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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 07-01-2012, 2012, and ending 06-30-2013**

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

**C** Name of organization  
 ST LUKE'S HOSPITAL OF BETHLEHEM PA

Doing Business As

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

City or town, state or country, and ZIP + 4  
 BETHLEHEM, PA 180151000

**F** Name and address of principal officer  
 THOMAS P LICHTENWALNER  
 801 OSTRUM STREET  
 BETHLEHEM, PA 180151000

**D** Employer identification number  
 23-1352213

**E** Telephone number  
 (484) 526-4000

**G** Gross receipts \$ 742,820,592

**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.SLHN.ORG

**K** Form of organization  Corporation  Trust  Association  Other ▶

**L** Year of formation 1872 **M** State of legal domicile PA

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities TO PROVIDE COMPASSIONATE, EXCELLENT QUALITY AND COST EFFECTIVE HEALTHCARE TO THE RESIDENTS OF THE COMMUNITIES WE SERVE REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	17
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	15
	<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<b>5</b>	6,111
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	940
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	67,044
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>		
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	5,735,327	5,962,360
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	652,707,121	715,110,010
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	23,617,731	14,345,203
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,638,767	6,040,698
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3)	687,698,946	741,458,271
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	674,195	484,014
<b>Expenses</b>	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	311,278,579	319,470,513
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <sup>0</sup>	0	0
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	330,806,742	378,679,738
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	642,759,516	698,634,265
	<b>19</b> Revenue less expenses Subtract line 18 from line 12	44,939,430	42,824,006
	<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b>
<b>21</b> Total liabilities (Part X, line 26)		1,292,517,730	1,439,352,641
<b>22</b> Net assets or fund balances Subtract line 21 from line 20		930,951,701	942,608,738
		361,566,029	496,743,903

**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  
 THOMAS P LICHTENWALNER CFO  
 Type or print name and title

2014-05-12  
 Date

**Paid Preparer Use Only**

Print/Type preparer's name  
 Scott Manani

Preparer's signature

Date

Check  if self-employed

PTIN

Firm's name ▶ WithumSmithBrown PC

Firm's EIN ▶

Firm's address ▶ 465 South St Ste 200  
 Morristown, NJ 079606497

Phone no (973) 898-9494

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

TO PROVIDE COMPASSIONATE, EXCELLENT QUALITY AND COST EFFECTIVE HEALTHCARE TO THE RESIDENTS OF THE COMMUNITIES WE SERVE REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**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 \$ 78,378,328 including grants of \$ 0 ) (Revenue \$ 77,774,303 )

General medicine coordinated care is provided for patients in both an outpatient and inpatient setting, in which care is managed by hospitalists Emphasis is also placed on health promotion and disease prevention Preventive and healthy living medical education, routine care of common medical illnesses and ongoing management and coordination of care for complex disease states is provided PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**4b** (Code ) (Expenses \$ 57,905,300 including grants of \$ 0 ) (Revenue \$ 66,740,031 )

General surgery hospital surgeons, combined with available leading-edge surgical technologies, provide patients with some of the most advanced surgical care available today St Luke's has one of the nation's oldest and most experienced minimally invasive robotic surgery programs and was the first in the U S to offer a "guarantee" for robotic prostatectomy Other innovative advanced surgical techniques are offered for a wide range of conditions, such as surgery resulting from trauma injuries, neurosurgical pain management and banatric surgery PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**4c** (Code ) (Expenses \$ 54,726,491 including grants of \$ 0 ) (Revenue \$ 53,630,110 )

Cardiovascular medicine St Luke's Heart and Vascular Center offers a full spectrum of advanced heart and vascular services generally available only at major metropolitan teaching hospitals The hospital's heart care program has earned Chest Pain Center accreditation and Joint Commission Certification for heart failure It has repeatedly earned the highest overall open-heart surgery quality rating from the Society of Thoracic Surgeons and was named one of the nation's 50 Top Cardiovascular Hospitals by Thomson Reuters The National Committee for Quality Assurance has awarded the hospital's clinics for the underserved special recognition in the area of heart and stroke care PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**4d** Other program services (Describe in Schedule O )  
(Expenses \$ 437,809,119 including grants of \$ 484,014 ) (Revenue \$ 516,965,566 )

**4e Total program service expenses** 628,819,238

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> <input checked="" type="checkbox"/>		No
<b>4 Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> <input checked="" type="checkbox"/>	Yes	
<b>5</b> 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? <i>If "Yes," complete Schedule C, Part III</i> <input checked="" type="checkbox"/>		No
<b>6</b> 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? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		No
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>		No
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		No
<b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>	Yes	
<b>11</b> 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		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	Yes	
<b>b</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? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>		No
<b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>	Yes	
<b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>		No
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>		No
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>		No
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		No
<b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
<b>15</b> 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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
<b>16</b> 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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
<b>17</b> 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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i> <input checked="" type="checkbox"/>		No
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> <input checked="" type="checkbox"/>	Yes	
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> <input checked="" type="checkbox"/>		No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> <input checked="" type="checkbox"/>	Yes	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? <input checked="" type="checkbox"/>	Yes	

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

<b>21</b>	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	<b>21</b>	Yes	
<b>22</b>	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	<b>22</b>		No
<b>23</b>	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	<b>23</b>	Yes	
<b>24a</b>	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	<b>24a</b>	Yes	
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		No
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		No
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		No
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	<b>25a</b>		No
<b>b</b>	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	<b>25b</b>		No
<b>26</b>	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	<b>26</b>		No
<b>27</b>	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	<b>27</b>		No
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28b</b>		No
<b>c</b>	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28c</b>		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>29</b>	Yes	
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>30</b>		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b>	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	<b>32</b>		No
<b>33</b>	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	<b>33</b>	Yes	
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	<b>34</b>	Yes	
<b>35a</b>	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>	Yes	
<b>b</b>	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	<b>35b</b>		No
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	<b>36</b>		No
<b>37</b>	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .		
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . . . .		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	Yes	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .		No
<b>b</b>	If "Yes," enter the name of the foreign country <input type="checkbox"/> _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .		No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . .		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . . . .		No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .		No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .		No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .		No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .		No
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966? . . . . .		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders . . . . .		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O		
<b>13b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . .		
<b>13c</b>	Enter the amount of reserves on hand . . . . .		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .		No
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .		

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

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

**Section A. Governing Body and Management**

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

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

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

**Section C. Disclosure**

- 17** List the States with which a copy of this Form 990 is required to be filed
- 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  
 THOMAS P LICHTENWALNER 801 OSTRUM STREET BETHLEHEM, PA (484) 526-4000

**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			
See Additional Data Table										





**Part VIII Statement of Revenue**

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . . <b>1a</b>					
	<b>b</b> Membership dues . . . . . <b>1b</b>					
	<b>c</b> Fundraising events . . . . . <b>1c</b>	90,258				
	<b>d</b> Related organizations . . . . . <b>1d</b>	510,494				
	<b>e</b> Government grants (contributions) . . . . . <b>1e</b>	1,560,661				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . . <b>1f</b>	3,800,947				
	<b>g</b> Noncash contributions included in lines 1a-1f \$ . . . . .	50,528				
	<b>h Total.</b> Add lines 1a-1f . . . . .	5,962,360				
<b>Program Service Revenue</b>	Business Code					
	<b>2a</b> NET PATIENT SERVICE REVENUE	541900	701,261,132	701,261,132		
	<b>b</b> OTHER HEATHCARE RELATED REVENUE	900099	13,848,878	13,781,834	67,044	
	<b>c</b>					
	<b>d</b>					
	<b>e</b>					
	<b>f</b> All other program service revenue					
<b>g Total.</b> Add lines 2a-2f . . . . .		715,110,010				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		15,095,803		15,095,803	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .		0			
	<b>5</b> Royalties . . . . .		0			
	<b>6a</b> Gross rents	(i) Real	1,746,801			
		(ii) Personal				
		<b>b</b> Less rental expenses				
		<b>c</b> Rental income or (loss)	1,746,801	0		
	<b>d</b> Net rental income or (loss) . . . . .		1,746,801		1,746,801	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	26,149	548,181		
		(ii) Other				
		<b>b</b> Less cost or other basis and sales expenses		1,324,930		
		<b>c</b> Gain or (loss)	26,149	-776,749		
	<b>d</b> Net gain or (loss) . . . . .		-750,600		-750,600	
	<b>8a</b> Gross income from fundraising events (not including \$ 90,258 of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>	37,391			
		<b>b</b> Less direct expenses . . . . . <b>b</b>	37,391			
<b>c</b> Net income or (loss) from fundraising events . . . . .			0			
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>					
	<b>b</b> Less direct expenses . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities . . . . .		0			
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
	<b>b</b> Less cost of goods sold . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory . . . . .		0			
Miscellaneous Revenue	Business Code					
<b>11a</b> DIETARY REVENUE	722514	2,571,607		2,571,607		
<b>b</b> TUITION REVENUE	611600	1,628,754		1,628,754		
<b>c</b> CLEANING REVENUE	812900	93,536		93,536		
<b>d</b> All other revenue . . . . .						
<b>e Total.</b> Add lines 11a-11d . . . . .		4,293,897				
<b>12 Total revenue.</b> See Instructions . . . . .		741,458,271	715,042,966	67,044	20,385,901	

**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
<b>1</b>	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	484,014	484,014		
<b>2</b>	Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
<b>4</b>	Benefits paid to or for members	0			
<b>5</b>	Compensation of current officers, directors, trustees, and key employees	8,219,860	7,397,875	821,985	0
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
<b>7</b>	Other salaries and wages	249,118,328	224,206,496	24,911,832	
<b>8</b>	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	19,201,001	17,280,901	1,920,100	
<b>9</b>	Other employee benefits	27,656,858	24,891,171	2,765,687	
<b>10</b>	Payroll taxes	15,274,466	13,747,019	1,527,447	
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management	2,209,494	1,988,545	220,949	
<b>b</b>	Legal	5,476	4,928	548	
<b>c</b>	Accounting	15,096	13,586	1,510	
<b>d</b>	Lobbying	329,666	296,699	32,967	
<b>e</b>	Professional fundraising services. See Part IV, line 17	0			
<b>f</b>	Investment management fees	0			
<b>g</b>	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	197,166	177,450	19,716	
<b>12</b>	Advertising and promotion	87,986	79,187	8,799	
<b>13</b>	Office expenses	21,841,536	19,657,382	2,184,154	
<b>14</b>	Information technology	704,061	633,655	70,406	
<b>15</b>	Royalties	0			
<b>16</b>	Occupancy	7,224,897	6,502,407	722,490	
<b>17</b>	Travel	287,712	258,941	28,771	
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
<b>19</b>	Conferences, conventions, and meetings	780,479	702,431	78,048	
<b>20</b>	Interest	20,365,406	18,328,865	2,036,541	
<b>21</b>	Payments to affiliates	0			
<b>22</b>	Depreciation, depletion, and amortization	51,417,498	46,275,748	5,141,750	
<b>23</b>	Insurance	7,156,258	6,440,632	715,626	
<b>24</b>	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)				
<b>a</b>	MEDICAL SUPPLIES	131,313,384	118,182,046	13,131,338	0
<b>b</b>	OTHER SERVICES/SUPPORT	47,221,716	42,499,544	4,722,172	0
<b>c</b>	PURCHASED SERVICES	27,066,137	24,359,523	2,706,614	0
<b>d</b>	UTILITIES	6,804,990	6,124,491	680,499	0
<b>e</b>	All other expenses	53,650,780	48,285,702	5,365,078	
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24e	698,634,265	628,819,238	69,815,027	0
<b>26</b>	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**

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

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	20,635	<b>1</b>	24,640
	<b>2</b> Savings and temporary cash investments . . . . .	54,922,289	<b>2</b>	46,328,282
	<b>3</b> Pledges and grants receivable, net . . . . .	2,707,995	<b>3</b>	9,016,725
	<b>4</b> Accounts receivable, net . . . . .	123,943,919	<b>4</b>	153,962,590
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	0	<b>5</b>	0
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L . . . . .	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .	241,329,351	<b>7</b>	233,243,373
	<b>8</b> Inventories for sale or use . . . . .	13,768,109	<b>8</b>	14,094,081
	<b>9</b> Prepaid expenses and deferred charges . . . . .	11,572,834	<b>9</b>	13,884,318
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	<b>10a</b> 1,044,507,823		
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b> 541,426,302	473,183,236	<b>10c</b> 503,081,521
	<b>11</b> Investments—publicly traded securities . . . . .	0	<b>11</b>	0
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .	0	<b>12</b>	0
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .	321,201,330	<b>13</b>	407,886,966
	<b>14</b> Intangible assets . . . . .	43,466	<b>14</b>	6,430,660
	<b>15</b> Other assets See Part IV, line 11 . . . . .	49,824,566	<b>15</b>	51,399,485
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	1,292,517,730	<b>16</b>	1,439,352,641	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	205,199,052	<b>17</b>	181,625,216
	<b>18</b> Grants payable . . . . .	0	<b>18</b>	0
	<b>19</b> Deferred revenue . . . . .	1,603,462	<b>19</b>	2,348,130
	<b>20</b> Tax-exempt bond liabilities . . . . .	374,312,990	<b>20</b>	432,763,199
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	0	<b>21</b>	0
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	38,905,622	<b>23</b>	48,313,595
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b>	0
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D . . . . .	310,930,575	<b>25</b>	277,558,598
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	930,951,701	<b>26</b>	942,608,738
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	321,053,773	<b>27</b>	445,668,323
	<b>28</b> Temporarily restricted net assets . . . . .	18,983,273	<b>28</b>	29,074,984
	<b>29</b> Permanently restricted net assets . . . . .	21,528,983	<b>29</b>	22,000,596
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	361,566,029	<b>33</b>	496,743,903	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	1,292,517,730	<b>34</b>	1,439,352,641	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	741,458,271
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	698,634,265
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	42,824,006
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	361,566,029
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	22,766,854
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	69,587,014
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	496,743,903

**Part XII Financial Statements and Reporting**

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

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

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 23-1352213  
**Name:** ST LUKE'S HOSPITAL OF BETHLEHEM PA

**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			
CHARLES D SAUNDERS MD CHAIRMAN - DIRECTOR	1 0	X		X				0	0	0
SAMUEL R GIAMBER MD VICE CHAIRMAN - DIRECTOR	1 0	X		X				0	253,910	32,087
RICHARD A ANDERSON DIRECTOR - PRESIDENT/CEO	55 0	X		X				1,897,073	0	288,522
REVEREND DR DOUGLAS W CALDWELL DIRECTOR	1 0	X						0	0	0
FAUST E CAPOBIANCO DIRECTOR	1 0	X						0	0	0
H CHRISTINA CONNAR DIRECTOR	1 0	X						0	0	0
JOHN M DALY MD DIRECTOR	1 0	X						0	0	0
ROBERT J GREY DIRECTOR	1 0	X						0	0	0
KOSTAS KALOGEROPOULOS DIRECTOR	1 0	X						0	0	0
THOMAS J MCGINLEY DIRECTOR	1 0	X						0	0	0
DOUGLAS A MICHELS DIRECTOR	1 0	X						0	0	0
ROBERT A OSTER DIRECTOR	1 0	X						0	0	0
DANIEL P PETROZZO DIRECTOR	1 0	X						0	0	0
TERENCE REILLY MD DIRECTOR	1 0	X						0	0	0
ROBERT D RUMFIELD DIRECTOR	1 0	X						0	0	0
LUANN B STAUFFER DIRECTOR	1 0	X						0	0	0
DONALD E WIEAND ESQ DIRECTOR	1 0	X						0	0	0
JOEL D FAGERSTROM EXECUTIVE VICE PRESIDENT/COO	55 0			X				785,559	0	53,553
THOMAS P LICHTENWALNER SVP FINANCE/CFO	55 0			X				626,112	0	171,552
JEFFREY A JAHRE MD SVP MEDICAL & ACADEMIC AFFAIRS	55 0			X				615,596	0	79,564
JAN S HELLER VP FINANCE (TERMED 7/1/2012)	55 0			X				372,545	0	8,742
ROBERT P ZIMMEL SVP HUMAN RESOURCES	55 0				X			552,084	0	92,476
CAROL A KUPLER RN MSN SVP & CHIEF NURSING OFFICER	55 0				X			535,305	0	108,824
ROBERT E MARTIN SVP PLANNING	55 0				X			493,622	0	72,760
EDWARD R NAWROCKI PRESIDENT ANDERSON CAMPUS	55 0				X			480,757	0	48,427

**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 L WAX ESQ SVP & GENERAL COUNSEL	55 0				X			433,228	0	28,254	
FRANK FORD PRESIDENT ALLENTOWN CAMPUS	55 0				X			412,502	0	62,802	
JOSEPH C MEROLA MD CHIEF OF OB/GYN	55 0					X		685,058	0	194,607	
MARC A GRANSON MD CHIEF OF SURGERY	55 0					X		587,220	0	62,356	
BRIAN A HOEY MD TRAUMA SURGEON	55 0					X		567,492	0	33,816	
WILLIAM S HOFF MD TRAUMA SURGEON	55 0					X		501,587	0	34,383	
MICHAEL D GROSSMAN MD TRAUMA SURGEON	55 0					X		420,119		27,264	

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

**Employer identification number**

23-1352213

**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?  
 (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?  
 (ii) A family member of a person described in (i) above?  
 (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

(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	
<b>Total</b>									



**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

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

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b> . . . . . ▶						

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

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

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

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

**Section B. Total Support**

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

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

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

**Section D. Computation of Investment Income Percentage**

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

- 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).

<b>Facts And Circumstances Test</b>
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<b>Explanation</b>
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SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527
Complete if the organization is described below. Attach to Form 990 or Form 990-EZ.
See separate instructions.

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

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

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

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

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

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

Table with 2 columns: Name of the organization (ST LUKE'S HOSPITAL OF BETHLEHEM PA) and Employer identification number (23-1352213)

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

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

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

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

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)														
<b>d</b> Other exempt purpose expenditures														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)														
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)														
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-														
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
<b>a</b> Volunteers?			
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
<b>c</b> Media advertisements?			
<b>d</b> Mailings to members, legislators, or the public?			
<b>e</b> Publications, or published or broadcast statements?			
<b>f</b> Grants to other organizations for lobbying purposes?			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		303,087
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		26,579
<b>i</b> Other activities?			
<b>j</b> Total Add lines 1c through 1i			329,666
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

**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
LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, QUESTION 1	THE ORGANIZATION PAID A CONSULTING FIRM \$102,000 IN ORDER TO INFORM AND EDUCATE LEGISLATORS REGARDING MEDICARE AND MEDICAL ASSISTANCE REIMBURSEMENT AS WELL AS OTHER HEALTHCARE ISSUES IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE HOSPITAL AND HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA WHICH ENGAGES IN LOBBYING EFFORTS ON BEHALF OF ITS MEMBER HOSPITALS A PORTION OF THE DUES PAID TO THIS ORGANIZATION HAS BEEN ALLOCATED TO LOBBYING ACTIVITIES PERFORMED ON BEHALF OF THE ORGANIZATION THIS ALLOCATION AMOUNTED TO \$26,579 THE ORGANIZATION ALSO ALLOCATES A PORTION OF TOTAL COMPENSATION OF TWO ST LUKE'S UNIVERSITY HEALTH NETWORK SENIOR MANAGEMENT PERSONNEL THE TOTAL AMOUNT OF THIS EXPENSE ALLOCATED TO LOBBYING ACTIVITIES WAS \$201,087 THIS ORGANIZATION PAYS ALL EXPENSES, INCLUDING LOBBYING, ON BEHALF OF ALL AFFILIATES WITHIN THE ST LUKE'S UNIVERSITY HEALTH NETWORK AND CHARGES THESE AFFILIATES FOR THESE COSTS LOBBYING EXPENDITURES TO ST LUKE'S UNIVERSITY HEALTH NETWORK AFFILIATES REPRESENTED \$107,851 OF THE \$329,666 REPORTED ON THIS FEDERAL FORM 990

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number 23-1352213

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.

Table with 3 columns: (a) Donor advised funds, (b) Funds and other accounts, and a Yes/No column. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advised funds and grant purposes.

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

Table with 2 columns: Description and Held at the End of the Year. Rows include purpose(s) of easements, total acreage, number of easements on historic structures, and monitoring expenses.

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.

Table with 2 columns: Description and Amount. Rows include questions about reporting works of art, historical treasures, and similar assets for public exhibition, education, or research.

