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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
MARTHA JEFFERSON HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
500 MARTHA JEFFERSON DRIVE

City or town, state or country, and ZIP + 4
CHARLOTTESVILLE, VA 22911

D Employer identification number
54-0261840

E Telephone number
(434) 654-8198

G Gross receipts $ 256,447,109

F Name and address of principal officer
JAMES HADEN
500 MARTHA JEFFERSON DRIVE
CHARLOTTESVILLE, VA 22911

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW MARTHAJEFFERSON ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1929

M State of legal domicile VA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
IMPROVE HLTH STATUS OF COMMUNITY BY MAINTAINING, ENHANCING & RESTORING PERSONAL HEALTH & WELL BEING

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,932
6	Total number of volunteers (estimate if necessary)	**6**	776
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	173,930
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	4,005

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,236,902	4,772,454
9	Program service revenue (Part VIII, line 2g)	57,103,337	243,570,836
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-204,219	73,085
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,699,242	5,268,607
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	59,835,262	253,684,982
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	296,750	230,270
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	27,557,791	115,884,794
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	29,755,508	121,844,456
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	57,610,049	237,959,520
19	Revenue less expenses Subtract line 18 from line 12	2,225,213	15,725,462

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	311,992,531	290,055,872
21	Total liabilities (Part X, line 26)	356,561,584	327,246,905
22	Net assets or fund balances Subtract line 21 from line 20	-44,569,053	-37,191,033

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2013-11-15

J MICHAEL BURRIS VICE PRESIDENT & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

THE ORGANIZATION'S MISSION IS TO IMPROVE THE HEALTH STATUS OF OUR COMMUNITY AND SET THE STANDARD FOR CLINICAL QUALITY AND PERSONALIZED HEALTHCARE SERVICES IT IS DEDICATED TO PROVIDING THE BEST CLINICAL QUALITY WHILE MAINTAINING EXTRAORDINARY CUSTOMER SERVICE

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 209,305,457 including grants of $ 230,270) (Revenue $ 244,593,678)

AT THE HEART OF MARTHA JEFFERSON'S MISSION AS A NOT-FOR-PROFIT COMMUNITY HOSPITAL IS OUR ROLE AND RESPONSIBILITY TO ADDRESS THE HEALTH NEEDS OF OUR COMMUNITY MARTHA JEFFERSON IS ENTRUSTED WITH RESOURCES AND SKILLS THAT CAN HELP THE PEOPLE OF OUR COMMUNITY ACHIEVE AND MAINTAIN THEIR BEST POSSIBLE HEALTH THE HOSPITAL'S BOARD OF TRUSTEES IN 2012 REAFFIRMED THE FOLLOWING COMMITMENTS THAT ARE FUNDAMENTAL TO OUR ABILITY TO MEET THESE CHALLENGES AS AN INTEGRAL PART OF THE STRATEGIC PLANNING PROCESS, THE MISSION OF MARTHA JEFFERSON HOSPITAL WILL BE REVIEWED ALONG WITH SPECIFIC INITIATIVES, GOALS AND OBJECTIVES TO CONSIDER INCORPORATING SPECIFIC STATEMENTS AIMED AT HELPING TO RESOLVE COMMUNITY PROBLEMS ADVERSELY AFFECTING THE HEALTH STATUS OF THE COMMUNITIES WE SERVE MARTHA JEFFERSON WILL CONDUCT, OR GAIN ACCESS TO, COMMUNITY-NEEDS ASSESSMENTS TO IDENTIFY PROBLEMS ADVERSELY AFFECTING OUR COMMUNITIES' HEALTH STATUS MARTHA JEFFERSON WILL REGULARLY INVENTORY HOSPITAL-SPONSORED AND COMMUNITY PROGRAMS WORKING TO MEET THE IDENTIFIED NEEDS OF MEDICALLY UNDERSERVED OR DISADVANTAGED POPULATIONS AS APPROPRIATE, THESE PROGRAMS WILL BE TRACKED AND EVALUATED FOR THEIR IMPACT ON IDENTIFIED HEALTH STATUS ISSUES MARTHA JEFFERSON WILL REGULARLY ASSESS ITS ABILITY TO COMMIT RESOURCES, FINANCIAL AND HUMAN, TOWARD HELPING MEET IDENTIFIED NEEDS ACCESS TO HEALTHCARE MARTHA JEFFERSON ACCEPTS PATIENTS REGARDLESS OF THEIR ABILITY TO PAY FOR HEALTHCARE SERVICES THE HOSPITAL ASSISTS PATIENTS WITH FINANCIAL NEEDS THROUGH THE MARTHA JEFFERSON HEALTHTRUST, A PROGRAM THAT PROVIDES A SLIDING FEE SCALE FOR HOSPITAL PATIENTS WHO QUALIFY BASED ON FAMILY INCOME UP TO 300 PERCENT OF POVERTY LEVEL FINANCIAL ASSISTANCE IS BASED ON A REVIEW OF THE PATIENT'S FINANCIAL CIRCUMSTANCES UPON ADMISSION OR THE SERVICE DATE BECAUSE MARTHA JEFFERSON DOES NOT PURSUE COLLECTION OF THE AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, SUCH AMOUNTS ARE NOT REPORTED AS A COMPONENT OF PATIENT SERVICE REVENUES MARTHA JEFFERSON DEFINES CHARITY CARE AS CARE FOR WHICH COLLECTION IS NOT ATTEMPTED (I E INDIGENT CARE) AND OPERATING COSTS FOR SERVICES RENDERED FOR MEDICAID PATIENTS THAT ARE IN EXCESS OF REIMBURSEMENT FROM STATE AGENCIES THE PERCENTAGE OF PATIENTS RECEIVING SOME FORM OF CHARITY ASSISTANCE 19 91% ADDITIONAL CHARITY CARE INFORMATION IS PROVIDED ON SCHEDULE H IN ADDITION TO PROVIDING UNCOMPENSATED CARE, MARTHA JEFFERSON HAS ESTABLISHED SPECIAL ACCOUNTS TO PROVIDE FREE DIAGNOSTIC SERVICES FOR PATIENTS REFERRED BY THE CHARLOTTESVILLE FREE CLINIC AND THE FREE CLINIC OF GREENE COUNTY THROUGHOUT THE YEAR, COMMUNITY HEALTH SCREENINGS AND REDUCED-FEE SERVICES PROVIDED OTHER MEANS OF ACCESS TO HEALTHCARE FOR PEOPLE ACROSS CENTRAL VIRGINIA PHYSICIANS EMPLOYED BY MARTHA JEFFERSON HOSPITAL HAVE OFFICES THROUGHOUT CHARLOTTESVILLE AND IN SEVEN SURROUNDING COUNTIES INCLUDING ALBEMARLE, BUCKINGHAM, LOUISA, MADISON, GREENE, FLUVANNA AND NELSON, WHICH PROVIDE ACCESS TO HEALTHCARE IN MANY RURAL AREAS WITHOUT REGARD TO ONE'S ABILITY TO PAY DURING 2012, THE MEDICAL STAFF CONSISTED OF JUST OVER 400 PHYSICIANS REPRESENTING 35 MEDICAL SPECIALTIES MARTHA JEFFERSON HOSPITAL ALSO OPERATES AN EMERGENCY DEPARTMENT, WHICH IS STAFFED 24-HOURS A DAY/7 DAYS A WEEK BY BOARD-CERTIFIED PHYSICIANS AND SPECIALLY TRAINED NURSES AND SUPPORT STAFF ADDITIONALLY, THE HOSPITAL OPERATES A FREE-STANDING EMERGENCY DEPARTMENT DURING THE PERIOD OF JANUARY 1, 2012 - DECEMBER 31, 2012, MARTHA JEFFERSON HOSPITAL SERVED THE COMMUNITY BY WAY OF 11,049 INPATIENT ADMISSIONS, 221,546 OUTPATIENT ACCOUNTS, 52,633 EMERGENCY DEPARTMENT VISITS, 6,688 OPERATING ROOM VISITS, AND 166,838 PHYSICIAN OFFICE VISITS IN ADDITION, MARTHA JEFFERSON OFFERED OR SUPPORTED MANY PROGRAMS AND SERVICES IN OUR COMMUNITY, WHICH ARE DETAILED BELOW EDUCATIONAL PROGRAMS AN IMPORTANT PART OF OUR COMMUNITY OUTREACH IS CENTERED ON EDUCATIONAL PROGRAMS AND TRAINING WHEN A FAMILY IS PREPARING TO DELIVER A BABY AT MARTHA JEFFERSON, SIBLING TOURS, BREASTFEEDING CLASSES AND PEDIATRIC CPR ARE OFFERED AS WELL AS CLASSES CENTERED ON PREPARING FOR CHILDBIRTH AND BECOMING A PARENT ONCE THE BABY HAS BEEN DELIVERED HOWEVER, THE EDUCATION DOESN'T STOP A BRUNCH IS HELD DAILY FOR NEW FAMILIES BEFORE THEY ARE DISCHARGED DURING THIS TIME FAMILIES LEARN HOW TO CALM THEIR CRYING BABY, THE DANGERS OF SUDDEN INFANT DEATH SYNDROME AND HOW TO GET A BIG BROTHER OR SISTER WARMED UP TO THE IDEA OF SHARING MOM AND DAD OTHER EDUCATIONAL CLASS OFFERINGS AT MARTHA JEFFERSON INCLUDE, POSTOPERATIVE BREAST REHABILITATION, PREPARING FOR A HYSTERECTOMY, POST-HYSTERECTOMY REHAB, ADVANCED MEDICAL PLANNING, STRESS MANAGEMENT, UNDERSTANDING VASCULAR DISEASE, CARDIAC REHABILITATION AND PULMONARY REHABILITATION CONTINUED IN PROGRAM SERVICE TWO

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

CONTINUED FROM PROGRAM SERVICE ONESCHOOL PROGRAMS MARTHA JEFFERSON HOSPITAL UNDERSTANDS MANY OF THE HEALTH DECISIONS WE MAKE AS ADULTS ARE A RESULT OF THE SITUATIONS WE EXPERIENCE AS CHILDREN THROUGH OUR SCHOOL PROGRAMS WE ARE ABLE TO TEACH CHILDREN AND LEAVE AN IMPRESSION THAT WILL HOPEFULLY STAY WITH THEM AS THEY GROW UP IN OUR ELEMENTARY SCHOOL OUTREACH, AN EMPLOYEE OF MARTHA JEFFERSON ENGAGES STUDENTS IN THEIR CLASSROOM IN LESSONS ON HEALTH AND WELLNESS THAT DIRECTLY RELATE TO THE VIRGINIA STANDARDS OF LEARNING TEST PROFESSIONAL EDUCATION SUPPORT AS A WAY TO PROVIDE CONTINUED PROFESSIONAL EDUCATION, MARTHA JEFFERSON SUPPORTS THE PIEDMONT VIRGINIA COMMUNITY COLLEGE SONOGRAPHY PROGRAM AND PROVIDES CLINICAL PLACEMENTS FOR NURSING STUDENTS OF UNIVER5ITY OF VIRGINIA, JAMES MADISON UNIVERSITY, PIEDMONT VIRGINIA COMMUNITY COLLEGE, BLUE RIDGE COMMUNITY COLLEGE, BRYANT AND STRATTON SCHOOL OF NURSING, WALDEN UNIVERSITY AND GERMANNA COMMUNITY COLLEGE HOSPITAL SERVICES MARTHA JEFFERSON HOSPITAL OFFERS MANY PROGRAMS THAT HELP PATIENTS BOTH GET ACCLIMATED WITH OUR SYSTEM, AND ALSO NAVIGATE THE HOSPITAL AS NEEDS ARISE HEALTH CONNECTION, OUR PHYSICIAN REFERRAL, PATIENT EDUCATION AND INFORMATION SERVICE TAKES 120 CALLS ON A DAILY BASIS THEY'RE ABLE TO HELP NEW MEMBERS OF THE COMMUNITY FIND A PHYSICIAN, ENROLL PEOPLE IN THE VARIOUS CLASSES THE HOSPITAL OFFERS AND PROVIDE SUPPORT FOR SPECIFIC MEDICAL NEEDS FOR PEOPLE UNDERGOING CANCER TREATMENTS AT MARTHA JEFFERSON HOSPITAL, WE PROVIDE A CANCER CARE CENTER THE CENTER SERVES AS A RESOURCE FOR PATIENTS FROM THE MOMENT THEY ARE DIAGNOSED THROUGH THEIR ENTIRE LINE OF INTERACTIONS AT THE HOSPITAL, AND IN MANY CASES EVEN CONTINUES AFTER THEY ARE ARE NO LONGER COMING FOR VISITS STAFF MEMBERS ARE DEDICATED TO HELPING PATIENTS DEAL WITH THE EMOTIONS THAT GO ALONG WITH BEING DIAGNOSED WITH CANCER, FITTING THEM WITH COMPLIMENTARY WIGS AND SCARVES TO USE DURING TREATMENT AND JUST BEING FRIENDS THROUGHOUT THE PROCESS MARTHA JEFFERSON HOSPITAL ALSO OFFERS A PALLIATIVE CARE PROGRAM WHEN A PERSON IS FACING A SERIOUS OR ADVANCING ILLNESS, THE ACCOMPANYING PHYSICAL, EMOTIONAL AND SPIRITUAL ISSUES CAN DRAMATICALLY AFFECT THE EXPERIENCE AND OFTEN QUALITY OF LIFE FOR PATIENTS AND LOVED ONES OVER THE PAST FIVE YEARS MORE THAN 1,000 LOCAL FAMILIES HAVE BENEFITTED FROM CONSULTATIONS BY A MULTIDISCIPLINARY TEAM PROVIDING PALLIATIVE CARE AT MARTHA JEFFERSON HOSPITAL THE CAREGIVERS FOCUS ON DELIVERING A UNIQUE COMBINATION OF SPECIAL EXPERTISE IN PAIN AND SYMPTOM MANAGEMENT AND COORDINATE CARE AMONG A MULTIPLICITY OF PHYSICIANS INVOLVED WHEN AN INDIVIDUAL IS SERIOUSLY ILL AND DEDICATE THE TIME NEEDED FOR PATIENT-FAMILY COMMUNICATION ABOUT GOALS OF CARE AND THE EMOTIONAL AND SPIRITUAL STRUGGLES THAT OFTEN ACCOMPANY A LIFE-CHANGING ILLNESS IN ADDITION TO THE ABOVE MENTIONED PROGRAMS, MARTHA JEFFERSON HOSPITAL ALSO OFFERS THE FOLLOWING CHAPLAINCY PROGRAM, PATIENT ADVOCATE PROGRAM, WEBSITE WITH INTEGRATED HEALTH INFORMATION (WWW MARTHAJEFFERSON ORG), A HEALTH SOURCE LIBRARY AND A WOMEN'S MIDLIFE RESOURCE CENTER MARTHA JEFFERSON HOSPITAL HELD 'UNWANTED MEDICATION TAKE BACK DAY' WHICH WAS A DRIVE-THROUGH EVENT ALLOWING ANY AND ALL IN OUR COMMUNITY TO DROP OFF UNWANTED MEDICATIONS AND MEDICAL SHARPS FOR PROPER DISPOSAL COMMUNITY EVENTS AND HEALTH SCREENINGS HEALTH SCREENINGS ARE AN IMPORTANT SERVICE OFFERED BY MARTHA JEFFERSON THE FOLLOWING SCREENINGS ARE HELD ANNUALLY SKIN CANCER SCREENING, BREAST HEALTH SCREENING, DIABETES SCREENING IN ADDITION TO THE SCREENING EVENTS, WE ALSO HOST EVENTS FOR THE COMMUNITY THAT PROMOTE WELLNESS EACH SPRING THE CELEBRATION OF LIFE IS HELD FOR CANCER PATIENTS, SURVIVORS AND THEIR FAMILIES THE AFTERNOON IS FILLED WITH FOOD, SALSA DANCING, GAMES AND MUSIC AND PROVIDES A CHANCE FOR MEMBERS OF THE COMMUNITY TO CELEBRATE THEIR LIFE WE ALSO HOLD FOOD AND SHOE DRIVES TO HELP PROVIDE MUCH NEEDED ITEMS TO PEOPLE IN OUR COMMUNITY ANNUALLY, WE HOST THE MJ8K RUN AND WALK TO BENEFIT COMMUNITY EDUCATION SERVICES AND MARTHA'S MARKET, WHICH HELPS FUND CANCER SERVICES AND SUPPORT WELLNESS INITIATIVES NUTRITION PROGRAMS AS HEALTHCARE PROVIDERS, OUR GOAL IS TO KEEP THE MEMBERS OF OUR COMMUNITY HEALTHY AND FEELING WELL AT MARTHA JEFFERSON HOSPITAL WE OFFER A VARIETY OF PROGRAMS THAT ALLOW PEOPLE ACCESS TO INFORMATION THAT THEN HELPS THEM MAKE EDUCATED NUTRITION CHOICES FOR STARTERS, ONE OF OUR REGISTERED DIETICIANS TAKES LEARNING ON LOCATION THROUGH OUR SUPERMARKET SMARTS CLASSES THROUGH A PARTNERSHIP WITH GIANT FOOD, PEOPLE ARE ABLE TO GET HANDS-ON EXPERIENCE WHEN IT COMES TO MAKING HEALTHY DECISIONS AT THE GROCERY WE ALSO PROVIDE HEART HEALTHY NUTRITION, DIABETES NUTRITION AND NUTRITION TIPS FOR INDIVIDUALS WITH CANCER IN ADDITION TO OUR CLASSES, MARTHA JEFFERSON HAS A PRESENCE ACROSS THE LOCAL MEDIA AIRWAVES NUTRITION TIPS AND TIMELY INFORMATION IS GIVEN BY ONE OF OUR REGISTERED DIETICIANS THROUGH DAILY RADIO SPOTS, A WEEKLY TELEVISION SEGMENT, AND VARIOUS PRINT OPPORTUNITIES SUPPORT GROUPS MARTHA JEFFERSON HOSPITAL OFFERS SUPPORT GROUPS OF A WIDE VARIETY TO OUR PATIENTS AND MEMBERS OF THE COMMUNITY GROUPS MEET ON A REGULAR BASIS AND HELP PROVIDE A SAFE COMMUNITY WHERE PEOPLE CAN SHARE STORIES, REFLECT ON THEIR EXPERIENCES, AND GAIN KNOWLEDGE FROM WHAT OTHERS ARE GOING THROUGH THE FOLLOWING ARE JUST SOME OF THE TOPICS WE OFFER WELCOME TO MOTHERHOOD, BREAST CANCER SUPPORT, FAMILY CANCER SUPPORT, HODGKIN'S AND LYMPHOMA SUPPORT, CARDIAC REHAB SUPPORT AND SLEEP APNEA SUPPORT PROGRAM SUPPORT/UNDERWRITING MARTHA JEFFERSON PROVIDES MEDICAL IMAGING, LABORATORY SERVICE AND OUTPATIENT DIAGNOSTIC SERVICE ACCESS TO THE CLIENTS OF THE CHARLOTTESVILLE FREE CLINIC (CFC) AND GREENE FREE CLINIC (GFC) THIS ACCESS SUPPORTS PRIMARY CARE SERVICES FOR THE WORKING UNINSURED MEMBERS OF OUR COMMUNITIES THE HOSPITAL IS ALSO DEDICATED TO SUPPORTING HEADSTART WHICH FOCUSES ON CHILD DENTAL SERVICES AND GIVES IN-KIND DONATIONS TO THE WOMEN'S INITIATIVE, PACEM (PEOPLE AND CONGREGATIONS ENGAGED IN MINISTRY) AND EMT TRAINING THROUGH THE THOMAS JEFFERSON EMERGENCY MEDICAL COUNCIL

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

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 209,305,457

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *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
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, 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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
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**	Yes	
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**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	166		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,932		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year **1a** 14			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent **1b** 10			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

▶ J MICHAEL BURRIS CFO 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA (434) 654-7304

