMPOSE COMPENSATION LIMITS AN INDIVIDUAL CAN TAKE A DISTRIBUTION FROM THE PLAN AT (1) AGE 65 OR OLDER IF THE INDIVIDUAL IS STILL EMPLOYED BY SSMHC OR (2) AGE 55 OR OLDER IF THE INDIVIDUAL IS NO LONGER EMPLOYED BY SSMHC NO REPORTABLE INDIVIDUALS LISTED ON PART VII OF FORM 990 RECEIVED DISTRIBUTIONS FROM THIS PLAN DURING 2012 CAPITAL ACCUMULATION PLAN SSMHC PROVIDES THIS SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN TO EXECUTIVE LEVEL EMPLOYEES THE ORGANIZATION CONTRIBUTED A PERCENTAGE OF THE EMPLOYEE'S BASE SALARY INTO THEIR CHOICE OF A SELECT LIST OF INVESTMENTS THE DEPOSITS AND EARNINGS OF THE PLAN ARE OWNED BY SSMHC AND ARE TAX-DEFERRED UNTIL A DISTRIBUTION IS MADE TO THE EMPLOYEE IN ADDITION, THE PLAN HAS SPECIAL SAFEGUARDS IN PLACE TO PROTECT THE FUNDS FROM CONTINGENCIES, OTHER THAN INSOLVENCY FOR CONTRIBUTIONS MADE TO THE PLAN IN 2008 OR AFTER, THE DISTRIBUTION WILL OCCUR AFTER THE COMPLETION OF TWO PLAN YEARS FOR ALL EXECUTIVES THAT ARE STILL ACTIVELY EMPLOYED ON THE DISTRIBUTION DATE ANY ACTIVE PARTICIPANT 65 YEARS OR OLDER WILL RECEIVE THE CONTRIBUTION IN THE CURRENT YEAR THE FOLLOWING INDIVIDUALS LISTED ON PART VII OF THE FORM 990 RECEIVED DISTRIBUTIONS FROM THIS PLAN IN 2012 ALL DISTRIBUTIONS RECEIVED FROM THE PLAN IN THE CURRENT YEAR WERE INCLUDED IN THE INDIVIDUALS' TAXABLE COMPENSATION STEVEN BARNEY \$74,677 PHILIP GUSTAFSON \$73,610 WILLIAM THOMPSON \$58,026 CHRISTOPHER HOWARD \$48,612 KRIS ZIMMER \$43,871 DIXIE PLATT \$33,330 MICHAEL WARREN \$28,748 BRUCE MERRELL \$21,865 RICHARD HUNTINGTON \$17,095 KAY TINSLEY \$10,145 JUNE PICKETT \$8,289 DELAND EVISCHI \$7,497 THOMAS BLYTHE \$7,117 VIRGINIA TELFORD \$7,092 GREG SIMS \$6,692 MARK CLARK \$6,668 MICHELLE DARNELL \$6,243 CHRISTINA ADAMS \$5,911 JULIE LONG \$5,885</p>

**Software ID:**  
**Software Version:**  
**EIN:** 37-0662580  
**Name:** ST MARY'S HOSPITAL CENTRALIA ILLINOIS

**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				
PHILIP GUSTAFSON	(i) 0 (ii) 535,571	0 0	0 110,714	0 121,551	0 35,128	0 802,964	0 35,700
SAJJAN K NEMANI MD	(i) 243,680 (ii) 0	0 0	0 0	0 0	0 0	243,680 0	0 0
WILLIAM P THOMPSON	(i) 0 (ii) 1,321,845	0 0	0 839,756	0 1,051,531	0 36,865	0 3,249,997	0 57,960
JITENDRA K TRIVEDI MD	(i) 0 (ii) 314,529	0 0	0 5,545	0 34,715	0 35,850	0 390,639	0 0
BRUCE MERRELL	(i) 0 (ii) 348,373	0 0	0 71,805	0 141,250	0 28,077	0 589,505	0 21,840
MICHAEL WARREN	(i) 0 (ii) 362,903	0 0	0 137,829	0 250,321	0 26,401	0 777,454	0 21,070
RAVINDRA GEORGE MD	(i) 0 (ii) 451,189	0 0	0 4,976	0 81,793	0 11,074	0 549,032	0 0
CHRISTOPHER HOWARD	(i) 0 (ii) 735,141	0 0	0 138,054	0 337,445	0 30,597	0 1,241,237	0 37,660
DIXIE PLATT	(i) 0 (ii) 446,837	0 0	0 67,566	0 212,494	0 30,319	0 757,216	0 29,050
KRIS A ZIMMER	(i) 0 (ii) 737,296	0 0	0 100,132	0 227,242	0 30,227	0 1,094,897	0 43,820
JUNE L PICKETT	(i) 0 (ii) 220,007	0 0	0 20,518	0 331,433	0 22,385	0 594,343	0 8,280
KAY TINSLEY	(i) 187,876 (ii) 0	0 0	0 15,167	0 52,949	0 31,094	0 287,086	0 7,500
STEVEN BARNEY	(i) 0 (ii) 623,277	0 0	0 156,103	0 208,024	0 23,340	0 1,010,744	0 0
VIRGINIA TELFORD	(i) 160,951 (ii) 0	0 0	0 30,663	0 9,726	0 12,338	0 213,678	0 0
MARK CLARK	(i) 169,690 (ii) 0	0 0	0 9,211	0 67,884	0 34,059	0 280,844	0 6,660
DELAND EVISCHI	(i) 165,737 (ii) 0	0 0	0 10,151	0 44,821	0 34,731	0 255,440	0 6,419
CHRISTINA ADAMS	(i) 0 (ii) 158,473	0 0	0 9,520	0 93,318	0 4,832	0 266,143	0 5,904
JULIE LONG	(i) 0 (ii) 166,336	0 0	0 7,693	0 53,088	0 3,010	0 230,127	0 5,964
MICHELLE DARNELL	(i) 0 (ii) 159,718	0 0	0 8,627	0 54,133	0 26,539	0 249,017	0 6,236
THOMAS BLYTHE	(i) 0 (ii) 169,128	0 0	0 8,819	0 42,453	0 26,927	0 247,327	0 6,352

**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				
JAMES RUETER	(i) 188,311 (ii) 0	0 0	22,215 0	44,044 0	6,406 0	260,976 0	0 0
RAJENDRA SHROFF	(i) 156,673 (ii) 0	0 0	938 0	23,862 0	19,363 0	200,836 0	0 0
JEFFREY RAPP	(i) 136,661 (ii) 0	0 0	882 0	21,302 0	32,272 0	191,117 0	0 0
PATRICIA NEUDECKER	(i) 120,769 (ii) 0	0 0	13,929 0	24,585 0	38,252 0	197,535 0	0 0
RICHARD HUNTINGTON	(i) 0 (ii) 93,779	0 0	0 17,345	0 59,778	0 0	0 170,902	0 0
GREG SIMS	(i) 0 (ii) 143,116	0 0	0 12,201	0 34,552	0 20,335	0 210,204	0 6,684

**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.

**2012****Open to Public  
Inspection**Name of the organization  
ST MARY'S HOSPITAL CENTRALIA ILLINOIS**Employer identification number**

37-0662580

Identifier	Return Reference	Explanation
	FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS	<p>BRIEFLY DESCRIBE THE ORGANIZATION'S MISSION SINCE IT WAS FOUNDED IN 1872 BY FIVE CATHOLIC SISTERS, SSM HEALTH CARE (SSMHC) HAS EXISTED TO MEET THE HEALTH NEEDS OF THE COMMUNITIES IT SERVES SPONSORED BY THE FRANCISCAN SISTERS OF MARY AND HEADQUARTERED IN ST LOUIS, SSMHC OPERATES 18 HOSPITAL LOCATIONS, TWO SKILLED NURSING FACILITIES AND HOME HEALTH AGENCIES IN FOUR STATES (WISCONSIN, OKLAHOMA, ILLINOIS AND MISSOURI) THE HEALTH SYSTEM EMPLOYS APPROXIMATELY 25,600 PEOPLE AND IS AFFILIATED WITH MORE THAN 6,600 PHYSICIANS IN THE TRADITION OF ITS FOUNDING SISTERS, SSMHC STRIVES TO FULFILL ITS MISSION BY PROVIDING EXCEPTIONAL AND COMPASSIONATE HEALTH CARE TO PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY DESCRIBE THE ORGANIZATION'S APPROACH TO PROVIDING COMMUNITY BENEFIT THE BOARD OF ST MARY'S HOSPITAL, ADMINISTRATIVE COUNCIL, PHYSICIANS, EMPLOYEES, AND COMMUNITY ARE ALL INVOLVED IN PROVIDING ON-GOING FEEDBACK, MONITORING AND INFORMING THE DIRECTION OF POLICIES AND CONTENT OF COMMUNITY BENEFIT ACTIVITIES THE THREE STRATEGIC PRIORITIES OF THE ST MARY'S HOSPITAL COMMUNITY BENEFITS PLAN ARE BUILDING LOCAL CAPACITY, IMPROVING HEALTH OUTCOMES, AND REDUCING SOCIAL ISOLATION GOALS AND OBJECTIVES ARE ESTABLISHED TO CHANGE BEHAVIOR, PROVIDE METRICS TO MEASURE CHANGE, AND TO IMPACT THE OVERALL HEALTH OF THOSE WE SERVE IN AN EFFORT TO STRENGTHEN ITS COMMUNITY BENEFIT PROGRAM, ST MARY'S HOSPITAL HAS A COMMUNITY BENEFIT PLAN WHICH DETAILS THE PLANNING, MEASUREMENT AND COMMUNICATION OF THEIR COMMUNITY BENEFITS COMMUNITY BENEFIT IS DEFINED AS SEEKING OUT AND SERVING THOSE WHO NEED HELP CONSISTENT WITH THE MISSION OF ST MARY'S HOSPITAL AS WELL AS THE BROADER COMMUNITY TO ENSURE OPTIMAL HEALTH STATUS IN OUR SERVICE REGION THESE WIDE ARRAYS OF SERVICES INCLUDE, BUT ARE NOT LIMITED TO, LEADERSHIP AND COLLABORATIVE ACTIVITIES IN EDUCATION, ADVOCACY AND HEALTH PROMOTION DESCRIBE THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICIES OR PROGRAMS (E.G., CHARITY CARE, DISCOUNTING) FOR LOW-INCOME PERSONS AND HOW THEY ARE COMMUNICATED TO THE PUBLIC ST MARY'S HOSPITAL STRIVES TO PROVIDE EXCEPTIONAL HEALTH CARE SERVICES TO ALL PERSONS IN NEED REGARDLESS OF THEIR ABILITY TO PAY ALL BILLING AND COLLECTION POLICIES AND PRACTICES REFLECT THE MISSION AND VALUES, INCLUDING OUR SPECIAL CONCERN FOR PEOPLE WHO ARE POOR AND VULNERABLE WE OFFER DISCOUNTS FOR HOSPITAL SERVICES TO ALL UNINSURED PERSONS SELF-PAY DISCOUNTS APPLY TO EVERYONE WHO DOES NOT HAVE HEALTH INSURANCE, REGARDLESS OF ABILITY TO PAY OUR CHARITY CARE POLICIES ARE APPLIED FAIRLY AND CONSISTENTLY EACH PERSON IS TREATED AS AN INDIVIDUAL WITH SPECIFIC NEEDS FOR ASSISTANCE WITHOUT REGARD TO PAYMENT WE EMBRACE OUR RESPONSIBILITY TO SERVE OUR COMMUNITIES BY UTILIZING SOUND BUSINESS PRACTICES CHARITY CARE IS PROVIDED TO PATIENTS BASED ON A SLIDING SCALE FOR HOUSEHOLD INCOMES UP TO FOUR TIMES THE FEDERAL POVERTY LEVEL PATIENTS WHOSE HOUSEHOLD INCOME IS NO MORE THAN TWO TIMES THE FEDERAL POVERTY LEVEL ARE ELIGIBLE FOR FREE HOSPITAL SERVICES IN ADDITION, AN EXCEPTION TO THE SLIDING SCALE IS PROVIDED FOR A PATIENT'S BALANCE DUE IF THE AMOUNT IS TOO LARGE TO BE REASONABLY PAID THROUGH AN INSTALLMENT PLAN OVER FOUR YEARS GIVEN THE FAMILY INCOME AND EXPENSES THESE POLICIES ARE COMMUNICATED BY OUR STAFF PROVIDING INFORMATION ABOUT - THE PATIENT'S RESPONSIBILITY FOR PAYMENT, - THE AVAILABILITY OF FINANCIAL ASSISTANCE FROM PUBLIC PROGRAMS AND ENTITY CHARITY CARE AND PAYMENT ARRANGEMENTS, - THE ENTITY'S CHARITY POLICY AND APPLICATION PROCESS AND - WHOM TO CONTACT TO GET ADDITIONAL INFORMATION OR FINANCIAL COUNSELING THE FOLLOWING TYPES OF NOTICES TO THE PUBLIC ARE ALSO PROVIDED - SIGNS IN THE EMERGENCY DEPARTMENT, OUTPATIENT AND INPATIENT REGISTRATION AND PUBLIC WAITING AREAS - BROCHURES OR FLYERS PROVIDED AT TIME OF REGISTRATION AND AVAILABLE IN THE FINANCIAL COUNSELING AREAS - NOTICES SENT WITH OR ON PATIENT BILLS OR COMMUNICATIONS SENT TO PATIENTS AND GUARANTORS RELATED TO MEDICAL SERVICES - APPLICATIONS PROVIDED TO UNINSURED PATIENTS AT THE TIME OF REGISTRATION ALL APPLICATIONS CLEARLY STATE THE POLICIES REGARDING CHARITY CARE, INCLUDING EXCLUDED SERVICES, ELIGIBILITY CRITERIA AND DOCUMENTATION REQUIREMENTS INFORMATION ABOUT THE ENTITY'S CHARITY POLICIES IS ALSO PROVIDED TO PUBLIC AGENCIES ORGANIZATION DESCRIPTION FOR TAX EXEMPTION ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS IS A MEDICARE-DEPENDENT HOSPITAL - OPERATES AN EMERGENCY ROOM THAT IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY, - HAS AN OPEN MEDICAL STAFF WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS IN THE AREA, - HAS A GOVERNING BODY IN WHICH INDEPENDENT PERSONS REPRESENTATIVE OF THE COMMUNITY COMprise A MAJORITY, - ENGAGES IN THE TRAINING AND EDUCATION OF HEALTH CARE PROFESSIONALS, - PARTICIPATES IN MEDICAID, MEDICARE, CHAMPUS, TRICARE, AND/OR GOVERNMENT-SPONSORED HEALTH CARE PROGRAMS DESCRIPTION OF COMMUNITY BENEFIT PROGRAMS THE THREE STRATEGIC PRIORITIES OF THE ST MARY'S HOSPITAL COMMUNITY BENEFIT</p>