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

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

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

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

	(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance . . . . .	40,512,256	39,776,236	31,778,170		
<b>b</b> Contributions . . . . .	10,050,736	3,211,916	3,998,132		
<b>c</b> Net investment earnings, gains, and losses	4,844,743	464,531	6,549,596		
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .	4,332,155	2,940,427	2,549,662		
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .	51,075,580	40,512,256	39,776,236		

**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  43.070 %
  - c** Temporarily restricted endowment  56.930 %
- 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
<b>(i)</b> unrelated organizations . . . . .	<b>3a(i)</b>	No
<b>(ii)</b> related organizations . . . . .	<b>3a(ii)</b>	No
<b>b</b> If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .	<b>3b</b>	

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land . . . . .		78,098,861		78,098,861
<b>b</b> Buildings . . . . .		493,278,485	220,862,177	272,416,308
<b>c</b> Leasehold improvements . . . . .		16,859,111	7,157,960	9,701,151
<b>d</b> Equipment . . . . .		409,022,315	313,406,165	95,616,150
<b>e</b> Other . . . . .		47,249,051		47,249,051
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . .				503,081,521



**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		
<b>Total.</b> (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
(1) MONEY MARKET FUNDS	77,622,559	F
(2) GOVERNMENT SECURITIES	9,497,434	F
(3) CORPORATE BONDS	25,623,435	F
(4) COMMON & PREFERRED STOCK	521,656	F
(5) MUTUAL FUNDS	290,434,974	F
(6) CASH & EQUIVALENTS	4,186,908	F
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 13)	407,886,966	

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ADVANCE FROM THIRD PARTY PAYOR	2,099,500
DUE TO THIRD PARTIES	6,464,524
CURRENT PORTION OF PENSION COS	2,913,621
DUE TO AFFILIATES	173,087,654
ASSET RETIREMENT OBLIGATION	3,247,932
CHARITABLE GIFT ANNUITIES	9,187,043
SWAP CONTRACT LIABILITY	66,942,036
SELF INSURANCE COSTS	12,059,622
OTHER LIABILITIES	1,556,666
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25)	277,558,598

**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**

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

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

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

**Part XIII Supplemental Information**

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

Identifier	Return Reference	Explanation
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## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 23-1352213

**Name:** ST LUKE'S HOSPITAL OF BETHLEHEM PA

### Form 990, Schedule D, Part X, - Other Liabilities

<b>1</b>	<b>(a)</b> Description of Liability	<b>(b)</b> Book Value
	ADVANCE FROM THIRD PARTY PAYOR	2,099,500
	DUE TO THIRD PARTIES	6,464,524
	CURRENT PORTION OF PENSION COS	2,913,621
	DUE TO AFFILIATES	173,087,654
	ASSET RETIREMENT OBLIGATION	3,247,932
	CHARITABLE GIFT ANNUITIES	9,187,043
	SWAP CONTRACT LIABILITY	66,942,036
	SELF INSURANCE COSTS	12,059,622
	OTHER LIABILITIES	1,556,666

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury Internal Revenue Service

Name of the organization ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number 23-1352213

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... 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

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions?, (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. Includes a Total row at the bottom.

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	(b) Event #2	(c) Other events	(d) Total events
		<u>DINNER</u> (event type)	<u>RED &amp; WHITE</u> (event type)	<u>0</u> (total number)	(add col (a) through col (c))
<b>Revenue</b>	<b>1</b> Gross receipts . . . . .	86,674	40,975		127,649
	<b>2</b> Less Contributions . . . . .	54,959	35,299		90,258
	<b>3</b> Gross income (line 1 minus line 2) . . . . .	31,715	5,676		37,391
<b>Direct Expenses</b>	<b>4</b> Cash prizes . . . . .				
	<b>5</b> Noncash prizes . . . . .				
	<b>6</b> Rent/facility costs . . . . .	11,289	817		12,106
	<b>7</b> Food and beverages . . . . .		3,820		3,820
	<b>8</b> Entertainment . . . . .				
	<b>9</b> Other direct expenses . . . . .	20,426	1,039		21,465
	<b>10</b> Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶				
<b>11</b> Net income summary Combine line 3, column (d), and line 10 . . . . . ▶					

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

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

<b>a</b> The organization's facility	<b>13a</b>	
<b>b</b> An outside facility	<b>13b</b>	

**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)

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number 23-1352213

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? 3b Did the organization use FPG as a factor in determining eligibility for providing discounted care? 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-k) and Other Benefits (e-j).

**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						
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						

**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 Healthcare Financial Management Association Statement No 15?	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.		
			45,479,883
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.		
			6,692,916
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	272,725,071
6	Enter Medicare allowable costs of care relating to payments on line 5	6	294,645,513
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-21,920,442
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> 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 THE CENTER FOR ORAL				
2 & MAXILLOFACIAL				
3 SURGERY & IMPLANT	ORAL SURGERY	50 000 %		50 000 %
4 DIALYSIS LIMITEDLLC	DIALYSIS	50 000 %		50 000 %
5 ST LUKE'S NORTH				
6 DIALYSIS CENTERLP	DIALYSIS	49 500 %		49 500 %
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?

3

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	ST LUKE'S HOSPITAL-BETHLEHEM CAMPUS 801 OSTRUM STREET BETHLEHEM, PA 180151000 WWW.SLHN.ORG	X	X		X		X	X			1
2	ST LUKE'S HOSPITAL-AlLENTOWN CAMPUS 1736 WHAMILTON STREET AlLENTOWN, PA 18104 WWW.SLHN.ORG	X	X		X			X			1
3	ST LUKE'S HOSPITAL-ANDERSON CAMPUS 1872 RIVERSIDE CIRCLE EASTON, PA 18045 WWW.SLHN.ORG	X	X					X			1

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

ST LUKE'S HOSPITAL

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>2012</u>		
<b>3</b>	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.	Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI.	Yes	
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	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.		No
<b>8a</b>	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)?		No
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b> Yes	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	<b>15</b> Yes	
<b>16</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

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

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

**Policy Relating to Emergency Medical Care**

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

If "No," indicate why

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

	Yes	No
<b>19</b>	Yes	

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

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

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

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** *(continued)***Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

44

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

**Part VI Supplemental Information**

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, LINE 6A	Not applicable
FINANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS AT COST	SCHEDULE H, PART I, LINE 7	The Mckesson, Horizon performance management costing application was the tool utilized to determine the cost of financial assistance, unreimbursed Medicaid, Medicaid HMO, and subsidized health services. The entire activity was costed through the Mckesson HPM application, to include inpatient, outpatient, emergency room, and all payers. Costing consisted of allocating cost from the departmental level down to the service item level. Once costs were determined at the service item level, we then aggregated encounters into the defined targeted groups. For determination of the unreimbursed costs for Medicaid, Medicaid HMO, and subsidized services reported on Part I, Line 7, we excluded charity care, bad debt, and all overlapping cases reported elsewhere. We utilized the ratio of patient care cost to charges to determine the charity care. The development of the ratio conforms to the Form 990 instructions. The Medicare shortfall/surplus was determined using the Medicare complex cost reporting form utilizing allowable Medicare costs. No costs relating to subsidized healthcare services are attributable to any physician clinics.

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	St Luke's Hospital of Bethlehem, Pennsylvania has direct involvement in numerous community building activities that promote and improve the health status and general betterment of the communities served by the hospital. This is accomplished through service on state and regional advocacy committees and boards, volunteerism with local community-based non-profit advocacy groups, and participation in conferences and other educational activities to promote understanding of the root causes of health concerns. This organization provides educational materials, conducts community health fairs and holds health education seminars and outreach sessions for its patients and for community providers. Presentations are provided by physicians, nurses and other healthcare professionals.
BAD DEBT EXPENSE	SCHEDULE H, PART III, LINE 4	Bad debt expense was calculated using the organization's bad debt expense from its audited financial statements. The organization and its affiliates prepare and issue audited consolidated financial statements. The system's allowance for doubtful accounts (bad debt expense) methodology and charity care policies are consistently applied across all hospital affiliates. The attached text was obtained from the footnotes to the audited financial statements of the organization: Patient accounts receivable. The Network's patient accounts receivable consist of unsecured amounts due for patient services billed to patients and other third-party payors such as Medicare, Medical Assistance, Blue Cross and various commercial insurance companies and managed care companies. The primary service area of the Network is located in Lehigh, Northampton, Carbon, Schuylkill and Bucks Counties, Pennsylvania. The ability of these patients to pay is subject to changes in general economic conditions of the Network's service area. The Network performs ongoing credit evaluations and maintains reserves for potential credit losses. Charity care. The Network provides care to all patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charges for services to patients who meet the Network's guidelines for charity care are not reflected in the accompanying consolidated financial statements. The charges associated with these services for charity care provided by the Network approximate \$116,300,000 and \$118,310,000 in 2013 and 2012, respectively. The costs incurred to provide such care is determined using a cost to charge ratio and were approximately \$98,330,000 and \$98,440,000 for 2013 and 2012, respectively.

Identifier	ReturnReference	Explanation
MEDICARE	SCHEDULE H, PART III, LINE 8	<p>Medicare costs were derived from the Medicare cost report filed by the organization. Bad debt is community benefit and associated costs are includable on the Form 990, Schedule H, Part I. The organization feels that bad debt is community benefit and associated costs are includable on the Form 990, Schedule H, Part I. As outlined more fully below the organization believes that these services and related costs promote the health of the community as a whole and are rendered in conjunction with the organization's charitable tax-exempt purposes and mission in providing medically necessary healthcare services to all individuals in a non-discriminatory manner without regard to race, color, creed, sex, national origin, religion or ability to pay and consistent with the community benefit standard promulgated by the IRS. The community benefit standard is the current standard for a hospital for recognition as a tax-exempt and charitable organization under Internal Revenue Code ("IRC") 501(c)(3). The organization is recognized as a tax-exempt entity and charitable organization under 501(c)(3) of the IRC. Although there is no definition in the tax code for the term "charitable", a regulation promulgated by the department of the treasury provides some guidance and states that "[t]he term charitable is used in 501(c)(3) in its generally accepted legal sense," and provides examples of charitable purposes, including the relief of the poor or unprivileged, the promotion of social welfare, and the advancement of education, religion, and science. Note it does not explicitly address the activities of hospitals. In the absence of explicit statutory or regulatory requirements applying the term "charitable" to hospitals, it has been left to the IRS to determine the criteria hospitals must meet to qualify as IRC 501(c)(3) charitable organizations. The original standard was known as the charity care standard. This standard was replaced by the IRS with the community benefit standard which is the current standard. Charity care standard in 1956, the IRS issued Revenue Ruling 56-185, which addressed the requirements hospitals needed to meet in order to qualify for IRC 501(c)(3) status. One of these requirements is known as the "charity care standard" under the standard, a hospital had to provide, to the extent of its financial ability, free or reduced-cost care to patients unable to pay for it. A hospital that expected full payment did not, according to the ruling, provide charity care based on the fact that some patients ultimately failed to pay. The ruling emphasized that a low level of charity care did not necessarily mean that a hospital had failed to meet the requirement since that level could reflect its financial ability to provide such care. The ruling also noted that publicly supported community hospitals would normally qualify as charitable organizations because they serve the entire community, and a low level of charity care would not affect a hospital's exempt status if it was due to the surrounding community's lack of charitable demands. Community benefit standard in 1969, the IRS issued Revenue Ruling 69-545, which "remove[d]" from Revenue Ruling 56-185 "the requirements relating to caring for patients without charge or at rates below cost" under the standard developed in Revenue Ruling 69-545, which is known as the "community benefit standard," hospitals are judged on whether they promote the health of a broad class of individuals in the community. The ruling involved a hospital that only admitted individuals who could pay for the services (by themselves, private insurance, or public programs such as Medicare), but operated a full-time emergency room that was open to everyone. The IRS ruled that the hospital qualified as a charitable organization because it promoted the health of people in its community. The IRS reasoned that because the promotion of health was a charitable purpose according to the general law of charity, it fell within the "generally accepted legal sense" of the term "charitable," as required by Treas. Reg. 1.501(c)(3)-1(d)(2). The IRS ruling stated that the promotion of health, like the relief of poverty and the advancement of education and religion, is one of the purposes in the general law of charity that is deemed beneficial to the community as a whole even though the class of beneficiaries eligible to receive a direct benefit from its activities does not include all members of the community, such as indigent members of the community, provided that the class is not so small that its relief is not of benefit to the community. The IRS concluded that the hospital was "promoting the health of a class of persons that is broad enough to benefit the community" because its emergency room was open to all and it provided care to everyone who could pay, whether directly or through third-party reimbursement. Other characteristics of the hospital that the IRS highlighted included the following: its surplus funds were used to improve patient care, expand hospital facilities, and advance medical training, education, and research; it was controlled by a board of trustees that consisted of independent civic leaders, and hospital medical staff privileges were available to all qualified physicians. Bad debt is community benefit and associated costs are includable on the Form 990, Schedule H, Part I. The American Hospital Association ("AHA") feels that bad debt is community benefit and thus includable on the Form 990, Schedule H, Part I. This organization agrees with the AHA position. As outlined in the AHA letter to the IRS dated August 21, 2007 with respect to the first published draft of the new Form 990 and Schedule H, the AHA felt that the IRS should incorporate the full value of the community benefit that hospitals provide by counting bad debt as quantifiable community benefit. Both the AHA and this organization also feel that patient bad debt is a community benefit and thus includable on the Form 990, Schedule H, Part I. There are compelling reasons that patient bad debt should be counted as quantifiable community benefit as follows: - a significant majority of bad debt is attributable to low-income patients, who, for many reasons, decline to complete the forms required to establish eligibility for hospitals' charity care or financial assistance programs. A 2006 congressional budget office ("CBO") report, nonprofit hospitals and the provision of community benefits, cited two studies indicating that "the great majority of bad debt was attributable to patients with incomes below 200% of the federal poverty line" - the report also noted that a substantial portion of bad debt is pending charity care. Unlike bad debt in other industries, hospital bad debt is complicated by the fact that hospitals follow their mission to the community and treat every patient that comes through their emergency department, regardless of ability to pay. Patients who have outstanding bills are not turned away, unlike other industries. Bad debt is further complicated by the auditing industry's standards on reporting charity care. Many patients cannot or do not provide the necessary, extensive documentation required to be deemed charity care by auditors. As a result, roughly 10% of bad debt is pending charity care. - the CBO concluded that its findings "support the validity of the use of uncompensated care [bad debt and charity care] as a measure of community benefits" assuming the findings are generalizable nationwide, the experience of hospitals around the nation reinforces that they are generalizable. As outlined by the AHA, despite the hospital's best efforts and due diligence, patient bad debt is a part of the hospital's mission and charitable purposes. Bad debt represents part of the burden hospitals shoulder in serving all patients regardless of race, color, creed, sex, national origin, religion or ability to pay. In addition, the hospital invests significant resources in systems and staff training to assist patients that are in need of financial assistance.</p>
DEBT COLLECTION POLICY	SCHEDULE H, PART III, LINE 9B	<p>Accounts considered to be charity care are not included in the bad debt expense, but rather, are accounted for as an allowance against the organization's patient service revenue. St. Luke's financial assistance program. St. Luke's is a non-profit organization dedicated to the care and treatment of the sick and the prevention of illness. The first consideration in the admission and placement or treatment of a patient is the medical needs of the patient. Patients shall be provided and encouraged to obtain medically necessary care regardless of ability to pay or eligibility for financial assistance. However, all patients will be required to pay for the care which they receive if they are financially able to do so. Advance payment will not be required for any medically necessary service. Some individuals fail to obtain necessary care due to financial concerns. In order to encourage such patients to obtain appropriate care, St. Luke's shall operate a Financial Assistance program for the uninsured indigent population and a discount program for all other uninsured patients. All patients presenting for medically necessary services with no insurance will have the opportunity to qualify for St. Luke's Financial Assistance Program. Services excluded from the program include but are not limited to, cosmetic, bariatric, IVF, IUDs, tubal ligations, sleep study. St. Luke's reserves the right to exclude services if upon review it is determined that they are not medically necessary. In addition, patients scheduled for elective procedures or studies will be assessed for medical need and timing for the procedure along with ability to pay for a portion of the procedure. Eligibility for the Pa. Fair Care program will be reviewed and application required if eligible. Medical Assistance application may be required and completed prior to service for elective cases. Patients who meet a hardship exemption for the Affordable Care Act (ACA) may apply for Financial Assistance upon signing an attestation form of hardship eligibility. Patients receiving inpatient or high dollar outpatient services will be evaluated for Medical Assistance eligibility and ACA in order to qualify for the St. Luke's Hospital Financial Assistance Program. Individuals will not be eligible for financial assistance if Medical Assistance or ACA coverage is denied due to lack of cooperation (i.e., timeliness or failure to produce required documentation). Any patient payments made for services that subsequently receive Medical Assistance approval will be refunded to the patient. Financial Assistance. Individuals with family income at or below 300% of the current federal poverty guidelines may be eligible for a 100% financial assistance allowance on the cost of their medically necessary services, after a minimum copay amount for certain outpatient services as follows, Clinic visits, including the hospital family practice centers, rural health centers, women's and children's clinics = \$10. Other programs within the clinics may establish a flat rate minimum amount due for elective procedures that are at or below the Medical Assistance fee schedule for patients not eligible for Medical Assistance but are under the 300% federal poverty guidelines. Urgent care center visits = \$15. Emergency room visits = \$25. Uninsured patients with income exceeding 300% of federal poverty guidelines will automatically receive an 80% discount on hospital charges. No proof of income is required for this discount and this is not considered Financial Assistance. Patients with routine co-pays and deductibles from managed care and commercial insurances are not eligible for financial assistance or a discount unless a financial hardship can be proven. Patients having limited benefit coverage through insurance and who demonstrate a financial hardship may be eligible for the Financial Assistance program. Patients who have received financial assistance in the past but who are having services that are elective or high dollar procedures, visits will be required to comply with the process of Medical Assistance eligibility or eligibility for programs such as ACA. Case by case decisions will be made re financial liability in each instance. Determining Eligibility for Financial Assistance. Designated business service department employees will utilize independent third party income estimation software information as the determinant of eligibility. The income estimation software application utilized by St. Luke's is based upon a statistically validated methodology to provide income and family size determination. This information is then automatically cross-walked to St. Luke's financial assistance eligibility matrix ranging from 0% to 300% of the current federal poverty guidelines to determine the level of financial assistance to be applied. When insufficient information is returned via the software application, the manual process below will be utilized to determine eligibility. In determining family income and family size, a family unit will be defined as immediate family members /significant other/domestic partner living in the household. All income of occupants will be considered in determining total household income. In determining income the following will be considered: - Wages - Pension - Annuities - Social Security - Interest, Dividend, and other Investment Income such as Capital Gains - Unemployment Compensation - Workers Comp - Disability Benefits - Child Support - Alimony - Public Assistance - Net Rental Income (Income Less Expenses) as calculated for Federal Tax purposes. Assets may be considered in determining eligibility and the level of discount approved for financial assistance. Designated business service department employees may also discuss financial assistance with patients who upon receiving a billing statement express an inability to pay for services rendered. Financial assistance applications may be supplied to these patients along with the information regarding required documentation or the income estimation software may be used to determine eligibility status. Medical Indigence Assessment. If the patient does not qualify for any of the financial assistance categories identified above, but the medical expenses exceed an ability to pay, the patient will be encouraged to write a hardship letter to be submitted to the Associate Vice President of Finance for consideration of a hardship write-off of all or part of the outstanding medical liability. In the case of foreign visitors, the hospital will attempt to identify the person who sponsored the visitor's entry into the United States. If the sponsor is legally responsible for the visitor's medical bills, the hospital will apply its normal collection efforts in attempting to collect from the sponsor. Application for financial assistance will be based on the sponsor's income. St. Luke's Hospital reserves the right to deny an application for financial assistance based upon lack of reasonably required documentation or the submission of fraudulent documentation. If information is not provided, an application may be denied unless the information was not provided for reasons beyond the applicant's control. In these cases the patient will not be eligible for the financial assistance program. Notification to Patient. All patients receiving inpatient or high dollar OP services will receive a notice of determination from the business office with the amount of financial assistance granted and any remaining financial liability. Patients may provide documentation if they feel the automatic estimation of income and assets is incorrect or incomplete. The business office will assess and revise the determination as appropriate for future encounters based on the software information provided. All patient statements will have the phone number to call for patients having difficulty meeting financial obligations. St. Luke's credit and collection policy. The Credit and Collection policy is established and is to be administered in accordance with the mission and values of the hospital as well as federal and state law. The policy is designed to promote appropriate access to medical care for all patients regardless of their ability to pay while maintaining the Network's fiscal responsibility to maximize reimbursement and minimize bad debt. All medically necessary hospital services are provided without consideration of ability to pay and are not delayed pending application and/or approval of Medical Assistance or St. Luke's Financial Assistance Program. Financial assistance is not required for any medically necessary service. This Credit and Collection policy is intended to take into account each individual's ability to contribute to the cost of his or her care. Patients will be assisted in obtaining health insurance coverage from privately and publicly funded sources whenever possible. All Patient Business Service department representatives will be educated on all aspects of the Credit and Collection policy.</p>



Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTIONS 1J, 5C & 6I	Not applicable
FACILITY INFORMATION	SCH H, PART V, SECTION B, QUESTIONS 3 & 4	<p>THE COALITION OF HOSPITALS HELD FOUR SEPARATE PUBLIC MEETINGS IN THE LEHIGH VALLEY THAT INCLUDED MEMBERS OF THE ALLENTOWN AND BETHLEHEM BUREAUS OF HEALTH, MANY MEMBERS OF THE PUBLIC AND HEALTHCARE PROFESSIONALS INCLUDING THOSE NOT AFFILIATED WITH OUR HOSPITALS AS AN ACTIVE MEMBER OF THE HEALTH CARE COUNCIL OF THE LEHIGH VALLEY ("HCCLV"), ST LUKE'S HEALTH NETWORK WORKED IN COLLABORATION WITH FOUR OTHER REGIONAL, NON-PROFIT ACUTE AND POST-ACUTE CARE HOSPITALS AND THE DOROTHY RIDER POOL TRUST TO DEVELOP THE REGION'S COMMUNITY HEALTH NEEDS ASSESSMENT THE HOSPITAL PARTNERS OF THE HCCLV INCLUDE - SACRED HEART HEALTHCARE SYSTEM - LEHIGH VALLEY HEALTH NETWORK - ST LUKE'S UNIVERSITY HEALTH NETWORK - GOOD SHEPHERD REHABILITATION HOSPITAL - KIDSPEACE THE HCCLV'S APPROACH TO THE CHNA INCORPORATES BEST PRACTICE STANDARDS RECOMMENDED BY THE AMERICAN PUBLIC HEALTH ASSOCIATION ("APHA") AND THE ASSOCIATION FOR COMMUNITY HEALTH IMPROVEMENT ("ACHI") AND HAS ACTIVELY PARTNERED WITH MANY STAKEHOLDERS, COMMUNITY BASED ORGANIZATIONS AND COMMUNITY MEMBERS THE DOROTHY RIDER POOL TRUST REACHED OUT TO TWO COMMUNITY-BASED ORGANIZATIONS, THE HISPANIC CENTER LEHIGH VALLEY IN BETHLEHEM AND THE RESURRECTED COMMUNITY DEVELOPMENT CORPORATION IN ALLENTOWN, AS ORGANIZATIONS TRUSTED WITHIN EACH COMMUNITY TO HOST THE FORUMS THESE ORGANIZATIONS PUBLICIZED THE EVENTS AMONG STAKEHOLDERS, RECRUITED ATTENDEES, ORGANIZED REFRESHMENTS FROM LOCAL INDEPENDENT VENDORS, AND PROVIDED WELCOME AND INTRODUCTIONS AT THE START OF EACH FORUM</p>

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 7	THE REQUIRED COMMUNITY HEALTH NEEDS ASSESSMENT ("CHNA") WAS COMPLETED AND MADE WIDELY AVAILABLE PRIOR TO FISCAL YEAR END JUNE 30, 2013 A MULTI-DISCIPLINARY TEAM MET AND THROUGH A RIGOROUS PROCESS AN IMPLEMENTATION PLAN WAS ADOPTED TO MEET CERTAIN OF THE IDENTIFIED UNMET NEEDS WHICH WERE WITHIN THE HOSPITAL'S MISSION AND ABILITY TO POSITIVELY IMPACT HOSPITALS ARE NOT REQUIRED TO, NOR CAN THEY MEET ALL UNMET NEEDS IN THE COMMUNITY ANY UNMET NEEDS NOT ADDRESSED BY THE ADOPTED IMPLEMENTATION PLAN ARE ALREADY BEING ADDRESSED IN THE SERVICE AREA BY THE HOSPITAL, OTHER HEALTHCARE PROVIDERS, GOVERNMENT, AND LOCAL NON-PROFIT ORGANIZATIONS, AMONGST OTHERS OUR PRIORITY UNMET NEEDS IN THE IMPLEMENTATION PLAN ARE INTEGRAL TO OUR COMMUNITY BENEFIT STRATEGY ST LUKE'S LEADERS CONTINUE TO MONITOR NEW PROGRAM DEVELOPMENTS AND SERVICES
FACILITY INFORMATION	SCH H, PART V, SECTION B, QUESTIONS 10,11,12H,16E,17E,18E,19C,19D,21&22	Not applicable

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 14G	Other measures to publicize the hospital's financial assistance policy include individual financial counseling meetings with patients without health insurance to review the financial assistance policy and to discuss payment options
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 20D	Individuals with family income at or below 300% of the current federal poverty guidelines may be eligible for a 100% financial assistance allowance on the cost of their medically necessary services, after a minimum copay amount for certain outpatient services as follows, Clinic visits, including the hospital family practice centers, rural health centers, women's and children's clinics = \$10 Other programs within the clinics may establish a flat rate minimum amount due for elective procedures that are at or below the Medical Assistance fee schedule for patients not eligible for Medical Assistance but are under the 300% federal poverty guidelines Urgent care center visits = \$15 Emergency room visits = \$25 Uninsured Patients with income exceeding 300% of federal poverty guidelines will automatically receive an 80% discount on hospital charges No proof of income is required for this discount and this is not considered Financial Assistance

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	Schedule H, Part VI, Question 2	<p>St Luke's University Health Network's department of community health oversees assessment of the healthcare needs of the communities served by hospitals within the network, including this organization. The department is led by Dr. Bonnie Coyle, board certified in preventative medicine, with 16 years' experience in public and preventative health. Analysis of information from the following sources is part of the department's ongoing health needs assessment process: vital statistics, Pennsylvania Department of Health data, hospital discharge data, the Robert Wood Johnson County health profiles and other county data available from various other state agencies. In addition, the department collects ongoing statistics from its comprehensive community outreach initiatives and from financial support for the Bethlehem partnership for a health community. Established in 1996 by the board of directors of St. Luke's University Health Network, the partnership is a national model for collaborative efforts to improve access to healthcare services. Currently more than 165 participating/funding agencies, representing local business, government, educational and community organizations are actively involved in partnership programs which serve the greater Lehigh Valley. Through community ownership and shared responsibility, the partnership strives to enhance the physical, mental, emotional and spiritual wellness of individuals and communities, thereby improving the quality of life for all. The department's healthcare needs assessment process is enhanced by data obtained through the Bethlehem partnership's various school-based programs, such as numbers of children failing dental and vision examinations and number of children not receiving medical examinations. The department also utilizes guidelines for adolescent preventive services (gaps) in the Bethlehem partnership's various mobile van service programs to collect data on risk factors for students and to monitor community health problems. For example, data has been tracked on risk factors such as smoking, obesity, seatbelt use and drug and alcohol use. Gaps is also used on an ongoing basis to build and modify programs. Most recently, the network has contracted with the Lehigh Valley Research Consortium to conduct a formal health needs assessment for the greater Lehigh Valley and Upper Bucks County area, served by St. Luke's Hospital (Allentown/Bethlehem), St. Luke's Quakertown Hospital and the Visiting Nurse Association of St. Luke's. The process will be completed by the IRS required date.</p>
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, QUESTION 3	<p>As a not-for-profit entity, St. Luke's Hospital of Bethlehem, Pennsylvania's first consideration in the admission and placement or treatment of any patient is the patient's medical needs. Some patients hesitate to obtain necessary care because of their financial concerns. In order to encourage such patients to obtain appropriate care, in December 2008, the network's board of directors redesigned the network's charity care program for patient system access to discounted hospital services. This policy is updated annually. The network also established a community benefit tracking system to comply with new IRS Form 990 guidelines (effective 2009) to report community benefit activities/expenditures. The charity care program is widely communicated in both English and Spanish. A bilingual notice of the program is posted in all outpatient and inpatient registration areas. All patient statements include a number for patients to call if they are having difficulty paying their bills. St. Luke's website has extensive information regarding the financial assistance program, including eligibility guidelines and contact information. Additionally, St. Luke's financial counselors assess each patient for eligibility for coverage through medical assistance, CHIP, adult basic and other programs. Bilingual counselors are available.</p>

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, QUESTION 4	St Luke's Hospital of Bethlehem, Pennsylvania's primary service area consists of an urban population in Lehigh and Northampton Counties in southeastern Pennsylvania with a total population of 647,232. The average household income is \$55,340 and 10.5 percent of the population has income below the poverty level. Seven hospitals serve the primary service area and 19 percent of hospital discharges are Medicaid patients and 3 percent are uninsured. As of the 2008 American community survey conducted by the U.S. Census Bureau, the Lehigh Valley consisted of the following groups: 87.1% of the population was Caucasian, 11.3% of the population were Hispanics and Latinos of any race and 4.6% were black or African American. South Bethlehem, Easton and Tamaqua have been designated medically underserved areas. Population growth from 2000 to 2030, projected by the Lehigh Valley planning commission, is as follows: ages 0 to 54 years, 9%, ages 55 to 64 years, 49%, ages 65 to 74 years, 76% and ages 75+, 57%.
PROMOTION OF COMMUNITY HEALTH	Schedule H, Part VI, Question 5	The organization and the entire St. Luke's University Health Network promote the health of the community on a daily basis throughout the year. The network coordinates and offers numerous community benefit programs, activities and support groups to the community. Please refer to schedule o for a detailed community benefit statement.

Identifier	ReturnReference	Explanation
AFFILIATED HEALTHCARE SYSTEM	SCHEDULE H, PART VI, QUESTION 6	<p>Outlined below is a summary of the entities which comprise the St Luke's University Health Network Not for-profit St Luke's University Health Network entities St Luke's Health Network, Inc St Luke's Health Network, Inc is the tax-exempt parent of the St Luke's University Health Network ("St Luke's") This integrated healthcare delivery system consists of a group of affiliated healthcare organizations This organization is the sole member or stockholder of each affiliated entity St Luke's is an integrated network of healthcare providers throughout the state of Pennsylvania St Luke's Health Network, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 509(a)(3) As the parent organization, St Luke's Health Network, Inc strives to continually develop and operate a multi-hospital healthcare network which provides substantial community benefit through the provision of a comprehensive spectrum of healthcare services to the residents of Pennsylvania and surrounding communities St Luke's Health Network, Inc ensures that its network provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay No individuals are denied necessary medical care, treatment or services St Luke's active hospitals include St Luke's Hospital of Bethlehem, PA, St Luke's Quakertown Hospital, Carbon-Schuylkill Community Hospital, Inc and St Luke's Warren Hospital Each of these hospitals operates consistently with the following criteria outlined in IRS Revenue Ruling 69-545 1 Each provides medically necessary healthcare services to all individuals regardless of ability to pay, including charity care, self-pay, Medicare and Medicaid patients, 2 Each operates an active emergency room for all persons, which is open 24 hours a day, 7 days a week, 365 days per year, 3 Each maintains an open medical staff, with privileges available to all qualified physicians, 4 Control of each rests with its board of directors and the board of directors of St Luke's Health Network, Inc Both boards are comprised of a majority of independent civic leaders and other prominent members of the community, and 5 Surplus funds are used to improve the quality of patient care, expand and renovate facilities and advance medical care, programs and activities St Luke's Hospital of Bethlehem, Pennsylvania St Luke's Hospital of Bethlehem, Pennsylvania is comprised of three non-profit hospital campuses a 480-bed campus in Bethlehem, Pennsylvania, a 158 bed campus in Allentown, Pennsylvania and a 72-bed campus in Easton, Pennsylvania St Luke's Hospital of Bethlehem, Pennsylvania is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable purposes, the organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, St Luke's Hospital of Bethlehem, Pennsylvania operates consistently with the criteria outlined in IRS Revenue Ruling 69-545 Cancer Immunotherapies, L L C A limited liability company disregarded for federal income tax purposes owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity is currently inactive St Luke's Airmed, L L C A limited liability company disregarded for federal income tax purposes owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity is currently inactive St Luke's Homestar Services, L L C A limited liability company disregarded for federal income tax purposes owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity provides outpatient services in Bethlehem, Pennsylvania St Luke's Windgap Property, L L C A limited liability company disregarded for federal income tax purposes owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity is currently inactive Pocono MRI Imaging and Diagnostic Center, L L C A limited liability company disregarded for federal income tax purposes owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity provides outpatient services in Bethlehem, Pennsylvania St Luke's Quakertown Hospital St Luke's Quakertown Hospital is a 62-bed non-profit hospital located in Quakertown, Pennsylvania St Luke's Quakertown Hospital is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable purposes, the organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, St Luke's Quakertown Hospital operates consistently with the criteria outlined in IRS Revenue Ruling 69-545 Carbon-Schuylkill Community Hospital, Inc Carbon-Schuylkill Community Hospital, Inc is a 45-bed non-profit acute care hospital located in Coaldale, Pennsylvania Carbon-Schuylkill Community Hospital, Inc is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable purposes, the organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, Carbon-Schuylkill Community Hospital, Inc operates consistently with the criteria outlined in IRS Revenue Ruling 69-545 St Luke's Warren Hospital, Inc St Luke's Warren Hospital, Inc is a 214-bed non-profit acute care hospital located in Phillipsburg, New Jersey St Luke's Warren Hospital, Inc is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable purposes, the organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, St Luke's Warren Hospital, Inc operates consistently with the criteria outlined in IRS Revenue Ruling 69-545 St Luke's Warren Healthcare, Inc St Luke's Warren Healthcare, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a supporting organization pursuant to Internal Revenue Code 509(a)(3) The organization is designed to support the charitable purposes, programs and services of St Luke's University Health Network St Luke's Warren Hospital Foundation, Inc St Luke's Warren Hospital Foundation, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 509(a)(3) The organization supports St Luke's Warren Hospital, a related Internal Revenue Code Section 501(c)(3) tax-exempt organization, and its affiliates in providing medically necessary healthcare services to the community in a non-discriminatory manner regardless of race, color, creed, sex, national origin, religion or ability to pay St Luke's Physician Group, Inc St Luke's Physician Group, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 509(a)(3) The organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay St Luke's Emergency &amp; Transport Services, Inc St Luke's Emergency &amp; Transport Services, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 170(b)(1)(a)(iii) The organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Quakertown Rehabilitation Center Quakertown Rehabilitation Center is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 170(b)(1)(a)(iii) The organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay New Valley Rehab, L L C A limited liability company disregarded for federal income tax purposes owned by Quakertown Rehabilitation Center This entity provides outpatient rehabilitation services in Nazareth, Pennsylvania Visiting Nurse Association of St Luke's - Home Health/Hospice, Inc Visiting Nurse Association of St Luke's - Home Health/Hospice, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 509(a)(3) The organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay</p>
State Filing of Community Benefit Report	SCHEDULE H, PART VI, QUESTION 7	Not applicable The entity and related provider organizations are located in Pennsylvania No community benefit report is filed with the state of Pennsylvania

Identifier	ReturnReference	Explanation
FACILITY REPORTING GROUP(S)	SCHEDULE H, PART VI, QUESTION 8	THE ORGANIZATION HAS THREE HOSPITAL FACILITIES INCLUDED IN ONE FACILITY REPORTING GROUP THESE INCLUDE ST LUKE'S HOSPITAL - BETHLEHEM CAMPUS, ST LUKE'S HOSPITAL - ALLENTOWN CAMPUS AND ST LUKE'S HOSPITAL - ANDERSON CAMPUS AS REFLECTED IN SCHEDULE H, PART V, SECTION A PLEASE REFER TO OUR RESPONSES IN SCHEDULE H, PART VI, QUESTION 1 ABOVE





**Additional Data****Software ID:****Software Version:****EIN:** 23-1352213**Name:** ST LUKE'S HOSPITAL OF BETHLEHEM PA**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?

44

Name and address	Type of Facility (describe)
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM, PA 18017	OUTPATIENT SERVICES - VARIOUS
INTEGRATED HEALTH CAMPUS 240 CETRONIA ROAD ALLENTOWN, PA 18105	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S POCONO MRI 3 PARKINSONS ROAD EAST STROUDSBURG, PA 18301	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S DIALYSIS CENTER 1425 EIGHTH AVENUE BETHLEHEM, PA 18018	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S SLEEP DISORDER CENTER 561 EAST MARKET STREET BETHLEHEM, PA 18018	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S REGIONAL BREAST CENTER 5848 OLD BETHLEHEM PIKE CENTER VALLEY, PA 18034	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PERINATAL ASSOCIATES 701 OSTRUM STREET SUITE 303 BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S HEART & VASCULAR DIAG CTR 1469 EIGHTH AVENUE BETHLEHEM, PA 18018	OUTPATIENT SERVICES - VARIOUS
HEART & VASCULAR CENTER 1648 W HAMILTON STREET ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S SOUTHSIDE MEDICAL CENTER 511 3RD STREET BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S WEST END MEDICAL CENTER 501 CETRONIA ROAD ALLENTOWN, PA 18105	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S BEHAVIORAL HEALTH 1107 EATON AVENUE BETHLEHEM, PA 18018	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 2301 CHERRY LANE BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S URGENT CARE - JIM THORPE 1104 NORTH STREET JIM THORPE, PA 18229	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S WOMEN'S IMAGING CENTER 1901 HAMILTON STREET SUITE 200 ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PERINATAL ASSOCIATES 1837 LINDEN STREET ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S REHABILITATION CENTER 495 BUSHKILL LANE WIND GAP, PA 18091	OUTPATIENT SERVICES - VARIOUS
PHYSICAL THERAPY OF ST LUKE'S 1901 HAMILTON STREET SUITE 400 ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S FAMILY HEALTH CENTER 1501 LEHIGH STREET ALLENTOWN, PA 18103	OUTPATIENT SERVICES - VARIOUS
UNION STATION PLAZA 240 UNION STATION PLAZA BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S FAMILY MEDICINE CENTER 2830 EASTON AVENUE BETHLEHEM, PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S WIND GAP MEDICAL CENTER 487 EAST MOORESTOWN ROAD WIND GAP, PA 18091	OUTPATIENT SERVICES - VARIOUS
WOMEN'S HEALTH CENTER 1837 LINDEN STREET ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S HEALTH CENTER 414-416 NORTHHAMPTON STREET EASTON, PA 18042	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PERINATAL ASSOCIATES 108 PLAZA DRIVE SUITE 101 BLADEN, PA 18510	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S SPINE & PAIN CENTER 830 OSTRUM STREET BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PEDIATRIC ASSOCIATES 1227 LIBERTY STREET ALLENTOWN, PA 18102	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S CENTER FOR PELVIC HEALTH 701 OSTRUM STREET SUITE 102 BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S WM PENN DIAGNOSTIC CENTER 4379 EASTON AVENUE SUITE 103 BETHLEHEM, PA 18020	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PERINATAL ASSOCIATES 500 INDEPENDENCE ROAD EAST STROUDSBURG, PA 18301	OUTPATIENT SERVICES - VARIOUS

**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?

**44**

Name and address	Type of Facility (describe)
FOWLER FAMILY CENTER AT DONEGAN 1210 EAST 4TH STREET BETHLEHEM, PA 18015	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S IMAGING CENTER 1901 HAMILTON STREET STE 100 ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
WALNUTPORT MEDICAL OFFICE 330 N BEST AVENUE WALNUTPORT, PA 18088	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S DIABETES EDUCATION CENTER 3701 CORPORATE PARKWAY CENTER VALLEY, PA 18034	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 487 E MOORESTOWN ROAD WINDGAP, PA 18091	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 1174 ILLICKS MILL ROAD BETHLEHEM, PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 4317 EASTON AVENUE EASTON, PA 18020	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 3213 NAZARETH ROAD EASTON, PA 18045	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 4316 W TILGHMAN STREET ALLENTOWN, PA 18104	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 518 CHESTNUT STREET EMMAUS, PA 18049	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 1894 CENTER STREET NORTHAMPTON, PA 18067	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 3560 ROUTE 309 OREFIELD, PA 18069	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 3760 BROOKSIDE ROAD MACUNGIE, PA 18106	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S PHYSICAL THERAPY 5848 OLD BETHLEHEM PIKE CENTER VALLEY, PA 18034	OUTPATIENT SERVICES - VARIOUS

Schedule I (Form 990)

OMB No 1545-0047

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

2012

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

Attach to Form 990

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number 23-1352213

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

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.

Table with 8 columns: (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, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. Rows include Eastern Pennsylvania EMS Council, Borough of Fountain Hill, Bethlehem Township, Lehigh Valley Road Runners Inc, City of Allentown, Moravian Village of Bethlehem, National Multiple Sclerosis Society, and Lehigh Valley Economic Development Corp.

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table 8
3 Enter total number of other organizations listed in the line 1 table 0

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.

Part III can be duplicated if additional space is needed.