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) WILLIAM L ACHENBACH BOARD MEMBER	2 00 3 00	X						0	0	0
(2) LILLIAN R BEVIER BOARD MEMBER	2 00 1 00	X						0	0	0
(3) PETER BROOKS CHAIR	2 50	X		X				0	0	0
(4) DR GREGORY DOULL BOARD MEMBER	2 00	X						0	0	0
(5) EARNEST EDWARDS BOARD MEMBER	2 00	X						0	0	0
(6) RICHARD GILLIAM BOARD MEMBER	2 00	X						0	0	0
(7) CAROL B HURT BOARD MEMBER	2 00	X						0	0	0
(8) DR JOHN LIGUSH BOARD MEMBER	2 00	X						0	0	0
(9) E RAY MURPHY BOARD MEMBER	2 00 1 00	X						0	0	0
(10) BRUCE MURRAY BOARD MEMBER	2 00	X						0	0	0
(11) DAVID G SUTTON BOARD MEMBER	2 00	X						0	0	0
(12) DAVID L BERND BOARD MEMBER	2 00 52 00	X						0	4,981,854	326,749
(13) HOWARD P KERN VICE CHAIR	2 00 50 00	X		X				0	3,731,697	722,594
(14) KENNETH M KRAKAUR BOARD MEMBER	2 00 47 00	X						0	979,254	84,563
(15) JAMES E HADEN PRESIDENT (NON-VOTING)	50 00 15 00			X				666,375	0	132,476
(16) ELLIOT H KUIDA SECRETARY (NON-VOTING)	63 00 3 00			X				332,130	0	33,287
(17) J MICHAEL BURRIS TREASURER (NON-VOTING)	32 00 38 20			X				275,312	0	89,965

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) AMELIA S BLACK VP, CHIEF NURSE EXECUTIVE	65 00				X			232,989	0	33,868
(19) MARIJO LECKER VP, CLINICAL SUPPORT SVS/I	65 00				X			259,824	0	34,904
(20) RONALD J COTTRELL VP, PLANNING, MKTG, CORP D	65 00				X			241,631	0	70,950
(21) FINLAY M ASHBY VP, MEDICAL AFFAIRS	65 00				X			237,507	0	30,162
(22) SUSAN CABELL MAINS VP, HR, RETAIL, COMPLIANCE	65 00				X			236,729	0	111,542
(23) RAY R MISHLER VP, DEVELOPMENT	25 00 40 00				X			195,441	0	76,606
(24) DEBORAH L THEXTON FINANCE DIRECTOR	60 00 5 00				X			164,996	0	13,627
(25) JOHN Z EDWARDS PHYSICIAN	40 00					X		495,764	0	34,158
(26) ROBERT S PRITCHARD PHYSICIAN	40 00					X		435,861	0	34,109
(27) SANDEEP TEJA PHYSICIAN	40 00					X		510,250	0	25,559
(28) JACOB N YOUNG PHYSICIAN	40 00					X		696,966	0	32,660
(29) STEPHEN B GUNTHER PHYSICIAN	40 00					X		506,105	0	23,866
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								5,487,880	9,692,805	1,911,645

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 ▶ 145

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		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
NIELSEN BUILDERS 3588 EARLY ROAD HARRISONBURG VA 22801	CONSTRUCTION	4,441,476
QUEST DIAGNOSTICS 12436 COLLECTIONS CENTER DRIVE CHICAGO IL 606932436	LAB SERVICES	1,541,284
INSCRIBE LLC 966-C HOUSTON NORTHCUTT BLVD MT PLEASANT SC 29464	TRANSCRIPTION SERVICE	839,490
HANDCRAFT LINEN SERVICES 1501 ROSENEATH ROAD RICHMOND VA 232304431	LAUNDRY SERVICES	801,611
MA MORTENSON COMPANY 17975 WEST SARAH LANE BROOKFIELD WI 53045	CONSTRUCTION	705,421
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 ▶ 37		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	237,478			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	756,000			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,778,976			
	g	Noncash contributions included in lines 1a-1f $		1,636,218			
	h	**Total.** Add lines 1a-1f			4,772,454		
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	621500	243,570,836	243,468,921	101,915	
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		243,570,836			
	3	Investment income (including dividends, interest, and other similar amounts)		214,945		72,015	142,930
	4	Income from investment of tax-exempt bond proceeds		116,436			116,436
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	770,461				
	b	Less rental expenses	266,997				
	c	Rental income or (loss)	503,464				
	d	Net rental income or (loss)			503,464		503,464
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		2,078,349			
	b	Less cost or other basis and sales expenses		2,336,645			
	c	Gain or (loss)		-258,296			
	d	Net gain or (loss)			-258,296		-258,296
Other Revenue	8a	Gross income from fundraising events (not including $ 237,478 of contributions reported on line 1c) See Part IV, line 18	a	208,574			
	b	Less direct expenses	b	158,485			
	c	Net income or (loss) from fundraising events			50,089		50,089
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA & GIFT SHOP	722210	2,207,131			2,207,131
	b	OTHER REVENUE	900099	1,942,134	1,873,384		68,750
	c	CFC RETURN OF CAPITAL	524298	1,314,416			1,314,416
	d	All other revenue		-748,627	-748,627		
	e	**Total.** Add lines 11a–11d		4,715,054			
	12	**Total revenue.** See Instructions		253,684,982	244,593,678	173,930	4,144,920

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	230,270	230,270		
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	3,470,321		3,470,321	
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	86,289,700	82,386,230	3,903,470	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,605,766	4,431,785	173,981	
9 Other employee benefits	15,156,918	13,958,129	1,198,789	
10 Payroll taxes	6,362,089	5,920,568	441,521	
11 Fees for services (non-employees)				
a Management	1,080,734	1,080,734		
b Legal	1,202,396	6,797	1,195,599	
c Accounting	264,541	115,806	148,735	
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)	18,313,129	14,876,519	3,436,610	
12 Advertising and promotion	586,851	550,223	36,628	
13 Office expenses	6,057,722	5,419,742	637,980	
14 Information technology	5,847,081	4,529,556	1,317,525	
15 Royalties . .				
16 Occupancy	6,428,863	6,431,054	-2,191	
17 Travel	300,919	234,543	66,376	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	155,370	109,083	46,287	
20 Interest	9,592,349		9,592,349	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	11,499,457	10,578,583	920,874	
23 Insurance	1,864,245	1,068,722	795,523	
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	39,146,064	39,143,055	3,009	
b PROV FOR BAD DEBT	14,046,161	14,054,044	-7,883	
c EQUIPMENT MAINTENANCE	3,476,318	3,295,140	181,178	
d DUES & SUBSCRIPTIONS	762,560	381,488	381,072	
e All other expenses	1,219,696	503,386	716,310	
25 **Total functional expenses.** Add lines 1 through 24e	237,959,520	209,305,457	28,654,063	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		11,859,110	1	33,933,901
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		25,786,923	4	26,746,200
	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		2,045,081	7	2,393,877
	8	Inventories for sale or use		3,866,675	8	3,780,756
	9	Prepaid expenses and deferred charges		2,482,311	9	2,844,072
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 208,343,222			
	b	Less accumulated depreciation	10b 16,577,765	186,735,980	10c	191,765,457
	11	Investments—publicly traded securities		58,295,786	11	5,797,882
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		20,920,665	15	22,793,727
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		311,992,531	16	290,055,872
Liabilities	17	Accounts payable and accrued expenses		51,347,841	17	36,845,384
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		227,278,962	20	0
	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			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		77,934,781	25	290,401,521
	26	**Total liabilities.** Add lines 17 through 25		356,561,584	26	327,246,905
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		-49,704,697	27	-42,680,255
	28	Temporarily restricted net assets		4,181,078	28	4,376,401
	29	Permanently restricted net assets		954,566	29	1,112,821
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		-44,569,053	33	-37,191,033
	34	Total liabilities and net assets/fund balances		311,992,531	34	290,055,872

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	253,684,982
2	Total expenses (must equal Part IX, column (A), line 25)	2	237,959,520
3	Revenue less expenses Subtract line 2 from line 1	3	15,725,462
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-44,569,053
5	Net unrealized gains (losses) on investments	5	
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	-8,347,442
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-37,191,033

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 54-0261840
Name: MARTHA JEFFERSON HOSPITAL

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
WILLIAM L ACHENBACH BOARD MEMBER	2 00 3 00	X						0	0	0
LILLIAN R BEVIER BOARD MEMBER	2 00 1 00	X						0	0	0
PETER BROOKS CHAIR	2 50	X		X				0	0	0
DR GREGORY DOULL BOARD MEMBER	2 00	X						0	0	0
EARNEST EDWARDS BOARD MEMBER	2 00	X						0	0	0
RICHARD GILLIAM BOARD MEMBER	2 00	X						0	0	0
CAROL B HURT BOARD MEMBER	2 00	X						0	0	0
DR JOHN LIGUSH BOARD MEMBER	2 00	X						0	0	0
E RAY MURPHY BOARD MEMBER	2 00 1 00	X						0	0	0
BRUCE MURRAY BOARD MEMBER	2 00	X						0	0	0
DAVID G SUTTON BOARD MEMBER	2 00	X						0	0	0
DAVID L BERND BOARD MEMBER	2 00 52 00	X						0	4,981,854	326,749
HOWARD P KERN VICE CHAIR	2 00 50 00	X		X				0	3,731,697	722,594
KENNETH M KRAKAUR BOARD MEMBER	2 00 47 00	X						0	979,254	84,563
JAMES E HADEN PRESIDENT (NON-VOTING)	50 00 15 00			X				666,375	0	132,476
ELLIOT H KUIDA SECRETARY (NON-VOTING)	63 00 3 00			X				332,130	0	33,287
J MICHAEL BURRIS TREASURER (NON-VOTING)	32 00 38 20			X				275,312	0	89,965
AMELIA S BLACK VP, CHIEF NURSE EXECUTIVE	65 00				X			232,989	0	33,868
MARIJO LECKER VP, CLINICAL SUPPORT SVS/I	65 00				X			259,824	0	34,904
RONALD J COTTRELL VP, PLANNING, MKTG, CORP D	65 00				X			241,631	0	70,950
FINLAY M ASHBY VP, MEDICAL AFFAIRS	65 00				X			237,507	0	30,162
SUSAN CABELL MAINS VP, HR, RETAIL, COMPLIANCE	65 00				X			236,729	0	111,542
RAY R MISHLER VP, DEVELOPMENT	25 00 40 00				X			195,441	0	76,606
DEBORAH L THEXTON FINANCE DIRECTOR	60 00 5 00				X			164,996	0	13,627
JOHN Z EDWARDS PHYSICIAN	40 00					X		495,764	0	34,158

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT S PRITCHARD PHYSICIAN	40 00					X		435,861	0	34,109
SANDEEP TEJA PHYSICIAN	40 00					X		510,250	0	25,559
JACOB N YOUNG PHYSICIAN	40 00					X		696,966	0	32,660
STEPHEN B GUNTHER PHYSICIAN	40 00					X		506,105	0	23,866

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part 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						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
MARTHA JEFFERSON HOSPITAL	54-0261840

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		120
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			120
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
ORGANIZATIONS DIRECT AND INDIRECT POLITICAL CAMPAIGN ACTIVITIES	PART I-A, LINE 1	THE ORGANIZATION ENGAGED IN DIRECT CONTACT WITH LEGISLATORS AT A LEGISLATIVE CONFERENCE

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

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
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	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)

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	29,368,803	29,368,803			
b	Contributions			29,368,803		
c	Net investment earnings, gains, and losses	2,784,380				
d	Grants or scholarships					
e	Other expenditures for facilities and programs	-3,245,421				
f	Administrative expenses					
g	End of year balance	28,907,762	29,368,803	29,368,803		

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 ▶ 100 000 %

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		31,569,529		31,569,529
b Buildings		115,011,780	3,122,296	111,889,484
c Leasehold improvements		1,329,038	17,325	1,311,713
d Equipment		57,877,522	13,111,835	44,765,687
e Other		2,555,353	326,309	2,229,044
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				191,765,457

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

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

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

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

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

(a) Description	(b) Book value
(1) MISCELLANEOUS ACCOUNTS RECEIVABLE	5,250,735
(2) DEPOSITS	1,506,463
(3) OTHER ASSETS	6,392,981
(4) ASSETS HELD FOR SALE	9,292,060
(5) DUE FROM AFFILIATE	351,488
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	22,793,727

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
CLAIMS ACCRUAL	500,000
PENSION LIABILITY	10,056,742
CAPITAL LEASE OBLIGATIONS	1,113,378
LONG TERM LIABILITIES	7,756,678
IBNR LIABILITY	4,435,853
DUE TO AFFILIATES	266,538,870
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	290,401,521

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** 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 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
CENTRAL AMERICA AND THE CARIBBEAN	0	0	PROGRAM SERVICES	JOINT VENTURE AGREEMENT WITH VIRGINIA SOLUTIONS SPC, LTD - INSURANCE CAPTIVE THAT UNDERWRITES HOSPITAL AND PHYSICIAN LIABILITY AND WORKERS COMPENSATION POLICIES FOR ITS MEMBER HOSPITALS THE HOSPITAL HAD A 16 67% OWNERSHIP INTEREST IN THE CAPTIVE AS OF 1/1/2012 AS OF 12/31/12, THE HOSPITAL HAD A 0% OWNERSHIP INTEREST	
EUROPE	0	0	PROGRAM SERVICE INVESTMENTS	AT 1/1/2012 MARTHA JEFFERSON HOSPITAL HAD FUNDS HELD BY A BANK BASED IN EUROPE IN 2012 MARTHA JEFFERSON'S PARENT COMPANY, SENTARA HEALTHCARE, ASSUMED RESPONSIBILITY FOR THOSE FUNDS AS OF 12/31/2012, THE HOSPITAL HAD NO EUROPEAN INVESTMENTS	
3a Sub-total	0	0			0
b Total from continuation sheets to Part I	0	0			0
c **Totals** (add lines 3a and 3b)	0	0			0

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

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

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

3 Enter total number of other organizations or entities . . . . . ▶

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

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organizationmay be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*	☐ Yes	☑ No

Part V **Supplemental Information**

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

Identifier	ReturnReference	Explanation

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

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

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

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

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

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

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

		(a) Event #1 MARTHA'S MARKET (event type)	(b) Event #2 IN THE PINK (event type)	(c) Other events 1 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	409,926	34,306	1,820	446,052
	2 Less Contributions	208,507	28,951	20	237,478
	3 Gross income (line 1 minus line 2)	201,419	5,355	1,800	208,574
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	38,858			38,858
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	117,330	2,042	255	119,627
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(158,485)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				50,089

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ 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 _____ %	3a	Yes	
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 _____ %	3b	Yes	
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			7,762,788		7,762,788	3 460 %
b Medicaid (from Worksheet 3, column a)			11,580,955	6,478,825	5,102,130	2 270 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			7		7	0 %
d **Total** Financial Assistance and Means-Tested Government Programs			19,343,750	6,478,825	12,864,925	5 730 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			831,305		831,305	0 370 %
f Health professions education (from Worksheet 5)			534,796	193,036	341,760	0 150 %
g Subsidized health services (from Worksheet 6)			20,042,617	9,505,795	10,536,822	4 700 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			274,398		274,398	0 120 %
j **Total.** Other Benefits			21,683,116	9,698,831	11,984,285	5 340 %
k **Total.** Add lines 7d and 7j			41,026,866	16,177,656	24,849,210	11 070 %

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			8,608		8,608	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			8,608		8,608	

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	14,046,161		
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	3,319,940		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	62,913,331		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	76,248,174		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-13,334,843		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 MARTHA JEFFERSON OUTPATIENT SURGERY CENTER LLC	FREESTANDING AMBULATORY SURGERY CENTER	50 000 %	0 %	50 000 %
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?
2

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MARTHA JEFFERSON HOSPITAL 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	X	X					X			
2	MARTHA JEFFERSON OUTPATIENT SURGERY CENT 595 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	X								AMBULATORY SURGERY CENTER	

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)

Name of hospital facility or facility reporting group MARTHA JEFFERSON HOSPITAL

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	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a 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?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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)			
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?	**21**		No
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?	**22**		No
If "Yes," explain in Part VI			

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)

Name of hospital facility or facility reporting group MARTHA JEFFERSON OUTPATIENT SURGERY CENT

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 2

			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	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a 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?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $___			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**		No
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)			

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)			
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?	**21**	Yes	
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?	**22**		No
If "Yes," explain in Part VI			

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?
21

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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

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

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

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

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

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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 6A THE ORGANIZATION'S COMMUNITY BENEFIT REPORT WAS CONTAINED IN A SYSTEM-WIDE REPORT PREPARED BY SENTARA HEALTHCARE, EIN 52-1271901, THE ORGANIZATION'S 501(C)(3) SOLE MEMBER
		PART I, LINE 7 A COMBINATION OF A RATIO OF COSTS TO CHARGES AND A COST ACCOUNTING PROCESS WHICH ADDRESSES ALL PATIENT SEGMENTS (INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICARE, MEDICAID, UNINSURED AND SELF PAY) WAS USED TO DETERMINE ALL AMOUNTS REPORTED ON LINE 7

Identifier	ReturnReference	Explanation
		PART I, LINE 7G INCLUDES PRIMARY CARE PRACTICES COSTS OF $10,536,822
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE SUBTRACTED FROM THE DENOMINATOR WHEN CALCULATING COLUMN F PERCENTAGES IS $14,046,161

Identifier	ReturnReference	Explanation
		PART II WE OFFER A VARIETY OF COMMUNITY BUILDING ACTIVITIES INCLUDING THOSE DESIGNED TO HELP MEET THE BASIC NEEDS OF OUR COMMUNITY SUCH AS FOOD DRIVES AND OUR SHOES FOR THE HOMELESS ANNUAL CAMPAIGN WE OFFER AN ANNUAL CELEBRATION OF LIFE EVENT FOR CANCER SURVIVORS TO GIVE THEM THE OPPORTUNITY TO INTERACT WITH THE PHYSICIANS AND STAFF WHO WERE RESPONSIBLE FOR THEIR CARE WE HAVE HAD FOUR ANNUAL UNWANTED MEDICATION AND SHARPS DROP-OFF EVENTS WE HAVE STEADILY INCREASED THE AMOUNT OF MEDICATIONS AND SHARPS WE ARE TAKING OUT OF HOMES IN OUR COMMUNITY AT EACH EVENT
		PART III, LINE 4 SEE PAGES 18-19 OF THE ATTACHED FINANCIAL STATEMENTS FOR THE FOOTNOTE WHICH DISCUSSES BAD DEBT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE COST REPORT WAS USED TO DETERMINE THE MEDICARE COSTS REPORTED ON LINE 6 MEDICARE MARGINS HAVE BEEN DECLINING AT THE SAME TIME THAT HOSPITALS HAVE BEEN ENGAGED IN CONCERTED EFFORTS TO IMPROVE EFFICIENCY, WHICH POINTS TO THE FACT THAT THE LOSSES ARE MOST LIKELY THE RESULT OF INADEQUATE REIMBURSEMENT BY THE FEDERAL GOVERNMENT, THUS, SHOULD BE INCLUDED IN COMMUNITY BENEFIT
		PART III, LINE 9B COLLECTION PRACTICES ARE GEARED TOWARDS PATIENTS THAT HAVE A HIGH PROBABILITY OF BEING ABLE TO PAY FOR SERVICES BASED ON INCOME LEVEL AND INELIGIBILITY FOR CHARITY PROGRAMS IT IS THE POLICY OF MARTHA JEFFERSON HOSPITAL TO REVIEW ACCOUNTS TO ENSURE ALL POSSIBLE METHODS OF PAYMENT HAVE BEEN EXHAUSTED, I E MEDICAL ASSISTANCE, FINANCIAL ASSISTANCE, PAYMENT PLANS AND SELF-PAY DISCOUNTS, PRIOR TO AN ACCOUNT BEING DEEMED AS "BAD DEBT" THE ORGANIZATION USES OUTSIDE COLLECTION AGENCIES ON A PRIMARY PLACEMENT BASIS THE ORGANIZATION DETERMINES WHICH PATIENTS ARE SENT TO OUTSIDE AGENCIES AND GUIDES THE AGENCIES IN PERFORMING REASONABLE COLLECTION EFFORTS