Identifier	Return Reference	Explanation
	FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS	<p>ITS PLAN ARE BUILDING LOCAL CAPACITY, IMPROVING HEALTH OUTCOMES, AND REDUCING SOCIAL ISOLATION GOALS AND OBJECTIVES ARE ESTABLISHED TO CHANGE BEHAVIOR, PROVIDE METRICS TO MEASURE CHANGE, AND TO IMPACT THE OVERALL HEALTH OF THOSE WE SERVE. HEALTHY COMMUNITIES INITIATIVES CREATE OPPORTUNITIES FOR EACH RESIDENT TO MEET HIS/HER POTENTIAL PHYSICALLY, MENTALLY, SOCIALLY, EMOTIONALLY, AND SPIRITUALLY. THE INITIATIVES BUILD ON THE STRENGTHS OF OUR COMMUNITIES AND SYSTEMS TO IMPROVE THE QUALITY OF LIFE AND TO CREATE A SENSE OF HOPE.</p> <p>ST MARY'S HOSPITAL HEALTHY COMMUNITIES INITIATIVES BUILD COMMUNITY CAPACITY AND INDIVIDUAL EMPOWERMENT THROUGH COMMUNITY ORGANIZING, LEADERSHIP DEVELOPMENT, PARTNERSHIPS, AND COALITION BUILDING.</p> <p>ST MARY'S HOSPITAL COMMUNITY HEALTH PROGRAMS PROVIDE COMPASSIONATE AND COMPETENT CARE WHILE THEY PROMOTE HEALTH IMPROVEMENT BY REACHING DIRECTLY INTO THE COMMUNITY TO ENSURE THAT LOW-INCOME AND UNDER-SERVED PERSONS CAN ACCESS HEALTH CARE SERVICES. FOCUSING ON A BROAD DEFINITION OF HEALTH, ST MARY'S HOSPITAL CLINICS AND PROGRAMS PROVIDE MEDICAL AND MENTAL HEALTH SERVICES, HEALTH EDUCATION, HEALTH MANAGEMENT, PREVENTION, REFERRALS, INSURANCE ENROLLMENT AND IN-HOME PRIMARY CARE SERVICES AND SUPPORT, WHILE FOSTERING COLLABORATION AND INCORPORATING HEALTHY COMMUNITIES STRATEGIES.</p> <p>ST MARY'S HOSPITAL PROMOTES GRASSROOTS ADVOCACY AND ENGAGES PERSONS OF INFLUENCE TO AFFECT SOCIAL AND PUBLIC POLICY CHANGE IN ORDER TO PROMOTE BOTH COMMUNITY HEALTH AND HEALTHY COMMUNITIES.</p> <p>ST MARY'S HOSPITAL AND SSM HEALTH CARE ADVOCATE FOR VULNERABLE POPULATIONS BY DEVELOPING RELATIONSHIPS WITH POLICY MAKERS AND THROUGH TARGETED EDUCATION EFFORTS. ALL PROJECTS INCLUDE MEASURABLE OBJECTIVES WITH A SPECIFIC TIME FRAME AND HAVE ACTIVITIES THAT WILL FAVORABLY AFFECT HEALTH STATUS INDICATORS.</p> <p>PROJECTS TO ACCOMPLISH HEALTH STATUS OBJECTIVES MAY INCLUDE DISEASE PREVENTION PROGRAMS, HEALTH EDUCATION PROGRAMS, HEALTH CARE PROGRAMS FOR INDIVIDUALS WITH SPECIAL HEALTH CONCERN, AND OTHER PROJECTS THAT IMPROVE COMMUNITY HEALTH STATUS.</p> <p>PROJECTS TO ADDRESS THE HEALTH PROBLEMS OF MINORITIES, THE POOR, AND OTHER MEDICALLY UNDERSERVED POPULATIONS MAY INCLUDE IMPROVING ACCESSIBILITY AND CONTINUITY OF CARE, WORKING TO REDUCE DISPARITIES IN HEALTH STATUS, AND SPONSORING EFFORTS TO INCREASE THE NUMBER OF MINORITIES, THE POOR, AND UNDERSERVED WHO ENTER HEALTH PROFESSIONS AND WORK IN MEDICALLY UNDERSERVED COMMUNITIES.</p> <p>PROJECTS DESIGNED TO CONTAIN THE GROWTH OF COMMUNITY HEALTH CARE COSTS MAY INCLUDE IMPROVING EFFICIENCY OF SERVICES, IMPROVING CASE MANAGEMENT AND CONTINUITY OF CARE, SPONSORING HEALTH PROMOTION, DISEASE PREVENTION, AND SELF CARE ACTIVITIES, CONTAINING HEALTH CARE COSTS, AND REDUCING REDUNDANCIES THROUGH OUR COMMUNITY HEALTH NEEDS ASSESSMENT.</p> <p>WE IDENTIFY VARIOUS UNMET COMMUNITY HEALTH NEEDS. OUR PRIMARY RESPONSIBILITY IS TO ADDRESS THOSE THAT WE CAN IMPACT THE MOST, THAT IS, THOSE ALIGNED WITH OUR CORE COMPETENCIES.</p> <p>WE COMMUNICATE THE NEEDS IDENTIFIED IN THE ASSESSMENT TO THE COMMUNITY THROUGH A VARIETY OF MEDIA, DEVELOP A PLAN FOR HOW TO ADDRESS THOSE NEEDS THAT WE CAN IMPACT, AND IMPLEMENT STRATEGIES TO ADDRESS THESE NEEDS.</p> <p>OUR NEEDS ASSESSMENT WAS COMPLETED ON 10/15/12 AND ADOPTED AS PART OF OUR STRATEGIC PLAN ON 12/6/12. THE PRIORITY AREAS WERE ACCESS TO CARE, OBESITY, MENTAL HEALTH, SUBSTANCE ABUSE AND HEART DISEASE. EACH PRIORITY AREA WAS ASSIGNED A CHAMPION AND PROGRAMS AND SERVICES WERE DESIGNED TO ADDRESS THE IDENTIFIED NEED.</p>

Identifier	Return Reference	Explanation
	FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS CONTINUED	<p>AS AN EXAMPLE OF HOW THE NEED IS ADDRESSED, THE FOLLOWING ACTIONS WERE TAKEN IN 2013 TO ADDRESS ACCESS TO CARE ISSUES RECRUIT PHYSICIANS, NURSE PRACTITIONERS AND PHYSICIAN ASSISTANTS, EXPAND ACCESS TO HEALTH CARE SERVICES, PROVIDE MEDICATION ASSISTANCE AT LITTLE OR NO COSTS TO PATIENTS, ESTABLISH A PATIENT-CENTERED MEDICAL HOME TO COORDINATE PRIMARY CARE, WORK WITH EDUCATIONAL INSTITUTIONS TO HEIGHTEN AWARENESS AND PROVIDE LEARNING OPPORTUNITIES FOR ALL AGES AND DIVERSITIES, HOST AN ANNUAL EDUCATION AND SCREENING EVENT FOR UNINSURED AND UNDERINSURED PEOPLE THE CHRONIC DISEASE MANAGEMENT PROGRAM IS ONE HEALTHY COMMUNITIES INITIATIVE THAT FOCUSES ON EDUCATING THE PATIENT AND FAMILY ABOUT THEIR DISEASE, IMPROVING ACCESS TO CARE, AND FACILITATING DISEASE SELF MANAGEMENT GOALS OF THIS PROGRAM ARE TO MAINTAIN INDEPENDENCE AS LONG AS POSSIBLE, REDUCE SYMPTOMS, REDUCE HOSPITALIZATIONS AND EDUCATE ABOUT MEDICATIONS AND CARE PATHWAYS ONE OF THE CLEAREST EXAMPLES OF HOW ST MARY'S HOSPITAL MEETS COMMUNITY NEED IS THROUGH OUR LITTLE EGYPT BREAST AND CERVICAL CANCER PROGRAM OUR HOSPITAL HAS BEEN A LEAD AGENCY FOR THIS ILLINOIS PUBLIC HEALTH PROGRAM SINCE 1998 AND SERVES AS PAYOR OF LAST RESORT FOR BREAST AND CERVICAL CANCER SCREENINGS AND EDUCATION FOR WOMEN WHO ARE UNINSURED IN 2012, ST MARY'S HOSPITAL PROVIDED BREAST CANCER SCREENING TO 1,602 UNINSURED PATIENTS THE PERCENTAGE OF UNINSURED WOMEN DIAGNOSED WITH STAGE 1 OR STAGE 2 BREAST CANCER WAS 75% FOR 2012 AND 2011 THE PROGRAM ALSO RESULTED IN THE PERCENT OF UNINSURED WOMEN DIAGNOSED WITH STAGE 3 OR 4 BREAST CANCER AT 25% FOR 2012 AND 2011 IN ADDITION TO THESE BREAST AND CERVICAL CANCER SCREENINGS, SMH ALSO PROVIDES FREE SCREENINGS FOR PROSTATE CANCER, SKIN CANCER AND COLORECTAL CANCER AT VARIOUS LOCATIONS AND TIMES EACH YEAR AMERICAN CANCER SOCIETY'S LOOK GOOD/FEEL BETTER PROGRAMS ARE OFFERED QUARTERLY AND CANCER SUPPORT GROUPS ARE OFFERED AT SEVERAL LOCATIONS EACH MONTH ST MARY'S HOSPITAL IDENTIFIED OBESITY IN GENERAL AND CHILDHOOD OBESITY SPECIFICALLY AS A LARGE ISSUE IN MARION COUNTY ST MARY'S HOSPITAL AND FELICIAN SERVICES INC AGREED TO PARTNER WITH THE CENTRALIA RECREATIONAL COMPLEX, A STATE-OF-THE-ART FACILITY THAT IS UNDERUTILIZED BY THE COMMUNITY AND SUFFERING FINANCIALLY, TO WORK ON A COMMON ISSUE OF OBESITY AND FITNESS THE FELICIAN SISTERS CONTRIBUTED GRANT FUNDS AND THE HOSPITAL CONTRIBUTED CASH AND IN-KIND SERVICES AND STAFF TO SUPPORT THE GROWTH AND DEVELOPMENT OF NEW PROGRAMS CURRICULA WERE DEVELOPED BY COMMUNITY HEALTH STAFF AND PHYSICIAN THERAPISTS TO MEET THE NEEDS OF THE ADULTS AND CHILDREN IN THE COMMUNITY IN 2012, THE NUMBER OF CHILDREN ENROLLED IN THE CHILDREN'S HEALTH AND MAINTENANCE PROGRAM WAS 46 PARTICIPANTS THE NUMBER OF ADULTS ENROLLED IN THE NUTRITION, EXERCISE AND TRAINING (NEXT) PROGRAM INCREASED FROM 339 PARTICIPANTS IN 2011 TO 460 PARTICIPANTS IN 2012 OUR "CONNECTIONS" PROGRAM HAS FREE MONTHLY EDUCATIONAL LUNCHEONS FOCUSING ON TOPICS SUCH AS ARTHRITIS AND EXERCISE, DIABETES, STROKE PREVENTION, AND OTHER WELLNESS PROMOTION TOPICS WE ALSO HOLD A MONTHLY STRESS MANAGEMENT CLASS WHICH IS FREE TO THE PUBLIC AND SPONSORED AS A RESULT OF COMMUNITY NEEDS ST MARY'S HOSPITAL PARTNERED WITH ADVANCED ICU CARE, THE NATION'S LARGEST INDEPENDENT PROVIDER OF TELE-ICU SERVICES, TO DELIVER MONITORING BY HIGHLY TRAINED INTENSIVIST PHYSICIANS AND CRITICAL CARE SPECIALISTS 24 HOURS A DAY, SEVEN DAYS A WEEK, PROVIDING AN EXTRA LAYER OF CARE THAT ENHANCES PATIENT SAFETY ST MARY'S IS NOW ABLE TO MEET THE LATEST RECOMMENDATION TO HAVE INTENSIVIST PHYSICIANS MONITORING INTENSIVE CARE PATIENTS AROUND-THE-CLOCK AUTOMATED ALERTS IDENTIFY PROBLEMS BEFORE THEY BECOME URGENT, PROMPTING IMMEDIATE INTERVENTION TWO-WAY VIDEO ACCESS IN EACH PATIENT'S ROOM ENABLES FACE-TO-FACE CONSULTATION BETWEEN THE BEDSIDE AND ADVANCED ICU CARE TEAM THE NEWLY REMODELED ICU OFFERS PATIENT ROOMS THAT ARE DIVIDED INTO THREE ZONES - A CAREGIVER ZONE, A PATIENT ZONE AND A FAMILY ZONE THE SPACIOUS "FAMILY ZONE" IN EACH PATIENT ROOM ALLOWS THE PATIENTS' LOVED ONES TO STAY IN THE ROOM WITH THEM A DECENTRALIZED MODEL OF NURSING HAS BEEN IMPLEMENTED IN THE NEW UNIT ALLOWING NURSES TO BE WITH PATIENTS RATHER THAN AT A CENTRALIZED STATION A NEW PHILLIPS CARDIAC MONITORING SYSTEM PROVIDES STATE-OF-THE-ART MONITORING FOR CRITICALLY ILL PATIENTS THE SYSTEM CONSISTS OF 12 BEDSIDE MONITORS AND CENTRAL VIEWING STATION WHICH PROVIDES CRITICAL PATIENT MONITORING EACH PATIENT ROOM IS VERY USER-FRIENDLY FOR THE CAREGIVER MEDPROX MEDICATION DISPENSING UNITS ARE IN EACH ROOM ALLOWING THE NURSE TO DISPENSE ROUTINE MEDICATIONS AT THE BEDSIDES, WITHOUT GOING TO ANOTHER LOCATION TO OBTAIN MEDICATIONS ADDITIONAL INFORMATION REGARDING SSM HEALTH CARE'S 2012 COMMUNITY BENEFIT REPORT CAN BE FOUND AT <a href="http://WWW.SSMHC.COM">WWW.SSMHC.COM</a> ADDITIONAL INFORMATION CONCERNING THE ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS CAMPUS CAN BE FOUND AT <a href="http://WWW.SMGSI.COM">WWW.SMGSI.COM</a> QUANTIFIABLE COMMUNITY BENEFIT THE FOLLOWING IS A LIST OF</p>

Identifier	Return Reference	Explanation
	FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS CONTINUED	F THE TYPES OF PROGRAMS AND SERVICES THAT COULD BE INCLUDED AS COMMUNITY BENEFIT ACTIVITIES TRADITIONAL CHARITY CARE \$4,030,661 UNPAID COST OF MEDICAID \$10,063,374 UNPAID COST OF MEDICARE \$7,898,987 COST OF BAD DEBTS \$3,539,429 COMMUNITY BENEFIT PROGRAMS \$3,948,505 TOTAL QUANTIFIABLE COMMUNITY BENEFIT \$29,480,956