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

**Part IV Supplemental Information.**

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

Identifier	Return Reference	Explanation
GRANT FUND MONITORING	SCHEDULE I, PART I, QUESTION 2	GRANTS ARE MONITORED BY THE ORGANIZATION'S FINANCE PERSONNEL THROUGH THE UTILIZATION OF COST CENTERS AND OTHER INFORMATION, INCLUDING WRITTEN DOCUMENTATION AND RECEIPTS

**Software ID:**  
**Software Version:**  
**EIN:** 23-1352213  
**Name:** ST LUKE'S HOSPITAL OF BETHLEHEM PA

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

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
EASTERN PENNSYLVANIA EMS COUNCIL 4801 KERNSVILLE ROAD SUITE 100 OREFIELD, PA 18069	23-1988814	501(C)(3)	14,042				PROGRAM SUPPORT
BOROUGH OF FOUNTAIN HILL 941 LONG STREET FOUNTAIN HILL, PA 18015	23-6003116		137,621				PROGRAM SUPPORT

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

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
BETHLEHEM TOWNSHIP 4225 EASTON AVENUE BETHLEHEM, PA 18020	24-6001363		75,000				PROGRAM SUPPORT
LEHIGH VALLEY ROAD RUNNERS INC PO BOX 592 ALLENTOWN, PA 18105	23-2377635	501(C)(3)	30,100				PROGRAM SUPPORT

**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
CITY OF ALLENTOWN 435 HAMILTON STREET ALLENTOWN, PA 18101	23-6003116		125,000				PROGRAM SUPPORT
MORAVIAN VILLAGE OF BETHLEHEM 526 WOOD STREET BETHLEHEM, PA 18018	23-3022262	501(C)(3)	25,000				PROGRAM SUPPORT

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

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
NATIONAL MULTIPLE SCLEROSIS SOCIETY 30 S 17TH STREET PHILADELPHIA, PA 19103	22-6080521	501(C)(3)	11,000				PROGRAM SUPPORT
LEHIGH VALLEY ECONOMIC DEVELOPMENT CORP 2158 AVENUE C SUITE 200 BETHLEHEM, PA 18017	23-2798276	501(C)(3)	7,500				PROGRAM SUPPORT



**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number

23-1352213

**Part I Questions Regarding Compensation**

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

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

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

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

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

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

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

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

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

**c** Participate in, or receive payment from, an equity-based compensation arrangement?  
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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

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

**a** The organization?

**b** Any related organization?

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

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

**a** The organization?

**b** Any related organization?

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

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

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

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

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

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

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

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

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

**Part III Supplemental Information**

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

Identifier	Return Reference	Explanation
COMPENSATION INFORMATION	PART VII AND SCHEDULE J	TAXABLE COMPENSATION REPORTED HEREIN IS DERIVED FROM 2012 FORMS W-2
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 1A	THE ORGANIZATION MAINTAINS A MEMBERSHIP IN A COUNTRY CLUB FOR BUSINESS PURPOSES. THE COUNTRY CLUB REQUIRES THAT AN INDIVIDUAL IS NAMED AS THE MEMBER, ACCORDINGLY THE ORGANIZATION HAS DESIGNATED ITS PRESIDENT/CEO, CURRENTLY RICHARD A ANDERSON, AS THE MEMBER.
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 3	Compensation Review Executive compensation for the health network consists of fixed salary, at-risk compensation and other deferred compensation arrangements. Total compensation for network executives is approved annually by the network's Board of directors. The recommended compensation is established through a multi-faceted approach including use of an independent consultant engaged on an ongoing basis by the Board of DIRECTORS and who works directly with the Executive Compensation Committee of the board. Also included is the review of forms 990 and compensation surveys of other comparable healthcare organizations. Bonus/Incentive The at-risk compensation is approved by the Executive Compensation Committee of the board and is based on several qualitative and quantitative components, including Joint Commission, Pennsylvania Department of Health and Pennsylvania Trauma Systems Foundation accreditations, evidence-based hospital process of care measures, outcome measures, such as patient satisfaction, mortality rate, and length of stay, efficiency measures as demonstrated by cost-per-adjusted discharge and net income. Other Reportable Compensation Other benefits include deferred compensation benefits that had accumulated over years of service and was reported and distributed in accordance with vesting requirements and Internal Revenue Service rules and regulations. Deferred Compensation Deferred compensation represents retirement benefits earned during the reporting period, yet not recognized as compensation on the employee's 2012 form W-2. Nontaxable Benefits Health and welfare benefits Compensation Reported on prior 990 Total compensation reported on prior forms 990 represented recognition of deferred compensation benefits that had accumulated over years of service and was reported and distributed in accordance with vesting requirements and Internal Revenue Service rules and regulations. The amount was reported in Schedule J, column b(iii)-other compensation.
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 4A	THE FOLLOWING INDIVIDUAL RECEIVED A SEVERANCE PAYMENT DURING CALENDAR YEAR 2012 WHICH WAS INCLUDED IN THE INDIVIDUAL'S 2012 FORM W-2, AS TAXABLE MEDICARE WAGES. JAN S HELLER, \$166,887.
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 4B	THE AMOUNT REFLECTED IN COLUMN B(III) FOR THE FOLLOWING INDIVIDUALS INCLUDES AMOUNTS RELATING TO PARTICIPATION IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP"). THE INDIVIDUALS HAVE SATISFIED BOTH THE AGE AND THE YEARS OF SERVICE REQUIREMENTS SPECIFIED BY THE SERP. THE AMOUNTS OUTLINED HEREIN WERE INCLUDED IN EACH INDIVIDUAL'S 2012 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES. RICHARD A ANDERSON, \$245,999, ROBERT P ZIMMEL, \$33,977 AND JOSEPH C MEROLA, M D \$84,774. THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE. ACCORDINGLY, THE INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT. THE AMOUNTS OUTLINED HEREIN WERE NOT INCLUDED IN THE INDIVIDUAL'S 2012 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES. RICHARD A ANDERSON, \$189,667, THOMAS P LICHTENWALNER, \$106,605, ROBERT P ZIMMEL, \$21,569, CAROL A KUPLEN, RN, MSN, \$44,040 AND JOSEPH C MEROLA, M D, \$113,155.
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTIONS 6a AND 6B	The executive compensation package for the health network consists of both a fixed salary and additional at-risk compensation that is based on several qualitative and quantitative components. The components of the at-risk compensation plan includes JCAHO, Department of Health and Trauma Center accreditations, evidence based hospital process of care measures, outcome measures such as patient satisfaction, mortality rate, and length of stay, efficiency measures as demonstrated by cost per adjusted discharge and finally net income.
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 7	CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II RECEIVED AT-RISK COMPENSATION DURING CALENDAR YEAR 2012 WHICH AMOUNTS WERE INCLUDED IN COLUMN B(II) HEREIN AND IN EACH INDIVIDUAL'S 2012 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES. PLEASE REFER TO THIS SECTION OF THE FORM 990, SCHEDULE J FOR THIS INFORMATION BY PERSON BY AMOUNT. CERTAIN INDIVIDUALS INCLUDED IN THIS FORM 990 RECEIVED A VACATION SELL BACK AND/OR TERM PAY OUT DURING THE CALENDAR YEAR 2012. THIS AMOUNT WAS INCLUDED IN THEIR RESPECTIVE 2012 FORM W-2 AND INCLUDED IN SCHEDULE J, PART II, COLUMN B(III), WHERE APPLICABLE.
COMPENSATION INFORMATION	SCHEDULE J, PART II, COLUMN F	THE AMOUNTS REPORTED IN SCHEDULE J, PART II, COLUMN F FOR THE FOLLOWING INDIVIDUALS INCLUDE VESTED BENEFITS IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP") BECAUSE THE AMOUNTS WERE NO LONGER SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE, THUS A TAXABLE EVENT OCCURRED FOR TAX REPORTING PURPOSES. THESE AMOUNTS WERE TREATED AS TAXABLE INCOME AND REPORTED ON EACH INDIVIDUAL'S 2012 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES. RICHARD A ANDERSON, \$245,999, ROBERT P ZIMMEL, \$33,977 AND JOSEPH C MEROLA, M D \$84,774, HOWEVER, THESE INDIVIDUALS DID NOT ACTUALLY RECEIVE ALL OF THESE FUNDS. THESE AMOUNTS WERE REPORTED ON PRIOR YEAR FORMS 990 AS ACCRUED NON-TAXABLE DEFERRED COMPENSATION.

**Software ID:**  
**Software Version:**  
**EIN:** 23-1352213  
**Name:** ST LUKE'S HOSPITAL OF BETHLEHEM PA

**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				
SAMUEL R GIAMBER MD	(i) 0 (ii) 252,451	0 0	0 1,459	0 9,616	0 22,471	0 285,997	0 0
RICHARD A ANDERSON	(i) 1,195,305 (ii) 0	361,558 0	340,210 0	267,795 0	20,727 0	2,185,595 0	245,999 0
JOEL D FAGERSTROM	(i) 603,954 (ii) 0	164,655 0	16,950 0	24,261 0	29,292 0	839,112 0	0 0
THOMAS P LICHTENWALNER	(i) 472,697 (ii) 0	128,218 0	25,197 0	162,031 0	9,521 0	797,664 0	0 0
JEFFREY A JAHRE MD	(i) 476,481 (ii) 0	112,465 0	26,650 0	58,281 0	21,283 0	695,160 0	0 0
JAN S HELLER	(i) 204,368 (ii) 0	0 0	168,177 0	5,115 0	3,627 0	381,287 0	0 0
ROBERT P ZIMMEL	(i) 383,639 (ii) 0	103,030 0	65,415 0	83,475 0	9,001 0	644,560 0	33,977 0
CAROL A KUPLEN RN MSN	(i) 402,767 (ii) 0	108,978 0	23,560 0	82,467 0	26,357 0	644,129 0	0 0
ROBERT E MARTIN	(i) 369,812 (ii) 0	100,126 0	23,684 0	43,251 0	29,509 0	566,382 0	0 0
EDWARD R NAWROCKI	(i) 376,363 (ii) 0	86,944 0	17,450 0	20,518 0	27,909 0	529,184 0	0 0
ROBERT L WAX ESQ	(i) 318,048 (ii) 0	109,037 0	6,143 0	12,058 0	16,196 0	461,482 0	0 0
FRANK FORD	(i) 313,534 (ii) 0	76,378 0	22,590 0	43,909 0	18,893 0	475,304 0	0 0
JOSEPH C MEROLA MD	(i) 461,529 (ii) 0	120,046 0	103,483 0	175,911 0	18,696 0	879,665 0	84,774 0
MARC A GRANSON MD	(i) 455,084 (ii) 0	113,156 0	18,980 0	41,959 0	20,397 0	649,576 0	0 0
BRIAN A HOEY MD	(i) 566,502 (ii) 0	0 0	990 0	6,250 0	27,566 0	601,308 0	0 0
WILLIAM S HOFF MD	(i) 500,069 (ii) 0	0 0	1,518 0	6,250 0	28,133 0	535,970 0	0 0
MICHAEL D GROSSMAN MD	(i) 407,968 (ii) 0	0 0	12,151 0	0 0	27,264 0	447,383 0	0 0

**Schedule K  
(Form 990)**

OMB No 1545-0047

**Supplemental Information on Tax Exempt Bonds**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.** ▶ **See separate instructions.**

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number  
23-1352213

**Part I Bond Issues**

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
<b>A</b>	LEHIGH COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	5248055C8	02-21-2007	266,310,000	REFUND, ALLENTOWN & EQUIPMENT		X		X		X
<b>B</b>	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RAA2	06-11-2008	175,000,000	ANDERSON, LAND & EQUIPMENT		X		X		X
<b>C</b>	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RBF0	05-13-2010	24,415,000	REFUND, ANDERSON & EQUIPMENT		X		X		X
<b>D</b>	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RAA1	05-13-2010	10,390,000	REFUND, ANDERSON & EQUIPMENT		X		X		X

**Part II Proceeds**

		A		B		C		D	
<b>1</b>	Amount of bonds retired	0		0		0		0	
<b>2</b>	Amount of bonds legally defeased	0		0		0		0	
<b>3</b>	Total proceeds of issue	266,310,000		175,000,000		24,415,000		10,390,000	
<b>4</b>	Gross proceeds in reserve funds	10,232,514		18,670,460		2,558,527		1,088,802	
<b>5</b>	Capitalized interest from proceeds	6,241,731		9,130,300		0		0	
<b>6</b>	Proceeds in refunding escrows	136,945,603		0		21,026,176		8,947,858	
<b>7</b>	Issuance costs from proceeds	2,663,140		2,053,609		455,665		193,912	
<b>8</b>	Credit enhancement from proceeds	0		0		0		0	
<b>9</b>	Working capital expenditures from proceeds	0		0		0		0	
<b>10</b>	Capital expenditures from proceeds	120,616,807		146,175,468		3,158,279		1,344,032	
<b>11</b>	Other spent proceeds	0		0		0		0	
<b>12</b>	Other unspent proceeds	0		0		0		0	
<b>13</b>	Year of substantial completion	2011		2011		2011		2011	
		Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b>	Were the bonds issued as part of a current refunding issue?		X		X		X		X
<b>15</b>	Were the bonds issued as part of an advance refunding issue?	X		X		X		X	
<b>16</b>	Has the final allocation of proceeds been made?	X		X		X		X	
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

**Part III Private Business Use**

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

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

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		0%		0%	
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
<b>6</b> Total of lines 4 and 5	%		%		%		%	
<b>7</b> Does the bond issue meet the private security or payment test?	X		X		X		X	
<b>8a</b> Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		X
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T?		X		X		X		X
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?	X		X		X		X	
<b>b</b> Exception to rebate?		X		X		X		X
<b>c</b> No rebate due?		X		X		X		X
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?	X			X		X		X
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		X
<b>b</b> Name of provider	BANK OF AMERICA		0		0			
<b>c</b> Term of hedge	9 8							
<b>d</b> Was the hedge superintegrated?		X						
<b>e</b> Was a hedge terminated?		X						

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
<b>b</b> Name of provider	0		0		0		0	
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?	X		X		X		X	
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

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

Identifier	Return Reference	Explanation
TAX-EXEMPT BONDS	SCHEDULE K	PLEASE REFER TO THE SCHEDULE O SUPPLEMENTAL NARRATIVE INFORMATION WITH RESPECT TO CORE FORM, PART X, LINE 20, TAX-EXEMPT BOND LIABILITIES

**Schedule K  
(Form 990)**

OMB No 1545-0047

**Supplemental Information on Tax Exempt Bonds**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.** ▶ **See separate instructions.**

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number

23-1352213

**Part I Bond Issues**

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
<b>A</b>	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RBC7	05-13-2010	34,925,000	REFUND, ANDERSON & EQUIPMENT		X		X		X
<b>B</b>	NEW JERSEY HEALTHCARE FINANCING AUTHORITY	22-1987084	64579fx73	01-31-2012	42,150,000	ACQUISITION OF WARREN HOSPITAL		X		X		X
<b>C</b>	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RBG8	06-27-2013	65,000,000	ANDERSON EXPANSION		X		X		X

**Part II Proceeds**

		A		B		C		D	
<b>1</b>	Amount of bonds retired	0		0		0			
<b>2</b>	Amount of bonds legally defeased	0		0		0			
<b>3</b>	Total proceeds of issue	34,925,000		42,150,000		65,000,000			
<b>4</b>	Gross proceeds in reserve funds	3,659,904		0		0			
<b>5</b>	Capitalized interest from proceeds	0		0		0			
<b>6</b>	Proceeds in refunding escrows	30,077,377		42,150,000		0			
<b>7</b>	Issuance costs from proceeds	651,817		201,248		1,279,694			
<b>8</b>	Credit enhancement from proceeds	0		0		0			
<b>9</b>	Working capital expenditures from proceeds	0		0		0			
<b>10</b>	Capital expenditures from proceeds	4,517,835		0		64,216,806			
<b>11</b>	Other spent proceeds	0		0		0			
<b>12</b>	Other unspent proceeds	0		0		0			
<b>13</b>	Year of substantial completion	2011		2012		2013			
		Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b>	Were the bonds issued as part of a current refunding issue?		X		X		X		
<b>15</b>	Were the bonds issued as part of an advance refunding issue?	X		X		X			
<b>16</b>	Has the final allocation of proceeds been made?	X		X		X			
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

**Part III Private Business Use**

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



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

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		0%		%	
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
<b>6</b> Total of lines 4 and 5	%		%		%		%	
<b>7</b> Does the bond issue meet the private security or payment test?	X		X		X			
<b>8a</b> Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T?		X		X		X		
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?	X		X		X			
<b>b</b> Exception to rebate?		X		X		X		
<b>c</b> No rebate due?		X		X		X		
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?		X	X		X			
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		
<b>b</b> Name of provider	BANK OF AMERICA		0		0			
<b>c</b> Term of hedge	5							
<b>d</b> Was the hedge superintegrated?		X						
<b>e</b> Was a hedge terminated?		X						

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
<b>b</b> Name of provider	0		0		0			
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?	X		X		X			
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X			

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

Identifier	Return Reference	Explanation
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**SCHEDULE M  
(Form 990)**

**Noncash Contributions**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number  
23-1352213

**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 . . . . .				
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	1	50,528	FMV
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ▶ ( _____ )				
26 Other ▶ ( _____ )				
27 Other ▶ ( _____ )				
28 Other ▶ ( _____ )				

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

29

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .		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?	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .	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
NON-CASH CONTRIBUTIONS	SCHEDULE M, PART I, QUESTION 32A	THE ORGANIZATION UTILIZES THE SERVICES OF AN INDEPENDENT INVESTMENT MANAGEMENT FIRM TO SELL DONATED SECURITIES SHOULD ANY BE RECEIVED THE ORGANIZATION PAYS FAIR MARKET VALUE RATES AND COMMISSIONS IN THESE INSTANCES