Identifier	ReturnReference	Explanation
MARTHA JEFFERSON OUTPATIENT SURGERY CENT		PART V, SECTION B, LINE 20D SERVICES ELIGIBLE UNDER THE OUTPATIENT SURGERY CENTER'S FINANCIAL ASSISTANCE POLICY WERE MADE AVAILABLE TO PATIENTS ON A SLIDING FEE SCALE, IN ACCORDANCE WITH FINANCIAL NEED, AS DETERMINED WITH REFERENCE TO FEDERAL POVERTY GUIDELINES (FPG) IN EFFECT AT THE TIME OF THE DETERMINATION THE BASIS FOR THE AMOUNTS THE HOSPITAL CHARGED ITS PATIENTS WHO QUALIFIED FOR FINANCIAL ASSISTANCE IS SUMMARIZED AS FOLLOWS -ALL PATIENTS WHOSE INCOME WAS AT OR BELOW 100% OF THE FPG WERE ELIGIBLE TO RECEIVE FREE CARE -PATIENTS WHOSE INCOME WAS ABOVE 100% BUT NOT MORE THAN 150% OF THE FPG WERE ELIGIBLE TO RECEIVE SERVICES AT A 75% DISCOUNT -PATIENTS WHOSE INCOME WAS ABOVE 150% BUT NOT MORE THAN 200% OF THE FPG WERE ELIGIBLE TO RECEIVE SERVICES AT A 50% DISCOUNT - PATIENTS WHOSE INCOME WAS ABOVE 200% BUT NOT MORE THAN 300% OF THE FPG WERE ELIGIBLE TO RECEIVE SERVICES AT A 25% DISCOUNT
MARTHA JEFFERSON OUTPATIENT SURGERY CENT		PART V, SECTION B, LINE 21 AS OUTLINED IN PART V LINE 20D, THE FACILITY'S 2012 FINANCIAL ASSISTANCE POLICY INCLUDED FREE CARE TO ALL PATIENTS WHOSE INCOME WAS AT OR BELOW 100% OF THE FPG, AND DISCOUNTED CARE TO ALL OTHER FAP-ELIGIBLE PATIENTS BASED ON A SLIDING FEE SCALE THE SLIDING FEE SCALE WAS DESIGNED TO BROADEN THE NUMBER OF UNINSURED PATIENTS ELIGIBLE FOR DISCOUNTED CARE YET FOSTER PATIENT PARTICIPATION IN THE COST OF CARE AT HIGHER INCOME LEVELS THE ORGANIZATION BELIEVES THAT SUCH AN APPROACH WAS IN LINE WITH THE CONGRESSIONAL INTENT BEHIND IRC SEC 501(R)(4)(A) HOWEVER, AS SOME DISCOUNTS OFFERED UNDER THE SLIDING FEE SCALE DID NOT MEET THE "AMOUNTS GENERALLY BILLED" ("AGB") STANDARD SET BY THE JOINT COMMITTEE ON TAXATION IN ITS MARCH 21, 2010 REPORT, AND THE FACILITY DID NOT ADOPT AN AGB COMPUTATION METHOD OUTLINED IN IRS PROPOSED REGULATIONS ISSUED JUNE 26, 2012, THE ORGANIZATION ANSWERED "YES" TO THIS QUESTION

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MARTHA JEFFERSON WAS INVITED BY THE THOMAS JEFFERSON HEALTH DISTRICT TO PARTICIPATE ON THE STEERING COMMITTEE OF THE CITY OF CHARLOTTESVILLE/ALBEMARLE COUNTY COMMUNITY HEALTH STATUS ASSESSMENT THE STEERING COMMITTEE WAS INCLUSIVE, WITH REPRESENTATIVES FROM ALL LOCAL AGENCIES AND ORGANIZATIONS THAT IMPACT THE OVERALL HEALTH OF OUR COMMUNITY THE PURPOSE OF COMMUNITY HEALTH STATUS ASSESSMENT WAS TO ANSWER THREE MAIN QUESTIONS 1) WHO COMPRISES THE COMMUNITY, AND WHAT DO THE COMMUNITY MEMBERS BRING TO THE TABLE? 2) WHAT ARE THE STRENGTHS AND RISK FACTORS IN THE COMMUNITY THAT CONTRIBUTE TO HEALTH? 3) WHAT IS THE STATUS OF THE COMMUNITY? THIS ASSESSMENT WAS PUBLISHED IN 2008 AND CAN BE FOUND ON THE THOMAS JEFFERSON HEALTH DISTRICT'S WEBSITE LOCATED AT WWW VDH STATE VA US/LHD/THOMASJEFFERSON WE ARE CURRENTLY PLANNING A SIMILAR COLLABORATIVE EFFORT TO MEET THE REQUIREMENTS FOR A NEW ASSESSMENT BY OCTOBER 2013
		PART VI, LINE 3 THE HOSPITAL PROVIDES PAMPHLETS AT REGISTRATION AREAS, PAYMENT AREAS AND WAITING ROOMS DESCRIBING THE HOSPITAL'S BILLING PROCESS AND FINANCIAL ASSISTANCE IN ADDITION, INFORMATION IS AVAILABLE ON THE HOSPITAL'S WEBSITE DISCUSSING ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE, THE FULL FINANCIAL ASSISTANCE POLICY, AS WELL AS INFORMATION ON THE APPLICATION PROCESS FINANCIAL COUNSELORS AT THE HOSPITAL MAY REACH OUT TO PATIENTS TO DETERMINE IF THEY WOULD LIKE TO APPLY FOR ASSISTANCE, WHICH APPLICATION MAY BE MADE PRIOR TO, DURING OR SUBSEQUENT TO RECEIVING SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 MARTHA JEFFERSON HOSPITAL SERVES THE THOMAS JEFFERSON AREA PLANNING DISTRICT (PD10), INCLUDING THE CITY OF CHARLOTTESVILLE, AND THE COUNTIES OF ALBEMARLE, FLUVANNA, GREENE, LOUISA, AND NELSON, ALL OF WHICH ARE FEDERALLY-DESIGNATED MEDICALLY UNDERSERVED AREAS THIS DISTRICT INCLUDES URBAN, RURAL AND SUBURBAN GEOGRAPHIC AREAS PD10 CONSISTS OF APPROXIMATELY 230,000 PEOPLE (U S CENSUS BUREAU 2009), WITH ALBEMARLE COUNTY BY FAR THE MOST HIGHLY POPULATED AREA, DISTANTLY FOLLOWED BY THE CITY OF CHARLOTTESVILLE AND THE OTHER COUNTIES IN GENERAL, THE PLANNING DISTRICT IS GROWING IN POPULATION, WITH AN INCREASE OF OVER 30,000 PEOPLE FROM 2000-2009 (U S CENSUS BUREAU 2009) APPROXIMATELY 75 PERCENT OF CITY RESIDENTS AND 90 PERCENT OF ALBEMARLE COUNTY RESIDENTS LIVE ABOVE THE FEDERAL POVERTY LEVEL, WITH CHILDREN BEING THE MOST AFFECTED GROUP BY AGE OF PERSONS LIVING IN POVERTY WHILE ABOUT 10 PERCENT OF CITY HOUSEHOLDS RECEIVE ASSISTANCE THROUGH FOOD STAMPS, OVER 50 PERCENT OF CITY SCHOOL CHILDREN QUALIFY FOR FREE OR REDUCED-COST LUNCH PROGRAMS (2008 CITY OF CHARLOTTESVILLE/ALBEMARLE COUNTY COMMUNITY HEALTH STATUS ASSESSMENT) MEDICAID AND SELF PAY PATIENTS COMPRISE APPROXIMATELY 10% OF THE HOSPITAL'S PATIENTS THE COMMUNITY IS SERVED BY TWO HOSPITALS
		PART VI, LINE 5 MARTHA JEFFERSON FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUNITY THROUGH WORKPLACE HEALTHY INITIATIVES, AN OPEN MEDICAL STAFF, BOARDS OF DIRECTORS COMPRISED OF COMMUNITY MEMBERS AND PHYSICIANS, CHARITY CARE POLICIES AND OUTREACH, AND USE OF SURPLUS FUND DISPERSAL WORKFORCE DEVELOPMENT PROGRAMS CONTINUE AS DOES OUR SUPPORT OF ORGANIZATIONS CHAMPIONING CHILD DENTAL, INDIGENT PRESCRIPTION DRUG, COMMUNITY MENTAL HEALTH SERVICES AND FREE CLINIC ACCESS EFFORTS MARTHA JEFFERSON HOSPITAL STAFF SERVE ON COMMITTEES AND BOARDS RELATED TO COMMUNITY HEALTH INCLUDING THE CHARLOTTESVILLE FREE CLINIC, JEFFERSON AREA BOARD FOR AGING, THE SENIOR CENTER, THE CHARLOTTESVILLE OBESITY TASK FORCE, HOSPICE OF THE PIEDMONT, AND THE WOMEN'S INITIATIVE PARTNERSHIPS ARE IMPORTANT TO US WE PARTNER WITH ORGANIZATIONS THAT HAVE A TRACK RECORD OF IMPROVING HEALTH IN OUR COMMUNITY INCLUDING BUT NOT LIMITED TO THE CHARLOTTESVILLE FREE CLINIC, GREENE FREE CLINIC, CHARLOTTESVILLE/ALBEMARLE RESCUE SQUAD, THE UNITED WAY, AND THE WOMEN'S INITIATIVE (MENTAL HEALTH SERVICES) WE MAXIMIZE OUR REACH THROUGH FINANCIAL AND IN-KIND DONATIONS TO ORGANIZATIONS SUCH AS THE CHARLOTTESVILLE CITY SCHOOLS, HOSPICE OF THE PIEDMONT, JEFFERSON AREA BOARD FOR AGING AND HEAD START PROGRAMS IN SEVERAL SURROUNDING COUNTIES OUR PARTNERSHIPS HELP BUILD AND STRENGTHEN EXISTING PROGRAMS, AS WELL AS LEADING TO THE DEVELOPMENT OF NEW PROGRAMS OUR PARTNERSHIPS WITH OTHER NON-PROFITS IN THE COMMUNITY ALSO HELP US STAY ABREAST OF COMMUNITY NEEDS MARTHA JEFFERSON HOSPITAL WELCOMES AND ENCOURAGES SIGNIFICANT COMMUNITY INVOLVEMENT THROUGH THE ESTABLISHMENT OF NUMEROUS GOVERNING COMMITTEES AND A COMMUNITY LEADERSHIP COUNCIL THERE ARE 100 COMMUNITY MEMBERS ANNUALLY INVOLVED DIRECTLY WITH THESE COMMITTEES MARTHA JEFFERSON HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF TO ALL WHO SEEK PRIVILEGES HERE THERE ARE OVER 450 PHYSICIANS AND ALLIED STAFF ON THE MARTHA JEFFERSON HOSPITAL MEDICAL STAFF MARTHA JEFFERSON HOSPITAL UTILIZES SURPLUS FUNDS TO PURCHASE MEDICAL EQUIPMENT AND FACILITIES DESIGNED TO MEET THE NEEDS OF THE COMMUNITY IT SERVES

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE ORGANIZATION IS AFFILIATED WITH THE SENTARA HEALTHCARE SYSTEM ("SENTARA") SENTARA, A NOT-FOR-PROFIT HEALTH SYSTEM, OPERATES MORE THAN 100 SITES OF CARE SERVING RESIDENTS ACROSS VIRGINIA AND NORTHEASTERN NORTH CAROLINA THE SYSTEM IS COMPRISED OF 10 ACUTE CARE HOSPITALS, INCLUDING SEVEN IN HAMPTON ROADS, ONE IN NORTHERN VIRGINIA, TWO IN THE BLUE RIDGE REGION, AND ONE IN SOUTH CENTRAL VIRGINIA, ADVANCED IMAGING CENTERS, NURSING AND ASSISTED LIVING CENTERS, OUTPATIENT CAMPUSES, TWO HOME HEALTH AND HOSPICE AGENCIES, A 3,680- PROVIDE MEDICAL STAFF, AND THREE MEDICAL GROUPS WITH 618 PROVIDERS THE ORGANIZATION'S AFFILIATION WITH SENTARA ENHANCES ITS ABILITY TO ACHIEVE BEST PRACTICES IN HEALTHCARE DELIVERY, ACQUIRE CUTTING EDGE TECHNOLOGY AND INTEGRATED INFORMATION SYSTEMS, AND PROVIDE A HIGHER LEVEL OF MEDICAL CARE TO VIRGINIA'S BLUE RIDGE REGION COMMUNITY COMBINED, THESE ATTRIBUTES BETTER POSITION THE ORGANIZATION TO ADDRESS HEALTH CARE REFORM AND OTHER PROFOUND CHANGES AFFECTING THE HEALTHCARE ENVIRONMENT

Additional Data

Software ID:
Software Version:
EIN: 54-0261840
Name: MARTHA JEFFERSON HOSPITAL

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

Section C. Other 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?
21

Name and address	Type of Facility (describe)
MARTHA JEFFERSON OUTPATIENT CARE CENTER 595 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
MARTHA JEFFERSON HEALTH SERVICES 3263 PROFFIT ROAD CHARLOTTESVILLE,VA 22902	DIAGNOSTIC CENTER
MJ SURGICAL ASSOCIATES 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
MARTHA JEFFERSON SLEEP CENTER 1793 RICHMOND ROAD CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
FOREST LAKES FAMILY MEDICINE 3263 PROFFIT ROAD SUITE 101 CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
MJ ORTHOPAEDICS 310 OLD IVY WAY SUITE 202 CHARLOTTESVILLE,VA 229034896	DIAGNOSTIC CENTER
GREENE FAMILY MEDICINE 140 STONERIDGE DRIVE S SUITE 100 RUCKERSVILLE,VA 229683096	DIAGNOSTIC CENTER
CROZET FAMILY MEDICINE 1646 PARK RIDGE DRIVE CROZET,VA 229323155	DIAGNOSTIC CENTER
BLUE RIDGE INTERNAL MEDICINE 310 OLD IVY WAY SUITE 201 CHARLOTTESVILLE,VA 229034896	DIAGNOSTIC CENTER
PALMYRA MEDICAL ASSOCIATES 17 CENTRE COURT PALMYRA,VA 229632330	DIAGNOSTIC CENTER
MADISON FAMILY MEDICINE 2503 SOUTH SEMINOLE TRAIL MADISON,VA 227272690	DIAGNOSTIC CENTER
AFTON FAMILY MEDICINE 10950 ROCKFISH VALLEY HWY AFTON,VA 229203203	DIAGNOSTIC CENTER
MJ INTERNAL MEDICINE 590 PETER JEFFERSON PARKWAY SUITE 100 CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
BUCKINGHAM FAMILY MEDICINE 65 BRICKYARD ROAD DILLWYN,VA 229360030	DIAGNOSTIC CENTER
MJ MEDICAL ONCOLOGY ASSOCIATES 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
MJH IVF LAB 595 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
WOUND CARE AT MARTHA JEFFERSON 1490 PANTOPS MOUNTAIN PLACE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
MJ SPRING CREEK 29 JEFFERSON COURT GORDONSVILLE,VA 22942	DIAGNOSTIC CENTER
MJ AESTHETIC & RECONSTRUCTIVE SURGERY 600 PETER JEFFERSON PARKWAY CHARLOTTESVILLE,VA 229118837	DIAGNOSTIC CENTER
THE SOMETHING SPECIAL SHOP 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER
MARTHA JEFFERSON NEUROSCIENCES 595 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE,VA 22911	DIAGNOSTIC CENTER

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AMERICAN CANCER SOCIETY 1445 E RIO ROAD SUITE 104 CHARLOTTESVILLE,VA 22901	13-1788491	501(C)(3)	6,650				DENTAL SERVICES
(2) CHARLOTTESVILLE CITY SCHOOLS & SOCIAL SERVICES 1562 DAIRY ROAD CHARLOTTESVILLE,VA 22903	54-6001203	501(C)(3)	9,120				RX RELIEF PROGRAM
(3) CHARLOTTESVILLE FREE CLINIC 1138 ROSE HILL DRIVE 200 CHARLOTTESVILLE,VA 22903	54-1610405	501(C)(3)	25,000				BRIGHT STARS PROGRAM, DEPT OF SOCIAL SERVICES, PRESCHOOL NETWORK
(4) COUNTY OF ALBEMARLE 401 MCINTIRE ROAD CHARLOTTESVILLE,VA 22902	54-6001102		20,000				COMMUNITY HEALTH
(5) PIEDMONT VIRGINIA COMMUNITY COLLEGE 501 COLLEGE DRIVE CHARLOTTESVILLE,VA 22902	54-1268264	501(C)(3)	50,000				COMMUNITY HEALTH
(6) THE WOMEN'S INITIATIVE 1101 EAST HIGH STREET STE A CHARLOTTESVILLE,VA 22902	20-5913090	501(C)(3)	30,000				DENTAL SERVICES FOR UNDERSERVED CHILDREN
(7) THOMAS JEFFERSON EMS COUNCIL 2205 FONTAINE AVENUE SUITE 303 CHARLOTTESVILLE,VA 22903	54-1897455	501(C)(3)	60,000				COMMUNITY HEALTH
(8) UNITED WAY 806 EAST HIGH STREET CHARLOTTESVILLE,VA 22902	54-0505882	501(C)(3)	15,600				MENTAL HEALTH SERVICES
(9)							COMMUNITY HEALTH
(10)							COMMUNITY HEALTH
(11)							COMMUNITY HEALTH

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 7

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.**

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 MARTHA JEFFERSON HOSPITAL DONATES FUNDS IN FURTHERANCE OF THE HOSPITAL'S MISSION TO IMPROVE THE HEALTH STATUS OF THE COMMUNITY BY MAINTAINING, ENHANCING AND RESTORING PERSONAL HEALTH AND WELL BEING ASSISTANCE IS GIVEN BASED ON DIRECTION FROM THE BOARD OF DIRECTORS AND COMMUNITY NEED

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 54-0261840
Name: MARTHA JEFFERSON HOSPITAL

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN CANCER SOCIETY1445 E RIO ROAD SUITE 104 CHARLOTTESVILLE,VA 22901	13-1788491	501(C)(3)	6,650				DENTAL SERVICES
CHARLOTTESVILLE CITY SCHOOLS & SOCIAL SERVICES1562 DAIRY ROAD CHARLOTTESVILLE,VA 22903	54-6001203	501(C)(3)	9,120				RX RELIEF PROGRAM

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHARLOTTESVILLE FREE CLINIC1138 ROSE HILL DRIVE 200 CHARLOTTESVILLE,VA 22903	54-1610405	501(C)(3)	25,000				BRIGHT STARS PROGRAM, DEPT OF SOCIAL SERVICES, PRESCHOOL NETWORK
COUNTY OF ALBEMARLE 401 MCINTIRE ROAD CHARLOTTESVILLE,VA 22902	54-6001102		20,000				COMMUNITY HEALTH

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
PIEDMONT VIRGINIA COMMUNITY COLLEGE501 COLLEGE DRIVE CHARLOTTESVILLE,VA 22902	54-1268264	501(C)(3)	50,000				COMMUNITY HEALTH
THE WOMEN'S INITIATIVE 1101 EAST HIGH STREET STE A CHARLOTTESVILLE,VA 22902	20-5913090	501(C)(3)	30,000				DENTAL SERVICES FOR UNDERSERVED CHILDREN

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
THOMAS JEFFERSON EMS COUNCIL2205 FONTAINE AVENUE SUITE 303 CHARLOTTESVILLE,VA 22903	54-1897455	501(C)(3)	60,000				COMMUNITY HEALTH
UNITED WAY806 EAST HIGH STREET CHARLOTTESVILLE,VA 22902	54-0505882	501(C)(3)	15,600				MENTAL HEALTH SERVICES