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE CORPORATE MEMBER OF THE CORPORATION IS SSM REGIONAL HEALTH SERVICES SSM REGIONAL HEALTH SERVICES IS A NONPROFIT 501(C)(3) ORGANIZATION BOTH ST MARY'S HOSPITAL, CENTRALIA, ILLINOIS AND SSM REGIONAL HEALTH SERVICES ARE PART OF THE INTEGRATED HEALTH CARE SYSTEM KNOWN AS SSM HEALTH CARE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBER HAS THE POWER TO APPOINT ADDITIONAL, SUCCESSOR OR REPLACEMENT MEMBERS AND ELECT AND REMOVE DIRECTORS EXCEPT EX OFFICIO DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	<p>THE MEMBER HAS THE FOLLOWING POWERS</p> <ul style="list-style-type: none"> <li>A TO ESTABLISH AND CHANGE THE MISSION, PHILOSOPHY AND VALUES OF THE CORPORATION</li> <li>B TO APPOINT ADDITIONAL, SUCCESSOR OR REPLACEMENT MEMBERS</li> <li>C TO ELECT AND REMOVE THE DIRECTORS EXCEPT EX-OFFICIO DIRECTORS</li> <li>D TO APPOINT AND REMOVE THE CHIEF EXECUTIVE OFFICER OF ANY OPERATING DIVISION OF THE CORPORATION</li> <li>E TO APPROVE AMENDMENTS TO THE ARTICLES OF INCORPORATION OF THE CORPORATION AS PROVIDED THEREIN</li> <li>F TO APPROVE AMENDMENTS TO THE BYLAWS OF THE CORPORATION</li> <li>G TO APPROVE THE MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION</li> <li>H TO APPROVE THE FORMATION OF A CONTROLLED SUBSIDIARY OR A REMOTELY CONTROLLED SUBSIDIARY</li> <li>I TO APPROVE THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION</li> <li>J TO APPROVE THE ACQUISITION OR DISPOSITION BY THE CORPORATION OF ANOTHER LEGAL ENTITY OR AN INTEREST IN ANOTHER LEGAL ENTITY</li> <li>K TO AUTHORIZE OR APPROVE THE ACQUISITION OR DISPOSITION BY THE CORPORATION OF REAL PROPERTY OR ANY INTEREST IN REAL PROPERTY</li> <li>L TO ESTABLISH CENTRALIZED EMPLOYEE BENEFIT, INSURANCE, INVESTMENT, FINANCING, CORPORATE RESPONSIBILITY, PERFORMANCE ASSESSMENT AND IMPROVEMENT AND OTHER OPERATIONAL AND SUPPORT PROGRAMS, TO REQUIRE THE PARTICIPATION OF THE CORPORATION IN SUCH PROGRAMS, AND TO AUTHORIZE THE OPENING AND CLOSING OF BANK ACCOUNTS AND INVESTMENT ACCOUNTS IN THE NAME OF THE CORPORATION IN CONNECTION WITH SUCH PROGRAMS</li> <li>M TO APPROVE THE STRATEGIC, FINANCIAL AND HUMAN RESOURCES PLAN OF THE CORPORATION</li> <li>N TO APPOINT THE AUDITOR AND CORPORATE COUNSEL FOR THE CORPORATION</li> <li>O TO AUTHORIZE AND APPROVE BORROWING MONEY AND ENTERING INTO FINANCIAL GUARANTIES BY THE CORPORATION, INCLUDING ACTIONS RELATING TO THE FORMATION, JOINING, OPERATION, WITHDRAWAL FROM AND TERMINATION OF A CREDIT GROUP OR AN OBLIGATED GROUP AND THE GRANTING OF SECURITY INTERESTS IN THE PROPERTY OF THE CORPORATION</li> <li>P TO REQUIRE THE CORPORATION TO TRANSFER ASSETS, INCLUDING BUT NOT LIMITED TO CASH, TO THE MEMBER OF THE CORPORATE MEMBER OR TO ANY ENTITY EXEMPT FROM FEDERAL INCOME TAX AS AN ORGANIZATION DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW, WHICH IS CONTROLLED BY THE MEMBER OF THE CORPORATE MEMBER, TO THE EXTENT NECESSARY TO ACCOMPLISH THE MISSION, GOALS AND OBJECTIVES OF THE MEMBER OF THE CORPORATE MEMBER AS DETERMINED BY THE MEMBER OF THE CORPORATE MEMBER</li> <li>Q TO APPROVE THE TRANSFER OF ASSETS BY THE CORPORATION TO ANY ENTITY OTHER THAN THE MEMBER OF THE CORPORATE MEMBER, OTHER THAN TRANSFERS MADE IN THE ORDINARY COURSE OF OPERATIONS OF THE CORPORATION WHICH WILL NOT REQUIRE CORPORATE MEMBER APPROVAL, AND</li> <li>R TO DETERMINE THE EXTENT TO WHICH AND THE MANNER IN WHICH THE POWERS DESCRIBED IN THIS SECTION WHICH ARE RESERVED TO THE CORPORATE MEMBER WITH RESPECT TO THE CORPORATION ARE TO BE INCLUDED IN THE GOVERNING DOCUMENTS OF ANY CONTROLLED SUBSIDIARY, REMOTELY CONTROLLED SUBSIDIARY OR NON-CONTROLLED SUBSIDIARY AND EXERCISED WITH RESPECT TO ANY CONTROLLED SUBSIDIARY, ANY REMOTELY CONTROLLED SUBSIDIARY OR ANY NON-CONTROLLED SUBSIDIARY</li> </ul>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	ACCOUNTING/FINANCE PERSONNEL AT EACH SSMHC (SSM HEALTH CARE SYSTEM) ENTITY, IN CONJUNCTION WITH CORPORATE FINANCE PERSONNEL, PREPARE A CHECKLIST CONTAINING INFORMATION AND SUPPORTING SCHEDULES THAT ARE USED TO PREPARE THE FORM 990. THIS CHECKLIST IS THEN REVIEWED BY A SUPERVISOR/MANAGER AND SENT TO THE CORPORATE OFFICE FOR FINAL REVIEW AND COORDINATION OF THE SYSTEM LEVEL FORM 990 INFORMATION. THE INFORMATION IS SUBMITTED TO AN OUTSIDE TAX CONSULTING FIRM WHO PREPARES AND SIGNS THE FORM 990 FROM THE SSMHC INFORMATION. PRIOR TO FINALIZING THE RETURN, A DRAFT IS SENT TO PERSONNEL AT SSMHC FOR REVIEW AND APPROVAL. UPON SSMHC APPROVAL, THE OUTSIDE PREPARER FORWARDS THE COMPLETED FORM 990 FOR THE APPROPRIATE SIGNATURES AND FILING ACTION. A COMPLETE COPY OF THE RETURN IS PROVIDED TO THE BOARD AT THE NEXT SCHEDULED BOARD MEETING.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE STATEMENT ANNUALLY. THE PRESIDENT AND SECRETARY TO THE BOARD OVERSEE COMPLIANCE WITH THIS REQUIREMENT. ALL BOARD MEMBERS WITH AN IDENTIFIED CONFLICT OF INTEREST ABSTAIN FROM BOARD DISCUSSIONS AND VOTES WHEN APPLICABLE. EMPLOYEES WITH PURCHASING AUTHORITY AND/OR ABILITY TO INFLUENCE PURCHASING DECISIONS ARE ASSIGNED THE CONFLICT OF INTEREST DISCLOSURE COURSE (COI) WHICH MUST BE COMPLETED ON LINE. PERIODICALLY THROUGH THE YEAR, THE ENTITY'S CORPORATE RESPONSIBILITY CONTACT PERSON (WITH THE HELP OF THE ENTITY'S LEARNING MANAGEMENT SYSTEM COORDINATOR) SENDS DEPARTMENT MANAGERS A LIST OF EMPLOYEES WHO HAVE NOT YET COMPLETED THEIR COI SO THEY CAN REMIND THE EMPLOYEES AND ENSURE THE EMPLOYEES HAVE TIME IN THEIR SCHEDULE TO COMPLETE THE REQUIRED COURSE. RESOLUTION OF ANY CONFLICTS THAT ARE DISCLOSED MUST BE DOCUMENTED AND KEPT ON FILE AT THE ENTITY. SUPERVISORS VERIFY REQUIRED COURSE COMPLETION PRIOR TO YEAR END

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	ALL SSMHC EXECUTIVE SALARY/COMPENSATION INFORMATION IS BASED ON COMPARATIVE DATA WITH SIMILAR POSITIONS IN THE MARKET. THE COMPENSATION REVIEW PROCESS IS PERFORMED BY EXTERNAL INDEPENDENT COMPENSATION CONSULTANTS. THE SALARY DATA AND POTENTIAL ADJUSTMENTS, FOR THE PRESIDENT/CEO OF THE SYSTEM, THE SENIOR VICE PRESIDENTS AND THE REGIONAL VICE PRESIDENTS ARE PRESENTED TO THE SSMHC BOARD OF DIRECTORS BY THE SAME INDEPENDENT COMPENSATION CONSULTANTS TO APPROVE, DISAPPROVE, MODIFY. THE SAME COMPARATIVE COMPENSATION PROCESS USED FOR EXECUTIVE SALARY/COMPENSATION IS PERFORMED INTERNALLY FOR ALL EMPLOYEES. THE SSMHC BOARD OF DIRECTORS HAS DELEGATED SALARY APPROVAL FOR ALL OTHER POSITIONS TO THE COMPENSATION COMMITTEE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE YEAR-END AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENT FOR THE SSM HEALTH CARE SYSTEM ARE MADE AVAILABLE TO THE PUBLIC ON SSM HEALTH CARE'S WEBSITE. THE ORGANIZATION'S ARTICLES OF INCORPORATION ARE AVAILABLE ON THE ILLINOIS SECRETARY OF STATES WEBSITE. COPIES OF THE FORM 990 AND THE ORGANIZATION'S CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES 4,730,922 PROGRAM SERVICE EXPENSES 259,982 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 4,990,904 PURCHASED SERVICES 4,389,635 PROGRAM SERVICE EXPENSES 594,746 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 4,984,381 TOTAL EXPENSES 4,984,381

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN BENEFICIAL INTEREST IN FOUNDATION 159,862 TRANSFERS FROM AFFILIATES 5,936,444

# **SCHEDULE R**

## **(Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST MARY'S HOSPITAL CENTRALIA ILLINO

**Employer identification number**

37-0662580

**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.)

**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.)

**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.)

**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		No
1b	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k	Yes	
1l	Yes	
1m	Yes	
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	
1s		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) SSM EMPLOYEE HEALTH CARE FUND	0	12,286,838	COST OF SERVICES

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

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

**Software ID:**  
**Software Version:**  
**EIN:** 37-0662580  
**Name:** ST MARY'S HOSPITAL CENTRALIA ILLINOIS

Schedule R (Form 990) 2012

Page 5

**Part VII** **Supplemental Information**

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

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
SSM MANAGED CARE ORGANIZATION LLC  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-1708511	HEALTH PROMOTION	MO	N/A	C				No
FPP INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-1465174	HEALTH CARE	MO	N/A	C				No
DIVERSIFIED HEALTH SERVICES CORP  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-1369305	MEDICAL EQUIPMENT	MO	N/A	C				No
SSM CARDIO AND THORACIC SERVICES INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 26-0286559	HEALTH CARE	MO	N/A	C				No
SSM PROPERTIES INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-1462486	PROPERTY SERVICES	MO	N/A	C				No
SSM DEPAUL MEDICAL GROUP INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-1715106	HEALTH CARE	MO	N/A	C				No
SSM ST CHARLES CLINIC MED GROUP INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-0626408	PHYSICIAN OFFICES	MO	N/A	C				No
HEALTH FIRST PHYS MANAGEMENT  477 N LINBERGH BLVD ST LOUIS, MO 63141 73-1534336	MEDICAL SERVICES	OK	N/A	C				No
SSMHCS LIABILITY TRUST II  477 N LINBERGH BLVD ST LOUIS, MO 63141 81-6128118	INSURANCE	MO	N/A	C				No
SSM NEUROSCIENCES INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 26-3413981	HEALTH CARE	MO	N/A	C				No
SSM MEDICAL GROUP INC  477 N LINBERGH BLVD ST LOUIS, MO 63141 43-1664107	PHYSICIAN OFFICES	MO	N/A	C				No
SSMHC INSURANCE COMPANY  477 N LINBERGH BLVD ST LOUIS, MO 63141 03-0310431	INSURANCE	CA	N/A	C				No
SSM ORTHOPEDIC INC  477 N LINDBERGH BLVD ST LOUIS, MO 63141 27-1557033	HEALTH CARE	MO	N/A	C				No
SSM CANCER CARE  477 N LINDBERGH BLVD ST LOUIS, MO 63141 27-1557324	HEATH CARE	MO	N/A	C				No
PHYSICIAN SERVICES CORP OF SOUTHERN ILLINOIS  477 N LINDBERGH BLVD ST LOUIS, MO 63141 36-4161526	HEATH CARE	IL	N/A	C				No

# SSM Health Care

Consolidated Financial Statements as of and for the  
Years Ended December 31, 2012 and 2011, and  
Independent Auditors' Report

# **SSM HEALTH CARE**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
SSM Health Care  
St Louis, Missouri

We have audited the accompanying consolidated financial statements of SSM Health Care Corporation and its subsidiaries (the "Organization"), 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 Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 Organization'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 Organization'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 financial position of SSM Health Care Corporation and its subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

*Deloitte & Touche LLP*

March 29, 2013

# SSM HEALTH CARE

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2012 AND 2011 (In thousands)

	2012	2011
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 27,580	\$ 19,869
Short-term investments	121,172	111,638
Current portion of assets limited as to use	250,495	290,065
Patient accounts receivable, less allowance for uncollectible accounts of \$120,927 in 2012 and \$87,037 in 2011	518,809	437,611
Other receivables	23,568	14,523
Inventories, prepaid expenses, and other	77,447	75,851
Estimated third-party payor settlements	<u>12,035</u>	<u>16,721</u>
Total current assets	<u>1,031,106</u>	<u>966,278</u>
ASSETS LIMITED AS TO USE OR RESTRICTED — Excluding current portion	<u>1,812,981</u>	<u>1,692,375</u>
PROPERTY AND EQUIPMENT — Net	<u>1,630,567</u>	<u>1,434,430</u>
OTHER ASSETS		
Deferred financing costs — net	6,753	7,867
Goodwill	31,955	8,987
Intangibles — net	17,041	3,723
Investments in unconsolidated entities	196,077	187,932
Other	<u>5,710</u>	<u>6,316</u>
Total other assets	<u>257,536</u>	<u>214,825</u>
<b>TOTAL</b>	<b><u>\$4,732,190</u></b>	<b><u>\$4,307,908</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Cash overdraft	\$ -	\$ 24,310
Revolving line of credit	37,225	-
Current portion of long-term debt	41,313	35,110
Accounts payable and accrued expenses	365,536	337,403
Payable under securities lending agreements	197,188	174,888
Estimated third-party payor settlements	<u>44,524</u>	<u>24,903</u>
Total current liabilities	<u>685,786</u>	<u>596,614</u>
LONG-TERM DEBT — Excluding current portion	1,279,255	1,190,699
ESTIMATED SELF-INSURANCE OBLIGATIONS	72,674	77,101
OTHER LIABILITIES	<u>1,127,856</u>	<u>1,119,640</u>
Total liabilities	<u>3,165,571</u>	<u>2,984,054</u>
NET ASSETS		
Unrestricted		
Noncontrolling interest in subsidiaries	19,232	12,196
SSM Health Care unrestricted net assets	<u>1,487,644</u>	<u>1,260,018</u>
Total unrestricted net assets	<u>1,506,876</u>	<u>1,272,214</u>
Temporarily restricted	40,743	34,090
Permanently restricted	<u>19,000</u>	<u>17,550</u>
Total net assets	<u>1,566,619</u>	<u>1,323,854</u>
<b>TOTAL</b>	<b><u>\$4,732,190</u></b>	<b><u>\$4,307,908</u></b>

See notes to consolidated financial statements

## SSM HEALTH CARE

### CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (In thousands)

	2012	2011
<b>OPERATING REVENUES AND OTHER SUPPORT</b>		
Net patient service revenues before provision for doubtful accounts	\$ 3,229,147	\$ 2,937,617
Less provision for doubtful accounts	<u>(157,230)</u>	<u>(126,367)</u>
Net patient service revenues	3,071,917	2,811,250
Investment income (loss)	31,167	(1,035)
Other revenue	220,637	185,542
Net assets released from restrictions	<u>3,431</u>	<u>8,585</u>
Total operating revenues and other support	<u>3,327,152</u>	<u>3,004,342</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,779,786	1,621,225
Supplies	557,111	508,945
Professional fees and other	736,748	655,563
Interest	37,683	35,372
Depreciation and amortization	156,875	144,702
Bad debts	<u>786</u>	-
Total operating expenses	<u>3,268,989</u>	<u>2,965,807</u>
<b>INCOME FROM OPERATIONS</b>	<u>58,163</u>	<u>38,535</u>
<b>NONOPERATING GAINS AND (LOSSES)</b>		
Investment income (loss)	147,097	(8,629)
Loss from early extinguishment of debt	<u>(1,125)</u>	<u>(887)</u>
Other — net	<u>1,835</u>	<u>1,460</u>
Total nonoperating gains and (losses) — net	<u>147,807</u>	<u>(8,056)</u>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS</b>	205,970	30,479
<b>CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS</b>	<u>306</u>	<u>(69,866)</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<u>206,276</u>	<u>(39,387)</u>

(Continued)

## SSM HEALTH CARE

### CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (In thousands)

	2012	2011
<b>UNRESTRICTED NET ASSETS</b>		
Excess (deficit) of revenues over expenses	\$ 206,276	\$ (39,387)
Gains (losses) on investments — net	595	(71)
Pension-related changes other than net periodic pension cost	22,969	(121,623)
Net assets released from restrictions for property acquisitions	2,261	12,802
Other — net	<u>2,561</u>	<u>(6,375)</u>
Increase (decrease) in unrestricted net assets	<u>234,662</u>	<u>(154,654)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions for charity care and other programs	9,324	13,193
Gains on investments — net	3,028	428
Net assets released from restrictions for operations	(3,431)	(8,585)
Net assets released from restrictions for property acquisitions	(2,261)	(12,802)
Other — net	<u>(7)</u>	<u>295</u>
Increase (decrease) in temporarily restricted net assets	<u>6,653</u>	<u>(7,471)</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions for charity care and other programs	916	1,383
Gains on investments — net	534	100
Other — net	<u>-</u>	<u>(561)</u>
Increase in permanently restricted net assets	<u>1,450</u>	<u>922</u>
<b>CHANGE IN NET ASSETS</b>		
NET ASSETS — Beginning of year	<u>1,323,854</u>	<u>1,485,057</u>
NET ASSETS — End of year	<u>\$ 1,566,619</u>	<u>\$ 1,323,854</u>
See notes to consolidated financial statements		(Concluded)