**Schedule M (Form 990) (2012)**

**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  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

**Employer identification number**

23-1352213

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>St Luke's University Hospital of Bethlehem, Pennsylvania is comprised of three campuses i n Lehigh County, Pennsylvania one in Bethlehem ("SL-Bethlehem") d b a as St Luke's Univ ersity Hospital, one in Allentow n ("SL-Allentow n"), d b a St Luke's Allentow n Hospital, and one in Bethlehem Tow nship, d b a as St Luke's Anderson Hospital ("SL-Anderson) St Luke's University Hospital is recognized by the IRS as an internal revenue code section 50 1(c)(3) tax-exempt organization Pursuant to its charitable purposes, St Luke's Universit y Hospital provides medically necessary healthcare services to all individuals in a non-di scriminatory manner regardless of race, color, creed, sex, national origin, religion or ab lity to pay Moreover, St Luke's University Hospital operates consistently with the foll owing criteria outlined in IRS revenue ruling 69-545 1 St Luke's University Hospital pr ovides medically necessary healthcare services to all individuals regardless of ability to pay, including charity care, self-pay, Medicare and Medicaid patients, 2 St Luke's Univ ersity Hospital operates an active emergency room for all persons, w hich is open 24 hours a day, 7 days a week, 365 days per year, 3 St Luke's University Hospital maintains an op en medical staff, w ith privileges available to all qualified physicians, 4 Control of St Luke's University Hospital rests w ith its board of trustees and the board of trustees of St Luke's Health Netw ork, Inc , d b a St Luke's University Health Netw ork. Both boards are comprised of a majority of independent civic leaders and other prominent members of th e community, and 5 Surplus funds are used to improve the quality of patient care, expand and renovate facilities and advance medical care, programs and activities The operations of St Luke's University Hospital, as show n through the factors outlined above and other i nformation contained herein, clearly demonstrate that the use and control of St Luke's Un iversity Hospital is for the benefit of the public and that no part of the income or net e arnings of the organization inures to the benefit of any private individual nor is any pri vate interest being served other than incidentally St Luke's University Hospital - Bethl ehem-----</p> <p>----- St Luke's University Hospital - Bethlehem ("SL-Bethlehem"), founded in 1872 and located in Bethlehem, Pennsylvania, is a not-for-pr ofit, tertiary care, teaching hospital SL-Bethlehem offers more than 90 medical speciali es and has 480 licensed acute care beds, including 15 licensed acute rehabilitation beds In FY '13, there w ere 26,582 admisssions and observations, 558,223 outpatient registrations and 56,927 ED visits In FY '13, SL-Bethlehem invested more than \$10 4 million in technolog ic and facility improvements, including the foll owing \$4 44 million in construction, eq uipment to install GE Discovery IGS 730 Hybrid Operating Room, an interventional suite tha t combines the best of imaging and surgical technology in one operating room, SL-Bethlehem is the first U S hospital to have this technology, \$1 33 million to consolidate neurolog y/neurosurgical services to improve patient access and convenience, \$537,000 to relocate d ental clinic for easier patient access, \$2 2 million to expand acute rehabilitation facili ties, \$300,000 to relocate Community Health Department to improve patient access, and \$1 6 million to renovate an inpatient floor Additionally, SL-Bethlehem opened a 15-bed Older Adult Behavioral Health Unit (January 2013), a new Wound Management Center w ith Hyperbaric Therapy (August 2012), an Epilepsy Monitoring Unit (March 2012), a Functional Neurosurger y Program (August 2012), opened a 31-bed Universal are Unit offering evidence-based, innov ative patient-centered care that includes an acuity-adaptable model allow ing patients a si ngle team of caregivers throughout their hospitalization (January 2013) The Netw ork estab lished and strengthened its referral base in Monroe County to support SL-Bethlehem and St Luke's Anderson Campus This effort included \$4 5 million acquisition of Pocono MRI and Imaging Center (7/10) and \$2 9 million purchase of Medical Associates of Monroe County (7/ 11), w hich includes tw o diagnostic testing sites and 10 physicians The Netw ork acquired P ocono Pediatric Associates (6/13) at a cost of \$435,000 Areas of exceptional medical expe rtise include - Level I adult trauma center fully accredited by Pennsylvania Trauma Syst ems Foundation, more than 2,300 FY '13 trauma cases, 2 33 percent mortality rate for sever ely injured patients represents top decile performance, significantly better than peer gro up as measured by National Trauma Data Bank of the American College of Surgeons, aero-medi cal transport services, extensive published research - Oncology St Luke's Cancer Center s at Allentow n, Bethlehem and Anderson Hospitals provide care to approximately 2,400 new p atients each year St Luke's is one of only two h</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>healthcare networks in Pennsylvania to earn national accreditation with commendation as an Integrated Network Cancer Program from the Commission on Cancer of the American College of Surgeons, and one of only 51 healthcare networks nationwide. Prior to being named an Integrated Network Cancer Program, St. Luke's was the first and only Comprehensive Community Cancer Program in Pennsylvania to earn the CoC's highest quality recognition, the Outstanding Achievement Award, for three consecutive terms (2004, 2007, 2010) and the only Pennsylvania program to receive the award in 2010. St. Luke's Cancer Centers are staffed by a team of fellowship-trained cancer experts specializing in surgical oncology, medical oncology, radiation oncology, gynecologic oncology, thoracic surgery, urologic surgery and neurosurgical oncology. The Center emphasizes patient satisfaction and treats all types of cancer, including abdominal, bones and joints, brain and spine, breast, colon and rectum, cancer of the digestive system, gynecologic cancer, head and neck, liver, lung/thoracic, lymphoma/leukemia, melanoma, prostate, thyroid/endocrine, and urinary. The Center offers advanced programs for melanoma, lung, breast, brain and spine, prostate, gynecological and gastrointestinal cancers - Cardiology and Cardiovascular Surgery - only hospital in region named one of nation's Top Cardiovascular Hospitals, sixth-year recipient (Truven, formerly Thomson-Reuters, 1999, 2001, 2002, 2003, 2012, 2014), multiple-year recipient of highest rating for cardiac bypass surgery, represents top decile performance achieved by only 6 percent of U.S. hospitals (Society of Thoracic Surgery, 2008, 2009, 2011), region's first accredited Chest Pain Center, region's first Joint Commission-certified heart failure program, one of two certified for stroke programs. SL - Bethlehem offers comprehensive cardiovascular surgical services excluding heart transplants and was selected as one of the few hospitals in the U.S. to offer transcatheter aortic valve replacement (TAVR), a catheter-based valve replacement procedure, and is the first institution in the region approved to perform the TAVR procedure independently. SL - Bethlehem is also one of the region's busiest sites for thoracic stent graft repair of thoracic aortic diseases resulting from trauma or aneurysms. St. Luke's Heart &amp; Vascular Center (SLHVC) has offices in Allentown, Bethlehem, Coaldale, Easton, East Stroudsburg, Pennsburg, Quakertown, Walnutport and Wind Gap in Pennsylvania and in Phillipsburg and Warren Hills in New Jersey. SLHVC established St. Luke's Heart Valve Center, St. Luke's Atrial Fibrillation Center, St. Luke's Vascular Center and St. Luke's Women's Heart Center, each offering a multidisciplinary approach to diagnosis and treatment options. Additionally, SL - Bethlehem has attained 100 percent compliance for cardiac surgery and AMI evidence-based care and all St. Luke's cath labs have achieved 100 percent 90-minute or less, AMI door-to-procedure.</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>Neuroscience - coordinated care is provided for neurology, neurosurgery, neuro rehabilitation, stroke, pain management, psychology and sleep services St Luke's provides accredited stroke centers in Allentown and Bethlehem and earned the American Heart Association's Stroke Gold Plus Quality Achievement Award (2013), achieving 85 percent or higher adherence to all national evidence-based stroke care interventions for two or more consecutive 12-month intervals, and was also recognized as a recipient of the AHA-ASA's Stroke Honor Roll (2013) for improving stroke care by providing ED patients with a clot-busting agent within three hours of onset of stroke symptoms Only 225 out of nearly 5,000 hospitals nationwide and 41 out of 175 hospitals statewide achieved this accomplishment Neuroscience services also include the following centers of excellence include balance center, headache center, epilepsy center (including epilepsy monitoring unit), memory disorders center, movement disorder center, normal pressure hydrocephalus center, brain and spine tumor center, multiple sclerosis center and sleep disorders center - Orthopedics - advanced expertise in total joint replacement and reconstruction, computer-assisted minimally invasive surgery, primary and reconstructive surgery of the spine, sports injuries, diseases and conditions of the hand and elbow, traumatic injuries, comprehensive sports medicine - Radiology/Interventional Services Enterprise agreement with GE Healthcare, making St Luke's one of only a few healthcare networks in the country partnering with GE to develop new imaging technology through the use of all-digital systems In addition, St Luke's is an international show site for GE, bringing physicians from all over the world to visit the Network and observe procedures being performed by advanced equipment St Luke's was first in the US to install GE Discovery IGS 730 Hybrid Operating Room, an interventional suite that combines the best of imaging and surgical technology in one operating room, first hospital in Pennsylvania to earn American College of Radiology recognition in Cardiac MRI, Regional Breast Center provides diagnostic mammograms and higher-level breast imaging A fully accredited vascular lab offers the latest ultrasound imaging, the Logic 9, which provides 3-D ultrasound images for optimal diagnosis St Luke's Anderson Campus features advanced technologies including a wide-bore MRI that offers uncompromised image quality, and a high-definition, low-dose CT that reduces radiation exposure up to 50 percent - Women's/Children's Health leader in state and national programs to improve perinatal care, achieving an early elective delivery rate of 15 percent, well below 26.2 percent national and 11.2 percent state average rates, specialized care for high-risk pregnancy, one of the region's most utilized obstetrical service (Allentown/Bethlehem), two neonatal intensive care units (Allentown/Bethlehem) achieved zero infections per 1,000 ventilator days, below the 1.1 infections per 1,000 days national benchmark established by the National Healthcare Safety Network, pediatric specialty care provided by St Christopher's Hospital for Children and St Luke's Pediatric Endocrinology and Gastroenterology - Robotic/Minimally Invasive Surgery Pennsylvania's most experienced robotic surgical teams, St Luke's fellowship-trained gynecologic oncologists perform robotic surgery for gynecologic cancers Mission --- ---- The mission of St Luke's University Hospital is to provide compassionate, excellent quality and cost-effective healthcare to residents of the communities served regardless of race, color, creed, sex, national origin, religion or ability to pay The mission of St Luke's University Hospital is an unwavering commitment to excellence as we care for the sick and injured, educate physicians, nurses and other healthcare providers, and improve access to care in the communities we serve, regardless of a patient's ability to pay for their care Community Outreach ----- In keeping with its commitment to the communities it serves SL-Bethlehem annually reaches more than 7,336 people through its community outreach endeavors The Hospital offers a variety of free screenings/services for community-run events throughout the year Community outreach, includes, but is not limited to, the following - Utilization of numerous media outlets to educate the community about health issues that may impact them, - Sponsorship of the Depression Support Group, Prostate Support Group, - Conducted Matter of Balance Classes at Moravian Village, - Conducted 12 breastfeeding classes, - Conducted 35 CPR, ACLS, PALS courses, - Conducted EMS educational outreach, - Conducted genetic cancer risk assessments, prostate screenings and oral cancer screenings, - Conducted New Born / New Mom Care, Baby's First Year and Grandparenting classes and 14 pregnancy orientations, - Conducted/ participated in 18 com</p>



Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>munty-based health fairs, - Provided in-kind donations and administrative for the following non-profit groups/events Bethlehem Chamber of Commerce, Bethlehem YMCA, Sonography Advisory Board, Radiology Advisory Board, Meals on Wheels, Chriskindmarkt, Blueberry Festival, The Great Allentown Fair, SportsFest, Tail on the Trail, St Luke's Half Marathon Expo, Parkettes Fundraiser, MS Beach Bash, VegFest, Cops and Kids Literacy Event, Saucon Valley Relay for Life, Hellertown Relay for Life, AtsQuest Farmer's Market, Runner's World Half Marathon, Lamprey Systems Cyclocross, Celtic Classic, Endurorama Cycling event, Southern Lehigh Swimming Championships, Connie Mack Baseball Tournament, - Participated in Breast Screening Day Allentown Campus ----- St Luke's Hospital - Allentown Campus ("SL -Allentown") was founded in 1945 as the Allentown Osteopathic Medical Center and is located in the west end of the city of Allentown In 1997, the not-for-profit medical center entered into a merger with St Luke's Since joining St Luke's, the 149-licensed bed, Joint Commission -accredited SL-Allentown has experienced triple-digit increases in observations and admissions (FY '13 9,408) and ED visits (FY '13 45,577) and outpatient visits (FY '13 161,687) St Luke's has invested more than \$158 million in technologic and facility improvements since SL-Allentown joined the Network A five-story addition, opened in June 2003, included a 10,000-square-foot emergency department expansion, five state-of-the-art operating room suites, some of the most advanced imaging technology from GE Healthcare, the addition of a 10-bed intensive care unit and various support departments In January 2007, St Luke's nationally-recognized cardiovascular program was introduced at SL-Allentown The comprehensive program includes emergency care for heart attacks, provides 24 hours-a-day, seven days-a-week, cardiac testing, cardiac catheterization electrophysiology studies and other cardiac procedures by some of the most experienced physicians in the region SL-Allentown's bariatric surgery program has been designated an accredited center of the Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program SL-Allentown provides extensive education and support programs for bariatric patients In August 2007, St Luke's opened an outpatient cancer center at the Integrated Health Campus in South Whitehall Township, adjacent to Allentown The center provides a very comfortable, inviting environment where patients can receive high quality, compassionate, comprehensive and coordinated outpatient cancer care under one roof Additional outpatient services at the Integrated Health Campus include Center for Neuroscience, Sleep Disorders Center, Center for Urology, Weight Loss (Bariatric) Program SL-Allentown doubled its size and the size of the emergency department in September 2008 The renovation added six new ICU beds for critical care patients, 22 new medical/surgical beds, two cardiac catheterization laboratories, a 680-sq-ft open heart operating room suite and a post anesthesia unit (surgical recovery area) The New Beginnings Birthing Center underwent a significant renovation and expansion in the summer of 2009 Fifteen private post partum rooms were added to accommodate more than 1,300 annual births In early spring, 2010 a new medical unit was opened, as well as a new wound management center with two new hyperbaric chambers, and in early April, a HomeStar retail pharmacy was added to fill prescriptions for patients, visitors and employees</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>St Luke's has added outpatient facilities in close proximity to the SL-Allentown to meet the community's healthcare needs. These include St Luke's Family Health Center, Women's Health Center, St Luke's Perinatal Center and St Luke's Women's Imaging Center, as well as specialty St Luke's physician practices for orthopedics, cardiology, neurology, pulmonology, nephrology and general surgery. Outpatient physical therapy is also provided. The pediatric clinic was expanded and enhanced in 2012. In December 2011, SL-Allentown acquired a 107,000-sq-ft facility in a highly visible area adjacent to Allentown for development of St Luke's West End Medical Center, an outpatient facility to support SL-Allentown. The \$82 million renovation opened in May 2013 and includes QuickCare, lab services, imaging, physician offices for OB/Gyn, neurosurgery, spine/pain care. A Pediatric Urgent Care Center, in partnership with St Christopher's Hospital for Children, opened in July 2013 and St Luke's Sports &amp; Human Performance Center opened in November 2013. Additionally, a new \$9.6 million, 360-space parking deck and Hospital lobby at SL-Allentown was added in April 2013. These new facilities improve access for patients and visitors. An additional operating room was added in November 2013. SL-Allentown Specialty Services include - bariatric services - cardiac catheterization - cardiology - emergency services - family health center clinic - general and laparoscopic surgery - hyperbaric medicine - KidsCare children's clinic - neurology and neurosurgery - NICU - obstetrics and gynecology - oncology - orthopedics and orthopedic surgery - pain management - pediatric urgent care provided by St Christopher's Hospital - perinatal services - physical and occupational therapy and rehabilitation - podiatry and foot care clinic - pulmonary critical care - QuickCare (urgent care) - radiology (advanced) - renal dialysis - respiratory therapy - Sleep Center - Stroke Center (Joint Commission designated) - vascular services - Women's Imaging Center - Women's Health Center - Wound Management Center.</p> <p>Mission ----- The mission of St Luke's Hospital - Allentown Campus is to provide compassionate, excellent quality and cost-effective healthcare to residents of the communities served regardless of race, color, creed, sex, national origin, religion or ability to pay. The mission of St Luke's Hospital - Allentown Campus is an unwavering commitment to excellence as we care for the sick and injured, educate physicians, nurses and other healthcare providers, and improve access to care in the communities we serve, regardless of a patient's ability to pay for their care. Community Outreach -----</p> <p>In keeping with its commitment to the communities it serves, SL-Allentown annually reaches more than 9,780 people through its community outreach endeavors. The Hospital offers a variety of free screenings/services for community-run events throughout the year. Community outreach, includes, but is not limited to, the following - Utilization of numerous media outlets to educate the community about health issues that may impact them, - Conducted/participated in the following health fairs, which included provision of multiple free health screenings: Allentown YMCA Senior Health &amp; Fitness Day, St Luke's Half Marathon, Emergency Preparedness Fair, March for Babies, St Luke's Hospice Charity Bike Ride, - Provided in-kind medical services at the following community events: Women's 5K Expo, City of Allentown 250th Parade &amp; Festival, The Great Allentown Fair, SportsFest and City of Allentown Fireworks Display, - Provided cholesterol screenings at Asbury United Methodist Church and held a Breast Screening Day, - Provided monthly educational sessions on weight management and bariatric surgery, 24-hour online support and a monthly support group for bariatric patients, - Provided mobile medical services to 344 children in the Allentown School District, during 712 visits including physicals, adolescent health assessments, vision services, insurance referrals and nutrition counseling, - Provided mobile dental services to children in the Allentown School District, - Conduct literacy initiatives at Union Terrace Elementary School, Allentown School District, - Provided nutrition education, Live Your Life Program and Healthy Habits, to second grade and Kindergarten at Union Terrace Elementary School, Allentown School District, - Conducted/participated in the following health fairs, which included provision of multiple free health screenings: Allentown YMCA Senior Health &amp; Fitness Day, St Luke's Half Marathon, Emergency Preparedness Fair, March for Babies, St Luke's Hospice Charity Bike Ride.</p> <p>Anderson Campus ----- St Luke's Hospital - Anderson Campus ("SL-Anderson"), located in Bethlehem Township, Northampton County, Pennsylvania near the Route 33 interchange, held its grand opening on November 11, 2011 and was the first new, non-replacement hospital.</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>ital in Pennsylvania in more than four decades SL-Anderson is located on a 500-acre site owned by St Luke's University Health Network and is LEED Certified In addition to SL-Anderson, the first phase of site development includes an outpatient cancer center and a medical office building A not-for-profit acute care hospital, SL-Anderson operates 108-licensed beds From the day it opened, SL-Anderson has been embraced by the public Admissions and ED visits have consistently exceeded projections, FY '13 6,540 total admissions and observations were 116.9 percent above the prior year, and 30,412 ED visits were 106 percent above the prior year Additionally, SL-Anderson provided care for 89,764 outpatient visits in FY '13 Demand for services necessitated an 11,000-sq ft, \$5.9 million ED expansion, doubling capacity from 30,000 to 60,000 annual visits, and the \$5.13 million addition of 36 new inpatient beds for the provision of specialized care for oncology patients, increasing the number of private patient rooms from 72 to 108-licensed beds A \$4 million operating room expansion was completed in late 2013 The outpatient cancer center offers radiation oncology, neurosurgical oncology, medical oncology, surgical oncology, infusion and genetic counseling A tranquil landscape, featuring a pond and walkways, is adjacent to the cancer center The Infusion Therapy Department expanded from 9 to 13 bays to meet patient demand for service The medical office building provides imaging, physical therapy, laboratory and other outpatient testing, health and fitness center and offices for a wide range of physician specialists SL-Anderson is service oriented with a goal to reduce patient and family stress and anxiety and to provide a calm and reassuring environment by meeting, and often exceeding, their personal needs Softer lighting is used in the hallways and the décor is done in relaxing earth tones, available amenities include flat screen televisions, free WiFi service, daily newspaper delivery, plush robes, iPads to connect to the internet, a recliner and comfortable sofa bed in every room and an afternoon tea service SL-Anderson also focuses on making its services easy to access For example, MRI appointments are available on Saturdays and Sunday and all-digital mammography is offered at 6:30 am to accommodate working women Areas of advanced clinical expertise include - INTRABEAM Intraoperative Radiation Therapy (IORT) One of only about 50 hospitals nationwide to acquire this system to treat early-stage breast cancer IORT delivers a full course of radiation treatment to the tumor site immediately following breast cancer surgery, potentially saving a patient from having to undergo the typical six weeks of radiation therapy after surgery SL-Anderson Specialty Services include - cardiac catheterization - cardiology - emergency services - endoscopies - general and laparoscopic surgery - gynecology - infusion therapy - interventional radiology - lithotripsy - neurology and neurosurgery - oncology - orthopedics and orthopedic surgery - pain management - perinatal services - physical and occupational therapy and rehabilitation - plastic surgery - pulmonary critical care - radiation oncology - radiology (advanced) - renal dialysis - urology - urogynecology - vascular services - Women's Imaging Center Mission ----- The mission of St Luke's Anderson Hospital is to provide compassionate, excellent quality and cost-effective healthcare to residents of the communities served regardless of race, color, creed, sex, national origin, religion or ability to pay The mission of St Luke's Hospital - Anderson Campus is an unwavering commitment to excellence as we care for the sick and injured, educate physicians, nurses and other healthcare providers, and improve access to care in the communities we serve, regardless of a patient's ability to pay for their care</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>Community Outreach ----- In keeping with its commitment to the communities it serves SL-Anderson annually reaches more than 2,632 people through its community outreach endeavors The Hospital offers a variety of free screenings/services for community-run events throughout the year Community outreach, includes, but is not limited to, the following - Utilization of numerous media outlets to educate the community about health issues that may impact them, - Conducted five cancer-related educational programs on the following topics Helping Your Immune System Fight Cancer, Cancer Sun Safety, Risk vs Reward, Myths Bust-Lung Cancer and "To Embarrassed to Ask," - Conducted additional educational programs on the following topics Men's Health What You Need to Know, Healthy Living A Healthy Colon and You, How to Talk With Your Doctor, Vertigo, Dizziness or Balance Difficulties, National Healthcare Decisions Day, Your Voice Heard Making Sure Your End-of-Life Wishes are Granted, Aging in Place-Keeping Your Loved Ones Safe at Home, Heart &amp; Vascular Understanding Coronary Artery Disease, Heart Attack How Do I Know I Am Having One?, Bariatric Surgery-Informational Seminar, Understanding the Gluten-Free Diet, Weight Management, Creating Healthy Food Habits, Overcoming Incontinence, - Conducted/participated in the following health fairs St Luke's Wind Gap Medical Center Open House, Anderson Campus Community Day, - Provided the following free screenings Alzheimer's, cholesterol (various locations), - Conducted two sports injury educational programs Putting the Break on Knee Pain, Neck and Back Pain, - Hosted the Better Breathers Support Group Background and Statistical Information ===== St Luke's was originally founded in 1872 to care for the workers at the steel foundries in Bethlehem Today, St Luke's has grown into one of Pennsylvania's largest integrated healthcare networks and enjoys a national reputation for clinical excellence St Luke's provides services at more than 150 locations which include five Pennsylvania hospital sites and St Luke's Warren Hospital in Phillipsburg, NJ More than 440 employed primary care, specialty care and hospital physicians provide services at more than 125 practice sites, as well as in all Network hospitals St Luke's also includes various outpatient testing and service facilities, home health, inpatient/outpatient hospice services and other related organizations St Luke's offers emergency and transport services in Pennsylvania and New Jersey and is the largest hospital-based EMS unit in Pennsylvania In FY '13, St Luke's provided treatment and services to 55,316 admissions/observations, 1,065,728 outpatients and 192,842 ED visits Ninety-two percent of the 1,342 Network medical staff are board certified, a significant portion of medical staff see patients at multiple Network hospitals St Luke's encompasses more 9,400 employees, making St Luke's the region's second largest employer, and more than 1,652 volunteers Awards and Clinical Achievements -----</p> <p>----- The Network has received more than 100 significant awards for clinical excellence and efficient management, as well as additional national and state recognition for clinical excellence These include, but are not limited to NATIONAL AWARDS Truven (formerly Thomson Reuters, Solucent) 100 Top Hospitals, 100 Top Teaching Hospitals (1997, 2001), only hospital in region to receive this award Top Cardiovascular Hospitals (1999, 2001, 2002, 2003, 2012, 2014) 100 Top ICU Hospitals (2000) U S News &amp; World Report - America's Best Hospitals - Best Heart Hospitals (1999, 2000, 2001, 2002, 2003, 2004, 2005) - Best Digestive Disease Hospitals (2007, 2008) - Best Ear, Nose &amp; Throat Hospitals (2008) U S News &amp; World Report - Top Performance - GI, Geriatrics, Nephrology, Neurology, Pulmonary, Urology (2011) - Cardiac, Diabetes, GI, Geriatrics, Nephrology, Neurology, Ortho, Pulmonary, Urology (2012) - Diabetes, GI, Geriatrics, Neurology, Ortho, Pulmonary (2013) Top 50 Hospitals in US (2009, 2010, 2011 - HealthGrades) Bariatric Center of Excellence (2009) -Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program, Medicare patients are required to utilize Center of Excellence Bariatric Programs Commission on Cancer Outstanding Achievement Award (2004, 2007, 2010 - American College of Surgeons), first and only Pennsylvania cancer program to receive highest quality recognition for three consecutive survey cycles Highest Quality Rating for Open Heart Surgery (2008, 2009, 2011, 2012 - American College of Thoracic Surgeons), only 6 percent of nation's hospitals attain this distinction Most Wired Award for 2013 - American Hospital Association Premier Quality Award for CABG (2006) Premier Quality Award for Hip/Knee Replacement (2006, 2007, 2008) Premier QUEST Award for High Value Healthcare (SL-Allentown, SL-Bethlehem, SL</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>-Quakertown - 2011, SL-Miners, SL-Quakertown - 2013) National Medal of Honor for Organ Donation (2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 - U S Department of Health &amp; Human Services) Top Integrated Healthcare Networks (2004, 2005, 2007 - IHN) American Heart Association Stroke Silver Plus Quality Award (2012), Gold Plus Award (2013), National Stroke Honor Roll (2013) Hospital of Choice Award - U S Alliance of Healthcare Providers (2005, 2006) The Joint Commission Top Performer on Key Quality Measures Recognition (2011, 2012, 2013) HomeCare Elite (St Luke's Home Care Agency- 2012 and 2013) PENNSYLVANIA AWARDS Best Place to Work in PA (2003, 2004, 2005) HAP Achievement Awards [2004, 2006, 2008, 2010 - four awards (most ever by one healthcare organization in one year) 2011, 2012 - two awards, 2013 - two awards] Pennsylvania Donate Life Hospital Challenge Gold Level Achievement Award (2013) Sponsored by HAP, PA DOH and Gift of Life Donor Program Honors hospitals for activities held to increase donor awareness, only 20 PA healthcare organizations attained gold distinction NEW JERSEY AWARDS NJHA Excellence in Quality Improvement Award ( 2014) NATIONAL/STATE QUALITY RECOGNITION Leapfrog Hospital Safety Score -all five eligible St Luke's hospitals received "A" rating (5/2013) The Joint Commission Top Performer on Key Quality Measures - all five eligible St Luke's hospitals attained top performance ( 2013) Recognized by Blue Cross/Blue Shield as a Blue Distinction Center for Cardiac Care First in region to perform TAVR procedures independently (2013) St Luke's cath labs have achieved 100 percent 90-minute or less, AMI door-to-procedure for 34 consecutive months since February 2012 SL-Bethlehem has attained 100 percent compliance for cardiac surgery and AMI evidence-based care measures Fully accredited Level 1 Adult Trauma Center, Best Performance Improvement Program, 233 percent mortality, top decile performance (Source National Trauma Data Bank) Leader in state and national programs to improve perinatal care, 2013 elective early delivery rate of 15 percent is significantly below the state (26.2 percent) and national (11.2 percent) rates St Luke's Warren Hospital's Center for Hyperbaric and Wound Management, only New Jersey hospital to earn distinction of University of Medical and Health Sciences accreditation Pay-for-Performance Recognition St Luke's qualified for additional payment from the following programs Highmark Quality BLUE, Capital BLUE Pay-for-Performance Program, CMS Value-Based Purchasing Program Highest performance in the region for Evidence-Based Care Overall Score as publicly reported by Pennsylvania Health Care Quality Alliance (2013)</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>Affiliation with Temple University School of Medicine -----</p> <p>According to the Association of American Medical Colleges, our nation faces an anticipated shortage of 91,000 physicians by 2020 and 130,000 by 2025. To ensure continued regional access to physicians, St. Luke's and Temple University School of Medicine have developed the regional Medical School of Temple University/St. Luke's University Health Network, the first and only medical school campus in the greater Lehigh Valley. Enrolled students complete the first year at Temple, followed by years two, three and four at St. Luke's University Hospital in Bethlehem. The inaugural class began August, 2011, followed by the second class in August 2012 and the third class in August 2013. Full enrollment of 120 medical students will be achieved in August 2014 and the School expects to graduate 300 physicians in 10 years (beginning with the Class of 2015 graduation) and expects to retain 150 (50 percent) in the greater Lehigh Valley. The courses and competencies of this program are identical to the requirements for students training the full four years at the Temple campus in Philadelphia. Students applying to the program are interviewed at St. Luke's by St. Luke's physicians who are faculty members of the Temple University School of Medicine. Clinical medical skills, interpersonal and communication skills, professionalism, multiculturalism, socioeconomic and social and ethical issues are taught throughout the four years as part of the doctoring course. St. Luke's physicians, who are faculty members of the Temple University School of Medicine faculty, teach the first year doctoring course in Philadelphia. St. Luke's is also a Comprehensive Clinical Teaching Campus for Temple University School of Medicine. Sixteen third- and sixteen fourth-year medical students enrolled at the Temple Philadelphia campus may complete their clinical rotations at St. Luke's University Hospital. St. Luke's also trains students from the Philadelphia College of Osteopathic Medicine and other medical schools who rotate on electives at St. Luke's. Graduate Medical Education and Other Education Programs -----</p> <p>----- St. Luke's has a long history of involvement in medical education, especially graduate medical education and is one of only 400 members of the prestigious Council of Teaching Hospitals. St. Luke's is dedicated to quality medical education coupled with compassionate patient-centered, technologically sophisticated care. The goal of St. Luke's graduate medical education program is to train young physicians who will have the knowledge and skills to enter private practice and/or go into fellowships for further training. Medical education programs are conducted primarily at the Bethlehem, Allentown and Warren campuses. Each year, more than 180 interns/residents/fellows train at St. Luke's 21 fully accredited programs which include Dental, Emergency Medicine (dually accredited allopathic and osteopathic), Family Medicine (dually accredited allopathic and osteopathic), General Surgery, Internal Medicine (dually accredited allopathic and osteopathic), OB-GYN, Orthopedic Surgery, Pharmacy, Podiatry residencies, and Cardiology, Hospice &amp; Palliative Care, Podiatric Dermatology, Sports Medicine, Surgical Critical Care and Geriatrics fellowships, Transitional Year residency and traditional rotating osteopathic internships. More than 100 members of St. Luke's medical staff hold faculty appointments at prestigious medical schools including Temple University, The University of Pennsylvania and Philadelphia College of Osteopathic Medicine. St. Luke's also conducts postgraduate continuing medical education through its sponsorship of more than 500 annual continuing medical education (CME) programs for physicians, nurses and ancillary healthcare professionals. St. Luke's offers clinical rotations in the following advanced practice programs: certified registered nurse anesthetist program (enrollees from LaSalle University), certified registered nurse practitioners programs (enrollees from DeSales University, Drexel University), emergency medicine PA/NP fellowships, trauma/surgical critical care PA/NP fellowships, physician assistant program (enrollees from DeSales, Drexel, King's College, Pennsylvania, Arcadia and Salus) and the only formal physician assistant observer programs. St. Luke's serves as a major training site for allied health professionals. More than 200 allied health students annually spend more than 55,000 hours at St. Luke's - an average of 250 hours per student. Allied health professionals work in teams to facilitate functionality of the healthcare system through provision of a range of diagnostic, technical, therapeutic and direct patient care and support services. Allied health professionals train in many disciplines including lab, medical assistants, MRI, nuclear medicine, phlebotomy, ph</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>ysical/occupational therapy, athletic trainers, radiology and respiratory care Students from 22 colleges, universities and technical institutes are enrolled in St Luke's programs St Luke's also trains students in surgical technology in its own school of surgical technology Additional education programs include pastoral care, pharmacy and hospital administration internships St Luke's School of Nursing --</p> <p>----- St Luke's University Hospital of Bethlehem, Pennsylvania was the fourth hospital in the country to operate a school for nurses Established in 1884, St Luke's School of Nursing is the nation's oldest hospital-based, diploma nursing school in continuous operation More than 4,000 nursing students have successfully completed the program St Luke's School of Nursing is approved by the Pennsylvania State Board of Nursing and was fully reaccruited in 2004 by the Accreditation Commission for Education in Nursing More than 150 students are enrolled in the 20-month program Community Support ----- In keeping with its commitment to the communities it serves, St Luke's, through its hospitals and other affiliates, offers a variety of free services/screenings for community-run events throughout the year St Luke's also accepts requests for donations to fellow non-profit institutions St Luke's Community Health Department's supports the mission of the Bethlehem Partnership (Partnership) for a Healthy Community which focuses on improving the health status and quality of life of the community, especially those with limited resources Established in 1996 by the Board of Trustees of St Luke's University Health Network, the Partnership is a national model for collaborative efforts to improve access to healthcare services Currently more than 200 participating/funding agencies, including those from local business, government, educational and community organizations, are actively involved in Partnership programs St Luke's provides the administrative and medical leadership, staff and financial support for the Partnership The Partnership philosophy is through community participation with shared responsibility, the physical, mental, emotional and spiritual wellness of individuals and the quality of life in the community can be enhanced Services are provided primarily to at-risk and underserved children and adults through St Luke's four mobile health/dental vans Under St Luke's leadership, Partnership achievements for FY '13 included, but are not limited to, the following - Dental and medical care, primarily to underserved children and adolescents Care is generally provided in four mobile health vans which regularly visit various schools, an adolescent shelter, and other community gathering sites In FY' 13, mobile health vans provided nearly 2,000 patient visits to 700 uninsured students, mobile dental health vans provided 1,149 patient visits to 442 uninsured, at-risk patients Specialized pediatric dental care and adult care was provided at The Easton Dental Center for 3,493 patient visits A comprehensive vision program is also offered to screen and provide glasses for children at risk In FY '13, 618 patients received vision care</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>- The Fowler Family Center at Donegan Elementary School provides a number of primary and preventive care services to low-income, at-risk families primarily through St Luke's Family Practice (SLFP) which is located at the Center. SLFP provided primary and preventive care through 2,164 visits to 821 community members in FY '13. SLFP expanded services from 21 hours to 30 hours per week in FY '13, increasing access to care for the students at Donegan Elementary School, their families and the surrounding community. More than 10 percent of patients served were uninsured. SLFP's Donegan Adolescent Vaccination Rate in FY '13 was 93 percent, significantly higher than the Healthy People 2020 target. SLFP participates in Reach Out and Read, a nationally recognized literacy program. More than 200 books were given to children age six months through 5 years of age at their annual well child visit. Additional programs include free health promotion/prevention classes offered to the community, programs to increase physical activity and good nutrition.</p> <p>- The AIDS Service Center fully supports the Expanded HIV Testing Initiative endorsed by the CDC. A total of 231 HIV tests were performed with two identified positives. The Center also offers two CDC evidence-based interventions to help clients reduce the risk of HIV infection or re-infection. Thirty-three high school students were served by this program. The Center also provided case management to 363 clients from five counties, more than doubling the number of clients served since 2007. The Center provided primary and specialty care to 171 AIDS patients in FY '13.</p> <p>- The Partnership offers an extensive Adolescent Career Mentoring Program. Over the course of 16 years, St Luke's has partnered with the Bethlehem Area School District and Lehigh Valley Workforce Investment Board, Inc. to provide English as a Second Language to at-risk community youths, as well as the opportunity to explore healthcare careers through the School-to-Work Program, while encouraging and mentoring them to graduate from high school and enroll in post-secondary education or enter the workforce. In FY '13, 94 percent (17 of 18 enrolled) of the students completed the program successfully, 74 percent of participants increased their English language proficiency. As of July 2013, 66 percent (20 of 30) of the former participants of the Adolescent Career Mentoring Program who are employed at St Luke's started their healthcare experience in the School-to-Work Program. The investment in the Adolescent Career Mentoring Program increased bilingual/bicultural healthcare workers at St Luke's, increased new employees in a high priority occupation cluster in the Lehigh Valley, PA and diversified the healthcare workforce in the overall community.</p> <p>- Smoking remains the leading preventable cause of death in the US and the Partnership offers an extensive Tobacco Cessation Treatment Center. The majority of patients enrolled in counseling have Medicaid. In FY '13, 296 patients from Lehigh and Northampton counties enrolled in counseling, representing a 16 percent increase from the previous year.</p> <p>- St Luke's and Lehigh University formed a highly successful partnership in 2009 to develop and implement Reading Rocks!, a reading supplemental/mentoring program for at-risk students at Donegan Elementary School in South Bethlehem. St Luke's assumes all costs associated with this program. In FY '13, Reading Rocks! provided reading services to 213 students and collected 16,000 books to distribute to the children. St Luke's community outreach programs include an extensive network of pediatric and adult medical and specialty clinics at various easily accessible locations. In FY '13, more than 156,867 clinic patient visits were provided. In December 2008, the Board of Trustees of St Luke's University Health Network redesigned the Network's charity care program for patient access to discounted hospital services. The Network has established a Community Benefit Tracking Service to comply with new IRS Form 990 Guidelines (Effective 2009) to report community benefit activities / expenditures. Additional community support included, but is not limited to, the following:</p> <ul style="list-style-type: none"> <li>- St Luke's Nurse-Family Partnership is an evidence-based, nurse home visiting program to improve the health, wellbeing and economic self-sufficiency of low-income, first-time parents and their children. Care is provided in this voluntary prevention program by specially trained registered nurses beginning early in the mother's pregnancy and continuing until her child's second birthday. In FY '13, the nurse-family partnership served 267 families residing in the Lehigh Valley (encompassing the cities of Allentown, Bethlehem and Easton and the surrounding rural areas).</li> <li>- Parent Advocate in the Home (PATH) provides health and supportive services to families with children age 3 years or younger. In FY '13, PATH provided 2,500 visits to 336 patients. A visiting nurse assists</li> </ul>



Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>families to understand child growth and development, home safety, discipline, healthy eating, problem solving and parenting This program focuses on early child development, nutrition, health and preparing the families and their children to be ready for school - The Visiting Nurse Advocate provides child health monitoring and child advocacy services to children living in troubled homes in Northampton and Lehigh counties, in southeastern Pennsylvania In FY 13, 7,150 hours of service were provided to 188 families - For more than 20 years, St Luke's employees have sponsored an annual children's winter coat drive, purchasing new coats and other articles of clothing for more than 100 children in need - St Luke's University Health Network's InfoLink Toll-free health information telephone number At an annual cost of \$80,000, more than 53,000 callers annually are assisted with a range of services including registration for free community health programs, screenings and other health services, referrals to physician and information on St Luke's Charity Care Program - Television Programs St Luke's University Health Network produces a live, call-in weekly television program that highlights various healthcare topics and weekly reaches more than 400,000 viewers at an annual production and marketing cost of \$109,987 St Luke's physicians and other healthcare providers supply information on healthy living, health screenings, advances in healthcare treatment and technology and related topics St Luke's also co-produces Peak, a weekly television program that features health and wellness segments at an annual cost of \$100,000 - St Luke's University Health Network invested \$296,000 in paid advertising in area publications and for direct mail distribution of a calendar of events to ensure the collective paid circulation of 150,000 residences received notification of the Network's free health classes/events/screenings - In-kind donations, including first aid kits for non-profit organizations - Sponsorships for community events - Health Check Wellness Center for older adults - Heart Smart - St Luke's work with area restaurants and provides them with heart smart recipes, serving suggestions and food substitutions</p>

Identifier	Return Reference	Explanation
OTHER PROGRAM SERVICES	CORE FORM, PART III, QUESTION 4D	EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION A, QUESTIONS 6 & 7	ST LUKE'S HEALTH NETWORK, INC IS THE SOLE MEMBER OF THIS ORGANIZATION ST LUKE'S HEALTH NETWORK, INC HAS THE RIGHT TO ELECT THE MEMBERS OF THIS ORGANIZATION'S BOARD OF TRUSTEES AND HAS CERTAIN RESERVED POWERS AS DEFINED IN THIS ORGANIZATION'S BYLAWS

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 11B	<p>THE ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK. ST LUKE'S HEALTH NETWORK, INC IS THE PARENT ENTITY OF THE NETWORK. THE ORGANIZATION'S FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF DIRECTORS) PRIOR TO THE FILING WITH THE IRS. IN ADDITION, THE ST LUKE'S UNIVERSITY HEALTH NETWORK FINANCE COMMITTEE WAS UPDATED AS TO THIS ORGANIZATION'S CURRENT YEAR FORM 990 PRIOR TO FILING. ST LUKE'S HEALTH NETWORK, INC BOARD OF DIRECTORS HAS DELEGATED TO THE FINANCE COMMITTEE THE RESPONSIBILITY TO OVERSEE AND COORDINATE THE FEDERAL FORM 990 PREPARATION AND FILING PROCESS FOR THE TAX-EXEMPT AFFILIATES OF THE NETWORK. AS PART OF THE ORGANIZATION'S FEDERAL FORM 990 TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTHCARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990. THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S VICE PRESIDENT FINANCE AND SENIOR VICE PRESIDENT FINANCE AND VARIOUS OTHER INDIVIDUALS OF THE NETWORK TO OBTAIN THE INFORMATION NEEDED IN ORDER TO PREPARE A COMPLETE AND ACCURATE TAX RETURN. THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S INTERNAL WORKING GROUP, INCLUDING, BUT NOT LIMITED TO, THOSE INDIVIDUALS OUTLINED ABOVE, FOR THEIR REVIEW. THE ORGANIZATION'S INTERNAL WORKING GROUP AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM. REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S INTERNAL WORKING GROUP AND VARIOUS OTHER INDIVIDUALS FOR FINAL REVIEW AND APPROVAL PRIOR TO PRESENTATION OF THE FEDERAL FORM 990 TO THE MEMBERS OF THE ST LUKE'S HEALTH NETWORK, INC FINANCE COMMITTEE. FOLLOWING THE FINANCE COMMITTEE'S REVIEW THE FINAL FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY PRIOR TO THE FILING WITH THE IRS.</p>

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 12	THE ORGANIZATION HAS A WRITTEN CONFLICT OF INTEREST POLICY AND REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH THAT POLICY. THE POLICY REQUIRES THAT A CONFLICT OF INTEREST DISCLOSURE FORM CONSISTENT WITH BEST GOVERNANCE PRACTICES AND INTERNAL REVENUE SERVICE GUIDELINES BE CIRCULATED TO OFFICERS, DIRECTORS, AND KEY EMPLOYEES ANNUALLY. THE NETWORK'S CORPORATE COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT/GENERAL COUNSEL ASSUME RESPONSIBILITY FOR THE COMPLETION OF THE CONFLICT OF INTEREST QUESTIONNAIRES AND ENFORCEMENT WITH THE POLICY. IF A DIRECTOR DISCLOSES AN INTEREST THAT COULD GIVE RISE TO A CONFLICT, THE DIRECTOR'S POTENTIAL CONFLICT MAY BE DISCLOSED TO THE BOARD OF DIRECTORS, WHICH EVALUATES THE CONFLICT AND ITS POTENTIAL IMPACT ON THE DIRECTOR'S PARTICIPATION ON THE BOARD. AFTER CONSULTATION AND DISCUSSION, THE BOARD OF DIRECTORS MAY TAKE ACTION, IF APPROPRIATE AND NECESSARY, TO ADDRESS ANY SUCH CONFLICT IN A MANNER CONSISTENT WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY.

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 15	<p>Compensation Review Executive compensation for the health network consists of fixed salary, at-risk compensation and other deferred compensation arrangements Total compensation for network executives is approved annually by the network's Board of directors The recommended compensation is established through a multi-faceted approach including use of an independent consultant engaged on an ongoing basis by the Board of DIRECTORS and who works directly with the Executive Compensation Committee of the board Also included is the review of forms 990 and compensation surveys of other comparable healthcare organizations Please refer to the schedule J, part III response to Schedule J, Part I, Question 3 for a more detailed description</p>

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION C, QUESTION 19	ST LUKE'S HEALTH NETWORK, INC , WHICH IS THE PARENT ENTITY OF THIS AFFILIATE, HAS ISSUED TAX-EXEMPT BONDS TO FINANCE VARIOUS CAPITAL IMPROVEMENT PROJECTS, RENOVATIONS AND EQUIPMENT IN CONJUNCTION WITH THE ISSUANCE OF THESE TAX-EXEMPT BONDS, THE ORGANIZATION'S FINANCIAL STATEMENTS WERE INCLUDED WITH THE TAX-EXEMPT BOND PROSPECTUS WHICH WAS MADE AVAILABLE TO THE GENERAL PUBLIC FOR REVIEW IN ADDITION, THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND REVIEWED THROUGH THE COMMONWEALTH OF PENNSYLVANIA SECRETARY OF STATE

Identifier	Return Reference	Explanation
RELATED HOURS DISCLOSURE	CORE FORM, PART VII, SECTION A, COLUMN B	THE ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK. THE NETWORK INCLUDES BOTH FOR-PROFIT AND NOT FOR-PROFIT ORGANIZATIONS. CERTAIN BOARD OF DIRECTOR MEMBERS, OFFICERS AND/OR DIRECTORS LISTED ON CORE FORM, PART VII AND SCHEDULE J OF THIS FORM 990 MAY HOLD SIMILAR POSITIONS WITH BOTH THIS ORGANIZATION AND OTHER AFFILIATES WITHIN THE NETWORK. THE HOURS SHOWN ON THIS FORM 990 FOR BOARD MEMBERS WHO RECEIVE NO COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, REPRESENTS THE ESTIMATED HOURS DEVOTED PER WEEK FOR THIS ORGANIZATION. TO THE EXTENT THESE INDIVIDUALS SERVE AS A MEMBER OF THE BOARD OF DIRECTORS OF OTHER RELATED ORGANIZATIONS IN THE NETWORK, THEIR RESPECTIVE HOURS PER WEEK PER ORGANIZATION ARE APPROXIMATELY ONE HOUR. THE HOURS REFLECTED ON PART VII OF THIS FORM 990, FOR BOARD MEMBERS WHO RECEIVE COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, PAID OFFICERS AND KEY EMPLOYEES, REFLECT TOTAL HOURS WORKED PER WEEK ON BEHALF OF THE NETWORK, NOT SOLELY THIS ORGANIZATION.