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

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

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

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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☑ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
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			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	THE INDICATED BENEFITS ARE PROVIDED TO CERTAIN SENIOR EXECUTIVES OF THE ORGANIZATION AS PART OF OVERALL COMPENSATION PACKAGES AND ARE CONSIDERED IN EVALUATING THE REASONABLENESS OF COMPENSATION (SEE FORM 990, PART VI, LINE 15, FOR A DESCRIPTION OF THE PROCESS USED TO DETERMINE EXECUTIVE COMPENSATION) COUNTRY CLUB MEMBERSHIP FEES AND DUES PROVIDED FOR CEO, COO AND VICE PRESIDENT, DEVELOPMENT ONLY SOCIAL CLUB DUES PAID ON BEHALF OF THE ORGANIZATION'S SENIOR EXECUTIVES ARE ALLOCATED BETWEEN BUSINESS AND PERSONAL USE, THE PERSONAL USE OF WHICH IS TREATED AS ADDITIONAL COMPENSATION AND REPORTED ON FORM W-2 AS TAXABLE WAGES PERSONAL SERVICES FINANCIAL PLANNING - THE CEO RECEIVES ANNUAL PAYMENTS UP TO $4,000, VICE PRESIDENTS RECEIVE UP TO $2,500 EVERY FOUR YEARS AT THE DISCRETION OF THE PRESIDENT/CEO FINANCIAL PLANNING (I E PERSONAL SERVICES) EXPENSES PAID BY OR ON BEHALF OF THE ORGANIZATION'S SENIOR EXECUTIVES ARE TREATED AS ADDITIONAL COMPENSATION AND REPORTED ON FORM W-2 AS TAXABLE WAGES
	PART I, LINE 7	THE MANAGEMENT AND SENIOR MANAGEMENT INCENTIVE PLANS RECOGNIZE INDIVIDUALS BASED ON SPECIFIC CRITERIA AND DEFINED ORGANIZATION PERFORMANCE STANDARDS THOSE PLANS ARE NOT ANNUALLY GUARANTEED AND IMPLEMENTATION WILL DEPEND ON ORGANIZATION-WIDE PERFORMANCE IF ORGANIZATION-WIDE GOALS ARE NOT MET, THE PRESIDENT/CEO WILL HAVE THE DISCRETION TO DETERMINE ANY VARIATIONS TO THE PLAN
SUPPLEMENTAL INFORMATION	PART III	HOWARD KERN PARTICIPATES IN THE SENTARA SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN PARTICIPATION IN THE PLAN IS LIMITED TO SELECT INDIVIDUALS AS APPROVED BY SENTARA HEALTHCARE'S BOARD OF DIRECTOR'S COMPENSATION COMMITTEE THE PLAN IS CURRENTLY CLOSED TO ADDITIONAL MEMBERS VESTING OCCURS UPON THE COMPLETION OF A TWO YEAR NON-COMPETE PERIOD FOLLOWING TERMINATION AFTER EARLY RETIREMENT DATE OR UPON DEATH EARLY RETIREMENT DATE IS WHEN THE EXECUTIVE OBTAINS AT LEAST AGE 55 AND HAS 10 YEARS OF SERVICE AND BENEFITS ARE FORFEITED IF PARTICIPANT LEAVES PRIOR TO AGE 55 WITH 10 YEARS OF SERVICE DAVID BERND PARTICIPATES IN AN INDIVIDUAL SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN VESTING OCCURS EACH DECEMBER 31 AND THE PRESENT VALUE OF THE ADDITIONAL ACCRUAL IS DISTRIBUTED IN A TAXABLE LUMP SUM FOR 2012, MR BERND RECEIVED A TOTAL LUMP SUM DISTRIBUTION OF $2,149,953 THIS AMOUNT HAS BEEN REPORTED IN COLUMN(B)(III) OF SCHEDULE J, PART II DAVID BERND AND HOWARD KERN PARTICIPATE IN THE SENTARA OPTION PLAN FOR EXECUTIVES THIS PLAN IS UNRELATED TO "EQUITY" OF THE EMPLOYER PARTICIPATION IS LIMITED TO SELECT INDIVIDUALS AS APPROVED BY SENTARA HEALTHCARE'S BOARD OF DIRECTOR'S COMPENSATION COMMITTEE VESTING IS DETERMINED BY THE GOVERNING BOARD OF SENTARA HEALTHCARE AND IS SEPARATELY STATED IN EACH PARTICIPANT'S OPTION AGREEMENT THERE WERE NO OPTIONS GRANTED AFTER 2002 DURING 2012, HOWARD KERN RECEIVED $1,599,005 UPON EXERCISE OF OPTIONS GRANTED UNDER THE PLAN THIS AMOUNT HAS BEEN REPORTED IN COLUMN(B)(III) OF SCHEDULE J, PART II DAVID BERND, HOWARD KERN, AND KENNETH KRAKAUR PARTICIPATE IN THE SENTARA CAPITAL ACCUMULATION ACCOUNT PLAN PARTICIPATION IS LIMITED TO A SELECT GROUP OF CORPORATE EXECUTIVES AS APPROVED BY SENTARA HEALTHCARE'S BOARD OF DIRECTOR'S COMPENSATION COMMITTEE TERMS OF THE PLAN CHANGED EFFECTIVE JANUARY 1, 2009, WHEREBY VESTING OF CONTRIBUTIONS MADE ON OR AFTER THAT DATE NOW OCCURS ON THE EARLIER OF FIVE YEARS FOR EACH YEARS' CONTRIBUTIONS OR AGE 55 WITH 10 YEARS OF SERVICE UNDER THE OLD TERMS, VESTING OF CONTRIBUTIONS MADE PRIOR TO JANUARY 1, 2009 OCCURS ON THE EARLIEST OF ASSIGNED DISTRIBUTION DATE, DEATH, INVOLUNTARY TERMINATION WITHOUT CAUSE OR COMPLETION OF TWO-YEAR NON-COMPETE AFTER VOLUNTARY TERMINATION (REGARDLESS OF ORIGINAL ASSIGNED DISTRIBUTION DATE) DURING 2012, DAVID BERND, HOWARD KERN, AND KENNETH KRAKAUR RECEIVED VESTED DISTRIBUTIONS UNDER THE PLAN OF $221,782, $495,665, AND $73,122, RESPECTIVELY THESE AMOUNTS HAVE BEEN REPORTED IN COLUMN(B)(III) OF SCHEUDULE J, PART II

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 54-0261840
Name: MARTHA JEFFERSON HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DAVID L BERND	(I)	0	0	0	0	0	0	0
	(II)	1,088,008	1,480,853	2,412,993	307,098	19,651	5,308,603	451,083
HOWARD P KERN	(I)	0	0	0	0	0	0	0
	(II)	745,300	876,468	2,109,929	707,467	15,127	4,454,291	1,341,894
KENNETH M KRAKAUR	(I)	0	0	0	0	0	0	0
	(II)	439,315	451,965	87,974	69,660	14,903	1,063,817	59,037
JAMES E HADEN	(I)	477,392	180,000	8,983	111,409	21,067	798,851	0
	(II)	0	0	0	0	0	0	0
ELLIOT H KUIDA	(I)	267,212	63,804	1,114	17,500	15,787	365,417	0
	(II)	0	0	0	0	0	0	0
J MICHAEL BURRIS	(I)	221,476	53,836	0	70,229	19,736	365,277	0
	(II)	0	0	0	0	0	0	0
AMELIA S BLACK	(I)	188,946	42,261	1,782	16,309	17,559	266,857	0
	(II)	0	0	0	0	0	0	0
MARIJO LECKER	(I)	209,432	48,006	2,386	17,500	17,404	294,728	0
	(II)	0	0	0	0	0	0	0
RONALD J COTTRELL	(I)	193,688	47,434	509	51,299	19,651	312,581	0
	(II)	0	0	0	0	0	0	0
FINLAY M ASHBY	(I)	193,842	43,665	0	16,625	13,537	267,669	0
	(II)	0	0	0	0	0	0	0
SUSAN CABELL MAINS	(I)	187,545	43,675	5,509	92,942	18,600	348,271	0
	(II)	0	0	0	0	0	0	0
RAY R MISHLER	(I)	159,169	34,949	1,323	58,172	18,434	272,047	0
	(II)	0	0	0	0	0	0	0
DEBORAH L THEXTON	(I)	143,777	21,219	0	11,550	2,077	178,623	0
	(II)	0	0	0	0	0	0	0
JOHN Z EDWARDS	(I)	450,764	45,000	0	17,500	16,658	529,922	0
	(II)	0	0	0	0	0	0	0
ROBERT S PRITCHARD	(I)	385,861	50,000	0	17,500	16,609	469,970	0
	(II)	0	0	0	0	0	0	0
SANDEEP TEJA	(I)	475,250	35,000	0	17,500	8,059	535,809	0
	(II)	0	0	0	0	0	0	0
JACOB N YOUNG	(I)	636,966	60,000	0	17,500	15,160	729,626	0
	(II)	0	0	0	0	0	0	0
STEPHEN B GUNTHER	(I)	481,105	25,000	0	7,500	16,366	529,971	0
	(II)	0	0	0	0	0	0	0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MARTHA JEFFERSON PHYSICIAN HOSPITAL ORGANIZATION INC	SEE BELOW	162,669	ACCOUNTING SERVICE		No
(2) MARTHA JEFFERSON OUTPATIENT SURGERY CENTER LLC	SEE BELOW	278,287	RENT AND CLEANING SERVICE		No
(3) ETHAN R MURPHY	FAMILY MEMBER OF BOARD MEMBER E RAY MURPHY	19,511	EMPLOYMENT		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
PART IV (B)		TRANSACTIONS WITH INTERESTED PERSONS - BOARD/OFFICER/KEY EMPLOYEE OVERLAP WITH TAXABLE ENTITIESBOARD MEMBER CAROL HURT AND OFFICERS JAMES HADEN AND J MICHAEL BURRIS ALSO SERVE AS BOARD MEMBERS AND/OR OFFICERS OF MARTHA JEFFERSON PHYSICIAN HOSPITAL ORGANIZATION, INC , A JOINT VENTURE OF THE ORGANIZATION BOARD MEMBERS LILLIAN BEVIER AND PETER BROOKS, OFFICER J MICHAEL BURRIS, AND KEY EMPLOYEE RONALD COTTRELL SERVE AS BOARD MEMBERS OF MARTHA JEFFERSON OUTPATIENT SURGERY CENTER, LLC, A JOINT VENTURE OF THE ORGANIZATION DIRECTORS/OFFICERS/KEY EMPLOYEES OF THE ORGANIZATION MAY ALSO SERVE AS DIRECTORS/OFFICERS/KEY EMPLOYEES OF RELATED TAXABLE ENTITIES WITHIN THE SENTARA HEALTHCARE SYSTEM SEE FORM 990 SCHEDULE R FOR A LISTING OF TRANSACTIONS THE ORGANIZATION HAD WITH THESE RELATED TAXABLE ENTITIES

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art—Works of art	X	13	43,700	APPRAISAL
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded	X	12	180,333	COST OR SELLING PRICE
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential	X	1	1,390,700	APPRAISAL
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (GIFTS IN KIND)	X	147	21,485	COST OR SELLING PRICE OF DONATED PROPERTY
26	Other ▶ ( )				
27	Other ▶ ( )				
28	Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

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

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
THIRD PARTY USE	PART I, LINE 32B	MARTHA JEFFERSON HOSPITAL USES EXTERNAL PARTIES TO COORDINATE AN ARMS-LENGTH SALE OF NON-CASH CONTRIBUTIONS FOR EXAMPLE, A LICENSED STOCK BROKER WAS USED THIS YEAR TO SELL GIFTS OF STOCK

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	THE ORGANIZATION'S OFFICERS AND DIRECTORS SERVE TOGETHER ON THE BOARDS OF OTHER TAXABLE ORGANIZATIONS WITHIN THE SENTARA HEALTHCARE SYSTEM ("THE SYSTEM"), AS WELL AS JOINT VENTURES IN WHICH THE SYSTEM HAS AN OWNERSHIP INTEREST SEE SCHEDULE R FOR A LISTING OF SUCH ENTITIES DAVID BERND AND HOWARD KERN HAVE A BUSINESS RELATIONSHIP THROUGH COMMON OWNERSHIP OF AN ENTITY UNRELATED TO THE ORGANIZATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	SENTARA HEALTHCARE, A 501(C)(3) TAX EXEMPT ORGANIZATION, IS THE SOLE MEMBER OF MARTHA JEFFERSON HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	BOARD CANDIDATES IDENTIFIED BY THE ORGANIZATION'S NOMINATION COMMITTEE MUST BE RATIFIED BY THE BOARD OF DIRECTORS OF THE ORGANIZATION'S SOLE MEMBER, SENTARA HEALTHCARE, PRIOR TO ELECTION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	THE ORGANIZATION MAY NOT TAKE OR ALLOW ANY OF THE FOLLOWING GOVERNANCE ACTIONS WITHOUT THE CONSENT OF ITS 501(C)(3) SOLE MEMBER, SENTARA HEALTHCARE. APPROVAL OR ADOPTION OF ANY PLAN OR MERGER OR CONSOLIDATION, ANY SALE, LEASE, EXCHANGE, MORTGAGE, PLEDGE OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, THE PROPERTY AND ASSETS OF THE ORGANIZATION, THE VOLUNTARY DISSOLUTION OR LIQUIDATION OF THE ORGANIZATION, REVOCATION OF ANY SUCH VOLUNTARY DISSOLUTION PROCEEDINGS, OR ANY DECISION TO FILE A PETITION REQUESTING OR CONSENTING TO AN ORDER FOR RELIEF UNDER THE FEDERAL BANKRUPTCY LAWS OR SIMILAR STATE LAWS FOR THE ORGANIZATION, ELECTION OF NEW BOARD MEMBERS, OR ALTERATION, AMENDMENT, RESTATEMENT OR REPEAL OF ANY ORGANIZING OR ENABLING DOCUMENTS OR BYLAWS. THE APPROVAL OF THE SOLE MEMBER IS ALSO REQUIRED FOR CERTAIN OPERATIONAL ACTIONS, AS OUTLINED IN THE ORGANIZATION'S BYLAWS. SUCH ACTIONS INCLUDE, BUT ARE NOT LIMITED TO, APPROVAL OF LONG-RANGE AND STRATEGIC PLANS AND ANNUAL OPERATING AND CAPITAL BUDGETS, TRANSACTIONS WITH INTERESTED PERSONS, CREATION OR ACQUISITION OF SUBSIDIARIES OR INTERESTS IN WHICH THE ORGANIZATION WILL BE A MEMBER, ENTRANCE INTO JOINT VENTURE OR OTHER SIMILAR ARRANGEMENTS, EMPLOYMENT MATTERS CONCERNING THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER, AND THE COMMENCEMENT OR SETTLEMENT OF LITIGATION. SENTARA HEALTHCARE HAS EXCLUSIVE AUTHORITY TO DIRECT AND MANAGE THE OPERATIONS AND AFFAIRS OF THE HOSPITAL AND TO MAKE ALL DECISIONS REGARDING THE BUSINESS OF THE ORGANIZATION, SUBJECT TO BOARD OVERSIGHT TO THE EXTENT AND IN THE MANNER SET FORTH IN THE ORGANIZATION'S BYLAWS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE ANNUAL AUDITED FINANCIALS OF MARTHA JEFFERSON HOSPITAL ARE REVIEWED BY SENTARA HEALTHCARE IN ADDITION TO THE MARTHA JEFFERSON HOSPITAL BOARD'S REVIEW PRIOR TO FILING THE FORM 990 WITH THE IRS, IT IS REVIEWED BY THE FINANCE TEAM, INCLUDING THE CHIEF FINANCIAL OFFICER IT IS ALSO REVIEWED BY SENTARA HEALTHCARE'S TAX DIRECTOR MARTHA JEFFERSON HOSPITAL WILL SUBMIT THE INTERNAL REVENUE SERVICE FORM 990 FOR THE PRECEDING FISCAL YEAR TO THE CEO EVALUATION COMMITTEE OF THE MARTHA JEFFERSON HOSPITAL BOARD OF DIRECTORS IN THE RESPECTIVE MEETING FOLLOWING THE FILING OF THE FORM 990 IN ADDITION, THE FORM 990 WILL BE PROVIDED TO THE MARTHA JEFFERSON HOSPITAL BOARD OF DIRECTORS AT THE MEETING FOLLOWING THE FILING OF THE FORM 990 MARTHA JEFFERSON HOSPITAL WILL ALSO ADVISE BOARD MEMBERS OF THE WEBSITE ADDRESS AT WHICH THE FILED FORM 990 WILL BE POSTED (WWW GUIDESTAR ORG/990)

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	MARTHA JEFFERSON HOSPITAL'S CONFLICT OF INTEREST POLICY IS ADMINISTERED BY THE CORPORATE COMPLIANCE OFFICER ON AN ANNUAL BASIS ALL DIRECTORS, TRUSTEES, OFFICERS, KEY EMPLOYEES, MEDICAL STAFF MEMBERS WITH ADMINISTRATIVE RESPONSIBILITIES AND OTHER EMPLOYEES COMPLETE A DETAILED CONFLICT OF INTEREST QUESTIONNAIRE DISCLOSING ANY REPORTABLE ACTIVITIES AND INVESTMENTS THESE QUESTIONNAIRES ARE REVIEWED BY THE CORPORATE COMPLIANCE OFFICER IN ADDITION, ALL PERSONS LISTED ABOVE ARE ANNUALLY PROVIDED A COPY OF THE CONFLICT OF INTEREST POLICY IF CHANGES TO PERSONNEL OCCUR BETWEEN ANNUAL COMPLETION OF THE CONFLICT OF INTEREST QUESTIONNAIRE, NEW PERSONNEL ARE ALSO REQUIRED TO COMPLETE THE QUESTIONNAIRE ALL DISCLOSURE STATEMENTS ARE REVIEWED FOR REPORTABLE TRANSACTIONS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE ORGANIZATION HAS AN ESTABLISHED CEO EVALUATION COMMITTEE MADE UP OF HOSPITAL BOARD MEMBERS AND COMMITTEE MEMBERS ON AN ANNUAL BASIS, A THIRD PARTY COMPENSATION CONSULTING FIRM PROVIDES AN INDEPENDENT REVIEW AND ANALYSIS OF BASE AND TOTAL COMPENSATION AND EXECUTIVE PERQUISITES USING MARKET COMPARABILITY DATA THE CONSULTING FIRM RENDERS AN OPINION ON THE FAIR MARKET VALUE OF COMPENSATION PAID AND BENEFITS PROVIDED WITH RESPECT TO THE IRS INTERMEDIATE SANCTIONS REGULATIONS THE PROCESS IS FOLLOWED FOR THE FOLLOWING POSITIONS CEO, VICE PRESIDENTS, EMPLOYED PHYSICIANS VICE CHAIRMAN THE VICE CHAIRMAN ALSO SERVES AS THE COO/PRESIDENT OF THE SENTARA HEALTHCARE SYSTEM ("SENTARA") SENTARA FOLLOWED PROCESSES AND PROCEDURES SET FORTH IN ITS GOVERNING DOCUMENTS TO ENSURE COMPLIANCE WITH ITS OBLIGATIONS AS A 501(C)(3) HEALTHCARE ORGANIZATION TO PAY DISQUALIFIED PERSONS REASONABLE COMPENSATION SUCH PROCESSES AND PROCEDURES ARE INTENDED TO ESTABLISH THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE INTERNAL REVENUE CODE SECTION 4958 REGULATIONS FORM 990, PART VI, SECTION B, LINE 16B AT DECEMBER 31, 2012 MARTHA JEFFERSON HOSPITAL DID NOT HAVE A SPECIFIC JOINT VENTURE POLICY ANY PROPOSED JOINT VENTURE PARTICIPATION IS EVALUATED WITHIN THE CONTEXT OF THE ADMINISTRATIVE POLICY ENTITLED "AUTHORITY TO COMMIT AND EXPEND FUNDS" THIS POLICY DEPICTS THE TYPES AND LEVELS OF EXPENDITURES AND COMMITMENTS THAT MANAGEMENT CAN UNDERTAKE ALL PROPOSED JOINT VENTURES ARE REVIEWED BY EXTERNAL LEGAL COUNSEL TO ENSURE COMPLIANCE WITH THE APPROPRIATE FEDERAL, STATE AND REGULATORY LAW ANY JOINT VENTURE PARTICIPATION MUST BE EVALUATED AND APPROVED BY THE MARTHA JEFFERSON HOSPITAL BOARD OF DIRECTORS A SPECIFIC JOINT VENTURE PARTICIPATION POLICY IS CURRENTLY IN PROCESS OF DEVELOPMENT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	TRANSFER FROM MJH FOUNDATION 2,088,915 INCREASE IN ADDITIONAL MINIMUM PENSION LIABILITY -8,791,389 NET UNREALIZED GAINS ON CHARITABLE TRUSTS 116,852 FAIR MARKET VALUE ADJ -35,402 NET PLEDGE ACTIVITY 17,828 DEEMED DISTRIBUTION FROM CFC NOT ON BOOKS -1,314,416 INTEREST RATE SWAP -429,830

Identifier	Return Reference	Explanation
MARTHA JEFFERSON HOSPITAL, 54-0261840, A SIGNIFICANT TRANSFEROR	STATEMENT PURSUANT TO SECTION 1 351-3 (A)	MARTHA JEFFERSON HOSPITAL, TRANSFERRED CASH WITH AN AGGREGATE FAIR MARKET VALUE AND A BASIS OF $602,135 TO VIRGINIA SOLUTION SPC, LTD (FEIN 98-0507760) ON VARIOUS DATES DETAILS AVAILABLE UPON REQUEST NO PRIVATE LETTER RULINGS WERE ISSUED BY THE INTERNAL REVENUE SERVICE IN CONNECTION WITH THE SECTION 351 EXCHANGE