# SSM HEALTH CARE

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (In thousands)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 242.765	\$ (161.203)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Pension-related changes other than net periodic pension cost	(22.969)	121.623
Depreciation and amortization	157.283	145.454
Loss on early extinguishment of debt	1.125	887
Provision for doubtful accounts and bad debts	158.016	126.367
Contributions restricted for long-term investment	(4.403)	(3.312)
Distributions (Contributions) to former noncontrolling owners — net	(3.239)	3.530
Gains and losses on investments — net	(139.598)	50.546
Equity in earnings of unconsolidated entities	(7.919)	(2.955)
Change in valuation of investments in unconsolidated entities	(114)	892
Change in market value of interest rate swaps	(306)	69.866
Gain on disposal of assets	(336)	(974)
Changes in assets and liabilities		
Short-term investments	(9.534)	53.886
Patient accounts receivable	(236.751)	(224.172)
Other receivables, inventories, prepaid expenses, and other	(3.275)	(21.707)
Accounts payable, accrued expenses, and other liabilities	42.128	95.484
Estimated self-insurance obligations	(4.427)	(5.604)
Net cash provided by operating activities	<u>168.446</u>	<u>248.608</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(279.710)	(261.298)
Proceeds from disposal of property and equipment	195	1.917
Purchase of assets limited as to use or restricted	(2,974,997)	(3,762,902)
Sales of assets limited as to use or restricted	3,057,107	3,823,730
Contributions to unconsolidated entities	(10,505)	(8,948)
Distributions from unconsolidated entities	11,226	6,589
Acquisition of hospitals and health care entities	(66,004)	-
Net change in other assets	(12,325)	(1,079)
Net cash used in investing activities	<u>(275,013)</u>	<u>(201,991)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	283.265	98,444
Payments on long-term debt	(213,281)	(128,937)
Debt issuance costs	(573)	-
Restricted contributions	4,403	3,312
Contributions from noncontrolling owners	7,205	-
Distributions to noncontrolling owners	(3,966)	(3,530)
Proceeds from revolving line-of-credit	37,225	-
Net cash provided by (used in) financing activities	<u>114,278</u>	<u>(30,711)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>7.711</u>	<u>15,906</u>
CASH AND CASH EQUIVALENTS — Beginning of year	<u>19,869</u>	<u>3,963</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 27,580</u>	<u>\$ 19,869</u>

See notes to consolidated financial statements

# SSM HEALTH CARE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (Dollars in thousands)

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### 1. ORGANIZATION AND PURPOSE

SSM Health Care (SSMHC) is a multi-institutional provider of health services comprised of SSM Health Care Corporation (SSMHCC) as the principal not-for-profit corporation which holds membership or stock ownership in other affiliated corporations. SSMHCC has been established as the parent corporation. Through its affiliated corporations, SSMHC owns and operates 18 acute care hospitals, one children's hospital, two long-term care facilities, and other health care businesses located primarily in Missouri, Oklahoma, Wisconsin, and Illinois. SSMHC also has exclusive affiliation agreements with six acute care hospitals. SSMHCC and most of its affiliated subsidiary corporations are organizations described in Section 501(c)(3) of the Internal Revenue Code (IRC). As such, they are exempt from federal income tax on income from activities related to their exempt purposes under IRC Section 501(a).

SSMHC is sponsored by the Franciscan Sisters of Mary. The President and Councilors of the Congregational Council of the Franciscan Sisters of Mary serve as the members of SSMHCC, which hold certain reserved powers over SSMHCC.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Presentation** — The consolidated financial statements include the accounts of SSMHCC and all wholly owned, majority owned, and controlled entities, including the consolidated statements of SSMHC Liability Trust I and SSMHC Liability Trust II as described in Note 13. All significant intercompany balances and transactions have been eliminated in consolidation.

**Cash and Cash Equivalents** — Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased.

**Short-Term Investments** — Short-term investments are measured at fair value and include liquid investments with original maturities at time of purchase of greater than three months and less than three years.

**Financial Instruments** — The carrying amounts of cash equivalents and unsettled investment transactions approximate fair value. Management's estimates of the fair value of other financial instruments are described elsewhere in the notes to consolidated financial statements. Investments reported as assets that are designated as limited as to use or restricted, short-term investments, and interest rate swaps are measured at fair value as described in Note 7. Long-term debt is measured at fair value as described in Note 11. Due to the volatility of the U.S. economy and the financial markets, there is uncertainty regarding the long-term impact market conditions will have on SSMHC's investment portfolio.

**Patient Accounts Receivable** — Patient accounts receivable are stated at estimated net realizable amounts from patients, third-party payors, and other insurers for services provided. Management periodically reviews the adequacy of the allowance for uncollectible accounts based on historical experience, trends in health care coverage, and other collection indicators. Reserves for charity and

uncollectible amounts have been established and are netted against patient accounts receivable in the consolidated balance sheets

SSMHC's mission is to provide exceptional health care services to all persons regardless of their ability to pay. After all payments, discounts and reasonable collection efforts have been exhausted, SSMHC follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by SSMHC. Accounts placed with collection agencies are written off and excluded from patient accounts receivable and allowance for doubtful accounts.

**Inventories** — Inventories are stated at the lower of cost or market. Cost is determined principally using the first-in, first-out method.

**Assets Limited as to use or Restricted** — Assets limited as to use include investments and other assets set aside by the Board of Directors at their discretion for future capital improvements or for other purposes, and assets held in trust under bond indentures and self-insurance agreements. Unsettled investment transactions include receivables and payables from investment sales which are not settled until the following year. Assets restricted as to use include investments and other assets whose use is restricted by donors (temporarily or permanently).

**Pooled Investments** — SSMHC holds the majority of its investments in a pooled investment program which also includes the investments of its defined benefit plans as well as other smaller nonconsolidated entities. The earnings are allocated proportionately according to ownership percentages as defined in pooled investment agreements. The combined investments of SSMHC and its defined benefit plans account for over 99% of the pooled investments.

SSMHC has elected the fair value option for financial investments in limited partnerships and limited liability corporations made through its centralized investment program that would otherwise be recorded using either the cost or equity methods. SSMHC made this election in order to ensure that the accounting treatment of these investments was comparable between categories, regardless of the current organizational structure of the various investments.

**Derivative Instruments** — It is SSMHC's policy to provide sound stewardship of fiscal resources by effectively managing both the level of outstanding debt and the proportion of variable to fixed rate debt. Accordingly, SSMHC periodically enters into derivative arrangements to manage interest rate risk related to variable rate debt.

SSMHC records derivative instruments as either an asset or liability measured at its fair value (Note 7). The estimated fair value of interest rate swap instruments has been determined using available market information and valuation methodologies, primarily discounted cash flows.

The net change in the fair value is recorded as a nonoperating gain or loss. The difference between the actual amount paid and the actual amount received on all interest rate swaps is accrued and recognized as an adjustment to interest expense. Collateral is reported as a separate asset rather than an offset to the fair value of interest rate swaps.

**Securities Lending Program** — SSMHC participates in securities lending transactions with its custodian whereby SSMHC lends a portion of its investments to various brokers in exchange for collateral for the securities loaned, usually on a short-term basis. SSMHC maintains effective control of the loaned securities through its custodian during the term of the arrangement in that they may be recalled at any time. Collateral received from brokers must equal at least 100% of the original market

value of the securities on loan, and is subsequently adjusted for market fluctuations SSMHC must return to the borrower the original value of collateral received regardless of the impact of market fluctuations The collateral is invested in a pool maintained by the custodian Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed

The securities on loan under this program are recorded as assets whose use is limited The market value of collateral held for loaned securities is reported as collateral held under securities lending program which is recorded in assets whose use is limited, and an obligation is recorded in current liabilities for repayment of collateral upon settlement of the lending transaction

**Property and Equipment** — Property and equipment acquisitions are recorded at cost or, if donated or impaired, at fair value at the date of receipt or impairment Depreciation expense is determined using the straight-line method over the estimated useful life of the asset 5 to 25 years for land improvements, 5 to 40 years for buildings, and 3 to 20 years for equipment Equipment under capital leases is amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization expense Capitalized software costs and related amortization expense are reported as a component of property and equipment Interest costs incurred on borrowed funds during construction periods are capitalized as a component of the asset cost

SSMHC periodically evaluates property and equipment to determine whether assets may have been impaired The evaluations address the estimated recoverability of the assets' carrying value Such analyses require various valuation techniques using management assumptions, including estimates of future cash flows As a result, there is at least a reasonable possibility that recorded estimates of fair value and impairment will change by a material amount

**Deferred Financing Costs** — Deferred financing costs are amortized using the effective interest rate method over the term of the related obligation

**Intangibles** — Goodwill represents the excess of costs over the fair value of assets of businesses acquired Goodwill acquired in business combinations is not amortized, but instead is subject to impairment tests performed at least annually Goodwill is evaluated for possible impairment at the reporting unit level at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable Goodwill is evaluated for possible impairment by comparing the fair value of a reporting unit with its carrying value, including the goodwill assigned to that reporting unit Fair value of a reporting unit is estimated using a combination of income-based and market-based valuation methodologies Under the income approach, forecasted cash flows of a reporting unit are discounted to a present value using a discount rate commensurate with the risks of those cash flows Under the market approach, the fair value of a reporting unit is estimated based on the revenues and earnings multiples based on recent transactions involving comparable entities An impairment charge is recorded if the carrying value of the goodwill exceeds its implied fair value The determination of a reporting unit's fair value requires management to make significant assumptions regarding estimated future cash flows and long-term growth rates As a result, there is at least a reasonable possibility that recorded estimates of fair value and impairment will change The annual goodwill impairment analyses completed in 2012 and 2011 resulted in no impairment losses

Intangible assets include a trademark, non-compete agreements and other intangible assets acquired from independent parties Intangible assets with a definite life are amortized on a straight-line basis, with estimated useful lives ranging from one to 20 years Amortization of intangibles is included in depreciation and amortization expense SSMHC reviews the carrying value of its amortizable intangible assets only when impairment indicators are present SSMHC evaluates intangible assets for impairment

by comparing the estimates of undiscounted future cash flows to the carrying values of the related assets. Indefinite-lived intangible assets are evaluated for possible impairment at least annually or whenever events or changes in circumstances indicate the asset might be impaired. There were no impairments identified during 2012 or 2011.

**Investments in Unconsolidated Entities** — Investments in unconsolidated entities, other than the limited partnership and limited liability corporations in the pooled investment program, are accounted for under the cost or equity method of accounting, as appropriate. SSMHC utilizes the equity method of accounting for its investments in unconsolidated entities over which it exercises significant influence. SSMHC's equity income or loss on these investments is recorded as other revenue. SSMHC evaluates these investments for other-than-temporary impairment in accordance with accounting standards for equity method investments.

**Other Liabilities** — Other liabilities include various deferred compensation plans and the underfunded status of SSMHC's pension plans which represents the value of the projected benefit obligation over the fair value of plan assets. The pension plan obligations and plan assets are measured as of December 31.

In 2012 SSMHC recorded \$22,969 to decrease other liabilities and increase unrestricted net assets due to recognition of the change in the underfunded status of the plan. The gain was a result of plan amendments as described in Note 12 offset by the impact of the declining discount rate. In 2011, SSMHC recorded \$121,623 to increase other liabilities and decrease unrestricted net assets due to recognition of the change in the underfunded status of the plan caused by the increase in the projected benefit obligation due to the declining discount rate.

**Temporarily and Permanently Restricted Net Assets** — Temporarily restricted net assets are those whose use by SSMHC has been limited by donors to a specific time period or purpose. These assets are restricted for funding a specific program, capital projects, and other purposes. Permanently restricted net assets have been restricted by donors to be maintained by SSMHC in perpetuity. They are generally restricted to provide ongoing income for a specific program.

**Noncontrolling Interests** — The consolidated financial statements include all assets, liabilities, revenue and expenses of less than 100% owned or controlled entities SSMHC controls in accordance with applicable accounting guidance. Accordingly, SSMHC has reflected a noncontrolling interest for the portion of net assets not owned or controlled by SSMHC separately on the consolidated balance sheets.

**Net Patient Service Revenues** — SSMHC recognizes net patient service revenue before provision for bad debt in the period in which services are provided. SSMHC has agreements with payors that provide for payments at amounts different from established charges. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement, and negotiated discounts from established charges.

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments due to future audits, reviews, and investigations. The differences between the estimated and actual adjustments are recorded as part of net patient service revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews, and investigations.

**Capitated Contracts** — SSMHC has capitated contracts with health maintenance organizations. Under these arrangements, SSMHC receives capitation premiums based on the demographic characteristics of covered members in exchange for providing comprehensive medical services for those members.

SSMHC recorded capitated revenues of \$10,370 and \$10,563 for the years ended December 31, 2012 and 2011, respectively. Capitation revenues are included in net patient service revenues.

Effective January 1, 2011, SSMHC and Dean Health Systems, Inc. entered into a new risk sharing arrangement for certain health care services provided to members of Dean Health Insurance, Inc. and Dean Health Plan, Inc. Under the risk sharing arrangement, a percentage of the Dean Health Insurance, Inc. and Dean Health Plan, Inc. premiums are paid into various pools for which SSMHC assumes a portion of the risk. Payments are made from the pools for certain covered services. SSM receives disbursements from the pools for their share of the accumulated surplus or pays into the pools for their share of the accumulated deficit. Total payments received during the year ended December 31, 2012 and 2011, for services, net of accumulated deficits, were \$133,612 and \$131,835, respectively, which are included within net patient service revenues. During the year ended December 31, 2011, SSMHC also received service incentive fees totaling \$2,639 which represented retroactive adjustments from the previous risk sharing arrangement with Dean Health Systems, Inc. This amount is included in net patient service revenues.

**Investment Income** — Most investment income is reported as nonoperating gains or losses. Investment income on funds held in trust for self-insurance purposes and unrestricted funds held by foundations is included in other operating revenue. The cost of investments sold is based on the specific-identification method.

Investment income on investments of donor-restricted funds, other than endowments, is included in excess of revenues over expenses unless the income or loss is restricted by donors. Investment income that is restricted by the donor is recorded directly to temporarily or permanently restricted net assets, in accordance with the donor-imposed restrictions.

SSMHC values hedge funds, real estate investments, and partnership interests at fair value. Gains and losses on these investments are included in nonoperating investment income unless it is restricted by donors.

SSMHC classifies its debt and equity securities as trading securities. Changes in the fair values of trading securities are recorded in the excess of revenues over expenses.

The change in unrealized gains and losses on investments recorded as a change in unrestricted net assets includes the unrealized gains or losses related to investments available for sale at equity method investees.

**Contributions** — Contributions, including unconditional promises to give, are recognized at their fair value at the time of receipt. For financial reporting purposes, SSMHC distinguishes between contributions that are unrestricted, temporarily restricted, or permanently restricted based on the restrictions placed on their use by the donors. Contributions restricted for additions to property and equipment are recorded as temporarily restricted assets. When the restrictions have been met, these temporarily restricted contributions are recorded as net assets released from restrictions for property acquisitions. Contributions temporarily restricted for other purposes are reported as temporarily restricted contributions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, they are reported as net assets released from restrictions and an increase to unrestricted net assets. Contributions of assets that donors have stipulated must be maintained permanently, with only the income earned thereon available for use, are classified as permanently restricted assets. Contributions for which donors have not stipulated restrictions are reported as other revenue.

Endowment assets include donor-restricted funds that SSMHC must hold in perpetuity or for a donor-specified period. SSMHC preserves 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. SSMHC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable, (c) accumulations to the permanent endowment made in accordance with specific donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the SSMHC entity that received the donation. SSMHC considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- a State law
- b The duration and preservation of the fund
- c The purposes of the donor-restricted endowment funds and how they relate to SSMHC's priorities for carrying out its mission within the communities it serves
- d General economic conditions
- e The possible effects of inflation and deflation
- f The expected total return from income and the appreciation of investments
- g Other resources available to the entity and its beneficiary, if applicable
- h The investment policies of the entity

**Electronic Health Record Incentives** — Under certain provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), federal incentive payments are available to hospitals, physicians and certain other professionals (Providers) when they adopt, implement or upgrade (AIU) certified electronic health record (EHR) technology or become "meaningful users," as defined under ARRA, of EHR technology in ways that demonstrate improved quality, safety and effectiveness of care. Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods. Medicaid providers can receive their initial incentive payment by satisfying AIU criteria, but must demonstrate meaningful use of EHR technology in subsequent years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments, however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments, but not both. Hospitals that are meaningful users under the Medicare EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by a state. Medicaid EHR incentive payments to Providers are 100% federally funded and administered by the states. The Centers for Medicare and Medicaid Services (CMS) established calendar year 2011 as the first year states could offer EHR incentive payments. Before a state may offer EHR incentive payments, the state must submit and CMS must approve the state's incentive plan.