Identifier	Return Reference	Explanation
INDEPENDENT CONTRACTORS INFORMATION DISCLOSURE	CORE FORM, PART VII, SECTION B	This organization is an affiliate within the St Luke's UNIVERSITY Health Network, a tax-exempt integrated healthcare delivery NETWORK. This organization pays all outstanding accounts payable invoices on behalf of MOST other affiliates within the St Luke's UNIVERSITY Health Network. In conjunction with this service, this organization also prepares and issues Forms 1099 to these vendors receiving payments where applicable and also files these Forms 1099 with the Internal Revenue Service. This organization allocates these payments to the other affiliates within the St Luke's Hospital & Health Network via an intercompany account.

Identifier	Return Reference	Explanation
BALANCE SHEET	CORE FORM, PART X, LINE 20	<p>THE 2007 SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES A CUSIP NUMBER IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THIS IS THE FOLLOWING 5248055D6 THE 2008A SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES CUSIP NUMBERS IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THESE ARE THE FOLLOWING 66353RAB0, 66353RAC8, 66353RAD6, 66353RAE4, 66353RAF1, 66353RAG9, 66353RAH7 AND 66353RAJ3 THE 2010A SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES CUSIP NUMBERS IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THESE ARE THE FOLLOWING 66353RBD5, 66353RBE3, 66353RAK0, 66353RAL8, 66353RAM6, 66353RAN4, 66353RAP9, 66353RAQ7, 66353RAR5, 66353RAS3, 66353RAT1, 66353RAU8, 66353RAV6, 66353RAW4, 66353RAX2, 66353RAY0 AND 66353RAZ7 THE 2010B SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES A CUSIP NUMBER IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THIS IS THE FOLLOWING 66353RBB9</p>

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	CORE FORM, PART XI, QUESTION 9	OTHER CHANGES IN NET ASSETS OR FUND BALANCES INCLUDE - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASES OF PROPERTY AND EQUIPMENT, \$1,698,753, - CHANGE IN FAIR MARKET VALUE OF 2007 DERIVATIVE, \$26,862,226, - CHANGE IN ADDITIONAL PENSION LIABILITY, \$46,277,647, - TRANSFER BETWEEN ENTITIES, (\$5,409,613), - POCONO MRI BEGINNING UNRESTRICTED NET ASSETS, \$293,351, - EXTRAORDINARY LOSS, (\$2,661,253), - PLEDGES RECEIVED - TEMPORARILY RESTRICTED, (\$3,288,865), - NEW PLEDGES - TEMPORARILY RESTRICTED, \$10,419,035, - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASES OF PROPERTY AND EQUIPMENT - TEMPORARILY RESTRICTED, (\$1,042,355), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR OPERATIONS - TEMPORARILY RESTRICTED, (\$1,942,292), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR CAPITAL CAMPAIGN - TEMPORARILY RESTRICTED, (\$4,610), - NET ASSETS RELEASED (PLEDGES) FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT (BUILDING FUND) - TEMPORARILY RESTRICTED, (\$50,176), - INCOME TRANSFERRED TO OPERATIONS - TEMPORARILY RESTRICTED, (\$19,230), - ALLOWANCE FOR PLEDGES WRITTEN OFF AND ACTUAL WRITE-OFFS - TEMPORARILY RESTRICTED, (\$272,112), - APPRECIATION TRANSFER FROM ENDOWMENT - TEMPORARILY RESTRICTED, \$3,425,747, - INCOME TRANSFER FROM ENDOWMENT - TEMPORARILY RESTRICTED, \$196,806, - ENDOWMENT SPENDING POLICY TRANSFER TO TEMPORARILY RESTRICTED - TEMPORARILY RESTRICTED, \$335,822, - INCOME RELEASED AND TRANSFERRED TO GENERAL FUND FOR OPERATIONS - PERMANENTLY RESTRICTED, (\$889,125), - APPRECIATION TRANSFER TO TEMPORARILY RESTRICTED - PERMANENTLY RESTRICTED, (\$3,645,936), - APPRECIATION TRANSFER TO GENERAL FUND - PERMANENTLY RESTRICTED, (\$500,000), AND - INCOME TRANSFER TO TEMPORARILY RESTRICTED - PERMANENTLY RESTRICTED, (\$196,806)

Identifier	Return Reference	Explanation
AUDITED FINANCIAL STATEMENTS	CORE FORM, PART XII, QUESTION 2	THE ORGANIZATION IS AN AFFILIATE WITHIN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK. THE NETWORK'S PARENT ENTITY IS ST LUKE'S HEALTH NETWORK, INC. AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TAXPAYER AND ALL AFFILIATES FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012, RESPECTIVELY AND ISSUED A CONSOLIDATED FINANCIAL STATEMENT WITH CONSOLIDATING SCHEDULES BY ENTITY. AN UNQUALIFIED OPINION WAS ISSUED EACH YEAR BY THE INDEPENDENT CPA FIRM. THE NETWORK'S FINANCE COMMITTEE ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE NETWORK'S CONSOLIDATED FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT AUDITOR.

Identifier	Return Reference	Explanation
FINANCIAL STATEMENTS AND REPORTING	CORE FORM, PART XII, QUESTION 3	THIS ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK") THE NETWORK'S FINANCE COMMITTEE ENGAGED AN INDEPENDENT ACCOUNTING FIRM TO PREPARE AND ISSUE A NETWORK WIDE CONSOLIDATED A-133 AUDIT THIS ORGANIZATION WAS INCLUDED IN THE NETWORK WIDE A-133 AUDIT

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

▶ **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.**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST LUKE'S HOSPITAL OF BETHLEHEM PA

**Employer identification number**

23-1352213

**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
<b>(1)</b> CANCER IMMUNOTHERAPIES LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 20-8783508	INACTIVE	PA	0	0	BETHLEHEM
<b>(2)</b> ST LUKE'S AIRMED LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 27-4643964	INACTIVE	PA	0	0	BETHLEHEM
<b>(3)</b> ST LUKE'S HOMESTAR SERVICES LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 26-0369246	HEALTH SVCS	PA	16,833,501	3,364,268	BETHLEHEM
<b>(4)</b> ST LUKE'S WINDGAP PROPERTY LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2641715	INACTIVE	PA	0	0	BETHLEHEM
<b>(5)</b> POCONO MRI IMAGING AND DIAGNOSTIC CENTER 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS	PA	91,221	8,081,717	BETHLEHEM

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) EIGHTH & EATON 801 OSTRUM STREET BETHLEHEM, PA 180151000 26-3017143	FINANCIAL VEHICLE	PA	BETHLEHEM	RELATED	276,442	0		No	0		No	99.990 %
(2) WIND GAP PROF 3435 WINCHESTER ROAD SUITE 300 ALLENTOWN, PA 181042284 23-2641715	HEALTHCARE SVCS	PA	BETHLEHEM	RELATED	0	0		No	0		No	67.000 %

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

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

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

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

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

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





Software ID:  
 Software Version:  
 EIN: 23-1352213  
 Name: ST LUKE'S HOSPITAL OF BETHLEHEM PA

**Part VII Supplemental Information**

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

Identifier	Return Reference	Explanation
TRANSACTIONS WITH RELATED ORGANIZATIONS	SCHEDULE R, PART V	THIS ORGANIZATION ROUTINELY PAYS EXPENSES FOR VARIOUS AFFILIATES WITHIN THE ST LUKE'S HOSPITAL & HEALTH NETWORK IN THE ORDINARY COURSE OF BUSINESS THESE RELATED PARTY TRANSACTIONS ARE RECORDED ON THE REVENUE/EXPENSE AND BALANCE SHEET STATEMENTS OF THIS ORGANIZATION AND ITS AFFILIATES THESE ENTITIES WORK TOGETHER TO DELIVER HIGH QUALITY HEALTHCARE AND WELLNESS SERVICES TO THE COMMUNITIES IN WHICH THEY ARE SITUATED

**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
ST LUKE'S EIGHTH & EATON HOLDINGS INC 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-7192801	HEALTHCARE SVCS	PA	BETHLEHEM	C CORP	0	0	100 000 %	Yes	
ST LUKE'S HEALTH NETWORK INSURANCE COMP 801 OSTRUM STREET BETHLEHEM, PA 180151000 75-2993150	FINANCIAL VEHICLE	VT	BETHLEHEM	C CORP	12,156,524	51,084,319	88 000 %	Yes	
ST LUKE'S HOSP OF BETH PA AMBUL SURGERY 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-3018850	INACTIVE	PA	BETHLEHEM	C CORP	0	0	100 000 %	Yes	
ST LUKE'S PHYSICIAN HOSPITAL ORG 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-2786818	HEALTHCARE SVCS	PA	BETHLEHEM	C CORP	55,941	1,219,834	80 000 %	Yes	
HILLCREST EMERGENCY SERVICES PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 20-4429976	HEALTHCARE SVCS	NJ	N/A	C CORP					No
HILLCREST MANAGEMENT SERVICES ORG INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-2591084	BILLING & MGMT	NJ	N/A	C CORP					No
TWO RIVERS ENTERPRISES INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 52-1552606	REAL ESTATE	NJ	N/A	C CORP					No
WARREN PA PROFESSIONAL ALLIANCE INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 20-2652788	HEALTHCARE SVCS	NJ	N/A	C CORP					No
ST LUKE'S WARREN PHYSICIAN GROUP PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-3837316	HEALTHCARE SVCS	NJ	N/A	C CORP					No
WARREN RISK RETENTION GROUP INC 865 MEMORIAL PARKWAY PHILLIPSBURG, NJ 08865 20-0250315	FINANCIAL VEHICLE	VT	N/A	C CORP					No



# **Health Care Council of the Lehigh Valley**

## **Action Plan for Allentown Community Benefit Service Area\***

### **2013-2016**

**GOAL** – Focus on the Allentown Community Benefit Service Area, improve the mortality and morbidity rates for the leading causes of death and illness in the Lehigh Valley while lowering health care costs and improving patient experience.

#### **Leading Causes of Death and Illness in the Lehigh Valley**

- 1) Heart Disease
- 2) Cancer
- 3) Stroke
- 4) Lung Disease
- 5) Injury/Violence
- 6) Complications Related to Diabetes

#### **PRIORITY AREAS**

- 1) Improve Access to Care
- 2) Enhance the Collection and Dissemination of Health Information
- 3) Address Social Determinants of Health and Health Disparities
- 4) Promote Healthy Lifestyles and Behaviors

#### **STRATEGIES**

- 1) Improve Access to Care
  - a) Physical Health (including primary care and post-acute care)
    - i) Increase access to wellness, preventive, screening and testing services
    - ii) Improve chronic disease management
    - iii) Reduce the need for more intrusive, costlier health care
    - iv) Coordinate fragmented intra- and inter-hospital primary care efforts
    - v) Provide accessible, easy to follow information so community members can access physical health care that meet their cultural and medical needs and are accessible during appropriate times
  - b) Mental/Behavioral Health
    - i) Integrate behavioral health support into physical health care that
      - (1) Promotes positive mental health
      - (2) Prevents mental health-related problems from occurring
      - (3) Provides good physical health care for patients experiencing mental health problems
        - (a) Includes links and referrals to appropriate mental/behavioral health services
      - (4) Incorporates approaches that promote recovery for people who have experienced mental health problems
  - c) Oral Health
    - i) Promote good oral health and its connection with good physical health
    - ii) Increase access to preventive and restorative dental services

- 2) Enhance the Collection and Dissemination of Health Information
  - a) Collection of health data needed for improved population management
    - i) Capture health care utilization data at a more granular (neighborhood) level
    - ii) Collect health risk factors at a more granular level
    - iii) Use Community Based Participatory Research (CBPR) and other qualitative research techniques to collect important health related information
  - b) Dissemination of health data needed for improved population management
    - i) Utilize shared data platforms to share data with other stakeholders
    - ii) Continue to develop methods to improve health education at the community level
    - iii) Use CBPR and other community engagement strategies to disseminate useful health information
    - iv) Improve health literacy
  
- 3) Address Social Determinants of Health and Health Disparities
  - a) Promote Healthy Neighborhoods in Community Benefits Service Areas
  - b) Enhance stakeholder partnerships to identify health-related needs, services and support
  - c) Continue to develop effective community engagement models that help identify:
    - i) Factors that contribute to health
    - ii) Approaches to effectively address disparities
  - d) Demonstrably apply strategies learned from Enhancing Health Information
  
- 4) Promote Healthy Lifestyles and Behaviors
  - a) Support Local Public Health Departments' efforts to:
    - i) Reduce tobacco use
    - ii) Increase access to healthy foods
    - iii) Increase physical activities
    - iv) Reduce excessive alcohol and other drug use
  - b) Integrate healthy lifestyle efforts into physical health clinical setting
  - c) Create community-based health leadership and shared responsibility to improve health

## **ACTION STEPS FOR 2013-14**

### **PRIORITY AREA #1 – IMPROVE ACCESS TO CARE**

#### **1 a – Access to Care – Physical Health**

- (1) Continue to make primary care and post-acute care available through
  - a) School-based health centers
  - b) Telehealth services
  - c) Parish Nursing
  - d) Health Networks' primary care community health facilities
  - e) Mobile medical units
- (2) Support and assist the newly formed federally qualified health centers at Neighborhood Health Centers of the Lehigh Valley (NHCLV)
  - a) Include NHCLV as Health Care Council (HCC) member
  - b) Assist with improving capacity
- (3) Continue and expand efforts that remove barriers to care, including
  - a) Assistance with Medicaid applications
  - b) Assistance with transportation to and from care
  - c) Interpreter services

- d) Flexible office hours
- (4) Under the oversight of the Health Care Council, analyze and coordinate physical health services among HCC members and NHCLV to maximize the availability and access to primary care in the Community Benefit Service Area
  - a) Use all efficiencies saved through coordination to expand and enhance primary care services
  - b) Use information gained from analysis to advocate for further expansion of primary care services
  - c) Include community representation to enhance, confirm and/or dispute efforts to expand and improve access to primary care
- (5) Continue to encourage and train health professionals to enhance listening and patient engagement skills
- (6) Engage consortiums similar to the Partnership for a Disability Friendly Community to learn more about and become better at addressing health care for people with disabilities
- (7) Use community-based health professionals (community health workers, promotoras, community based patient navigators, visiting nurses, home health professionals) to assist community members with accessing and navigating primary health care

**1 b – Access to Care – Mental/Behavioral Health**

- (1) Continue to promote mental health awareness
- (2) Develop a comprehensive inventory of behavioral health resources in the Lehigh Valley
- (3) Engage key Lehigh Valley players (including primary care and specialty medical providers, county and state administrators, legislators, payers, people living with mental illness and other essential partners)
- (4) Review successful national and state models of primary care approaches for
  - a) front line depression and addictions screenings
  - b) promoting positive mental health
  - c) preventing mental health problems from occurring
  - d) incorporating/expanding a recovery model of mental health treatment
- (5) Assess workforce development needs
- (6) Develop a comprehensive plan for next steps
- (7) Implement plan

**1 c – Access to Care – Oral Health**

- (1) Continue to make oral health services available through
  - a) School based sealant programs
  - b) Dental vans
  - c) Clinics
- (2) Support and assist the newly formed federally qualified health centers at NHCLV as they develop and expand oral health services
- (3) Under the oversight of the Health Care Council, analyze and coordinate oral health services among HCC members and NHCLV to maximize the availability and access to oral health care in the Community Benefit Service Area

**PRIORITY AREA #2 – ENHANCE THE COLLECTION AND DISSEMINATION OF HEALTH INFORMATION**

**2 a – Health Information – Collection of Health Data Needed for Improve Population Health Management**

- (1) Under the oversight of the Health Care Council, expand the quality and quantity of data available for coordinated health care planning
  - a) Create and implement a data-sharing agreement document for Health Care Council organizations
  - b) Coordinate shared hospital registry data for
    - (1) Cancer
    - (2) Stroke
    - (3) Diabetes
    - (4) Trauma
  - c) Use “hotspotting” techniques to identify clusters of
    - i) Disease/illness concentration
    - ii) ‘Super-utilizers’ of health care services
  - d) Analyze data on disparities by race, gender, age and geography
  - e) Conduct a behavioral risk factor assessment of the Community Benefit Service Area, with an emphasis on adolescent health
  - f) Continue to use Community-Based Participatory Research techniques to collect important qualitative data regarding health
  - g) Follow up on 2009 and 2011 Public Opinion Survey work

**2 b – Health Information – Dissemination of Health Data Needed for Improved Population Health Management**

- (1) Ensure that data collected in 2a is available to clinical departments within HCC institutions, as well as residents of the Community Benefits Service Area
- (2) Address health literacy deficiencies through
  - a) Adaptations in clinical settings (e.g., interpreter services, easy to read written information, “talkback” training for clinicians)
  - b) Health literacy improvement trainings
- (3) Increase the number of trained Community Health Workers with an active presence in the Community Benefits Service Area
- (4) Use Community Health Workers to disseminate important data and conduct regular community-based trainings/classes on topics such as nutrition, cooking, exercise, etc.
- (5) Provide on-line support services and health information
- (6) Improve coordination of data base platforms used by health care organizations (CIM, Community Platform, CHNA.org)
- (7) Continue to participate in Community Dialogues
- (8) Continue to use CBPR techniques to disseminate important data regarding health

**PRIORITY AREA #3 – ADDRESS SOCIAL DETERMINANTS OF HEALTH AND HEALTH DISPARITIES**

**3 a – Social Determinants/Health Disparities – Healthy Neighborhoods**

- (1) Continue community health programs that address
  - a) Heart disease
  - b) Cancer
  - c) Stroke
  - d) Lung Disease
  - e) Injury/Violence
  - f) Diabetes

- (2) Actively participate in Neighborhood/Community Groups negatively impacted by health disparities – Allentown Promise Neighborhood, Partnership for a Disability Friendly Community and Jordan Heights
- (3) Use Community Health Workers, Nurse Family Partnerships and other community outreach professionals in neighborhoods negatively impacted by health disparities
- (4) Teach health related classes, workshops and trainings identified by community members to improve the overall health of the neighborhood/community
- (5) Conduct neighborhood level health assessments in areas negatively impacted by health disparities
- (6) Incorporate concepts like Healthy Homes and home visitation programs to address health disparities such as pediatric asthma and early childhood development
- (7) Use health utilization data from Priority Area #2 to identify new communities with clusters of illnesses

### **3 b – Social Determinants/Health Disparities – Stakeholder Partnerships**

- (1) Continue to develop and expand stakeholder partnerships with
  - a) Health Care Council of the Lehigh Valley
    - i) Develop a universal charity care application form
    - ii) Formalize the structure and governance of the HCC
    - iii) Establish a data sharing agreement
  - b) Allentown School District
    - i) School-based health care services
    - ii) Childhood obesity
    - iii) Maternal-Child programs (including teen pregnancy and early childhood development)
    - iv) Community School model
  - c) Municipal and County Government, including public health and human services
    - i) Maternal-Child programs
    - ii) Behavioral Health
    - iii) Exercise (walking/bike trails, parks)
    - iv) Lifestyles and behaviors (see Priority Area #4a)
  - d) Non-profit organizations
    - i) Community School model
  - e) Faith-based organizations
    - i) Community Engagement
    - ii) Lifestyle and Behaviors
  - f) Local businesses
    - i) Community Engagement
    - ii) Lifestyle and Behaviors
  - g) Funders
- (2) Engage community groups, school districts, elected officials in discussions through forums like “Friends of St. Luke’s Allentown”

### **3 c – Social Determinants/Health Disparities – Community Engagement**

- (1) Continue to develop Community-Based Participatory Research capacity
- (2) Continue and expand Community Dialogues in Allentown, including dialogues about racial and ethnic disparities
- (3) Train community health workers and other community-based health professionals in community engagement practices



- (4) Connect community engagement strategies with community-based health leadership efforts described in 4c