Identifier	Return Reference	Explanation
	FORM 5471	VIRGINIA SOLUTIONS SPC, LTD DECEMBER 31, 2012 EIN #98-0507760 ADDITIONAL FILING REQUIREMENTS FOR CATEGORY 3 FILERS 1 THE AMOUNT AND TYPE OF ANY INDEBTEDNESS THE FOREIGN CORPORATION HAS WITH THE RELATED PERSONS DESCRIBED IN REGULATIONS SECTION 1 6046-1(B)(II) N/A-THERE IS NO INDEBTEDNESS BETWEEN VIRGINIA SOLUTION SPC, LTD AND RELATED PARTIES 2 THE NAME, ADDRESS, IDENTIFYING NUMBER AND NUMBER OF SHARES SUBSCRIBED TO BY EACH SUBSCRIBER TO THE FOREIGN CORPORATION'S STOCK N/A-THERE ARE CURRENTLY NO SUBSCRIPTIONS FOR ANY OF VIRGINIA SOLUTION SPC, LTD STOCK

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARTHA JEFFERSON HOSPITAL

Employer identification number
54-0261840

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MARTHA JEFFERSON MEDICAL GROUP LLC 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA 22911 26-1126956	PHYSICIAN PRACTICES	VA	34,280,932	3,576,339	MARTHA JEFFERSON HOSPITAL

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
See Additional Data Table									

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

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

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

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

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

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

Software ID:
Software Version:
EIN: 54-0261840
Name: MARTHA JEFFERSON HOSPITAL

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
MARTHA JEFFERSON OUTPATIENT SURGERY CENTER LLC 595 PETER JEFFERSON PARKWAY CHARLOTTESVILLE, VA 22911 11-3656095	OUTPATIENT SURGERY CENTER	VA	MARTHA JEFFERSON HOSPITAL	RELATED	592,017			No		Yes		
PHYSICAL THERAPY ACAC LLC 501 ALBEMARLE SQUARE CHARLOTTESVILLE, VA 22901 26-0080717	PHYSICAL THERAPY	VA	MARTHA JEFFERSON MEDICAL ENTERPRISES INC	UNRELATED	139,932	283,760		No			No	50 000 %
MANAGEMENT SERVICES 814 GREENBRIER CIR CHESAPEAKE, VA 23320 54-1365012	HEALTH MANAGEMENT SERVICES	VA	N/A									
OBICI REAL ESTATE HOLDINGS LLC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 26-1749881	REAL ESTATE RENTAL	VA	N/A									
PRINCESS ANNE AMB SURG CENTER 1975 GLENN MITCHELL DRIVE VA BEACH, VA 23456 20-4920880	HEALTH CARE	VA	N/A									
VA BEACH AMBULATORY SURG CENTER 1700 WILL O WISP DR VA BEACH, VA 23454 54-1448218	HEALTH CARE	VA	N/A									
AMER HEALTH EVAL CTR - WMSBG PO BOX 3508 WILLIAMSBURG, VA 23187 26-3761741	HEALTH CARE	VA	N/A									
CANCER CENTERS OF VA LLC 5900 LAKE WRIGHT DR NORFOLK, VA 23502 20-1338518	HEALTH CARE	VA	N/A									
HAMPTON ROADS LITHOTRIPSY LLC 225 CLEARFIELD AVE VA BEACH, VA 23502 20-0942600	HEALTH CARE	VA	N/A									
HEALTHCARE PERFORMANCE IMPROVEMENT LLC 5041 CORPORATE WOODS DR VA BEACH, VA 23462 20-4024074	CONSULTING	VA	N/A									
RADIOLOGY SERVICES OF HAMPTON ROADS LC 814 GREENBRIER CIR CHESAPEAKE, VA 23320 54-1774472	HEALTH CARE	VA	N/A									
CAREPLEX ORTHO ASC LLC 3000 COLISEUM DRIVE HAMPTON, VA 23666 27-1867311	HEALTH CARE	VA	N/A									
SENTARA OBICI AMBULATORY SURGERY LLC 2750 GODWIN BLVD SUFFOLK, VA 23434 26-0144898	HEALTH CARE	VA	N/A									
ST LUKES PROPERTIES LLC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 27-2774684	MOB RENTAL	VA	N/A									
POTOMAC INOVA HEALCARE ALLIANCE LLC 8110 GATEHOUSE ROAD FALLS CHURCH, VA 22042 54-1802733	HEALTH CARE	VA	N/A									

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
CAREPLEX WEST LLC 18000 W SARAH LANE BROOKFIELD, WI 53045 20-2738977	RENTAL RE	WI	N/A									
PORT WARWICK II LLC 18000 W SARAH LANE BROOKFIELD, WI 53045 20-2739075	RENTAL RE	WI	N/A									
ORTHOPAEDIC HOSPITAL MGT LLC 3000 COLISEUM DRIVE HAMPTON, VA 23666 27-4185117	MGT SVCS	VA	N/A									
PORT WARWICK III LLC 18000 W SARAH LANE BROOKFIELD, WI 53045 61-1499371	RENTAL RE	WI	N/A									
VALIANCE HEALTH LLC 3190 PEOPLES DR HARRISONBURG, VA 22801 54-1866081	HEALTH CARE	VA	N/A									
NORTHERN VIRGINIA HOME CARE LLC 601 SOUTH CARLIN SPRINGS RD ARLINGTON, VA 22204 45-3940053	HOME CARE	VA	N/A									
MNS SUPPLY CHAIN NETWORK LLC 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 45-4235238	GPO	DE	N/A									

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
MARTHA JEFFERSON MEDICAL ENTERPRISES INC 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA 22911 54-1841528	MEDICAL BILLING SERVICE	VA	MARTHA JEFFERSON HOSPITAL	C	3,187,961	411,472	100 000 %	Yes	
SENTARA HOLDINGS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1555638	HOLDING COMPANY	VA	N/A	C				Yes	
SENTARA HEALTH PLANS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 52-2368125	TPA	VA	N/A	C				Yes	
OPTIMA HEALTH GROUP 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1473382	HMO	VA	N/A	C				Yes	
OPTIMA HEALTH INSURANCE COMPANY 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1642752	HEALTH INSURANCE	VA	N/A	C				Yes	
OPTIMA BEHAVIORAL HEALTH SERVICES 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 62-1382666	MENTAL HEALTH SVCS	VA	N/A	C				Yes	
SENTARA VENTURES INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1688615	HOLDING COMPANY	VA	N/A	C				Yes	
SMG INNOVATIONS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 20-3730331	HEALTH CARE	VA	N/A	C				Yes	
SENTARA OBICI PROFESSIONAL CENTER 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1445865	RE RENTAL	VA	N/A	C				Yes	
SENTARA OBICI MED MGT SERVICES 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1020941	HEALTH CARE	VA	N/A	C				Yes	
ROCKINGHAM HEALTH SERVICES INC 2010 HEALTH CAMPUS DRIVE HARRISONBURG, VA 22801 54-1721387	CONTRACTING SERVICES	VA	N/A	C				Yes	
POTOMAC VENTURES CORP 2300 OPITZ BLVD WOODBRIDGE, VA 22191 54-1441420	PHARMACY	VA	N/A	C				Yes	
BAY PRIMEX INSURANCE COMPANY LTD PO BOX 1051 GRAND CAYMAN KY1-1102 CJ 98-0704114	INSURANCE	CJ	N/A	C				Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MARTHA JEFFERSON MEDICAL ENTERPRISES	A	72,015	CORP BOOKS/RECORDS
MARTHA JEFFERSON MEDICAL ENTERPRISES	D	2,493,877	CORP BOOKS/RECORDS
MARTHA JEFFERSON MEDICAL ENTERPRISES	Q	282,877	CORP BOOKS/RECORDS
MARTHA JEFFERSON MEDICAL ENTERPRISES	M	2,328,325	CORP BOOKS/RECORDS
MJH FOUNDATION	Q	179,132	CORP BOOKS/RECORDS
MJH FOUNDATION	S	2,088,915	CORP BOOKS/RECORDS
MJH FOUNDATION	C	379,891	CORP BOOKS/RECORDS
MARTHA JEFFERSON OUTPATIENT SURGERY CENTER	A	278,287	CORP BOOKS/RECORDS
SENTARA ENTERPRISES	M	221,110	CORP BOOKS/RECORDS
OPTIMA HEALTH PLAN	L	7,273,983	CORP BOOKS/RECORDS
ROCKINGHAM MEMORIAL HOSPITAL	O	86,000	CORP BOOKS/RECORDS
SENTARA HEALTH PLANS	M	442,547	CORP BOOKS/RECORDS
SENTARA HEALTH PLANS	L	3,082,176	CORP BOOKS/RECORDS

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TY 2012 Recognize Income Under Temporary Regulations Statement

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Statement: REGULATION SECTION 1.6038B-1T(C)(3): CONSIDERATION RECEIVED:NOTHING WAS RECEIVED IN CONSIDERATION IN EXCHANGE FOR DEEMED CASH CONTRIBUTIONS TO CAPITAL OF $602,135. THE TAXPAYER OWNED 13.05% OF THE STOCK OF THE TRANSFEREE CORPORATION BEFORE AND 0.00% AFTER THESE TRANSFERS.REGULATION SECTION 1.6038B-1T(C)(4): PROPERTY TRANSFERRED:CASH IN THE AMOUNT OF $602,135(US DOLLARS) REGULATION SECTION 1.6038B-1T(C)(5): TRANSFER OF FOREIGN BRANCH WITH PREVIOUSLY DEDUCTED LOSSES:NOT APPLICABLEREGULATION SECTION 1.6038B-1T(C)(6): APPLICATION OF IRS SECTION 367(A)(5):NOT APPLICABLE

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TY 2012 Category 3 filer statement

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Amount Of Indebtedness	Type Of Indebtedness	Name	Address	Identifying Number	Number Of Shares
0	SEE SCH O, FORM 990	SEE SCH O FORM 990	SEE SCH O FORM 990 CJ	FOREIGNUS	

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TY 2012 Itemized Other Current Liabilities Schedule

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
VIRGINIA SOLUTION SPC LTD	98-0507760	LOSSES PAYABLE	7,476	8,771
		PREMIUMS RECEIVED IN ADVANCE	0	36,330
		REINSURANCE PREMIUMS PAYABLE	2,250,194	4,918,196
		DIVIDEND PAYABLE	0	1,049,932

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TY 2012 Itemized Other Assets Schedule

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Corporation Name	Corporation EIN	Other Assets Description	Beginning Amount	Ending Amount
VIRGINIA SOLUTION SPC LTD	98-0507760	LOSS ESCROW ACCOUNT	69,378	145,748
		DUE FROM SHAREHOLDERS	40,335	0
		DEFERRED REINSURANCE PREMIUMS	854,324	784,571
		OUTSTANDING LOSSES RECOVERABLE	7,184,471	6,254,168

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TY 2012 Itemized Other Current Assets Schedule

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
VIRGINIA SOLUTION SPC LTD	98-0507760	INTEREST RECEIVABLE	304,384	351,271
		PREMIUMS RECEIVABLE	4,577,814	2,697,756
		PREPAYMENTS	8,504	4,895
		OTHER RECEIVABLES	0	14,297

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TY 2012 Other Deductions Schedule

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
UNDERWRITING EXPENSES		4,881,400
PROFESSIONAL FEES		163,908
MANAGEMENT FEES		68,381
TRAVEL AND HOTEL EXPENSES		51,164
DATABASE DEVELOPMENT FEES		17,611
GOVERNMENT FEES		14,398
MISCELLANEOUS EXPENSES		5,434
INVESTMENT MANAGEMENT FEES		72,060

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TY 2012 Itemized Other Investments Schedule

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
VIRGINIA SOLUTION SPC LTD	98-0507760	FIXED INCOME SECURITIES	42,973,790	45,219,680
		EQUITIES	0	2,662,539

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TY 2012 Itemized Other Liabilities Schedule

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
VIRGINIA SOLUTION SPC LTD	98-0507760	DEPARTED MEMBER SEPARATE ACCOUNTS	0	2,880,139
		UNEARNED PREMIUMS	3,511,448	2,250,622
		PROVISION FOR OUTSTANDING LOSSES	37,208,740	36,398,889

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TY 2012 Paid-In or Capital Surplus Reconciliation Statement

Name: MARTHA JEFFERSON HOSPITAL

EIN: 54-0261840

Description	Beginning Amount	Ending Amount
BALANCE AT DECEMBER 31, 2011		5,541,930
REDEMPTION OF SHARES		-1,968,233
TOTAL PAID-IN OR CAPITAL SURPLUS AT 12/31/12		3,573,697

KPMG

SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

SENTARA HEALTHCARE AND SUBSIDIARIES

Table of Contents

KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
Sentara Healthcare

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sentara Healthcare and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Sentara Healthcare'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 Sentara Healthcare'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 Sentara Healthcare and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

As discussed in note 3(r) to the consolidated financial statements, Sentara Healthcare changed its presentation of provision for bad debts as a result of the adoption of Accounting Standards Update No. 2011-07, *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities.*

KPMG LLP

Norfolk, Virginia
March 29, 2013

SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2012 and 2011

(In thousands)

Assets		2012	2011
Current assets:			
Cash and cash equivalents	$	857,447	860,920
Receivables, net		460,629	416,796
Investments and assets whose use is limited		396,182	336,436
Inventories		52,838	53,211
Prepaid expenses and other current assets		43,146	42,137
Total current assets		1,810,242	1,709,500
Investments and assets whose use is limited		1,790,040	1,483,639
Property, plant, and equipment, net		1,545,665	1,520,026
Land held for future use, at cost		13,605	15,201
Other assets, net		147,349	116,890
Total assets	$	5,306,901	4,845,256
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	96,898	77,567
Employee compensation and benefits		177,464	171,837
Medical claims accrued and payable		85,058	100,001
Current installments of long-term debt		23,283	21,496
Long-term debt subject to current remarketing provisions		380,926	325,170
Estimated third-party payor settlements		3,339	5,089
Other current liabilities		130,374	130,859
Total current liabilities		897,342	832,019
Long-term debt, excluding current installments		960,224	988,063
Retirement obligations		388,145	291,822
Other long-term liabilities		344,284	327,582
Total liabilities		2,589,995	2,439,486
Net assets:			
Unrestricted		2,608,041	2,300,297
Temporarily restricted		65,276	66,640
Permanently restricted		18,639	18,358
Total net assets attributable to Sentara Healthcare		2,691,956	2,385,295
Noncontrolling interest		24,950	20,475
Total net assets		2,716,906	2,405,770
Total liabilities and net assets	$	5,306,901	4,845,256

See accompanying notes to consolidated financial statements.

SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2012 and 2011

(In thousands)

	2012	2011
Operating revenues, gains, and other support:		
Net patient service revenue (net of contractual allowances and discounts)	$ 2,844,943	2,478,786
Provision for bad debts	(249,044)	(225,369)
Net patient service revenue less provision for bad debts	2,595,899	2,253,417
Premium and capitation revenue	1,354,516	1,371,761
Other operating revenue	110,339	73,808
Net assets released from restrictions for operations	7,474	6,063
Total operating revenues, gains, and other support	4,068,228	3,705,049
Operating costs and expenses:		
Salaries and wages	1,308,386	1,180,732
Benefits	313,226	259,759
Medical claims expense	847,351	827,018
Other operating expenses	1,120,928	1,000,932
Interest expense	46,720	37,013
Depreciation and amortization	167,819	155,087
Total operating costs and expenses	3,804,430	3,460,541
Net operating income	263,798	244,508
Nonoperating gains, net	167,572	77,770
Excess of revenues over expenses before noncontrolling interest	431,370	322,278
Noncontrolling interest	(4,475)	474
Excess of revenues over expenses attributable to Sentara Healthcare	426,895	322,752
Net assets released from restricted funds for capital purchases	5,945	8,730
Change in funded status of retirement obligations	(125,096)	(206,606)
Capital contribution of noncontrolling interest	–	(20,942)
Increase in unrestricted net assets	$ 307,744	103,934

See accompanying notes to consolidated financial statements.

SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Noncontrolling interest	Total
Balance at December 31, 2010	$ 2,196,363	12,548	2,586	—	2,211,497
Excess of revenues over expenses	322,752	--	—	(474)	322,278
Net assets released from restricted funds for capital purchases	8,730	(8,730)	—	--	—
Change in funded status of pension liability	(206,606)	–		—	(206,606)
Contribution of Rockingham Memorial restricted net assets	--	14,993	15,240	--	30,233
Contribution of Martha Jefferson Hospital restricted net assets	—	41,325	582		41,907
Capital contribution of noncontrolling interest	(20,942)	—	—	20,942	
Contributions	-	12,654	73	7	12,734
Net assets released from restrictions		(6,063)		—	(6,063)
Investment losses	—	(87)	(123)		(210)
Change in net assets	103,934	54,092	15,772	20,475	194,273
Balance at December 31, 2011	2,300,297	66,640	18,358	20,475	2,405,770
Excess of revenues over expenses	426,895		—	4,475	431,370
Net assets released from restricted funds for capital purchases	5,945	(5,945)	—	—	—
Change in funded status of pension liability	(125,096)	--	--	—	(125,096)
Contributions	—	8,596	64	—	8,660
Net assets released from restrictions	-	(7,474)	—	-	(7,474)
Investment earnings	- -	3,459	217	—	3,676
Change in net assets	307,744	(1,364)	281	4,475	311,136
Balance at December 31, 2012	$ 2,608,041	65,276	18,639	24,950	2,716,906

See accompanying notes to consolidated financial statements.

SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011

(In thousands)

	2012	2011
Cash flows from operating activities:		
Increase in net assets	$ 311,136	194,273
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Capital contribution by noncontrolling interest	—	(20,942)
Contribution of RMH net assets	—	(140,825)
Contribution of MJH net assets	—	(61,375)
Provision for bad debts	249,044	225,369
Depreciation and amortization	167,819	155,087
Net realized and unrealized (losses) gains on investments	(108,867)	30,600
Loss on disposal of property, plant, and equipment	101	4,880
Loss on refunding of debt	5,920	232
Amortization of bond premiums	321	(640)
Change in market value of derivative instruments	(349)	57,017
Equity in earnings of limited investment companies	(21,128)	4,449
Equity in earnings of joint ventures	(20,122)	(16,698)
Restricted contributions received	(8,660)	(12,734)
Changes in operating assets and liabilities:		
Receivables, net	(292,877)	(258,418)
Inventories	373	(5,017)
Prepaid expenses and other current assets	(1,009)	1,690
Accounts payable and accrued expenses	19,331	(14,830)
Employee compensation and benefits	5,627	20,065
Medical claims accrued and payable	(14,943)	3,576
Estimated third-party payor settlements	(1,750)	4
Retirement obligations	96,323	193,315
Other liabilities	16,566	(40,973)
Net cash provided by operating activities	402,856	318,105
Cash flows from investing activities		
Capital expenditures	(195,635)	(235,751)
Purchases of investments, net	(244,534)	(67,029)
Contribution of RMH cash	—	65,151
Contribution of MJH cash	—	73,818
Net changes in other assets	(11,470)	29,753
Proceeds from the disposal of property, plant, and equipment	4,439	9,044
Net cash used in investing activities	(447,200)	(125,014)
Cash flows from financing activities:		
Restricted contributions received	8,660	12,734
Capital contribution by noncontrolling interest	—	20,695
Proceeds from issuance of long-term debt	303,053	—
Payments on long-term debt	(270,842)	(36,745)
Net cash provided by (used in) financing activities	40,871	(3,316)
Net (decrease) increase in cash and cash equivalents	(3,473)	189,775
Cash and cash equivalents at beginning of year	860,920	671,145
Cash and cash equivalents at end of year	$ 857,447	860,920
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 46,753	24,117
Cash refunded during the year for income taxes	(860)	(1,079)

See accompanying notes to consolidated financial statements

(1) Description of Organization

(a) Corporate Organization and Mission

Sentara Healthcare (Sentara) is a nonstock, nonprofit, 501(c)(3) tax-exempt Virginia corporation formed to coordinate, promote, and plan for the provision of health services, medical education, and the economic development of Virginia and North Carolina.

The mission of Sentara is "We improve health every day." Sentara recognizes that the public trust in its hospitals and services represents both a privilege and a commitment. As the region's not-for-profit health partner, Sentara is recognized as a leader in providing high quality healthcare regardless of a patient's ability to pay.

(b) Principles of Consolidation

Sentara is affiliated with its subsidiaries through the legal relationship of sole "member" or sole "stockholder." As sole member/stockholder, Sentara has those rights and powers prescribed by law and provided in the subsidiaries Articles of Incorporation and Bylaws. All significant intercompany balances and transactions have been eliminated in consolidation. Noncontrolling interests have been recorded to recognize the portion of the net assets and operating results of affiliates not wholly owned by Sentara.