SSMHC recognizes Medicaid EHR incentive payments in its consolidated statements of operations for the first payment year when (1) CMS approves a state's EHR incentive plan, and (2) its hospital or employed physician acquires certified EHR. Medicare and Medicaid EHR incentive payments for subsequent payment years are recognized in the period during which the specified meaningful use criteria are met. SSMHC recognizes Medicare EHR incentive when (1) the specified meaningful use

criteria are met, and (2) contingencies in estimating the amount of the incentive payments to be received are resolved. During the years ended December 31, 2012 and 2011, certain of SSMHC's hospitals satisfied the CMS AIU and/or meaningful use criteria. As a result, SSMHC recognized approximately \$4,470 and \$13,037 of Medicaid EHR incentive payments as other revenue for the years ended December 31, 2012 and 2011, respectively. SSMHC's hospitals recognized \$14,209 of Medicare EHR incentive payments as other revenue for the year ended December 31, 2012.

**Performance Indicator** — The consolidated statements of operations and changes in net assets include excess of revenues over expenses as SSMHC's performance indicator. Changes in unrestricted net assets that are excluded from excess of revenues over expenses, consistent with industry practice, include changes in unrealized gains and losses on investments, net of available for sale investments held by equity investees, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets), and pension related changes other than net periodic pension cost.

**Consolidated Statements of Operations** — For purpose of display, transactions deemed by management to be ongoing, major, or central to the provision of health care and related services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

**Income Taxes** — SSMHC evaluates its uncertain tax positions on an annual basis. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. There have been no uncertain tax positions recorded in 2012 or 2011.

SSMHC has net operating loss (NOL) carry forwards available related to unrelated business income and to its for-profit subsidiaries. SSMHC fully reserves these carry forwards because it does not anticipate earning future profits. The amount of the carry forwards available for 2012 and 2011 was \$429,662 and \$379,124, respectively.

**Use of Estimates** — The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Non-Cash Transactions** — During the years ended December 31, 2012 and 2011, SSMHC had the following non-cash transactions:

	2012	2011
Collateral received (refunded) under securities lending program	\$ 22,300	\$ 34,265
Property and equipment purchases included in accounts payable	19,618	22,078
Investment in unconsolidated entities included in long-term debt	8,648	4,000
Capital leases	-	65

**New Accounting Pronouncements** — In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-05, *Statement of Cash Flows (Topic 230), Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* (ASU 2012-05) to address diversity in practice about how to classify cash receipts arising

from the sale of certain donated financial assets, such as securities, in the statement of cash flows of not-for-profit entities. The adoption of ASU 2012-05 is effective prospectively as of January 1, 2013. The adoption of ASU 2012-05 is not expected to have a material impact on SSMHC's consolidated financial statements.

In July 2012, the FASB issued ASU 2012-02, *Intangibles – Goodwill and Other (Topic 350), Testing Indefinite-Lived Intangible Assets for Impairment*. (ASU 2012-02) which permits an entity to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test as described in Topic 350. ASU 2012-02 is effective for SSMHC as of January 1, 2013. The adoption of ASU 2012-02 is not expected to have a material impact on SSMHC's consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350), Testing Goodwill for Impairment*. (ASU 2011-08) which simplifies how entities test goodwill for impairment. ASU 2011-08 permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The adoption of ASU 2011-08 was effective for SSMHC as of January 1, 2012 and did not have a material impact on SSMHC's consolidated financial statements.

In July 2011, the FASB issued ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07) which amended Accounting Standards Codification (ASC) No 954, *Health Care Entities* (ASC 954) to provide greater transparency regarding a health care entity's net patient revenue and the related allowance for doubtful accounts. ASU 2011-07 requires certain health care entities to change the presentation of the provision for bad debts associated with patient service revenue by reclassifying the provision from operating expenses to a deduction from net patient revenue if the organization does not evaluate the patient's ability to pay before providing services and recognizing revenue and requires enhanced disclosures about net patient revenue and the policies for recognizing revenue and assessing bad debts. The adoption of ASU 2011-07 was effective for SSMHC as of January 1, 2012 and was applied retrospectively to the year ended December 31, 2011. The adoption of ASU 2011-07 did not have a material impact on SSMHC's consolidated financial statements other than the reclassification of bad debts from total operating expenses to a reduction of net patient revenue.

In May 2011, the FASB issued ASU No 2011-04, *Fair Value Measurements (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04), which amended ASC No 820, *Fair Value Measurement* (ASC 820) to change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The adoption of ASU 2011-04 was effective for SSMHC as of January 1, 2012 and did not have a material impact on SSMHC's consolidated financial statements.

### **3. UNCOMPENSATED CARE**

In line with its mission, SSMHC provides services to patients without regard to their ability to pay for those services. For some of its patient services, SSMHC receives no payment or payment that is less than the full cost of providing the services.

SSMHC voluntarily provides free care to patients who are unable to pay for all or part of their health care expenses as determined by SSMHC's criteria for financial assistance. Because SSMHC does not

pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenues

In some cases, SSMHC does not receive the amount billed for patient services even though it did not receive information necessary to determine if the patients met the criteria for financial assistance

The estimated cost of charity care and the cost of doubtful accounts are as follows. The estimated costs are calculated using the costs of providing patient care divided by gross patient service revenue. This ratio is then multiplied by the gross charity and doubtful charges to determine estimated costs

	2012	2011
Cost of charity care	\$ 95,484	\$ 78,002
Cost of doubtful accounts	69,954	56,729

SSMHC also commits significant time and resources to activities and critical services that address unmet community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include health screenings and assessments, prenatal education and care, hospice, support for residences for homeless persons, trauma care, community health education and various support groups

#### **4. NET PATIENT SERVICE REVENUES**

A significant portion of SSMHC's revenue is generated under agreements with Medicare and Medicaid. Payments for services covered by Medicare are based on federal regulations specific to the type of service provided. Medicare pays for most services at a prospective rate. Hospital facilities that meet certain requirements receive additional funds in partial payment for the cost of medical education and caring for the indigent. The rates for services covered by Medicaid are determined by the regulations of the state in which the beneficiary is a resident. Medicare and Medicaid regulations are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount.

SSMHC has an estimation process for recording Medicare net patient service revenue and estimated cost report settlements. Accruals are recorded to reflect the expected final cost report settlements. Accruals are based upon filed cost reports or an estimate of what is expected to be reported on cost reports not yet filed.

In addition, SSMHC has negotiated contracts with certain other third-party payors. Revenues under these contracts are based primarily on payment terms involving predetermined rates per diagnosis, per-diem rates, discounted fee-for-service rates and other similar contractual arrangements. SSMHC estimates the discounts for contractual allowances at the individual hospital level utilizing billing data on an individual patient basis. On a monthly basis, an estimate is made of the expected reimbursement for patients of managed care plans based on the applicable contract terms.

SSMHC provides discounts on charges for hospital services to all patients without insurance and who do not receive their health care services under Medicare, Medicaid or a public aid program. The discount varies by geographical location, primarily based on the discounts negotiated with SSMHC private third-party payors in that location. The total discounts provided to uninsured patients under this policy were \$205,362 and \$167,491 for the years ended December 31, 2012 and 2011, respectively, and are included as a reduction in net patient service revenues. If it is determined that an uninsured patient is eligible for a charity discount for hospital services, the charity discount will be taken after the discount for uninsured patients has been applied.

SSMHC participates in assessment programs in the four states in which it operates. For the year ended December 31, 2012, SSMHC recognized \$191,375 in revenue and \$136,319 in expenses relating to these programs. For the year ended December 31, 2011, SSMHC recognized \$152,050 in revenue and \$115,667 in expenses relating to these programs. The revenue is included in net patient service revenues and the expenses are included in professional fees and other expenses.

The table below shows the sources of net patient service revenue before provision for bad debt

	<b>2012</b>	<b>2011</b>
Medicare	\$ 907,218	\$ 841,689
Medicaid	479,091	430,005
Managed Care	1,501,064	1,399,195
Other	<u>341,774</u>	<u>266,728</u>
Net patient service revenue before provision for bad debt	<u><u>\$3,229,147</u></u>	<u><u>\$2,937,617</u></u>

A summary of SSMHC's Medicare, Medicaid and managed care utilization percentages, based upon gross patient service revenues was as follows

	<b>2012</b>	<b>2011</b>
Medicare	33 %	33 %
Medicaid	12	12
Managed care	45	45
Other	<u>10</u>	<u>10</u>
	<u><u>100 %</u></u>	<u><u>100 %</u></u>

In 2012 and 2011, net patient service revenues increased by \$32,466 and \$6,094, respectively, relating to changes in estimates for prior years' settlements from Medicare, Medicaid and other programs, including \$24,236 in 2012 for settlement of an appeal with CMS related to underpayments that occurred between 1998 and 2011 as a result of errors in the Medicare inpatient wage index calculation.

## 5. CONCENTRATION OF CREDIT RISK

SSMHC provides health care services through its inpatient and outpatient care facilities located in their respective communities. SSMHC attempts to collect amounts due from patients, including co-payments and deductibles for patients with insurance, at the time of service while complying with all federal and state laws and regulations, including the Emergency Medical Treatment and Active Labor Act (EMTALA). Generally, as required by EMTALA, patients may not be denied emergency treatment due to the inability to pay. In non-emergency circumstances or for elective procedures, SSMHC's policy is to verify insurance prior to treatment; however, exceptions can occur. SSMHC generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, health maintenance organizations, and commercial insurance policies).

SSMHC records an allowance for uncollectible accounts by establishing an allowance to reduce the carrying value of receivables to their estimated net realizable value. This allowance is calculated on an individual hospital basis and is based upon the aging of accounts receivable by payor class, historical

collection experience and other relevant factors SSMHC has not changed its charity care, allowance for uncollectible accounts or uninsured discount policies during the years ended December 31, 2012 and 2011. The allowance for uncollectible accounts increased \$33,890 from \$87,037 at December 31, 2011 to \$120,927 at December 31, 2012. This increase was primarily due to increased volumes of self-pay patients as well as co-payments and deductibles for patients with insurance. SSMHC does not maintain a material allowance for uncollectible accounts from third-party payors.

The mix of net receivables from patients and third-party payors as of December 31, 2012 and 2011, was as follows:

	<b>2012</b>	<b>2011</b>
Medicare	26 %	23 %
Medicaid	15	13
Managed care	43	47
Other	16	17
	<hr/> <u>100 %</u>	<hr/> <u>100 %</u>

## **6. ASSETS LIMITED AS TO USE OR RESTRICTED**

The SSMHC Board of Directors has designated the accumulation of certain funds for future replacement of property and equipment, other capital improvements, debt retirement, and other purposes. Additionally, under the terms of the indentures for various bond issues, funds held by trustees have been established and legally designated for debt service.

A summary of assets limited as to use or restricted as of December 31, 2012 and 2011, is as follows:

	<b>2012</b>	<b>2011</b>
Assets limited as to use		
Board designated for property and equipment, long-term employee benefit programs, and other	<u>\$ 1,610,955</u>	<u>\$ 1,494,850</u>
Held by trustee		
Bond funds	4,254	4,222
Self-insurance (Note 13)	191,336	229,220
Collateral held under swap agreements	-	27,620
Collateral held under securities lending agreements	<u>197,188</u>	<u>174,888</u>
	<hr/> <u>392,778</u>	<hr/> <u>435,950</u>
Assets restricted by donor as to use		
Temporarily restricted	40,743	34,090
Permanently restricted	<u>19,000</u>	<u>17,550</u>
	<hr/> <u>59,743</u>	<hr/> <u>51,640</u>
Total assets limited as to use or restricted	2,063,476	1,982,440
Less current portion	<u>250,495</u>	<u>290,065</u>
Noncurrent portion	<u>\$ 1,812,981</u>	<u>\$ 1,692,375</u>

Assets limited as to use or restricted comprise the following asset classifications which include securities on loan

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 55,790	\$ 102,148
Corporate obligations	279,549	184,355
Government securities	199,026	231,943
Mutual funds		
Domestic	366,088	385,965
International	184,166	149,918
Emerging markets	61,538	43,388
Hedge funds	177,050	188,825
Equities		
Small cap	29,700	28,942
Mid cap	69,358	86,250
Large cap	223,440	185,171
Partnership interests	79,813	84,706
Real estate investments	118,584	121,926
Unsettled investment transactions	(3,330)	(35,366)
Guaranteed fixed funds	4,502	3,400
Pooled separate accounts	2,998	2,558
Securities lending		
Equities	39,979	112,247
Government securities	136,111	28,337
Corporate obligations	21,098	34,304
Swap collateral — cash and cash equivalents	-	27,620
Other	<u>18,016</u>	<u>15,803</u>
<b>Total</b>	<b><u>\$ 2,063,476</u></b>	<b><u>\$ 1,982,440</u></b>

A summary of investment income (loss) for the years ended December 31, 2012 and 2011, is as follows

	<b>2012</b>	<b>2011</b>
Interest and dividends	\$ 42,823	\$ 41,339
Realized and unrealized gains (losses) on investments — net	<u>139,598</u>	<u>(50,546)</u>
<b>Total</b>	<b><u>\$ 182,421</u></b>	<b><u>\$ (9,207)</u></b>

Investment income (loss) is reported as follows

	<b>2012</b>	<b>2011</b>
Operating investment income (loss)	\$ 31,167	\$(1,035)
Nonoperating investment income (loss)	147,097	(8,629)
Gains (losses) on investments — net — unrestricted net assets	595	(71)
Gains on investments — net — temporarily restricted net assets	3,028	428
Gains on investments — net — permanently restricted net assets	<u>534</u>	<u>100</u>
<b>Total</b>	<b><u>\$ 182,421</u></b>	<b><u>\$ (9,207)</u></b>

The collateral held for the securities loaned and related payable of equal value at December 31, 2012 and 2011, were \$197,188 and \$174,888, respectively

The securities on loan are included in the following classifications

	<b>2012</b>	<b>2011</b>
Equity securities	\$ 39,700	\$ 109,061
Government securities	133,306	27,783
Corporate obligations	<u>20.704</u>	<u>33,628</u>
 Total	 <u>\$ 193,710</u>	 <u>\$ 170,472</u>

SSMHC recorded net investment income of \$1,225 and \$935 on these transactions for the years ended December 31, 2012 and 2011, respectively. Net investment income represents the amount received as investment income on the securities received as collateral, offset by the fees paid to the various brokers and the investment earnings on the securities loaned to the brokers

## 7. FAIR VALUE MEASUREMENTS

SSMHC defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including SSMHC's own credit risk

The fair values of all assets and liabilities recognized or disclosed at fair value are classified based on the lowest level significant inputs. SSMHC used the following methods to determine fair value

*Level 1* — Quoted prices (unadjusted) in active markets for identical assets or liabilities that SSMHC has the ability to access on the report date

*Level 2* — Inputs (financial matrices, models, valuation techniques) other than quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Such observable inputs include benchmarking prices for similar assets in active, liquid markets, quoted prices in markets that are not active and observable yields and spreads in the market. SSMHC's Level 2 assets and liabilities include investment securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using market standard valuation techniques. This category primarily includes corporate obligations and government securities, among others. Level 2 valuations are generally obtained from third party pricing services for identical or comparable assets or liabilities. Prices from services are validated through analytical reviews and assessment of current market activity. Interest rate swaps are valued using discounted future cash flows

*Level 3* — Inputs (such as professional appraisals, quoted prices from inactive markets that require adjustment based on significant assumptions or data that is not current, data from independent sources) that are unobservable for the asset or liability. SSMHC holds investments in real estate funds, hedge funds, and partnership interests. The real estate funds invest in real estate investment trusts and

commercial real estate, diversified by geographical location and use. The hedge funds invest in funds that hold various types of debt and equity securities.

For the years ended December 31, 2012 and 2011, a majority of the hedge funds, real estate investments, and partnership interests are recorded at the net asset value (NAV), which is the estimated fair value of the investments.

Following is a summary of assets and liabilities measured at fair value on a recurring basis by the level of significant input.

2012	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents — restricted	\$ 55.790	\$ -	\$ -	\$ 55.790
Corporate obligations	-	279.549	-	279.549
Government securities	-	199.026	-	199.026
Mutual funds				
Domestic	487.260	-	-	487.260
International	113.046	71.120	-	184.166
Emerging markets	61.538	-	-	61.538
Hedge funds	-	-	177.050	177.050
Equities				
Small cap	29.700	-	-	29.700
Mid cap	69.358	-	-	69.358
Large cap	223.440	-	-	223.440
Partnership interests	61.564	-	18.249	79.813
Real estate investments	-	-	118.584	118.584
Guaranteed fixed funds	-	4.502	-	4.502
Pooled separate accounts	-	2.998	-	2.998
Securities lending				
Equity securities	39.979	-	-	39.979
Government securities	-	136.111	-	136.111
Corporate obligations	-	21.098	-	21.098
<b>Total assets</b>	<b><u>\$ 1,141.675</u></b>	<b><u>\$ 714.404</u></b>	<b><u>\$ 313.883</u></b>	<b><u>\$ 2,169.962</u></b>
<b>Liabilities — interest rate swaps</b>	<b><u>\$ -</u></b>	<b><u>\$ 135.152</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 135.152</u></b>

2011	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents — restricted	\$ 102,148	\$ -	\$ -	\$ 102,148
Corporate obligations	-	184,355	-	184,355
Government securities	-	231,943	-	231,943
Mutual funds				
Domestic	497,600	-	-	497,600
International	91,920	57,998	-	149,918
Emerging markets	43,388	-	-	43,388
Hedge funds	-	-	188,825	188,825
Equities				
Small cap	28,942	-	-	28,942
Mid cap	86,250	-	-	86,250
Large cap	185,171	-	-	185,171
Partnership interests	62,647	-	22,059	84,706
Real estate investments	-	-	121,926	121,926
Guaranteed fixed funds	-	3,400	-	3,400
Pooled separate accounts	-	2,558	-	2,558
Swap collateral				
Cash and cash equivalents	27,620	-	-	27,620
Securities lending				
Equity securities	112,247	-	-	112,247
Government securities	-	28,337	-	28,337
Corporate obligations	-	34,304	-	34,304
Total assets	<u>\$ 1,237,933</u>	<u>\$ 542,895</u>	<u>\$ 332,810</u>	<u>\$ 2,113,638</u>
Liabilities — interest rate swaps	<u>\$ -</u>	<u>\$ 135,458</u>	<u>\$ -</u>	<u>\$ 135,458</u>

It is SSMHC's policy that transfers between Levels will occur when revised information regarding the lowest level of significant inputs becomes available. During 2011, additional information became available regarding certain international mutual fund investments and management determined that mutual funds previously classified as Level 3 should be classified as Level 2. As of January 1, 2011, SSMHC transferred \$51,290 from Level 3 to Level 2. Transfers out of Level 3 represent existing assets that were previously categorized as Level 3 for which the lowest significant input became observable during the period.

Changes related to the fair values based on Level 3 inputs for the years ended December 31, 2012 and 2011, are summarized as follows:

	2012	2011
<b>Assets</b>		
Beginning balance	\$ 332,810	\$ 221,747
Total gains (losses)	16,011	(8,479)
Purchases	15,696	187,615
Sales	(50,634)	(16,783)
Transfers out	-	(51,290)
Ending balance	<u>\$ 313,883</u>	<u>\$ 332,810</u>

Unrealized gains (losses) on Level 3 investments were \$15,249 and \$(7,575) for 2012 and 2011, respectively, and are recorded as nonoperating investment income

The hedge funds, real estate investments, and partnership interests are redeemable at NAV under the original terms of the agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of SSMHC's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if SSMHC were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. As such, SSMHC has classified these as level 3 investments. In addition, the unfunded commitments to these funds are \$8,830 and \$10,078 at December 31, 2012 and 2011, respectively. Assets recorded at NAV at December 31, 2012, are as follows:

**December 31, 2012**

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Hedge funds (a)	\$ 177,050	\$ -	quarterly	30–100 days
Partnership interests (b)	18,249	-	quarterly	30–100 days
Real estate investments (c)	<u>118,584</u>	<u>8,830</u>		
<b>Total</b>	<b><u>\$313,883</u></b>	<b><u>\$ 8,830</u></b>		

**December 31, 2011**

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Hedge funds (a)	\$ 188,825	\$ -	quarterly	30–100 days
Partnership interests (b)	22,059	-	quarterly	30–100 days
Real estate investments (c)	<u>332,810</u>	<u>10,078</u>		
<b>Total</b>	<b><u>\$543,694</u></b>	<b><u>\$ 10,078</u></b>		

- (a) This category includes investments in hedge funds that maintain positions both long and short in equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques, and the managers can maintain net long or net short exposure levels based on market views. The strategy designs a diversified portfolio of managers and strategies with the objective of significantly lowering the risk and volatility of investing with an individual manager.
- (b) This category includes investments in a limited partnership interest that invests in multiple long-short, market-neutral equity hedge fund managers. The investment is designed to achieve consistent market returns across all market cycles and mitigate market directional portfolio risk through maintaining low net exposure.

(c) This category includes investments in real estate funds that invest in the following underperforming and distressed real estate assets at well below potential replacement cost and which create significant value-added upside through extensive repositioning and capital improvements. distressed real estate and real estate-related debt, companies, securities, and other assets, high quality properties in major metropolitan areas, participating mortgages secured by core real estate properties. Investments in real estate are valued based upon independent appraisals using a cost approach, market approach or income approach as well as consideration of other third party evidence

## 8. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2012 and 2011, is as follows

	<b>2012</b>	<b>2011</b>
Land and improvements	\$ 116,761	\$ 105,220
Buildings	1,754,415	1,598,998
Equipment	<u>1,114,845</u>	<u>1,003,199</u>
	2,986,021	2,707,417
Less accumulated depreciation	<u>1,676,907</u>	<u>1,544,129</u>
	1,309,114	1,163,288
Real estate held for future development	9,140	9,366
Construction in process	<u>312,313</u>	<u>261,776</u>
<b>Total</b>	<b><u>\$ 1,630,567</u></b>	<b><u>\$ 1,434,430</u></b>

Operating depreciation expense for the years ended December 31, 2012 and 2011, totaled \$154,837 and \$142,793, respectively. Nonoperating depreciation or amortization expense for the years ended December 31, 2012 and 2011, totaled \$60 and \$62, respectively.

Capitalized software costs totaled \$165,688 and \$129,116 at December 31, 2012 and 2011, respectively. The related amortization totaled \$114,173 and \$82,619, respectively, at December 31, 2012 and 2011. These amounts are included in equipment in the above summary of property and equipment.

The book value of equipment under capital lease obligations at December 31, 2012 and 2011, totaled \$66,869 and \$58,323, respectively. The related accumulated depreciation totaled \$32,822 and \$38,888, respectively, at December 31, 2012 and 2011. These amounts are included in the above summary of property and equipment.

**Assets Held for Sale and Impairment Costs** — SSMHC had no properties held for sale at December 31, 2012 and 2011. SSMHC periodically performs reviews of its properties based on strategic criteria to determine the best use of its resources.

## 9. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table provides information on changes in the carrying amount of goodwill for the years ended December 31, 2012 and 2011

	2012	2011
Balance — beginning of the period	\$ 8,987	\$ 8,987
Goodwill acquired during the year	<u>22,968</u>	-
Balance — end of the period	<u><u>\$31,955</u></u>	<u><u>\$ 8,987</u></u>

The following table provides information regarding other intangible assets for the years ended December 31, 2012 and 2011

	2012		2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Amortized intangible assets</b>				
Noncompete agreements	\$ 13,678	\$ 756	\$ 1,116	\$ 372
Tradename	2,642	727	2,642	595
Favorable leasehold interests	1,321	52	-	-
Certificates of need	1,277	788	1,277	408
Medical records	876	523	262	199
Other	<u>113</u>	<u>20</u>	-	-
<b>Total</b>	<b><u>\$ 19,907</u></b>	<b><u>\$ 2,866</u></b>	<b><u>\$ 5,297</u></b>	<b><u>\$ 1,574</u></b>

The weighted-average amortization period for the intangible assets subject to amortization is approximately 18 years. There are no expected residual values related to these intangible assets. Amortization expense on these intangible assets was \$1,272 and \$914 during the years ended December 31, 2012 and 2011, respectively.

Estimated future amortization of intangibles with finite useful lives as of December 31, 2012 is as follows

2013	\$ 1,974
2014	780
2015	780
2016	780
2017	780

## 10. INVESTMENTS IN UNCONSOLIDATED ENTITIES AND BUSINESS ACQUISITIONS

**Investments in Unconsolidated Affiliates** — SSMHC included the following income from operations from equity method investments in health care joint ventures for the years ended December 31, 2012 and 2011, as other revenue

	2012	2011
Income from operations	\$ 17,495	\$ 13,781
Losses from operations	<u>(9,576)</u>	<u>(10,826)</u>
Net income from operations	<u>\$ 7,919</u>	<u>\$ 2,955</u>

SSMHCC owns 47% of the outstanding stock of Dean Health Insurance, Inc., which operates as a health maintenance organization in the Southern Wisconsin market. This investment is being accounted for under the equity method and the carrying value of this investment exceeded SSMHC's share of underlying equity by approximately \$42,073 at December 31, 2012 and 2011. In addition, SSMHCC owns 47% of Dean Health Service Co., which is an information technology provider for Dean Health Insurance, Inc.

Dean Health Insurance, Inc. classifies its marketable securities as available for sale and includes the change in unrealized gain (loss) on available-for-sale marketable securities outside of its performance indicator. SSMHC records its share of this activity as an increase (decrease) in unrestricted net assets outside of its performance indicator.

Condensed financial information of Dean Health Insurance, Inc. and Subsidiaries and Dean Health Service Co. as of December 31, 2012 and 2011, and for the year then ended, is summarized below:

	2012	2011
Current assets	\$ 167,982	\$ 145,470
Noncurrent assets	<u>162,630</u>	<u>146,253</u>
Total assets	<u>\$ 330,612</u>	<u>\$ 291,723</u>
Current liabilities	\$ 151,888	\$ 126,575
Noncurrent liabilities	<u>24,782</u>	<u>13,083</u>
Total liabilities	176,670	139,658
Equity	<u>153,942</u>	<u>152,065</u>
Total liabilities and equity	<u>\$ 330,612</u>	<u>\$ 291,723</u>
Total revenues	\$ 1,080,770	\$ 1,046,477
Total expenses	<u>1,071,148</u>	<u>1,046,516</u>
Net income (loss)	<u>\$ 9,622</u>	<u>\$ (39)</u>

SSMHC also owns 5% of the outstanding stock of Dean Health Systems, Inc., a Wisconsin service corporation, acquired for \$8,000. This investment is being accounted for under the cost method. Dean

Health Systems, Inc. owns the remaining shares of Dean Health Insurance, Inc. and Dean Health Service Co.

**Acquisitions** — SSMHC entered into the following significant acquisition activities during the years ended June 30, 2012 and 2011.

**Community Health Partners, Inc. d/b/a Unity Health Center** — Effective June 30, 2012, SSMHC acquired the assets and liabilities of Unity Health Partners, Inc. Unity Health Center, a 114-bed hospital facility with approximately 60 physicians and 550 health-care professionals is located in Shawnee, Oklahoma. SSMHC acquired Unity Health Center for \$58,895 in cash and recorded related goodwill of \$21,933 and renamed the facility St Anthony Shawnee Hospital.

Summarized balance sheet information for St Anthony Shawnee Hospital at June 30, 2012 is shown below.

Current assets	\$ 3,027
Property and equipment	39,628
Goodwill	21,933
Intangible assets	1,928
Investment in unconsolidated entity	833
Liabilities	(8,454)

Operating results of St Anthony Shawnee Hospital for the period June 30, 2012 through December 31, 2012 included total unrestricted revenue of \$36,227, operating income of \$1,333 and excess of revenue over expenses of \$1,292.

**Shawnee Medical Center Clinic, Inc.** — Effective June 17, 2012, SSMHC acquired the assets and liabilities of Shawnee Medical Center Clinic, Inc. ("Clinic"). The Clinic is a multispecialty medical group with 27 physicians, 13 mid-level providers and 220 employees located primarily in Shawnee, Oklahoma. SSMHC acquired the Clinic for \$6,338 and recorded related goodwill of \$828.

Summarized balance sheet information for the Clinic at June 17, 2012 is shown below.

Current assets	\$ 2,633
Property and equipment	3,074
Goodwill	828
Intangible assets	244
Liabilities	(441)

Operating results of the Clinic for the period June 17, 2012 through December 31, 2012 included total unrestricted revenue of \$13,589 operating income of \$1,727 and excess of revenue over expenses of \$1,727.

The amount of SSMHC's revenue, earnings and changes in net assets had the above acquisitions occurred on January 1, 2011 are as follows.

	2012	2011
Net operating revenues and other support	\$3,378,731	\$3,099,953
Income from operations	61,208	45,468
Excess (deficit) of revenues over expenses	211,757	(30,476)

## 11. DEBT

Debt at December 31, 2012 and 2011, consists of the following

	2012	2011
<b>Under the Master Indenture</b>		
<b>Fixed rate</b>		
Series 2010A Bonds, 4.9% due serially through 2034 (plus unamortized premium of \$2,657 and \$2,848 at December 31, 2012 and 2011, respectively)	\$ 121,422	\$ 123,773
Series 2010B Bonds, 4.8% due serially through 2034 (plus unamortized premium of \$1,383 and \$1,480 at December 31, 2012 and 2011, respectively)	154,353	154,450
Series 2008A Bonds, 5.0% due serially through 2036 (less unamortized discount of \$2,589 and \$2,711 at December 31, 2012 and 2011, respectively)	101,411	101,289
Series 2002A Bonds, 3.2% to 5.0% due serially through 2012 (plus unamortized premium of \$0 and \$0 at December 31, 2012 and 2011, respectively)	-	10,695
Series 1992A, 6.2% due serially through 2015 (plus unamortized premium of \$370 and \$555 at December 31, 2012 and 2011, respectively)	<u>7,725</u>	<u>10,080</u>
<b>Total fixed rate debt</b>	<u><u>384,911</u></u>	<u><u>400,287</u></u>
<b>Variable rate</b>		
Series 2012A Variable Rate Direct Loans, 0.60% at December 31, 2012, due serially through 2045	110,000	-
Series 2012B Variable Rate Direct Loans, 0.79% at December 31, 2012, due serially through 2045	73,265	-
Series 2010C Variable Rate Demand Bonds, extinguished July, 2012	-	95,045
Series 2010D Variable Rate Demand Bonds, 0.17% at December 31, 2012, due serially through 2045	111,060	111,590
Series 2010E Variable Rate Demand Bonds, 0.14% at December 31, 2012, due serially through 2045	87,135	87,565
Series 2005A Variable Rate Demand Bonds, extinguished July, 2012		64,600
Series 2005C Variable Rate Demand Bonds, 0.15% to 0.18% at December 31, 2012, due serially through 2033	157,500	183,300
Series 2005D Variable Rate Demand Bonds, 0.21% at December 31, 2012, due serially through 2033	76,125	76,125
Series 2002B, Auction Rate Bonds, 0.60% at December 31, 2012, term bonds due between 2013 and 2020	60,000	60,000
Series 1998B, Auction Rate Bonds, 0.60% at December 31, 2012, due serially through 2019	<u>77,150</u>	<u>80,250</u>
<b>Total variable rate debt</b>	<u><u>752,235</u></u>	<u><u>758,475</u></u>
<b>Taxable debt — Fixed rate direct loan, 2.2% due in annual installments through 2019</b>	<u><u>100,000</u></u>	<u><u>-</u></u>
<b>Other debt</b>		
Note payable to Felician Services, Inc	40,832	40,134
Notes payable, due at various dates through 2029, interest at 4.00% to 6.00%, unsecured	7,121	8,189
Capital lease obligations, at varying rates from 3.00% to 6.13%, collateralized by leased equipment	<u>35,469</u>	<u>18,724</u>
<b>Total other</b>	<u><u>83,422</u></u>	<u><u>67,047</u></u>
<b>Total long-term debt</b>	<u><u>1,320,568</u></u>	<u><u>1,225,809</u></u>
<b>Less current portion</b>	<u><u>41,313</u></u>	<u><u>35,110</u></u>
<b>Total</b>	<u><u>\$ 1,279,255</u></u>	<u><u>\$ 1,190,699</u></u>

**SSM Health Care Master Indenture** — SSMHCC is a member of the SSM Health Care Credit Group (Credit Group) and the only Obligated Group Member pursuant to a Master Trust Indenture (amended and restated) dated May 15, 1998. SSMHC corporations not included in the Credit Group include a variety of entities consisting primarily of foundations, medical office building corporations, employed physician practices, and various other corporations involved in activities supporting SSM Health Care. Certain of SSMHC's affiliates are "Designated Affiliates" under the Master Trust Indenture. The net assets of the Designated Affiliates are available to SSMHCC to service all obligations under the Master Indenture. Various issuing authorities have issued tax-exempt revenue bonds under the Master Trust Indenture. The payment of Series 2002B, 1998B, 1992A, which aggregate \$144,875 and \$149,775 at December 31, 2012 and 2011, respectively, is insured by municipal bond insurance policies. The remaining bonds are uninsured. All Master Indenture debt is subject to certain debt covenants, including, among other things, the maintenance of certain cash balances and other financial ratios. SSMHC was in compliance with all debt covenants as of December 31, 2012.