The consolidated financial statements include the subsidiaries of Sentara organized into the following lines of business:

- Sentara Healthcare Corporate (SHC) provides overall administration for all Sentara subsidiaries and includes Bay Primex Insurance Company, Ltd., a captive insurance company, which insures professional and general liability risks, and Medical Practice Buildings (MPB), which operates medical office buildings.
- Sentara Hospitals (Hospitals), located in the Hampton Roads, Northern Virginia, and Blue Ridge areas of Virginia, provides acute care hospital services and operates Sentara Norfolk General Hospital (SNGH), Sentara Virginia Beach General Hospital (SVBGH), Sentara Leigh Hospital (SLH), Sentara CarePlex Hospital (SCPH), Sentara Williamsburg Regional Medical Center (SWRMC), Sentara Obici Hospital (SOH), Sentara Princess Anne Hospital (SPAH), Sentara Northern Virginia Medical Center (SNVMC), Rockingham Memorial Hospital (RMH), and Martha Jefferson Hospital (MJH).
- Sentara Enterprises (SE) administers various outpatient healthcare programs, including home health services and patient transportation.
- Sentara Life Care Corporation (SLCC) provides geriatric care services and operates long-term care and assisted living facilities.
- Optima Health Plan (OHP) is a health maintenance organization.
- Sentara Holdings, Inc. (SHI) includes the subsidiaries Sentara Health Plans, Inc. (SHP), Sentara Ventures, Inc. (SVI), and Obici Professional Center (OPC). SHP provides and

administers medical services to subscribers and includes Optima Health Group (OHG), a health maintenance organization, Optima Behavioral Health Services (OBHS), a mental health services company, and Optima Health Insurance Company (OHIC), a health insurance company. SVI has been organized to carry on taxable healthcare activities. OPC operates medical office buildings and includes Obici Medical Management Services (OMMS), which owns and operates physician practices and urgent care centers.

- Sentara Medical Group (SMG) owns and operates physician practices and urgent care centers. SMG Innovations (SMGI) is a subsidiary of SMG and owns and operates specialized physician practices

(2) Affiliations and Joint Ventures

(a) Affiliations

On December 6, 2010, Sentara executed an Amended and Restated Affiliation Agreement (the RHC Agreement) with Rockingham Health Care Inc. (RHC) and RMH providing for an affiliation between Sentara and RMH, the Valley Wellness Center, RMH Medical Group, LLC, and Rockingham Health Services (collectively referred to as RMH Healthcare). The governing documents of RHC were amended and restated such that effective May 1, 2011, the closing date of affiliation, Sentara became the sole member of RMH Healthcare. RHC remained a separate, unaffiliated legal entity. RMH Healthcare primarily consists of RMH, a 238-bed community hospital that provides services to a seven-county area surrounding Harrisonburg, Virginia. RMH Healthcare also provides preventative healthcare and rehabilitation services and operates physician practices. The transaction brings together two healthcare organizations, each of whom is firmly committed to providing high-quality care, ensuring patient safety, and delivering exceptional customer service by achieving best practices in healthcare delivery, acquiring cutting edge technology and integrated information systems and providing a higher level of medical care to the community. During 2011, Sentara contributed $6,000 to the Foundation of RMH designated for exclusive use in RMH's primary and secondary service areas.

Pursuant to the RHC Agreement, Sentara has committed to expend a total investment of $269,000 over a 20-year period to support expansion and enhancement of medical services for the communities served. Such amounts will be expended pursuant to plans and budgets approved by RMH Healthcare's Board of Directors and Sentara.

On April 1, 2011, Sentara executed an Affiliation Agreement (the MJHSC Agreement) with Martha Jefferson Health Services Corporation (MJHSC) and its subsidiaries providing for an affiliation between Sentara and MJH, Martha Jefferson Hospital Foundation (MJH Foundation), Martha Jefferson Medical Enterprises, Inc., and Martha Jefferson Medical Group, LLC (collectively referred to as Martha Jefferson). The governing documents of MJHSC were amended and restated such that effective June 1, 2011, the closing date of affiliation, Sentara became the sole member of Martha Jefferson. MJHSC remained a separate, unaffiliated legal entity. Martha Jefferson primarily consists of MJH, a 176-bed, acute inpatient, outpatient, and emergency care provider to residents of Charlottesville, Virginia and its surrounding area. The transaction brings together two healthcare organizations, each of whom is firmly committed to providing high-quality care, ensuring patient

(Continued)

safety, and delivering exceptional customer service by achieving best practices in healthcare delivery, acquiring cutting edge technology and integrated information systems and providing a higher level of medical care to the community.

Pursuant to the MJHSC Agreement, Sentara has committed to expend a total investment of $266,000 over a 15-year period to support expansion and enhancement of medical services for the communities served. Such amounts will be expended pursuant to plans and budgets approved by Martha Jefferson's Board of Directors and Sentara.

No consideration was paid to MJHSC or RHC as a result of the Agreements. Sentara applied the business combination accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2010-07, *Not-for-Profit Entities* (Topic 958-805): *Mergers and Acquisitions*, to account for the transactions. The guidance primarily characterizes business combinations between not-for-profit entities as nonreciprocal transfers of assets resulting in the contribution of the fair value of the acquiree's net assets to the acquirer. Accounting Standards Codification (ASC) 958-805 prescribes that the acquirer recognize an excess of the fair value of the acquisition date unrestricted net assets acquired over the fair value of the consideration transferred as a separate credit in its consolidated statement of operations. Accordingly, Sentara recognized, as a component of nonoperating gains, net, contribution income related to the unrestricted net assets acquired in the transactions of $130,060 in its consolidated statements of operations for the year ended December 31, 2011. Sentara also recorded an increase in restricted net assets of $72,140 in its statements of changes in net assets for the year ended December 31, 2011 as a result of the affiliations.

(In thousands)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the affiliations:

		RMH Healthcare	Martha Jefferson	Total
Assets:				
Current assets	$	144,409	130,963	275,372
Property and equipment		134,022	154,649	288,671
Other long-term assets		139,916	188,767	328,683
Total assets	$	418,347	474,379	892,726
Liabilities:				
Current liabilities	$	31,091	52,654	83,745
Long-term debt		265,841	228,692	494,533
Other long-term liabilities		60,040	52,208	112,248
Total liabilities		356,972	333,554	690,526
Net assets acquired:				
Unrestricted		31,142	98,918	130,060
Temporarily restricted		14,993	41,325	56,318
Permanently restricted		15,240	582	15,822
Total net assets		61,375	140,825	202,200
Total liabilities and net assets	$	418,347	474,379	892,726

The following tables summarize the activity attributable to RMH Healthcare and Martha Jefferson since the dates of affiliation through December 31, 2011, and Sentara's pro forma combined results as though the affiliation date occurred at the beginning of fiscal year 2011:

		RMH Healthcare	Martha Jefferson	Total
Since affiliation date:				
Operating revenues	$	247,660	137,887	385,547
Net operating income		13,022	2,065	15,087
Changes in net assets:				
Unrestricted	$	(15,063)	(49,989)	(65,052)
Temporarily restricted		3,967	(2,865)	1,102
Permanently restricted		(506)	373	(133)
Total changes in net assets	$	(11,602)	(52,481)	(64,083)

(Continued)

(In thousands)

		Sentara pro forma combined
Beginning of fiscal year 2011:		
Operating revenues	$	4,152,370
Net operating income		252,958
Changes in net assets:		
Unrestricted	$	(304,638)
Temporarily restricted		22,586
Permanently restricted		458
Total changes in net assets	$	(281,594)

(b) Joint Venture

SPAH opened on August 4, 2011 as a 160-bed acute care hospital that serves southern Virginia Beach, as well as neighboring Chesapeake and northeastern North Carolina communities. SPAH is a joint venture between Sentara and Bon Secours Health System, Inc. (Bon Secours) (collectively, the Members) pursuant to an Amended and Restated Master Agreement executed on August 3, 2011. Approximately 80% of the project costs for the new hospital were financed by Sentara, the borrowings of which were assumed by the joint venture. The remaining project costs plus working capital were funded 70% by Sentara and 30% by Bon Secours. Distributions to the Members will occur in accordance with the respective membership interests following the accumulation of days cash on hand above certain thresholds. Sentara Bayside Hospital was converted to an ambulatory campus of SVBGH on the same date as a result of the transaction and was considered replaced by SPAH in terms of Medicare reimbursement.

The financial position and results of operations of SPAH are included in the consolidated financial statements of Sentara. Bon Secours' interest is reflected as a noncontrolling interest in the consolidated statements of changes in net assets. An excess of revenues over expenses of $10,455 and $4,475 was attributable to Sentara and to the noncontrolling interest, respectively, for the year ended December 31, 2012. A deficiency of revenues over expenses of $1,107 and $474 was attributable to Sentara and to the noncontrolling interest, respectively, for the five-month period ended December 31, 2011.

(3) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, excluding amounts held in investments.

At December 31, 2012 and 2011, unrestricted cash and cash equivalents totaling $81,570 and $141,323, respectively, and unrestricted investments totaling $204,809 and $198,628, respectively, were held by Sentara's insurance subsidiaries, OHP, OHIC, and OHG. Transfers of funds by these

(Continued)

entities to other Sentara affiliates are subject to approval by the Virginia State Corporation Commission Bureau of Insurance.

(b) Investments and Assets Limited as to Use

Investments in readily marketable debt and equity securities are carried at fair value. All investments, except for the portion required for payment of current liabilities, are classified as noncurrent assets. Readily marketable investments are deemed to be trading securities; therefore, investment income or loss (including realized and unrealized gains and losses) is included in nonoperating gains, net, unless restricted as to use by donor or law.

Sentara invests in alternative investments in the form of limited liability companies or partnerships. Alternative investments are accounted for under the equity method based on Sentara's interest in their underlying net assets. Alternative investments are typically not readily marketable, accordingly, their fair value may be different from their carrying value and that difference could be material Sentara's share of alternative investment gains and losses is included in nonoperating gains, net. Alternative investments are included in investments in the consolidated balance sheets.

Sentara's investments are exposed to several risks, including interest rate, currency, market, and credit risks It is at least reasonably possible that changes in the values of investment securities will occur in the near term due to these risks and such changes could materially affect the amounts reported in the consolidated financial statements.

Sentara has invested in a number of joint ventures, limited liability corporations, and other nonpublic entities that provide specialty healthcare services or engage in other activities. Investments where Sentara has between a 20% and up to a 50% ownership interest are accounted for using the equity method. Sentara's equity in their earnings, which totaled $20,122 and $16,698 for the years ended December 31, 2012 and 2011, respectively, is included in other operating revenue. These investments are included in other assets, net, in the consolidated balance sheets and totaled $36,079 and $39,342 at December 31, 2012 and 2011, respectively

Assets limited as to use include assets held by trustees under debt agreements, malpractice funding arrangements, derivative financial instrument agreements, or internally designated as endowment funds.

(c) Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease, or the useful life of the asset, whichever is shorter. Estimated useful lives range from 3 to 25 years for land improvements; 10 to 50 years for buildings, fixed equipment, and leasehold improvements; and 3 to 20 years for major movable equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Gains or losses on disposal of property, plant, and equipment are included in operating income. Repairs and maintenance are expensed as incurred.

(d) Impairment of Long-Lived Assets

Sentara assesses long-lived assets for impairment by determining whether their carrying value can be recovered through the undiscounted future operating cash flows generated by the assets. The amount of impairment, if any, is measured by comparison of the fair value of the assets to their carrying value. Fair value is determined using market data or projected discounted future operating cash flows using a discount rate reflecting Sentara's weighted average cost of capital

(e) Goodwill

Goodwill represents the excess or deficiency of the purchase price over the fair value of the net assets of acquired companies. In accordance with ASU 2010-07, Sentara no longer amortizes goodwill, but tests the carrying value of goodwill annually for impairment. Total goodwill recognized on acquisitions, less accumulated amortization, was $25,037 and $23,743 as of December 31, 2012 and 2011, respectively, and is included in other assets, net.

(f) Medical Claims Accrued and Payable

Claims unpaid by Sentara's insurance subsidiaries include amounts billed and not paid and an estimate of costs incurred for unbilled services provided. The estimated liability for unbilled services is based principally on historical payment patterns using actuarial techniques. Unpaid claims adjustment expenses are accrued based on an estimate of the costs necessary to process unpaid claims. Claims unpaid are reviewed and adjusted periodically and, as adjustments are made, differences are included in current operations.

(g) Derivative Financial Instruments

Sentara recognizes the fair value of derivative financial instruments, currently consisting of interest rate swap agreements, as assets or liabilities in the accompanying consolidated balance sheets. Sentara has elected not to use hedge accounting with respect to any of its derivative financial instruments. Accordingly, the change in fair value of these instruments is included in nonoperating income, net. Net cash settlement amounts are included in interest expense.

(h) Temporarily and Permanently Restricted Net Assets

Net assets and their related changes are classified based on the existence or absence of donor-imposed restrictions Temporarily restricted net assets have been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Related income is classified as temporarily restricted until expended. Net assets have been restricted primarily for the provision of various healthcare services.

(i) Nonoperating Gains, Net and Excess of Revenues over Expenses

Activities related to the provision of healthcare services are reported as operating revenues and expenses. Activities, which result in gains or losses unrelated to Sentara's primary mission are considered to be nonoperating.

The consolidated statements of operations include excess of revenues and gains over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include nonperiodic changes in the funded status of defined-benefit pension plans, contributions of long-lived assets (including assets acquired using donor-restricted contributions), and capital contributions from noncontrolling interests

(j) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as changes to estimates become known and tentative and final settlement adjustments are determined.

(k) Charity Care

Sentara provides care to patients that meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Sentara does not pursue collection of amounts determined to qualify as charity care, related charges are not reported as revenue or included in accounts receivable.

(l) Premium and Capitation Revenue

Premium and capitation payments are recognized as revenue during the coverage period Sentara's insurance subsidiaries are obligated to provide healthcare services. Premium billings are billed in the month preceding the coverage period and are recorded as unearned revenue until earned. Payments received by the Hospitals from SHP are eliminated in consolidation.

(m) Medical Claims Expense

Medical claims expense for Sentara's insurance subsidiaries is recognized as services are provided, including estimated amounts for claims incurred but not yet reported. These expenses are reported net of subscriber copay and deductible amounts and net of reimbursement from coordination of benefits. Reinsurance premiums, net of recoveries, are included in medical claims expense in the accompanying consolidated statements of operations.

(n) Income Taxes

Sentara and its not-for-profit subsidiaries have been recognized by the Internal Revenue Service as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. SHI, its incorporated subsidiaries, and SMGI account for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of

(Continued)

a change in tax rates is recognized in the period that includes the enactment date. Any changes to the valuation allowance on the deferred tax asset are reflected in the year of the change. Sentara accounts for uncertain tax positions in accordance with ASC Topic 740.

(o) 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. Significant items subject to such estimates and assumptions include valuation allowances for receivables, recoverability of long-lived assets and goodwill, medical claims liabilities, self-insurance accruals, third-party payor settlements, and retirement obligations. Actual results could differ from those estimates.

(p) Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted market prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The carrying amounts of cash and cash equivalents, patient accounts receivable, other receivables, accounts payable and accrued expenses, employee compensation and benefits, estimated third-party payor settlements, and other liabilities reported in the consolidated balance sheets approximate fair value because of the short maturity of these instruments.

(q) Subsequent Events

Sentara has evaluated subsequent events for recognition and disclosure through March 29, 2013, the date the consolidated financial statements were issued.

On October 4, 2012, Sentara signed a letter of intent to affiliate with Halifax Regional Health System (HRHS), which is located in South Boston, Virginia. HRHS includes a 192-bed community hospital, three long-term care facilities comprising 348 beds, Halifax Home Health and Halifax Regional Hospice and the Physician Hospital Enterprise. HRHS provides healthcare services to Halifax, Charlotte and Mecklenburg counties and surrounding communities. The affiliation is expected to be finalized during 2013.

(r) Newly Issued and Adopted Accounting Pronouncements

On January 1, 2011, Sentara adopted ASU 2010-23, *Health Care Entities* (Topic 954): *Measuring Charity Care for Disclosure*. ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care across healthcare entities that provide it. ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure

(In thousands)

purposes and that cost be defined as the direct or indirect cost of providing the charity care, and requires disclosure of the method used to identify or determine such costs. These disclosures are included in note 11 to the consolidated financial statements.

On December 31, 2011, Sentara adopted ASU 2011-08, *Intangibles-Goodwill and Other* (Topic 350), *Testing Goodwill for Impairment*, which permits an entity 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 amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more likely than not threshold is defined as having a likelihood of more than 50%. Sentara determined that it was not more likely than not that the fair value of its reporting unit was less than its carrying amount. Accordingly, Sentara concluded that goodwill was not impaired as of December 31, 2012 without having to perform the two-step impairment test.

On January 1, 2012, Sentara adopted ASU 2011-07, *Health Care Entities* (Topic 954), *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which, among other things, requires certain healthcare entities to present the provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than an operating expense. Additionally, enhanced disclosures about an entity's policies for recognizing revenue, assessing contra revenue line items and qualitative and quantitative information about changes in the allowance for bad debts are required. These disclosures are included in note 5 to the consolidated financial statements.

(4) Net Patient Service Revenue

Net patient service revenue, before provision for bad debts, is computed as follows for the years ended December 31:

		2012	2011
Gross patient charges	$	7,476,941	6,357,193
Charity care		443,435	377,475
Gross patient service revenue		7,033,506	5,979,718
Deductions:			
Medicare, Medicaid, and Tricare contractual deductions		2,801,631	2,374,377
Other discounts and adjustments		1,386,932	1,126,555
Total	$	2,844,943	2,478,786

Sentara has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of payment arrangements with major third-party payors is as follows:

Medicare. Under the Medicare program, Sentara receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient

discharge are established based on the patient's assigned diagnosis related group (DRG). When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional "outlier" payments. RMH is considered a sole-community service provider by Medicare and its prospective payment rates may be adjusted for inpatient operating costs. The majority of outpatient services provided to Medicare beneficiaries are prospectively reimbursed based on service groups called ambulatory payment classifications (APCs). The remainder of outpatient services are paid on a cost basis or based on a fee schedule. Educational costs are reimbursed by the Medicare program on a reasonable cost basis. The Hospitals are paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. All hospitals have final settled with the Medicare program through the 2007 cost report year.

Medicaid. The Medicaid program is administered by the Department of Medical Assistance Services (DMAS) of the Commonwealth of Virginia, pursuant to federal and state laws and regulations. DMAS receives funding for program expenditures from both the federal government and the Commonwealth of Virginia. Federal or state law or regulations may affect limits on Medicaid payment. The majority of Medicaid recipients in Sentara's primary service area are enrolled in health maintenance organizations (HMOs). These HMOs contract with the Medicaid program to provide primary and acute care services to enrolled Medicaid recipients. The Hospitals are paid for substantially all services rendered to Medicaid HMO beneficiaries on a prospective payment basis. There are certain Medicaid patients excluded from the HMO program for which the Hospitals are reimbursed based on a DRG-based PPS, which is subject to certain limitations and possible retroactive adjustment. All hospitals have final settled with the Medicaid program through the 2011 cost report year.

In addition to Medicare and Medicaid discussed above, Sentara also provides services to beneficiaries of numerous other third-party payors. These payors pay based on negotiated contractual rates, which include prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a reasonable possibility that recorded estimates will change by a material amount in the near term. In 2012 and 2011, the effect of these settlement adjustments was to increase net patient service revenue by approximately $4,792 and $5,864, respectively.

Due to the nature of the governmental cost report settlement process, the complexities of governmental and nongovernmental patient billing and other financial statement exposures that are inherent in the provision of healthcare services, Sentara has established financial accounting and reporting policies that formally govern the establishment of associated liability estimates beyond those related to specifically identifiable events. The establishment of related liabilities is based on a number of factors, including net patient service revenue volumes. Sentara believes that such policy properly provides for Sentara's routine and nonroutine exposures consistent with industry accounting principles and practices. These estimated liabilities are included in other long-term liabilities on the consolidated balance sheets in the amounts of $80,822 and $90,872 as of December 31, 2012 and 2011, respectively.

The Health Information Technology for Economic and Clinical Health (HITECH) Act that was enacted as part of the American Recovery and Reinvestment Act of 2009 was signed into law in February 2009. In the

(In thousands)

context of the HITECH Act, certain healthcare entities must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and "meaningful use" of health information technology (HIT). Understanding the strategic importance of an EHR system, Sentara invested in a certified EHR system prior to the HITECH Act. The HITECH Act includes significant monetary incentives meant to encourage the adaptation of an EHR system. During 2012 and 2011, Sentara recognized incentive payments totaling $22,104 and $12,814, respectively, which are included in other operating revenue in the consolidated statements of operations.

The general healthcare industry environment is increasingly uncertain, especially with respect to the impact of Federal healthcare reform legislation, which was passed in 2010 and largely upheld by the U.S. Supreme Court in June 2012. Potential impacts of ongoing healthcare industry transformation include, but are not limited to (1) significant capital investments in healthcare information technology, (2) continuing volatility in the state and federal government reimbursement programs, (3) lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, changes in disproportionate share payments, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system, and (4) effective management of multiple major regulatory mandates, including the transition to ICD-10.

(5) Receivables, Net

Receivables, net are summarized as follows at December 31:

		2012	2011
Patient accounts receivable	$	1,052,901	1,006,470
Less:			
Contractual allowances for third-party payors		546,445	542,276
Allowances for bad debts		170,172	144,925
Patient accounts receivable, net		336,284	319,269
Premium and capitation receivables, net		58,833	53,973
Estimated third-party payor settlements		31,406	14,432
Other receivables		34,106	29,122
Receivables, net	$	460,629	416,796

Patient accounts receivable are reduced by an allowance for bad debts. In evaluating the collectibility of accounts receivable, Sentara analyzes historical collections and write-offs and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for bad debts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for bad debts. For receivables associated with services provided to patients who have third-party coverage, Sentara analyzes contractually due amounts and provides an allowance for bad debts, allowance for contractual adjustments, provision for bad debts, and contractual adjustments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated

(In thousands)

with self-pay patients or with balances remaining after the third-party coverage has already paid, Sentara records a significant provision for bad debts in the period of service on the basis of its historical collections, which indicates that many patients are unwilling to pay the portion of their bill for which they are financially responsible. The difference between the discounted rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for bad debts.

The activity in the allowance for bad debts is summarized as follows for the years ended December 31:

		2012	2011
Beginning balance as of January 1	$	144,925	104,863
Provision for bad debts		249,044	225,396
Less: writeoffs		(223,797)	(185,334)
Ending balance as of December 31	$	170,172	144,925

The change in the allowance for bad debts during 2012 is attributable to increased self-pay patient volumes and trends experienced in the collection of the related patient receivables.

(6) Investments and Assets Whose Use is Limited

A summary of investments and assets whose use is limited included in the accompanying December 31 consolidated balance sheets is as follows:

		2012	2011
Investments at fair value	$	1,888,855	1,577,715
Investment companies accounted for under the equity method		297,367	242,360
Total investments		2,186,222	1,820,075
Less portion required to pay current liabilities		396,182	336,436
	$	1,790,040	1,483,639

Investments at estimated fair value are comprised of the following.

		2012	2011
Unrestricted investments	$	1,966,938	1,628,342
Donor-restricted investments		65,127	61,497
Assets whose use is limited under indenture, self-insurance funding arrangement and derivative financial instrument agreements held by trustee		139,510	116,453
Assets internally designated as endowment fund		14,647	13,783
Total investments at estimated fair value	$	2,186,222	1,820,075

(Continued)

The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets, for identical instruments in markets that are not active; and model-driven valuations whose inputs are observable either indirectly or directly.

Level 3 – Unobservable inputs that are significant to the fair value of the assets or liabilities.

Short-term investments are comprised of cash equivalents and short-term fixed income securities. Because of the nature of these assets, carrying amounts approximate fair values, which have been determined from public quotations, when available.

Fair values for Sentara's fixed maturity securities are based on prices provided by its investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations. Sentara's fixed maturity securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

Fair values of equity securities have been determined by Sentara from observable market quotations, when available. Equity securities where a public quotation is not available are valued by using broker quotes.

Sentara generally uses net asset value per share as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its alternative investments consistent with the provisions of ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820), Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. Accordingly, such values may differ from values that would have been used had an active market for the investments existed.

(Continued)

(In thousands)

The following tables present Sentara's fair value hierarchy for those assets measured at estimated fair value on a recurring basis as of December 31, 2012 and 2011, respectively:

		Total	Fair value measurements at December 31, 2012 using Level 1	Level 2	Level 3
Investments:					
Fixed maturities:					
Domestic	$	778,714	448,671	330,043	—
International		7,717	358	7,359	—
Equity securities:					
Domestic		847,363	847,363	—	—
International		5,390	954	4,436	
Multiasset funds		89,345	89,345	—	—
Alternative investments:					
Hedge funds		173,568	—	137,014	36,554
Private equity		40,255	—	—	40,255
Real estate		116,579	—	—	116,579
Short-term investments		127,291	127,291	—	—
Total	$	2,186,222	1,513,982	478,852	193,388

		Total	Fair value measurements at December 31, 2011 using Level 1	Level 2	Level 3
Investments:					
Fixed maturities:					
Domestic	$	633,693	427,049	206,644	—
International		7,732	316	7,416	—
Equity securities:					
Domestic		596,047	596,047	—	—
International		15,972	14,187	1,785	—
Multiasset funds		25,732	25,732	—	—
Alternative investments:					
Hedge funds		158,805	—	123,931	34,874
Private equity		41,458	—	—	41,458
Real estate		53,196	—	—	53,196
Commingled funds		14,063	—	14,063	—
Short-term investments		273,377	273,377	—	—
Total	$	1,820,075	1,336,708	353,839	129,528

(Continued)

(In thousands)

For the years ended December 31, 2012 and 2011, the reconciliation of investments with estimated fair value measurements using significant unobservable inputs (Level 3) is as follows:

	2012	2011
Beginning balance, as of January 1	$ 129,528	91,217
Addition of RMH and MJH investments	—	38,408
Total net gains (losses) unrealized and realized	11,604	(97)
Purchases, sales, issuances and settlements	49,347	—
Net transfers from Level 2	2,909	—
Ending balance, December 31	$ 193,388	129,528

Sentara's limited investment companies are reported on the equity method based on the underlying net asset value of the investments. Due to the nature of the underlying investments held, changes in market conditions and the economic environment may significantly impact the investments' net asset value and the carrying value of Sentara's interest.

Sentara's limited investment companies include redemption restrictions. Hedge fund investments may require 65 to 105 day written notice of intent to withdraw and may be subject to a 12 to 36 month lock up period. Private equity investments do not include provisions for redemption, and are distributed by the fund on a discretionary basis as restrictions are met and capital permits. Level 3 real estate investments require written notice of intent to withdraw and are subject to the capital requirements of the fund manager.

Sentara has remaining capital commitments of $28,538 at December 31, 2012 for certain limited investment companies.

(Continued)

(In thousands)

(7) Property, Plant, and Equipment

The components of property, plant, and equipment, at cost, and the related accumulated depreciation at December 31 are summarized as follows:

		2012	2011
Land	$	123,356	123,103
Land improvements		89,873	84,511
Buildings		1,038,880	1,042,247
Fixed equipment		552,183	500,088
Major moveable equipment		1,328,123	1,234,169
Leasehold improvements		45,413	44,495
		3,177,828	3,028,613
Less accumulated depreciation and amortization		1,723,910	1,569,322
		1,453,918	1,459,291
Construction in progress		91,747	60,735
Total	$	1,545,665	1,520,026

Depreciation and amortization related to property, plant, and equipment totaled $167,052 and $150,632 for the years ended December 31, 2012 and 2011, respectively.

Construction projects in progress at December 31, 2012 are expected to have remaining project costs of approximately $115,654. The commitments include the costs to complete a new bed tower at SLH, an outpatient facility for SNVMC and other projects.

(Continued)

(In thousands)

(8) Long-Term Debt

Long-term debt and capital lease obligations at December 31 are summarized as follows:

	2012	2011
Sentara Healthcare Obligated Group Revenue and Refunding Bonds:		
Series 2012A, payable in installments ranging from $390 to $5,850 from 2013 through 2034, with interest at a variable rate of SIFMA plus 0.08% (actual interest rate at December 31, 2012 was 0.21%)	$ 68,580	—
Series 2012B, payable in installments ranging from $2,150 to $26,110 through 2043, with fixed interest rates ranging from 2.0% to 5.0% (average interest rate at December 31, 2012 was 4.57%)	146,810	—
Series RMH 2011A-C, payable in installments of $1,200 from 2015 through 2039, with interest at a variable rate of 67.0% of one-month LIBOR plus 0.40% (actual interest rate at December 31, 2012 was 0.54%)	30,000	10,000
Series RMH 2010A-C, payable in installments ranging from $1,724 to $2,724 through 2040, with interest at a variable rate of 67.0% of one-month LIBOR plus 0.40% (actual interest rate at December 31, 2012 was 0.54%)	73,276	75,000
Series 2010, payable in installments ranging from $1,600 to $37,160 through 2040, with fixed interest rates ranging from 4.0% to 5.0% (average interest rate for 2012 was 4.77%)	264,305	272,970
Series 2010B-C, payable in installments ranging from $425 to $11,250 through 2034, with interest at a variable rate of SIFMA plus 0.12% (actual interest rate at December 31, 2012 was 0.25%)	131,860	132,480
Series 2009A, refunded by Series 2012A	—	68,890
Series MJH 2008A-D, payable in installments ranging from $1,135 to $11,535 through 2048, with interest at a variable rate set daily or weekly (actual interest rates at December 31, 2012 were 0.07% and 0.14%)	160,795	160,795
Series 2008, payable in installments ranging from $1,450 to $26,860 through 2035, with a fixed interest rate of 5.75%	156,615	156,615
Series RMH 2006, payable in installments ranging from $1,140 to $11,670 through 2046, with fixed interest rates ranging from 4.0% to 5.0% (average interest rate for 2012 was 4.77%)	188,005	189,050

(Continued)

(In thousands)

	2012	2011
City of Suffolk 1998, payable in annual installments of $667 through 2017, with a fixed interest rate of 4.71%	$ 3,333	4,000
Isle of Wight 1998, payable in annual installments of $667 through 2017, with a fixed interest rate of 4.76%	3,333	4,000
Sussex County 1998, payable in annual installments of $267 through 2013 with a fixed interest rate of 4.69%	267	800
Surry County 1997, repaid in 2012	—	1,000
Series 1993, payable in installments ranging from $2,915 to $3,775 through 2018, with fixed interest rates of 5.13% and 6.00% (average interest rate for 2012 was 6.00%)	20,015	22,765
Sentara Northern Virginia Medical Center Hospital Revenue Bonds - Series 2003, advance refunded by Series 2012B	—	46,660
Rockingham Memorial Hospital Revenue and Refunding Bonds - Series 2009, restructured in 2012	—	20,000
Martha Jefferson Hospital Revenue and Refunding Bonds.		
Series 2003, repaid in 2012	—	21,030
Series 2002, advance refunded by Series 2012B	—	44,580
Notes Payable:		
Sentara Healthcare Commercial Paper Note program:		
$130,000 authorized tax-exempt issue, weighted average maturity and interest rate at December 31, 2012 was 85.0 days and 0.18%, respectively	52,800	123,800
$125,000 authorized taxable issue, weighted average maturity and interest rate at December 31, 2012 was 53.3 days and 0.26%, respectively	71,000	—
Note payable due 2014 with a fixed rate of interest of 7.00%	416	700
Note payable due 2017 with a fixed rate of Prime, adjusted every five years (actual interest rate at December 31, 2012 was 5.75%)	247	272
Capital lease obligations	1,121	1,823
	1,372,778	1,357,230
Unamortized bond discount, net	(8,345)	(22,501)
Less amount classified as current	(404,209)	(346,666)
	$ 960,224	988,063

(a) Obligated Group Revenue and Refunding Bonds

The Sentara Healthcare Obligated Group Revenue and Refunding Bonds were issued under various sales agreements between Sentara and the Industrial Development Authority (IDA) of the Cities of Norfolk, Chesapeake, Hampton, Suffolk, and Virginia Beach and the Counties of Isle of Wight, Sussex and Surry (the Authorities), pursuant to which the Authorities will sell certain improvements back to Sentara for aggregate installment payments sufficient to enable the Authorities to pay the

(Continued)

principal and interest on the bonds when due. Under the terms of the sales agreements, Sentara delivered to the Authorities promissory notes, pursuant to a Master Trust Indenture, between Sentara and U.S. Bank, NA, as trustee

In April 2012, Sentara issued $68,890 in variable rate Hospital Facilities Revenue and Refunding Bonds. The proceeds of the bonds were used to fully refund the Series 2009A Bonds.

In May 2012, Sentara issued $148,740 in fixed rate Health Care Facilities Revenue and Refunding Bonds. A portion of the proceeds are being used to substantially replace the existing SLH through the construction of a new bed tower, as well as other ongoing and planned major infrastructure renovations and replacements. The remaining proceeds were used to fully refund the Series 2003 SNVMC Revenue Bonds and the Series 2002 MJH Revenue Bonds. A total loss of $5,920 was recognized on the refundings and is included in nonoperating gains, net in the 2012 consolidated statement of operations. A premium of $14,423 was recognized related to the issuance of the debt and is recognized in long-term debt, excluding current portion in the 2012 consolidated balance sheet

In November 2011, the Sentara Board of Directors approved an amendment to the Master Trust Indenture to include RMH and MJH as affiliates to the Sentara Obligated Group. Sentara, RMH, and MJH subsequently initiated debt restructures whereby the promissory notes securing a portion of the debt of RMH and MJH were substituted with the credit of promissory notes issued under the Sentara Master Trust Indenture. The substitution of the promissory notes transfers the primary obligation under the debt from RMH and MJH to Sentara. As of December 31, 2011, the restructures of the RMH Series 2010 and 2009A Bonds for $75,000 and $10,000, respectively, were complete and thus were included as part of the Sentara Obligated Group's debt as Series RMH 2010 A-C Bonds and Series RMH 2011A Bonds, respectively. The remaining debt of RMH, Series 2009B-C Bonds and Series 2006 Bonds of $20,000 and $189,050, respectively, was restructured in January of 2012. Additionally, the MJH Series 2008 A-D Bonds were restructured in January of 2012 for $160,795.

Sentara maintains a balance of short-term investments equal to the Series 2012A Bonds (formerly 2009A Bonds), Series 2010B-C Bonds, MJH 2008 A-D Bonds and a portion of commercial paper issuances, which are not covered by a letter of credit (self-liquidity) and also for debt backed by lines of credit that expire in less than one year. Long-term debt subject to current remarketing provisions and covered by self-liquidity totaled $380,926 and $325,170 as of December 31, 2012 and 2011, respectively, and is classified as a current liability.

(b) Commercial Paper Revenue Notes

Issuance of the tax-exempt Sentara Healthcare Commercial Paper Revenue Notes (the Notes) was authorized during 1998 under agreements between Sentara and the IDA of the City of Norfolk (the Authority) The Notes will be issued from time to time by the Authority as part of a pooled financing program to provide loans to Sentara to finance the cost of certain capital improvements, to refinance outstanding revenue and refunding bonds and to pay costs associated with the issuance of the Notes. It is management's intent to continuously rollover these Notes; however, the outstanding principal amount of all Notes must be repaid by 2028. Each Note will mature between 1 and

(In thousands)

270 days after its date of issuance. The maximum aggregate principal amount of the Notes outstanding at any one time shall not exceed the lesser of $130,000, or the aggregate amount of advances available under a Liquidity Facility Agreement (Liquidity Facility).

During 2012, Sentara entered into an agreement with a commercial finance company that authorizes the issuance of up to $125,000 of taxable commercial paper (the Commercial Paper). The Commercial Paper will be issued from time to time for general corporate purposes and to refund a portion of certain Notes previously issued. It is management's intent to continuously rollover the Commercial Paper; however, the outstanding principal amount of all the Commercial Paper must be repaid by 2028. Each Commercial Paper will mature between 1 and 270 days after its date of issuance.

Under the terms of the current Liquidity Facility, Sentara may borrow, subject to certain conditions, up to $100,000 to pay the principal portion of the Notes or the Commercial Paper that have not been successfully remarketed. Borrowings under the Liquidity Facility bear interest at certain rates under several options granted to Sentara. There was no amount outstanding under the Liquidity Facility as of December 31, 2012 or 2011. The Liquidity Facility expires on June 5, 2015.

(c) Other

The Revenue and Refunding Bonds are not secured by any security interest in or lien on any revenues or real property. The Master Trust Indenture places certain restrictions on Sentara relative to operating ratios and incurrence of additional indebtedness.

At December 31, 2012, management believes that Sentara was in compliance with all such restrictions.

The fair value of all bonds and commercial paper revenue notes are determined by market quotations using Level 1 criteria. The fair value of all bonds and commercial paper revenue notes at December 31, 2012 and 2011 was approximately $1,425,000 and $1,345,000, respectively.

Estimated maturities and sinking fund requirements of all long-term indebtedness at December 31, 2012 are as follows:

2013	$ 23,283
2014	17,871
2015	19,489
2016	20,981
2017	21,626
Thereafter	1,269,528
	$ 1,372,778

(Continued)

(In thousands)

(9) Derivative Financial Instruments

Sentara uses interest rate swaps as a part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swaps are not used for speculative purposes and are measured at fair value in the consolidated balance sheets.

The following table provides details regarding Sentara's fair value of derivative instruments currently classified as other long-term liabilities, and none of which are designated as cash flow hedging instruments.

Interest rate swap	Fair value	Notional amount outstanding	Rate paid	Rate received	Average rate received in 2012	Counterparty	Term
2004	$ (52,109)	198,906	3.51%	67% of One month (1M) LIBOR	0.24%	Wells Fargo (75%) & Goldman Sachs (25%)	30 years
2008	438	156,615	SIFMA + 0.19	5.75%	5.75	Citigroup	10 years
Sussex 1998	(1,680)	26	3.33%	59% of 1M LIBOR	0.14	Bank of America	25 years
RMH 2009 (Fixed Swap)	(583)	30,000	3.28%	67% of 1M LIBOR + 1.67%	1.83	SunTrust	5 years
MJH 2007 (Basis Swap)	(473)	76,325	SIFMA	67% of 1M LIBOR - 0.41%	0.63	UBS	20 years
MJH 2008 (Fixed Swap)	(52,154)	160,795	4.13%	SIFMA	0.18	UBS	40 years

In order to manage the credit risk of the swap agreements, Sentara and the counterparties are required to provide collateral in the event that the combined fair value of the swap agreements exceeds a predetermined threshold amount. The collateral posting requirements are based upon the rating classification of Sentara's long-term, unsecured, and unsubordinated debt securities as assigned by a relevant rating agency. As of December 31, 2012, Sentara posted $32,637 in collateral with counterparties, which is included in noncurrent assets whose use is limited in the 2012 consolidated balance sheet.

The fair value of the interest rate swap agreements is the estimated amount that Sentara would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The swap agreements are valued based on readily observable market parameters for all substantial terms of the contracts and are therefore categorized as Level 2 securities. The change in the fair value of the interest rate swap agreements for the years ended December 31, 2012 and 2011 was $349 and $(58,001), respectively, and is included in nonoperating gains, net in the consolidated statements of operations. Sentara is exposed to credit loss in the event of nonperformance by the swap counterparties. Sentara manages this risk through the monitoring of the credit standing of its counterparties.

(10) Retirement Obligations

Sentara maintains a noncontributory defined-benefit pension plan that covers substantially all employees of Sentara Healthcare and its subsidiaries (Sentara Plan), except for SNVH and those entities that maintain separate plans, RMH (RMH Plan) and MJH (MJH Plan, collectively referred to as the Plans). MJH and RMH plan benefits were frozen effective December 31, 2005 and January 1, 2008, respectively.

(In thousands)

Accordingly, plan benefits are no longer increased for future service cost and compensation and no new participants are eligible for benefits subsequent to the frozen plan effective dates.

The Plans conform to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Sentara's funding policy is to contribute amounts to the Plans sufficient to meet the minimum funding requirements under FRISA The Plans use a December 31 measurement date.