On May 12, 2011, SSMHC terminated the bond insurance on portions of the Series 2005C variable rate demand bonds, totaling \$97,500. In connection with this termination, these bonds were subject to mandatory tender by bond owners and were remarketed to the public. Concurrently with the mandatory tender and the termination of insurance, SSMHC entered into an amended agreement to provide liquidity support for the bonds. The mandatory tender draws on the lines of credit and subsequent repayment of the amounts drawn are reported in the accompanying consolidated statements of cash flows as proceeds from long-term debt and repayments of long-term debt. As a result of the termination of the bond insurance, SSMHC recorded a loss on the extinguishment of debt in the amount of \$887 in 2011.

On July 26, 2012, SSMHC issued \$183,265 of direct tax-exempt loans through the Health and Education Facility of the state of Missouri. The proceeds were used for the partial repayment of the Series 2005C bonds and the complete repayment of the 2005A and 2010C bonds. SSMHC recorded a loss on the extinguishment of debt of \$1,125 in connection with these transactions.

**Taxable Debt** — On June 27, 2012, SSMHC entered into a term loan agreement with a financial institution in the amount of \$100,000.

**Auction Rate Bonds** — The debt includes \$137,150 and \$140,250 at December 31, 2012 and 2011, respectively, of variable auction rate bonds. The interest rates on these bonds are reset at regular intervals of 35 days. The bonds are bought and sold at the lowest bid rate at which all of the outstanding bonds can be sold. This rate varies based on market conditions. If there are insufficient orders to purchase all of the bonds available for sale, the rate is set at a maximum rate required by the bond agreement. The maximum rate for SSMHC's auction rate bonds is the higher of the 175% of the after-tax equivalent rate or the Kenny Index, but no more than 12%.

**Variable Rate Bonds** — The debt includes \$615,085 and \$618,225 at December 31, 2012 and 2011, respectively, of variable rate demand bonds. The interest rates on these bonds are reset at daily or weekly intervals. The bonds are supported by credit facilities for the full amount of the bonds.

**Note Payable to FSI** — On July 1, 2007, SSMHC entered into an installment note payable to the Felician Services, Inc. (FSI). Under the terms of the agreement, FSI may elect to convert the note to pay status on or after December 31, 2014. SSMHC will begin making twenty annual payments on the note, with the first one due one year after FSI has notified SSMHC of its election to convert the note to pay status. Under specified circumstances SSMHC can issue a resolution which enables FSI to convert the note to pay status prior to December 31, 2014, with installments to begin two years from notice. The fixed interest rate will be equal to the 20-year municipal market data index plus 0.25 on the first day the note is in pay status.

Until the note is in pay status, the principal is adjusted annually based on a specified consumer price index. The principal of the note was adjusted \$698 and \$1,154 for the years ended December 31, 2012 and 2011, respectively, from the fair value at July 1, 2007, which is reflected in interest expense.

**Liquidity Agreements** — The Series 2005A, 2005C, 2005D, 2010C, 2010D, and 2010E Variable Rate Demand Bonds require remarketing agents to purchase and remarket any bonds tendered before the stated maturity date. To provide liquidity support for the timely payment of any bonds that are not successfully remarketed, SSMHC has liquidity agreements with five banking corporations. If the bonds are not successfully remarketed, SSMHC is required to pay an interest rate specified in the liquidity agreement. These agreements have terms that expire in 2014 through 2019 or require accelerated principal repayment terms in the event of a failed remarketing.

The 2005C, 2005D, 2010D, and 2010E Variable Rate Demand Bonds are classified between long-term borrowings and short-term borrowings based upon these accelerated terms. The contingent payments below reflect these accelerated terms. However, SSMHC's contractual payments do not reflect these accelerated terms. If any of these agreements are terminated and not replaced, extended, or renewed, SSMHC can be required to purchase the tendered bonds at the specified bank rate in a short period of time.

**Contractual and Contingent Principal Repayments** — Contractual and contingent principal repayments on long-term debt and capital lease obligations of SSMHC are as follows:

	Long-Term Debt		Capital Lease Obligations
	Contractual Payments	Contingent Payments	
2013	\$ 28,493	\$ 34,493	\$ 9,174
2014	27,805	27,805	7,532
2015	34,040	34,040	2,663
2016	31,867	31,867	2,664
2017	32,964	32,964	2,663
Thereafter	<u>1,128,109</u>	<u>1,122,109</u>	<u>35,736</u>
	<u><u>\$ 1,283,278</u></u>	<u><u>\$ 1,283,278</u></u>	<u><u>60,432</u></u>
Less amount representing interest under capital lease obligations			<u><u>24,963</u></u>
			<u><u>\$ 35,469</u></u>

**Revolving Line of Credit** — At December 31, 2012, SSMHC had 4 line of credit agreements with banks. One line is at varying rates of interest through July 15, 2013 and permits SSMHC to borrow up to \$50,000. The outstanding balance under this agreements at December 31, 2012 was \$37,000. The remaining lines are at varying rates of interest through February 26, 2013. Two of these permit SSMHC to borrow up to \$50,000 while the other permits borrowing up to \$30,000. There were no outstanding borrowings under these agreements at December 31, 2012. At December 31, 2011, SSMHC had one line of credit agreement which expired July 15, 2012. There were no outstanding borrowings under this agreement at December 31, 2011.

**Fair Value of Long-Term Debt** — The valuation of the estimated fair value of long-term debt is completed by a third party service and takes into account a number of factors including, but not limited

to, any one or more of the following general interest rate and market conditions, macroeconomic and/or deal-specific credit fundamentals, valuations of other financial instruments which may be comparable in terms of rating, structure, maturity and/or covenant protection, investor opinions about the respective deal parties, size of the transaction, cash flow projections, which in turn are based on assumptions about certain parameters that include, but are not limited to, default, recovery, prepayment and reinvestment rates, administrator reports, asset manager estimates, broker quotations and/or trustee reports, and comparable trades, where observable. Based on the inputs in determining the estimated fair value of debt this liability would be considered Level 2. The fair value approximated \$1,341,457 and \$1,245,445 at December 31, 2012 and 2011, respectively compared to carrying amounts of \$1,320,568 and \$1,225,809, respectively.

**Interest Rate Swaps** — In 2005, SSMHC entered into interest rate swap contracts under which SSMHC pays a fixed rate of interest ranging from 3.357% to 3.509% and receives a payment of 65% of LIBOR plus 12 basis points from swap counterparties on notional amounts totaling \$625,300 beginning July 21, 2005.

None of the aforementioned swaps have been designated as hedges of the interest payments on outstanding debt obligations for accounting purposes.

As of December 31, 2011, the counterparty to SSMHC required posting of collateral if the market value fell below the established spread in the swap contract. Collateral was posted in the amount of \$27,620 as of December 31, 2011.

On August 23, 2012, SSMHC completed a swap novation with three new counterparties. The financial terms of the swap contracts remained the same, however, the collateral posting requirements changed. SSMHC had no collateral posted as of December 31, 2012.

The following table shows the outstanding notional amount of derivative instruments measured at fair value as reported in other liabilities in the consolidated balance sheets as of December 31, 2012 and 2011.

	Recorded on Balance Sheet	Maturity Date of Derivatives	Fixed Rate	Notional Amount Outstanding	Fair Value
<b>December 31, 2012</b>					
Derivatives not designated as hedges — interest rate swaps	Other liabilities	2033–2035	3.357%–3.509%	<u>\$613,600</u>	<u>\$(135,152)</u>
Total				<u>\$613,600</u>	<u>\$(135,152)</u>
<b>December 31, 2011</b>					
Derivatives not designated as hedges — interest rate swaps	Other liabilities	2033–2035	3.357%–3.509%	<u>\$617,800</u>	<u>\$(135,458)</u>
Total				<u>\$617,800</u>	<u>\$(135,458)</u>

Fair value is based on significant other observable inputs (level 2) at December 31, 2012 and 2011. The gain (loss) related to derivative instruments has been recorded for the years ended December 31, 2012 and 2011, as follows

	Recorded as	Gain (Loss) December 31,	
		2012	2011
Settled amounts	Operating interest expense	\$ (19,431)	\$ (20,009)
Unrealized gains/losses	Change in market value of interest rate swap	<u>306</u>	<u>(69,866)</u>
Total		<u><u>\$ (19,125)</u></u>	<u><u>\$ (89,875)</u></u>

**Cash Paid for Interest** — Cash paid for interest totaled \$37,848 and \$36,867 for the years ended December 31, 2012 and 2011, respectively. SSMHC capitalized interest cost in the amounts of \$6,342 and \$8,807 in the years ended December 31, 2012 and 2011, respectively.

## 12. PENSION

SSMHC administers several qualified and non-qualified pension plans for its employees. As of March 31, 2012, SSMHC made changes to its retirement plans including a change in its final average benefit structure (beginning in 2013) and a lump sum feature for current and future employees (beginning in 2012 and phasing-in over the next several years). The result of the plan changes was a reduction in the plans' liabilities and improvement of the funded status of \$263,987, measured as of March 31, 2012. The reduction in liability was first used to reduce any current unrecognized prior service cost with the remainder recorded as a prior service credit.

The following table summarizes the benefit obligations, the fair value of plan assets and the funded status at December 31, 2012 and 2011.

		2012	2011
Change in projected benefit obligation			
Projected benefit obligation — beginning of period		\$ 1,746,127	\$ 1,577,775
Service cost, benefits earned during the period		61,774	61,732
Interest costs on projected benefit obligation		82,076	88,138
Plan amendment		(263,987)	-
Actuarial loss		296,609	55,058
Benefits paid		<u>(75,460)</u>	<u>(36,576)</u>
Projected benefit obligation — end of period		<u>1,847,139</u>	<u>1,746,127</u>
Change in plan assets			
Fair value of plan assets — beginning of period		852,280	853,252
Actual return on plan assets		103,130	(19,638)
Employer contributions		71,651	55,242
Benefits paid		<u>(75,460)</u>	<u>(36,576)</u>
Fair value of plan assets — end of period		<u>951,601</u>	<u>852,280</u>
Net amount recognized at end of period and funded status		<u><u>\$ (895,538)</u></u>	<u><u>\$ (893,847)</u></u>
Accumulated benefit obligation — end of period		<u><u>\$ 1,743,348</u></u>	<u><u>\$ 1,549,417</u></u>

The following is a summary of the amounts recognized in the consolidated balance sheets for the years ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Amounts recognized in the consolidated balance sheets consist of		
Accounts payable and accrued expenses	\$ (2.481)	\$ (1.806)
Other liabilities	<u>(893.057)</u>	<u>(892.042)</u>
Net amount recognized	<u><u>\$ (895.538)</u></u>	<u><u>\$ (893.848)</u></u>
Amounts recognized in unrestricted net assets consist of		
Beginning of year balance	\$ 635.980	\$ 514.358
Arising during current year		
Net actuarial loss	270.756	151.549
Prior service cost	(263.988)	-
Reclassified into net periodic benefit cost		
Net actuarial loss	(50.947)	(29.140)
Prior service cost	<u>21.210</u>	<u>(787)</u>
	<u><u>\$ 613.011</u></u>	<u><u>\$ 635.980</u></u>

The net loss and prior service cost for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit costs over the next fiscal year are \$71,224 and (\$28,542), respectively

The following is a summary of the components of net periodic pension cost for the years ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Service cost, benefits earned during the period	\$ 61.774	\$ 61.732
Interest costs on projected benefit obligation	82.076	88.138
Expected return on plan assets	(77.277)	(76.853)
Amortization of unrecognized		
Prior service costs	(21.210)	787
Net loss	<u>50.946</u>	<u>29.140</u>
Net periodic pension cost	<u><u>\$ 96.309</u></u>	<u><u>\$ 102.944</u></u>

The following are the actuarial assumptions used by the pension plans to develop the components of pension expense for the years ended December 31, 2012 and 2011

	<b>April 1 – December 31, 2012</b>	<b>January 1 – March 31, 2012</b>	<b>2011</b>
Discount rates	4 70 %	5 20 %	5 50 %
Rates of salary increase	4 00	4 00	4 25
Return on plan assets	8 00	8 00	8 25

The following are the actuarial assumptions used by the pension plans to develop the components of the pension projected benefit obligation as of December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Discount rates	3 95 %	5 20 %
Rates of salary increase	4 00	4 00

SSMHC expects to contribute \$72,976 to its pension plans in 2013

**Estimated Future Benefit Payments** — The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

	<b>Pension Benefits</b>
2013	\$ 79,450
2014	139,987
2015	97,581
2016	102,118
2017	107,268
Years 2018–2022	618,610

The actual plan asset allocations and the allocation goals comprise the following investment classifications at December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>	<b>Allocation Goals</b>
Cash, cash equivalents, and short-term investments	1 %	3 %	2 %
Equities	48	47	47
Fixed income	21	20	21
Real estate investments	15	15	15
Multi-strategy hedge funds	<u>15</u>	<u>15</u>	<u>15</u>
	<u><u>100 %</u></u>	<u><u>100 %</u></u>	<u><u>100 %</u></u>

SSMHC's investment objective with respect to pension plans is to produce sufficient current income and capital growth through a portfolio of equity, real estate, hedge fund, and fixed income investments, which together with appropriate employer contributions is sufficient to provide for the pension benefit obligations. The assumed return on plan assets is intended to be a long-term rate expected on funds invested or to be invested in accordance with SSMHC's asset allocation policy to provide for benefits reflected in the plans' projected benefit obligation. In developing the assumptions, SSMHC evaluates input from its actuary and pension fund investment advisors. Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, geographical location, and maturity. Pension assets are rebalanced each quarter to the plan's asset allocation guidelines. SSMHC anticipates that its investment managers will continue to generate long-term returns equal to or in excess of its assumed rates.

Plan assets comprise the following asset classifications which include securities on loan

	<b>2012</b>	<b>2011</b>
Assets valued at fair value		
Cash and cash equivalents	\$ 34,973	\$ 47,312
Corporate obligations	87,741	52,114
Government securities	56,442	82,513
Mutual funds		
Domestic	76,575	68,507
International	139,920	115,540
Emerging markets	46,753	33,439
Hedge funds	143,066	126,435
Equities		
Small cap	22,564	22,305
Mid cap	52,695	66,472
Large cap	168,555	141,004
Partnership interests	21,103	16,700
Real estate investments	100,992	89,403
Securities lending		
Equities	30,358	86,865
Government securities	18,645	12,245
Corporate obligations	<u>7,146</u>	<u>3,985</u>
	1,007,528	964,839
Assets valued at other than fair value — unsettled investment transactions	<u>222</u>	<u>(9,464)</u>
Total assets	1,007,750	955,375
Payable under security lending agreement	<u>(56,149)</u>	<u>(103,095)</u>
Fair value of Plan assets	<u>\$ 951,601</u>	<u>\$ 852,280</u>

Following is a summary of plan assets by the level of significant input. For description of levels, see Note 7

2012	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents — restricted	\$ 34.973	\$ -	\$ -	\$ 34.973
Corporate obligations	-	87.741	-	87.741
Government securities	-	56.442	-	56.442
Mutual funds				
Domestic	76.575	-	-	76.575
International	85.886	54.034	-	139.920
Emerging markets	46.753	-	-	46.753
Hedge funds	-	-	143.066	143.066
Equities				
Small cap	22.564	-	-	22.564
Mid cap	52.695	-	-	52.695
Large cap	168.555	-	-	168.555
Partnership interests	21.103	-	-	21.103
Real estate investments	-	-	100.992	100.992
Securities lending				
Equity securities	30.358	-	-	30.358
Government securities	-	18.645	-	18.645
Corporate obligations	-	7.146	-	7.146
Total assets	<u>\$ 539.462</u>	<u>\$ 224.008</u>	<u>\$ 244.058</u>	<u>\$ 1,007.528</u>
2011	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents — restricted	\$ 47.312	\$ -	\$ -	\$ 47.312
Corporate obligations	-	52.114	-	52.114
Government securities	-	82.513	-	82.513
Mutual funds				
Domestic	68.507	-	-	68.507
International	70.842	44.698	-	115.540
Emerging markets	33.439	-	-	33.439
Hedge funds	-	-	126.435	126.435
Equities				
Small cap	22.305	-	-	22.305
Mid cap	66.472	-	-	66.472
Large cap	141.004	-	-	141.004
Partnership interests	16.700	-	-	16.700
Real estate investments	-	-	89.403	89.403
Securities lending				
Equity securities	86.865	-	-	86.865
Government securities	-	12.245	-	12.245
Corporate obligations	-	3.985	-	3.985
Total assets	<u>\$ 553.446</u>	<u>\$ 195.555</u>	<u>\$ 215.838</u>	<u>\$ 964.839</u>

It is SSMHC's policy that transfers between Levels will occur when revised information regarding the lowest level of significant inputs becomes available. During 2011, additional information became

available regarding certain international mutual fund investments and management determined that mutual funds previously classified as Level 3 should be classified as Level 2. As of January 1, 2011, SSMHC transferred \$37,051 from Level 3 to Level 2. Transfers out of Level 3 represent existing assets that were previously categorized as Level 3 for which the lowest significant input became observable during the period.