The following table sets forth amounts recognized in the consolidated financial statements of Sentara as of and for the years ended December 31, 2012 and 2011 related to the Sentara Plan:

		2012	2011
Accumulated benefit obligation at measurement date	$	1,142,228	966,498
Change in projected benefit obligations:			
Benefit obligation at previous measurement date	$	1,081,612	880,997
Service cost		49,089	39,028
Interest cost		48,105	45,174
Actuarial loss		173,140	147,668
Benefit payments		(39,435)	(31,255)
Projected benefit obligations at measurement date	$	1,312,511	1,081,612
Change in assets:			
Fair value of assets at previous measurement date	$	841,568	783,654
Actual return on assets		102,418	17,170
Employer contributions		72,000	72,000
Benefit payments		(39,435)	(31,255)
Fair value of assets at measurement date	$	976,551	841,569
Amounts recognized in the consolidated balance sheets at December 31:			
Long-term liabilities	$	(335,960)	(240,043)
Amounts recognized in unrestricted net assets at December 31:			
Net actuarial loss	$	(496,779)	(393,132)
Prior service cost		69	(111)
Components of net periodic pension cost:			
Service cost	$	49,089	39,028
Interest cost		48,105	45,174
Expected return on plan assets		(61,918)	(54,513)
Prior service cost recognized		180	930
Amortization of actuarial loss		28,996	17,241
Net periodic pension cost	$	64,452	47,860

(Continued)

(In thousands)

The following table sets forth amounts recognized in the consolidated financial statements of Sentara as of and for the years ended December 31, 2012 and 2011 related to the MJH Plan:

		2012	2011
Accumulated benefit obligation at measurement date	$	88,916	76,576
Change in projected benefit obligations:			
Benefit obligation at previous measurement date and affiliation date	$	81,907	70,021
Service cost		1,398	671
Interest cost		3,635	2,111
Actuarial loss		8,736	10,162
Benefit payments		(1,941)	(1,058)
Projected benefit obligations at measurement date	$	93,735	81,907
Change in assets:			
Fair value of assets at previous measurement date and affiliation date	$	65,481	49,564
Actual return on assets		4,138	(638)
Employer contributions		16,000	17,613
Benefit payments		(1,941)	(1,058)
Fair value of assets at measurement date	$	83,678	65,481
Amounts recognized in the consolidated balance sheets at December 31:			
Long-term liabilities	$	(10,057)	(16,426)
Amounts recognized in unrestricted net assets at December 31:			
Net actuarial loss	$	(21,720)	(12,928)
Components of net periodic pension cost:			
Service cost	$	1,398	671
Interest cost		3,635	2,111
Expected return on plan assets		(4,667)	(2,129)
Amortization of actuarial loss		473	—
Net periodic pension cost	$	839	653

(Continued)

(In thousands)

The following table sets forth amounts recognized in the consolidated financial statements of Sentara as of and for the years ended December 31, 2012 and 2011 related to the RMH Plan:

		2012	2011
Accumulated benefit obligation at measurement date	$	127,716	105,669
Change in projected benefit obligations:			
Benefit obligation at previous measurement date and affiliation date	$	130,567	107,432
Service cost		4,530	2,887
Interest cost		5,684	3,962
Actuarial loss		10,339	18,064
Benefit payments		(2,930)	(1,778)
Projected benefit obligations at measurement date	$	148,190	130,567
Change in assets:			
Fair value of assets at previous measurement date and affiliation date	$	95,214	74,946
Actual return on assets		4,275	(4,354)
Employer contributions		9,503	26,400
Benefit payments		(2,930)	(1,778)
Fair value of assets at measurement date	$	106,062	95,214
Amounts recognized in the consolidated balance sheets at December 31:			
Long-term liabilities	$	(42,128)	(35,353)
Amounts recognized in unrestricted net assets at December 31:			
Net actuarial loss	$	(39,385)	(26,249)
Components of net periodic pension cost:			
Service cost	$	4,530	2,887
Interest cost		5,684	3,963
Expected return on plan assets		(7,293)	(3,831)
Amortization of actuarial loss		221	—
Net periodic pension cost	$	3,142	3,019

For the years ended December 31, 2012 and 2011, Sentara recognized a reduction in unrestricted net assets of $125,096 and $206,606, respectively, related to nonperiodic changes in the Plans assets and benefit obligations.

The estimated actuarial loss and prior service credit for the Plans that will be amortized from accumulated other comprehensive loss into net periodic cost over the next year are $39,683 and $28,610, respectively. No assets of the Plans are expected to be returned to Sentara for the year ending December 31, 2013.

(Continued)

(In thousands)

The assumptions used to determine benefit obligations for the Plans at December 31, 2012 and 2011 are as follows:

	2012		
	Sentara Plan	**RMH Plan**	**MJH Plan**
Discount rate	3.75%	3.75%	3.75%
Rate of compensation increase	4.00%	4.00%	3.50%
	2011		
Discount rate	4.51%	4.65%	4.50%
Rate of compensation increase	4.75%	5.00%	3.50%

Weighted average assumptions used to determine net periodic benefit cost for the Plans for 2012 and 2011 are as follows:

	2012		
	Sentara Plan	**RMH Plan**	**MJH Plan**
Discount rate	4.51%	4.65%	4.50%
Expected long-term return on plan assets	7.25%	7.25%	7.25%
Rate of compensation increase	4.00%	4.00%	3.50%
	2011		
Discount rate	5.32%	5.61%	5.25%
Expected long-term return on plan assets	7.25%	7.50%	7.25%
Rate of compensation increase	4.75%	5.00%	3.50%

In developing the expected long-term rate of return on assets assumption, Sentara considered the current level of expected returns on risk-free investments (primarily, government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selections listed above for the years ended December 31, 2012 and 2011.

(a) Investment Policy and Strategy

The overall financial objectives for the Plans' assets are (1) to provide funds for the timely payment of the Plans' obligations and (2) to produce an investment rate of return that improves the overall funding status of the Plans consistent with the first objective. The investment objective of the Plans seeks to strike a balance between higher returns and controlling funding status volatility. To achieve its objectives, the Plans' assets are allocated based on a target allocation established by the Sentara Finance Committee and approved by the Sentara Board of Directors. Effective April 1, 2012 and

(Continued)

(In thousands)

October 1, 2012, RMH and MJH, respectively, adopted Sentara's investment target allocation. A registered investment manager has been approved by the Finance Committee of the Sentara Board of Directors and reviews fund performance at each quarterly meeting. The Plans' targeted asset allocation by asset category is as follows:

Asset category	Target allocation percentage
Equity securities	30% – 60%
Debt securities	20% – 50%
Alternative investments	0% – 20%
Cash	0% – 10%

The allocation to fixed income investments is structured to match the expected stream of future benefit payments in order to minimize funding volatility risk. Other investments are also diversified within asset classes (e.g., within equities by economic sector, industry, quality, and size) in order to provide assurance that no single security or class of securities will have a disproportionate impact on the Plans.

The following tables present the Plans' assets measured at estimated fair value aggregated by the level in the fair value hierarchy within which those measurements fall as of December 31, 2012 and 2011, respectively:

		Fair value measurements at December 31, 2012 using		
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed maturities:				
Domestic	$ 325,270	268,917	26,886	29,467
International	10,542	4,768	5,774	—
Equity securities				
Domestic	513,726	483,908	28,557	1,261
International	9,692	5,760	3,932	—
Multiasset	50,032	50,032	—	—
Alternative investments	139,879	—	103,750	36,129
Short-term investments	117,150	117,150	—	—
Total	$ 1,166,291	930,535	168,899	66,857

(Continued)

(In thousands)

	Total	Fair value measurements at December 31, 2011 using Level 1	Level 2	Level 3
Investments:				
Fixed maturities:				
Domestic	$ 291,310	247,544	43,766	—
International	9,071	7,746	1,325	—
Equity securities				
Domestic	438,098	424,546	11,873	1,679
International	9,627	9,627	—	—
Alternative investments	102,244	—	33,264	68,980
Short-term investments	151,914	151,914	—	—
Total	$ 1,002,264	841,377	90,228	70,659

For the years ended December 31, 2012 and 2011, the reconciliation of the Plans' assets with estimated fair value measurements using significant unobservable inputs (Level 3) was as follows:

	2012	2011
Beginning balance, as of January 1	$ 70,659	53,176
Addition of RMH and MJH investments	—	5,232
Total net gains unrealized and realized	9,051	4,362
Purchases, sales, issuances, and settlements	26,339	7,889
Net transfers to Level 2	(39,192)	—
Ending balance, December 31	$ 66,857	70,659

(b) Contributions

Sentara expects to contribute $124,500 to its Plans for the year ending December 31, 2013.

(Continued)

(In thousands)

(c) Estimated Future Benefit Payments

The following benefit payments, which reflect expected future employee service, as appropriate, are expected to be paid by the Plans in the following years ending December 31:

2013	$	69,644
2014		74,419
2015		80,247
2016		84,844
2017		93,231
2018-2022		539,349

The expected benefits to be paid are based on the same assumptions used to measure the Plans' benefit obligations at December 31, 2012.

(d) Supplemental Executive Retirement Plan

Sentara maintains a supplemental executive retirement plan for certain executives. Compensation expense under the plan was $2,202 and $2,098 for the years ended December 31, 2012 and 2011, respectively. Accrued benefit liabilities under this plan totaled $9,444 and $8,356 as of December 31, 2012 and 2011, respectively, and are included in other long-term liabilities in the consolidated balance sheets.

(e) Defined Contribution Retirement Plans

Substantially all of the employees of Sentara participate in defined-contribution retirement plans under Sections 403(b) and 401(k) of the Code. Sentara matches a percentage of contributions made by the employees. Sentara's contribution expense related to these plans for the years ended December 31, 2012 and 2011 was $20,075 and $21,589, respectively, and is included in benefits in the consolidated statements of operations.

(11) Charity Care and Other Community Benefits

(a) Charity

Sentara is committed to providing quality healthcare to all, regardless of their ability to pay. Patients who meet the criteria of its charity care policy receive services without charge or at amounts less than its established rates. The criterion for charity care considers the household income in relation to the federal poverty guidelines and the equity value of real property and/or other assets. Sentara provides services without charge for patients with adjusted gross income equal to or less than 200% of the federal poverty guidelines. For uninsured patients with adjusted gross income greater than 200% of the federal poverty guidelines, a sliding scale discount is applied. Income and asset information obtained from patient and credit reporting data are used to determine patients' ability to pay. Sentara maintains records to identify and monitor the level of charity care it furnishes under its charity care policy. The charity care policies of the new affiliates are generally consistent with that of Sentara's policy.

(Continued)

(In thousands)

Due to the complexity of the eligibility process, Sentara provides eligibility services to patients free of charge to assist in the qualification process. These eligibility services include, but are not limited to, the following:

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call a toll-free number to reach customer service representatives during the business day. Financial assistance programs are also published on the Sentara website and included on the statements provided to patients.
- Sentara employs financial counselors who are available to help patients complete applications for Medicaid or other government payment assistance programs, or apply for care under Sentara's charity care policy, if applicable. Sentara also employs an external firm to assist in the eligibility process.
- Any patient, whether covered by insurance or not, may meet with a Sentara representative and receive financial counseling from Sentara's dedicated financial assistance unit.

Sentara recognizes that a large number of uninsured and insured patients meet the charity care guidelines but do not respond to Sentara's attempts to obtain necessary financial information. In these instances, Sentara uses credit reporting data to properly classify these unpaid balances as charity care as opposed to bad debt expense. Utilization of income and asset information and credit reporting data indicate the vast majority of amounts reported as provision for bad debts represent amounts due from patients that would otherwise qualify for charity benefits but do not respond to Sentara's attempts to obtain the necessary financial information. In these cases, reasonable collection efforts are pursued, but yield few collections. Finally, management believes that the net loss associated with providing care to Medicaid patients is a component of providing charity care.

Costs incurred are estimated based on the cost-to-charge ratio for each hospital and applied to charity care charges. Since Sentara does not pursue collections of amounts determined to meet the criterion under the charity care policy, such amounts are not reported as net patient service revenue. The amounts reported as charity care represent the cost of rendering such services. The following information measures the level of charity and uncompensated care costs provided for the years ended December 31:

		2012	2011
Components of estimated cost of charity and other uncompensated care:			
Charity care	$	135,680	115,616
Medicaid		40,557	21,921
Bad debt		81,694	73,917
Total estimated cost	$	257,931	211,454

(Continued)

(In thousands)

(b) Medical Education and Other Community Benefits

In addition to charity and uncompensated care, Sentara provides other community benefits. These benefits include, among other items, educational activities, health services, and donations sponsored by Sentara in the communities served.

Sentara provides support to other charitable organizations through direct contributions and sponsorships as well as free community health screenings and health education throughout the Hampton Roads community. Expenses for community health programs represent Sentara's dedicated Community Health and Prevention Department. Additional costs for similar activities carried out across the Sentara system are not specifically accumulated and include salaries and other operating expenses.

Sentara also underwrites much of the cost of training allied health professionals, physicians, and residents in its emergency rooms, clinics, and inpatient facilities. Sentara maintains a dynamic partnership with Eastern Virginia Medical School to support medical education. The Sentara College of Health Sciences (the School), in continuous operation since 1892, educates nurses, surgical and cardiovascular technicians needed to provide the community with vital health services.

The following is a summary of Sentara's community commitment as measured by charity care and community benefit costs:

		2012	2011
Nonreimbursed cost of charity and uncompensated care	$	257,931	211,454
Medical education		19,866	16,187
Direct contributions and sponsorships		1,715	16,051
Community health programs		2,715	951
Total community benefits, at cost	$	282,227	244,643

Sentara also recognizes its responsibility to provide other healthcare services and programs for the benefit of the community, at reduced rates or free. This includes the Ambulatory Care Clinic, a clinic designed to offer primary and specialized outpatient services to members of the Norfolk community who are either uninsured or under insured. Sentara also operates an emergency medical helicopter service and both Level 1 and Level 3 Trauma Centers.

(Continued)

(In thousands)

(12) Concentration of Credit Risk

Patient receivables and patient service revenue consist of amounts earned for patient care. Payments are made either directly by patients or by third-party payors, including the federal (Medicare) and state (Medicaid) governments and private insurance carriers. Services are generally provided without requiring collateral from patients or third-party payors.

A breakdown of net patient receivables by significant payor type is as follows:

	2012	2011
Medicare	29%	32%
Medicaid	8	9
Anthem (Blue Cross)	19	17
SHP – HMO/PPO	8	9
All others (none more than 10%)	36	33
Total	100%	100%

Premium and capitation receivables consist primarily of amounts earned by Sentara's health plans for providing benefits to subscribers. OHP and SHP have concentrations of credit risk with the U.S. Government's Office of Personnel Management (OPM) for subscriber benefits provided under the Federal Employee Health Benefits Program (FEHBP), and with the Virginia DMAS for benefits to Medicaid recipients.

A breakdown of premium and capitation receivables by significant customers is as follows:

	2012	2011
OPM	13%	14%
DMAS	74	76
Other (none more than 10%)	13	10
Total	100%	100%

(13) Functional Expenses

Sentara provides various healthcare services to patients within its geographic region. Expenses related to providing these services are as follows:

	2012	2011
Healthcare services	$ 2,929,411	2,643,328
General and administrative	875,019	817,213
Total operating costs and expenses	$ 3,804,430	3,460,541

(Continued)

(14) Commitments and Contingent Liabilities

(a) General Liability and Malpractice Insurance

Sentara insures its professional, general, and managed care liability risks through insurance policies issued by Lexington Insurance Company. Professional and managed care liability risks are primarily insured on a claims-made basis and general liability risks are insured on a claims-incurred basis. Lexington policy limits are $2,000 per occurrence and $23,000 in the aggregate per year for professional and managed care liability and $1,000 per occurrence for general liability. For the period July 1, 2003 through July 1, 2011, all subsidiaries except OHP, SHI, and SMG had a $1,500 per occurrence self-insured retention (SIR) under the policies for professional liabilities and a $750 per occurrence SIR for general liabilities. Effective July 1, 2011, the SIR was eliminated and all new exposures were assumed by Sentara's wholly owned captive insurance company, Bay Primex.

Accrued professional liability costs on an undiscounted basis as of December 31, 2012 and 2011 amounted to $84,679 and $84,012, respectively. Cash and investments totaling $55,762 and $46,884 as of December 31, 2012 and 2011, respectively, have been designated by Sentara to settle these claims. Included in accrued professional liability costs are estimated claims incurred but not reported in the amounts of $23,339 and $28,552 as of December 31, 2012 and 2011, respectively.

The Lexington policies are fully reinsured by Bay Primex. The sole activity of Bay Primex is reinsurance, on a facultative basis, of the claims-made professional and managed care liability insurance policies, and the occurrence based general liability policy issued by Lexington Insurance Company to Sentara and its related entities.

All Sentara entities are covered by the same excess liability policies through three independent carriers with total annual coverage limits of $60,000 per occurrence and $60,000 in the aggregate for amounts exceeding the primary coverage limits.

Professional liability policies entered into on a claims-made basis must be renewed or replaced with equivalent insurance if claims incurred during their term but asserted after their expiration are to be insured. The estimated liability for professional and general liability claims will be significantly affected if current and future claims differ from historical trends. While management monitors reported claims closely and considers potential outcomes as estimated by its actuaries when determining its professional and liability accruals, the complexity of the claims, the extended period of time to settle the claims, and the wide range of potential outcomes complicate the estimation. In the opinion of management, adequate provision has been made for the related risk.

(b) Stop-Loss Coverage

OHP and OHIC carry a stop-loss coverage policy for medical claims expense through Reinsurance Group of America, Incorporated (RGA). The deductible under the policy is $1,400 per member per policy year. Once the deductible is met in a policy year, RGA will reimburse 90% of eligible medical expenses up to a maximum of $5,000 per member per policy year for commercial members and up to a maximum of $2,000 per member per policy year for Medicaid members. This stop-loss coverage

(Continued)

(In thousands)

does not relieve OHP and OHIC of its primary obligation to its members. Stop-loss expense related to the policy was $858 and $656 for the years ended December 31, 2012 and 2011, respectively.

(c) Employee Health Benefits

Sentara is self-insured for employee health benefits. Payments under the plan are limited to $300 per participant per year. The liabilities associated with these claims totaled $11,386 and $12,264 at December 31, 2012 and 2011, respectively.

(d) Workers' Compensation Insurance

Sentara is self-insured for workers' compensation insurance. The liability associated with these claims totaled $5,913 and $4,522 at December 31, 2012 and 2011, respectively.

(e) Lease Commitments

Certain Sentara subsidiaries are parties to operating leases for property and equipment. Rental expense incurred during the years ended December 31, 2012 and 2011 was approximately $53,135 and $50,000, respectively.

2013	$	28,029
2014		26,593
2015		24,902
2016		23,447
2017		18,935
Thereafter		58,292
Total future minimum lease payments	$	180,198

(f) Litigation

Sentara is subject to various legal proceedings and claims that are inherent to the provision of healthcare services. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on Sentara's consolidated financial position.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. Sentara, through its compliance program, seeks to ensure compliance with such laws and regulations and to rectify instances of noncompliance. Compliance with such laws and regulations is subject to future government review and interpretation as well as significant regulatory action, which can include fines, penalties, and exclusion from the Medicare and Medicaid programs.

(Continued)

(In thousands)

Sentara identified potential compliance violations during due diligence on recent acquisitions and has self-disclosed these potential violations to relevant regulatory authorities. Sentara is working collaboratively with these authorities to determine what, if any, fines and penalties might be appropriate. Although it is probable that some payments will have to be made by Sentara subsidiaries to relevant regulatory authorities, management believes, based on the information available to date, that the ultimate outcome to these matters will not have a material effect on Sentara's consolidated financial position or results of operations. Sentara is not aware of any ongoing violations, and policies and procedures have been put in effect, which are intended to ensure future compliance at these subsidiaries.

(15) Nonoperating Gains, Net

Nonoperating gains, net are summarized as follows:

		2012	2011
Investment income	$	43,904	38,665
Realized gains on investments, net		59,898	28,595
Unrealized gains (losses) on investments, net		48,969	(55,180)
Equity in earnings (losses) of limited investment companies		21,128	(4,449)
Change in market value of derivative instruments		349	(58,001)
Excess of fair value of net assets acquired over consideration paid		—	130,060
Other		(6,676)	(1,920)
Nonoperating gains, net	$	167,572	77,770

(16) Other Operating Expenses

Other operating expenses are summarized as follows:

		2012	2011
Supplies	$	544,685	496,734
Professional fees		166,671	142,017
Purchased and contracted services		152,942	123,375
Repairs and maintenance		96,761	84,408
Rent		53,136	50,413
Insurance		16,917	10,582
Marketing		32,563	30,832
Utilities		34,029	32,105
Other		23,224	30,466
Other operating expenses	$	1,120,928	1,000,932