Changes related to the fair values based on Level 3 inputs, are summarized as follows:

	<b>2012</b>	<b>2011</b>
Beginning balance	\$ 215,838	\$ 150,533
Actual return on plan assets - realized	544	1,119
Actual return on plan assets - unrealized	10,901	(3,090)
Transfers	-	(37,051)
Purchases, sales, and settlements, net	<u>16,775</u>	<u>104,327</u>
Ending balance	<u><u>\$ 244,058</u></u>	<u><u>\$ 215,838</u></u>

Unrealized gains (losses) on Level 3 investments were \$10,901 and \$(3,090) for 2012 and 2011, respectively.

The hedge funds and real estate investments are redeemable at NAV under the original terms of the agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of SSMHC's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if SSMHC were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. As such, SSMHC has classified these as level 3 investments. In addition, the unfunded commitments to these funds are \$7,345 and \$7,422 at December 31, 2012 and 2011, respectively. Assets recorded at NAV at December 31, 2012, are as follows:

<b>December 31, 2012</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Hedge funds (a)	\$ 143,066	\$ -	quarterly	30–100 days
Real estate investments (b)	<u>100,992</u>	<u>7,345</u>		
<b>Total</b>	<b><u>\$ 244,058</u></b>	<b><u>\$ 7,345</u></b>		

<b>December 31, 2011</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Hedge funds (a)	\$ 126,435	\$ -	quarterly	30–100 days
Real estate investments (b)	<u>89,403</u>	<u>7,422</u>		
<b>Total</b>	<b><u>\$ 215,838</u></b>	<b><u>\$ 7,422</u></b>		

- (a) This category includes investments in hedge funds that maintain positions both long and short in equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques, and the managers can maintain net long or net short exposure levels based on market views. The strategy designs a diversified portfolio of managers and strategies with the objective of significantly lowering the risk and volatility of investing with an individual manager.
- (b) This category includes investments in real estate funds that invest in the following underperforming and distressed real estate assets at well below potential replacement cost and which create significant value-added upside through extensive repositioning and capital improvements, distressed real estate and real estate-related debt, companies, securities, and other assets, high quality properties in major metropolitan areas, participating mortgages secured by core real estate properties. Investments in real estate are valued based upon independent appraisals using a cost approach, market approach or income approach as well as consideration of other third party evidence.

**Defined Contribution Plans** — SSMHC also sponsors defined contribution plans covering employees who participate in the voluntary tax deferred annuity program and who meet age and service requirements SSMHC's contributions to these plans are based on a percentage of employee compensation or employee contributions Defined contribution pension expense for these plans was \$10,684 and \$9,732 for 2012 and 2011, respectively

### 13. SELF-INSURANCE

**Professional Liability Insurance** — A majority of the members of SSMHC participate in the SSMHC Liability Trust I or SSMHC Liability Trust II (Trusts) Both Trusts are revocable grantor trusts These Trusts, which cover primary limits of professional and general liability, require annual contributions by participating entities at actuarially determined amounts All professional and general liability claims and workers' compensation claims are paid from the Trusts subject to certain liability limitations

SSMHC's underlying self-insured retention for professional liability claims is as follows

		<b>January 1, 2011 to December 31, 2012</b>
Per occurrence limits — Missouri, Oklahoma, and Illinois		\$ 5,000
Annual aggregate		None

SSMHC's hospitals and physicians located in Wisconsin are qualified healthcare providers as defined by Wisconsin state statutes regarding professional liability coverage and participate in the State of Wisconsin Injured Patients and Families Compensation Fund (PCF) As defined by Wisconsin state statute, these hospitals and physicians have separate professional liability limits of \$1,000,000 per claim and \$3,000,000 annual aggregate applied to each qualified provider Losses in excess of these amounts are fully covered through mandatory participation in the PCF SSMHC is commercially insured up to these limits for these hospitals and physicians

SSMHC's underlying self-insured retention for general liability claims is as follows

		<b>January 1, 2011 to December 31, 2012</b>
Per occurrence limits — Missouri, Oklahoma, Wisconsin and Illinois		\$ 3,000
Annual aggregate		None

SSMHC maintains reinsurance through a wholly owned captive for professional and general liability claims exceeding the underlying self-insured retention As of December 31, 2012, the reinsurance provides coverage up to the limits in the following table The sublimits that apply are part of and not in addition to the overall policy aggregate limits

	<b>All Locations</b>
Each loss event	\$ 135,000
Annual aggregate, per location	135,000
Annual aggregate all locations	160,000

The estimated professional and general liability obligation is recorded in the consolidated financial statements at the present value of future cash payments for both asserted and unasserted claims, using discount rates of 3.0% and 4.0% at December 31, 2012 and 2011, respectively. The liability for self-insured reserves represents estimates of the ultimate net cost of all losses and related expenses, which are incurred but not paid at the balance sheet date based on an actuarial valuation. This estimated obligation is \$77,520 and \$85,053 at December 31, 2012 and 2011, respectively, of which \$17,754 and \$19,730 is recorded as a current liability at December 31, 2012 and 2011, respectively.

The accumulated assets of the Trusts are not available to participating members except to pay covered professional liability claims or to reduce future contributions when warranted by claims experience. In the event the Trusts are ever depleted, the participating members would be required to fund deficiencies based on future actuarial determinations.

**Workers' Compensation** — A majority of the members of SSMHC participate in SSMHC's centralized self-insured workers' compensation program. Claims in excess of certain liability limitations are covered by commercial insurance. The estimated workers' compensation liability obligation is actuarially determined and recorded in the consolidated financial statements at the present value of future cash payments for both asserted and unasserted claims, using a discount rate of 1.00%, at December 31, 2012 and 2011.

**Employee Health Insurance** — A majority of the members of SSMHC participate in the SSM Employee Health Care Fund (Fund). Each participating member funds an actuarially determined amount with the Fund's trustee for payment of covered benefits and related expenses, which are subject to certain limitations.

Claims paid by the Fund are included in salaries and benefits expense. The accumulated assets of the Fund are not available to the participating members except to pay covered benefits. In the event the Fund is ever depleted, the participating entities would be assessed to cover the deficiencies.

#### 14. ASSET RETIREMENT OBLIGATIONS

SSMHC has recorded conditional asset retirement obligations and capitalized retirement costs related to the estimated cost of removing asbestos from its facilities. Federal and state regulations require the removal of asbestos when a building is demolished or, at a minimum, encapsulation of the asbestos when it would be exposed during renovation. The obligation is included in other liabilities, and the capitalized costs are included in property and equipment. The following summarizes the asset retirement obligations at December 31, 2012 and 2011.

	2012	2011
Balance — beginning of the period	\$ 10,152	\$ 10,319
Retirements	(703)	(527)
Additions	169	-
Accretion expense	329	360
Balance — end of the period	<u>\$ 9,947</u>	<u>\$ 10,152</u>

#### 15. ENDOWMENTS

Endowments consist of approximately 50 individual funds established for a variety of purposes. They include both donor-restricted endowment funds and funds designated by the boards of trustees or

governors of its 15 foundations to function as endowments (board-designated endowment funds). Net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions and the nature of the restrictions, if any.

<b>Endowment Net Asset Composition by Type of Fund as of December 31, 2012</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 7,460	\$ 19,000	\$ 26,460
Board-designated endowment funds	<u>15,606</u>	<u>-</u>	<u>-</u>	<u>15,606</u>
<b>Total funds</b>	<b><u>\$ 15,606</u></b>	<b><u>\$ 7,460</u></b>	<b><u>\$ 19,000</u></b>	<b><u>\$ 42,066</u></b>
<b>Endowment Net Asset Composition by Type of Fund as of December 31, 2011</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 5,608	\$ 17,550	\$ 23,158
Board-designated endowment funds	<u>14,820</u>	<u>-</u>	<u>-</u>	<u>14,820</u>
<b>Total funds</b>	<b><u>\$ 14,820</u></b>	<b><u>\$ 5,608</u></b>	<b><u>\$ 17,550</u></b>	<b><u>\$ 37,978</u></b>
<b>Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2012</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets — beginning of year	<u>\$ 14,820</u>	<u>\$ 5,608</u>	<u>\$ 17,550</u>	<u>\$ 37,978</u>
Investment return				
Investment income	321	374	485	1,180
Net depreciation (realized and unrealized)	<u>612</u>	<u>1,001</u>	<u>49</u>	<u>1,662</u>
Total investment return	<u>933</u>	<u>1,375</u>	<u>534</u>	<u>2,842</u>
Contributions	<u>14</u>	<u>645</u>	<u>916</u>	<u>1,575</u>
Appropriation of endowment assets for expenditure	<u>(161)</u>	<u>(168)</u>	<u>-</u>	<u>(329)</u>
Endowment net assets — end of year	<b><u>\$ 15,606</u></b>	<b><u>\$ 7,460</u></b>	<b><u>\$ 19,000</u></b>	<b><u>\$ 42,066</u></b>

<b>Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2011</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets — beginning of year	<u>\$ 14,135</u>	<u>\$ 4,144</u>	<u>\$ 16,628</u>	<u>\$ 34,907</u>
Investment return				
Investment income	561	355	100	1,016
Net depreciation (realized and unrealized)	<u>(132)</u>	<u>(68)</u>	<u>-</u>	<u>(200)</u>
Total investment return	<u>429</u>	<u>287</u>	<u>100</u>	<u>816</u>
Contributions	<u>10</u>	<u>1,000</u>	<u>1,383</u>	<u>2,393</u>
Appropriation of endowment assets for expenditure	<u>(304)</u>	<u>(225)</u>	<u>-</u>	<u>(529)</u>
Other changes — transfers in (out)	<u>550</u>	<u>402</u>	<u>(561)</u>	<u>391</u>
Endowment net assets — end of year	<u>\$ 14,820</u>	<u>\$ 5,608</u>	<u>\$ 17,550</u>	<u>\$ 37,978</u>

Transfers in (out) include a reclassification of board-designated endowment fund previously classified as permanently restricted and reclassification of earnings on permanently restricted endowments

**Funds with Deficiencies** — From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires SSMHC to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2012 and 2011.

**Return Objectives and Risk Parameters** — SSMHC has investment and spending practices for endowment assets that intend to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that SSMHC must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The policy allows the endowment assets to be invested in a manner that is intended to produce results that exceed the price and yield results of the allocation index while assuming a moderate level of investment risk. SSMHC expects its endowment funds to provide a rate of return that preserves the gift and generates earnings to achieve the endowment purpose.

**Strategies Employed for Achieving Objectives** — To satisfy its long-term rate-of-return objectives, SSMHC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. SSMHC uses a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints to preserve capital.

**Spending Policy and how the Investment Objectives Relate to Spending Policy** — SSMHC has a practice of distributing the major portion of current year earnings on the endowment funds, if the restrictions have been met. Some of the donor-restricted endowments require a portion of the earnings to

increase the corpus of the endowment. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

## 16. NET ASSETS

SSMHC reports the noncontrolling interest in the net assets of consolidated subsidiaries as a separate component of the appropriate class of net assets. The reconciliation of noncontrolling interest reported in unrestricted net assets is as follows:

	Total	SSMHC Unrestricted Net Assets	Noncontrolling Interest
Unrestricted net assets — January 1, 2011	<u>\$1,426,868</u>	<u>\$1,415,251</u>	<u>\$11,617</u>
Excess of revenues over expenses	(39,387)	(43,496)	4,109
Distributions to noncontrolling owners	(3,530)	-	(3,530)
Other — net	<u>(111,737)</u>	<u>(111,737)</u>	<u>-</u>
Change in unrestricted net assets	<u>(154,654)</u>	<u>(155,233)</u>	<u>579</u>
Unrestricted net assets — December 31, 2011	<u>1,272,214</u>	<u>1,260,018</u>	<u>12,196</u>
Excess of revenues over expenses	210,226	206,276	3,950
Distributions to noncontrolling owners	(3,966)	(3,966)	(3,966)
Contributions	14,410	7,205	7,205
Other — net	<u>13,992</u>	<u>14,145</u>	<u>(153)</u>
Change in unrestricted net assets	<u>234,662</u>	<u>227,626</u>	<u>7,036</u>
Unrestricted net assets — December 31, 2012	<u>\$1,506,876</u>	<u>\$1,487,644</u>	<u>\$19,232</u>

## 17. FUNCTIONAL EXPENSES

SSMHC provides general health care services to residents within its geographic locations. Expenses related to providing these services are as follows:

	2012	2011
Health care services	\$3,054,404	\$2,671,784
General and administrative	205,336	289,670
Fundraising	<u>9,249</u>	<u>4,353</u>
Total expenses	<u>\$3,268,989</u>	<u>\$2,965,807</u>

## 18. COMMITMENTS AND CONTINGENT LIABILITIES

Leases for property and equipment that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operating expense on a straight-line basis over the term of the lease.

The following is a schedule of future minimum lease payments under operating leases as of December 31, 2012, that have initial or remaining lease terms in excess of one year

2013	\$ 37,326
2014	33,916
2015	29,811
2016	24,053
2017	18,431
Thereafter	<u>32,991</u>
 Total minimum lease payments	 <u>\$ 176,528</u>

Total rental expense was approximately \$46,083 and \$48,165 in 2012 and 2011, respectively

SSMHC has outstanding letters of credit of \$12,605 at December 31, 2012 and 2011. There were no outstanding draws on these letters of credit

At December 31, 2012, SSMHC has entered into construction projects for new facilities and capital improvements to existing facilities. The commitments for these projects totaled approximately \$331,186. As of December 31, 2012, SSMHC has unmet commitments of approximately \$143,972, which will be financed with board-designated assets, project funds or cash generated from operations

SSMHCC has guaranteed that certain lease payments will be made by some of its equity investments. The amount of future lease payments guaranteed by SSMHCC totaled \$109 and \$438 at December 31, 2012 and 2011, respectively. In addition, SSMHC has entered into certain other income guarantees with outside entities to be paid out from 2013 through 2017 which totaled \$26,403 at December 31, 2012

SSMHC is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, it is management's opinion that these matters will be resolved without a material adverse effect on SSMHC's consolidated financial position or consolidated results of operations

During a periodic cost report audit performed by the Medicare intermediary in Oklahoma, the intermediary identified potential issues with the calculation of the disproportionate share hospital (DSH) payments paid to SSMHC's Oklahoma facility. The payments are paid by Medicare for hospitals that treat a disproportionate share of Medicaid and disabled social security patients. The specific issue under review is whether the care furnished for children and adolescents in an adolescent psychiatric program at SSMHC's Oklahoma facility is similar in acuity to services that are usually paid for under Medicare's inpatient hospital prospective payment system. At the end of the year, no determination (reduction of previously claimed Medicaid days, or agreement with previous days claimed) had been made by the Medicare contractor or the Centers for Medicare and Medicaid Services. If an adverse ruling is rendered and a request for partial or full refund of previous DSH payments attributable to the adolescent psychiatric program is made for 2012 and previous Medicare cost report years that are subject to audit or reopening, a reduction in revenue would occur. The amount of an adverse ruling is indeterminable, however, the estimated DSH payments received and recognized as revenue attributable to the adolescent psychiatric program for the period (2004-2012) is approximately \$57,021

## 19. SUBSEQUENT EVENTS

For the year ended December 31, 2012, SSMHC has evaluated subsequent events for potential recognition and disclosure through March 29, 2013, the date the financial statements were available for issuance

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