### **3 d – Social Determinants/Health Disparities – New Strategies**

- Demonstrate how new information identified in Priority Area #2 is leading to new efforts, strategies and partnerships

## **PRIORITY AREA #4 – PROMOTE HEALTHY LIFESTYLES AND BEHAVIORS**

### **4 a – Promote Healthy Lifestyles and Behaviors – Support Local Public Health**

#### **Department efforts**

- (1) Invite Public Health representatives to join the Health Care Council
- (2) Support community based activities that reach residents in a more accessible manner with less transportation and financial barriers (e.g., vaccinations, STD services, healthy eating, etc.)
- (3) Include Residents and Interns in Allentown Health Bureau initiatives
- (4) Coordinate and expand pre-natal, health baby and maternal child services

### **4 b – Promote Healthy Lifestyles and Behaviors – Integrate healthy lifestyle efforts into physical health clinical setting**

- (1) Link community health workers and other community based health professionals with primary care practices
- (2) Integrate home accessibility and injury prevention recommendations, especially for elderly and post-acute care patients
- (3) Develop support teams, like Community Care Teams, to provide important links and resources for patients
- (4) Offer dietary and nutritional consultations for patients with weight issues that impact health
- (5) Offer cessation support for patients trying to quit using tobacco products
- (6) Continue efforts to integrate behavioral health services into health care settings

### **4 c – Promote Healthy Lifestyles and Behaviors – Create community-based health leadership and shared responsibility to improve health**

- (1) Continue to support and expand Community Leadership Training like those offered in the Stanford Chronic Disease Management model and Citizen Health Care Project
- (2) Develop Advisory Councils and other forums to bring community issues “to the table”
- (3) Continue and expand Youth Engagement/Development strategies like:
  - a) Career mentoring
  - b) School-to-Work programs
  - c) Health career exploration
- (4) Support strategies like Community Exchange that encourage residents to have support systems and friendships

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\* Goals, Priority Areas, Strategies and Action Steps have been developed based on information from:

- *The Road to Health. Community Health Profile 2012*
- *Lehigh Valley Community Health Forums (November-December 2012) Report of Findings*
- *Summary and Findings of the Social Reconnaissance 2012*
- *St Luke's Community Health Needs Study Survey Findings December 2011*
- *Allentown Community Health Partnership Allentown Community Health Opinion Survey October 2010*
- *The Triple Aim. Care, Health and Cost, Berwick D, Nolan T, Whittington J, Health Affairs May 2008*

SLUHN - Anderson Campus Community Health Implementation Plan  
Three Year Plan 2013-2016

Final – Approved by SLUHN Board of Directors 4/22/2013

Implementation Planning Task Force Members

Dale Kochard, Lehigh University  
Darla Frack, St. Luke's University Health Network  
Janet Tate, Bethlehem Area School District  
Jessica Adams-Skinner, Lehigh Valley Hospital  
Jill Pereira, United Way of the Lehigh Valley  
Judy Maloney, Bethlehem Health Bureau  
Nancy Kanuck, St. Luke's School of Nursing  
Lorna Velazquez, Hispanic Centers of the Lehigh Valley  
Mary Carr, Northampton County Drug & Alcohol  
Cynthia Max, St. Luke's University Hospital  
Paul Brunswick, Two Rivers & Health & Wellness  
Paul Pierpoint, Northampton County College, Southside Campus  
Rose J. Quiles, Latinos for Healthy Communities  
Ross P. Marcus, Northampton County  
Vivian Robledo-Shorey, Bethlehem Area School District  
Dee Darragh, RN, Easton Area School District  
Eileen Rugh, St. Luke's University Health Network  
Bonnie Coyle, St. Luke's Community Health Department

Process

The Patient Protection and Affordable Care Act of 2010 requires all nonprofit hospitals to conduct a needs assessment of their local communities and develop an implementation plan to meet the priority needs every three years. St. Luke's University Health Network has a long history of promoting community health, and has actively partnered with the community to complete a comprehensive needs assessment and strategic plan for the Lehigh Valley area.

SLUHN commissioned the Lehigh Valley Research Consortium (LVRC) to conduct a comprehensive needs assessment of the Lehigh Valley Community and the St. Luke's Network service areas during 2011-12. Data were collected at both the Valley-side level, and were also stratified by geographic area to give a more clear picture for each hospital entity. For St. Luke's Anderson campus (SLAN), specific data were analyzed for Northampton County and for the Easton and Slate Belt areas. The needs assessment included two separate data collection strategies:

1. A random survey of Lehigh Valley and portions of Bucks and Montgomery County households
2. An analysis of existing community health measures and secondary data

The complete CHNA analysis and reports for SLAN are available on the SLAN website.

Community representatives from Northampton County and the SLAN service area were invited to participate in focus group discussions for the purpose of identifying priority health issues and creating an implementation plan to address the priority needs. The strategic planning process was conducted through four meetings held between May 2012 and September 2012, and included representatives with knowledge and expertise about the community and about the field of public health. The Task Force reviewed and evaluated the community health needs assessment (CHNA) data, identified the priority health needs for residents in the SLAN service area, identified root causes for the priority health issues, and suggested potential strategies to promote the health of local residents. Priority health areas identified were Mental Health, Adolescent Health, Elder Health, and Health Equity/Disparities. In addition, high rates of chronic disease and poor nutrition and physical activity levels were clearly identified in the community needs assessment. Community members commented on the need to include wellness issues in each of the four identified priority areas. Therefore, hospital representatives felt strongly that general wellness goals and objectives should also be included in the overall network and specific entity implementation plans. The implementation plan listed below incorporates ideas and recommendations suggested by the Task Force with already existing community health initiatives and network-wide plans.

In order to implement this community health implementation plan at SLAN with no additional staffing resources, a committee process will be developed to oversee and implement identified strategies. Members of this committee will meet at least two times per year to identify, research and implement effective strategies and to evaluate progress in meeting established goals. At a minimum, the committee will consist of:

Director, Community Health  
CEO, Anderson Campus  
VP, Patient Care Services, Anderson Campus  
C/M representative  
Social Worker  
Case Manager involved with Patient Navigator models  
ER representative  
Development representative  
Other staff as deemed appropriate for strategy implementation

### **Adolescent Health**

**Goal: Improve the healthy development, health, safety, and well-being of adolescents in the SLAN service area.**

Objective 1: Build capacity for the Bethlehem Partnership for a Healthy Community to enhance adolescent health through a collaborative process, reaching schools in the SLAN service area.

Action Steps:

1. Participate in an Adolescent Health Task Force under the Bethlehem Partnership for a Healthy Community to review, refine, and implement the Adolescent Health Strategic Plan.
  - a. Convene Task Force and finalize strategic plan by Fall 2013.
  - b. Introduce adolescent report card and promote Initiative widely.
2. Develop and disseminate an Adolescent Report Card highlighting the critical health priority areas for adolescents.
  - a. Introduce report card at a Call to Action meeting Fall 2013.
  - b. Monitor data annually to identify priority areas, build community commitment and evaluate implemented strategies.

Objective 2: Implement strategies to promote strong families and communities in the SLAN service area to support adolescent health.

Action Steps:

1. Support and collaborate with early intervention/prevention initiatives to promote child/adolescent health outcomes.
  - a. Continue to fund, implement and expand PAT, NFP, PATH and VNAC programs to support healthy youth development.
2. Support school-based models to provide family-oriented services in underserved neighborhoods.
  - a. Collaborate with other agencies and businesses to promote the community school model in Northampton County, with a focus on the Bangor School District.
  - b. Promote use and expansion of mobile dental, medical, and vision van programs in schools in SLAN's service area, with a focus on the Bangor School District.
3. Promote healthy youth development through positive job training and employment opportunities.
  - a. Continue support to Adolescent Career Mentoring Initiatives, including School-to-Work, Next Steps and Health Career Exploration Programs.
  - b. Promote collaboration with other community agencies to support established initiatives.

Objective 3: Ensure access to and utilization of comprehensive health care services for all adolescents in the SLAN service area, with a focus on at-risk adolescents.

Action Steps:

1. Continue to implement, monitor and evaluate use of Guidelines for Adolescent Preventive Services as part of Mobile Youth Services Program.
2. Implement at-risk program for youth with four or more risk domains to reduce percent of adolescents in this at-risk category.
3. Build population-based school health initiatives to reduce percent of adolescents who are considered at-risk for the six main domains.
4. Implement and expand Vision Initiative to Northampton County schools, with a focus on Bangor and Easton school districts, to reduce the percent of students with uncorrected vision problems.
5. Implement and expand the Dental Initiative to the Bangor School District or other underserved school districts as appropriate to reduce the percent of student with untreated tooth decay or who have not seen a dental provider in the past 12 months.

Objective 4: Implement initiatives to address the six priority health domains for adolescents: mental health; nutrition and physical activity; substance abuse; sexual health; injury prevention; violence prevention.

Action Steps

1. Explore opportunities to improve the domain of Mental Health for adolescents in the SLAN service area.
  - a. Explore models to integrate mental health services with current adolescent health services.
  - b. Promote awareness and understanding of resources for adolescent mental health issues to the general community.
2. Explore opportunities to improve the domain of Nutrition/Physical Activity for adolescents in the SLAN service area.
  - a. Promote the Live Your Life Campaign through adolescent health initiatives.

Objective 5: Promote policy and advocacy efforts focused on adolescent health through the Bethlehem Partnership.

**Mental Health**

**Goal: Improve mental health status for families and individuals in the SLAN service area through prevention and access to appropriate, quality mental health services.**

Objective 1. As part of the SLUHN, support initiatives to increase the proportion of primary care facilities in the SLAN service area that provide mental health treatment through a collaborative care model or medical home/case management model.

Action Steps:

1. Explore adoption of best practice recommendations to incorporate mental health services within primary care offices in the SLAN service area.
2. Seek funding/support for a pilot project to implement collaborative care model in clinic setting serving low-income populations.

Objective 2. Increase depression screening by primary care providers in the SLAN service area for adolescents and adults.

Action Steps:

1. Identify current depression screening practices in SLUHN-owned primary care practices.
2. Identify and implement training and certification programs for providers in the SLUHN to address mental health issues.

Objective 3. Build capacity for community-wide approaches to addressing mental health needs in our local communities served by SLAN.

Action Steps:

1. Identify collaborative funding opportunities for community-wide strategies to promote mental health.
2. Secure funding for one community-wide initiative addressing mental health.

Objective 4. Investigate opportunities to support mental health counseling services within existing community schools and family center models in the Bangor School District or other underserved school districts.

Action Steps:

1. Support creation of mental health supports and services as part of the community school initiative in the Bangor School District.

Objective 5. Promote access to care for mental health services for the geriatric population.

Action Steps:

1. Open a geriatric mental health unit at Bethlehem campus to address the growing demand for mental health services for the elderly population served by SLAN.

Objective 6. Support and advocate for policy changes to improve access to mental health services.

1. Meet with insurers to advocate for comprehensive mental health services coverage and/or funding for innovative models.

## **Elder Health**

**Goal: Improve the health and well-being of elder residents in the SLAN service area.**

Objective 1. Build capacity for community-wide approaches to addressing elder health needs in our local communities served by SLUHN .

Action Steps

1. Support the United Way of the Greater Lehigh Valley's Alliance on Aging to collaborate with local agencies to promote the health and well-being of older adults.
2. Identify existing Fall Prevention Initiatives and collaborate with other agencies to develop a community-wide comprehensive plan.
3. Work with local agencies to develop Seniors Helping Seniors Peer Support Networks for health and social service needs.

Objective 2. Adopt strategies in support of CDC's strategic plan to promote and preserve the health of older adults in the SLAN service area.

Action Steps

1. Explore opportunities for a patient navigator model to be incorporated into community and health care settings to promote elder health, specifically with a focus on:
  - Promoting healthy lifestyle behaviors such as tobacco cessation and getting regular physical activity.
  - Increasing the use of clinical preventive services.

- Addressing cognitive impairment.
  - Addressing issues related to mental health.
  - Providing education on planning for serious illness.
2. Open a geriatric mental health unit at Bethlehem campus to address the growing demand for mental health services for the elderly population served by SLAN.

## **Health Equity/Disparities**

**Goal: Achieve health equity, eliminate disparities, and promote health for all groups in the SLAN service area, including minorities, low income, and rural residents.**

Objective 1. Increase awareness of the significance of health disparities, their impact on our local community, and the actions necessary to improve health outcomes for racial, ethnic and underserved populations.

Action Steps:

1. Create a task force of the Bethlehem Partnership to develop a strategic plan for Promoting Health Equity, based on national best practice guidelines.
2. Adopt at least one health equity measure into each existing Bethlehem Partnership program.

Objective 2. Improve health and healthcare outcomes for racial, ethnic and underserved populations.

Action Steps:

1. Continue community health programs, including mobile medical and dental van programs, Broughal HEARTS clinic, Donegan Family Center clinic, HIV clinic, Smoking Cessation clinic, Vision program and other Partnership programs aimed at reducing health disparities, and market widely to the SLAN community.
2. Comply with ACA provisions related to health insurance coverage for all patients.
3. Identify and apply for funding opportunities to increase the proportion of persons with a usual primary care provider and patient-centered medical homes.

Objective 3. Improve cultural and linguistic competency and the diversity of the health-related workforce at SLAN.

Action steps:



1. Support and adopt policies and recommendations to increase hiring of bilingual, bicultural staff.
2. Gain approval for implementing an interpretation and translation program which meets national standards (CLAS).

Objective 4. Improve data availability and coordination, utilization, and diffusion of research and evaluation outcomes.

Action steps:

1. Include racial and underserved population data collection in future hospital mandated needs assessments.
2. Work with Quality Department and other Departments with data abstraction responsibilities to assure hospital-wide data collection includes measures for racial, ethnic and underserved populations.
3. Partner with Lehigh University, LVRC and other Partnership members to invest in community-based participatory research and evaluation strategies to build capacity at the local level to end health disparities.

### **Wellness/Chronic Disease/Nutrition and Physical Activity**

**Goal: Improve nutritional status and physical activity levels and reduce chronic disease burden in the SLAN service area by creating a culture that supports healthy living.**

Objective 1. Promote availability and consumption of fresh fruit and vegetables for employees and community members by supporting CSA and farmer's market initiatives at SLAN.

Action Steps.

1. Explore with other community organizations the feasibility of starting CSAs at SLAN.

Objective 2. Promote initiatives that support increased physical activity for employees and community members of the SLAN service area.

Action Steps:

1. Work with City of Bethlehem and BHB to support Let's Move City designation
2. Create walking paths at SLAN and promote community use of paths.

3. Promote use of Health and Fitness Center at SLAN for use by employees and the community.
4. Support and participate in network-wide employee wellness programs to increase physical activity, such as Wellness challenges.
5. Promote and support community wide activities which promote physical activity.

Objective 3. Support initiatives which reduce chronic disease levels in the SLAN service area.

1. Explore feasibility of developing a Diabetes Prevention Initiative in support of national goals at SLAN.
2. Develop a Healthy Business Initiative to promote healthier lifestyles through worksite programs in the SLAN service area.
3. Support coordinated network-wide employee wellness initiatives with implementation of programs at SLAN.

# Bethlehem Campus Community Health Strategic Plan

## Three Year Strategic Plan 2013-2016

Final – Approved by SLUHN Board of Directors 4/22/2013

### Strategic Planning Task Force Members

Dale Kochard, Lehigh University  
Darla Frack, St. Luke's University Hospital  
Janet Tate, Bethlehem Area School District  
Jessica Adams-Skinner, Lehigh Valley Hospital  
Jill Pereira, United Way of the Lehigh Valley  
Judy Maloney, Bethlehem Health Bureau  
Nancy Kanuck, St. Luke's School of Nursing  
Lorna Velazquez, Hispanic Centers of the Lehigh Valley  
Mary Carr, Northampton County Drug & Alcohol  
Cynthia MaX, St. Luke's University Hospital  
Paul Brunswick, Two Rivers & Health & Wellness  
Paul Pierpoint, Northampton County College, Southside Campus  
Rose J. Quiles, Latinos for Healthy Communities  
Ross P. Marcus, Northampton County  
Vivian Robledo-Shorey, Bethlehem Area School District  
Dee Darragh, RN, Easton Area School District  
Bonnie Coyle, St. Luke's Community Health Department

### Process

The Patient Protection and Affordable Care Act of 2010 requires all nonprofit hospitals to conduct a needs assessment of their local communities and develop a strategic plan to meet the priority needs every three years. St. Luke's University Health Network has a long history of promoting community health, and has actively partnered with the community to complete a comprehensive needs assessment and strategic plan for the Lehigh Valley area.

SLUHN commissioned the Lehigh Valley Research Consortium (LVRC) to conduct a comprehensive needs assessment of the Lehigh Valley Community and the St. Luke's Network service areas during 2011-12. The needs assessment included two separate data collection strategies:

1. A random survey of Lehigh Valley and portions of Bucks and Montgomery County households
2. An analysis of existing community health measures and secondary data

These documents are available to the public on the St. Luke's University Health Network's website.

Community representatives from Northampton County were invited to participate in focus group discussions for the purpose of creating a strategic plan to identify priority health issues. The strategic planning process was conducted through four meetings held between May 2012 and August 2012, and included representatives with knowledge and expertise about the community and about the field of public health. The Task Force reviewed and evaluated the community health needs assessment (CHNA) data, identified the priority health needs for residents in Northampton County, identified root causes for the priority health issues, and suggested potential strategies to promote the health of local residents. The four priority health areas identified were Mental Health, Adolescent Health, Elder Health and Health Equity/Disparities. In addition, high rates of chronic disease and poor nutrition and physical activity levels were clearly identified in the community needs assessment. Community members commented on the need to include wellness issues in each of the four identified priority areas. Therefore, hospital representatives felt strongly that general wellness goals and objectives should also be included in the overall network and specific entity strategic plans. The strategic plan listed below incorporates ideas and recommendations suggested by the Task Force with already existing community health initiatives and network-wide plans.

## **Adolescent Health**

### **Goal: Improve the healthy development, health, safety, and well-being of adolescents in Northampton County**

Objective 1: Build capacity for the Bethlehem Partnership for a Healthy Community to enhance adolescent health through a collaborative process.

Action Steps:

1. Create an Adolescent Health Task Force under the Bethlehem Partnership for a Healthy Community to review, refine, and implement the Adolescent Health Strategic Plan.
  - a. Convene Task Force and finalize strategic plan by Fall 2013.
  - b. Introduce adolescent report card and promote Initiative widely.
2. Develop and disseminate an Adolescent Report Card highlighting the critical health priority areas for adolescents.
  - a. Introduce report card at a Call to Action meeting Fall 2013.
  - b. Monitor data annually to identify priority areas, build community commitment and evaluate implemented strategies.

Objective 2: Implement strategies to promote strong families and communities to support adolescent health.

Action Steps:

1. Support and collaborate with early intervention/prevention initiatives to promote child/adolescent health outcomes.
  - a. Continue to fund, implement and expand PAT, NFP, PATH and VNAC programs to support healthy youth development.
2. Support school-based models to provide family-oriented services in underserved neighborhoods.
  - a. Collaborate with other agencies and businesses to promote the community school model in Northampton County.
  - b. Promote use and expansion of mobile dental, medical, and vision van programs in Northampton County.
3. Promote healthy youth development through positive job training and employment opportunities.
  - a. Continue support to Adolescent Career Mentoring Initiatives, including School-to-Work, Next Steps and Health Career Exploration Programs.
  - b. Promote collaboration with other community agencies to support established initiatives.

Objective 3: Ensure access to and utilization of comprehensive health care services for all adolescents, with a focus on at-risk adolescents.

Action Steps:

1. Continue to implement, monitor and evaluate use of Guidelines for Adolescent Preventive Services as part of Mobile Youth Services Program.
2. Implement at-risk program for youth with four or more risk domains to reduce percent of adolescents in this at-risk category.
3. Build population-based school health initiatives to reduce percent of adolescents who are considered at-risk for the six main domains.
4. Implement and expand Vision Initiative to Northampton County schools to reduce the percent of students with uncorrected vision problems.
5. Implement and expand the Dental Initiative to Northampton County schools to reduce the percent of student with untreated tooth decay or who have not seen a dental provider in the past 12 months.

Objective 4: Implement initiatives to address the six priority health domains for adolescents: mental health; nutrition and physical activity; substance abuse; sexual health; injury prevention; violence prevention.

Action Steps

1. Explore opportunities to improve the domain of Mental Health for adolescents in Northampton County.
  - a. Explore models to integrate mental health services with current adolescent health services.
  - b. Identify and implement a pilot project to train primary care providers to screen for and treat mental health conditions in the primary care setting.
  - c. Promote awareness and understanding of resources for adolescent mental health issues to the general community.
2. Explore opportunities to improve the domain of Nutrition/Physical Activity for adolescents in Northampton County.
  - a. Promote the Live Your Life Campaign through adolescent health initiatives.

Objective 5: Promote policy and advocacy efforts focused on adolescent health through the Bethlehem Partnership.

## **Mental Health**

**Goal: Improve mental health status for LV residents in the Lehigh Valley through prevention and access to appropriate, quality mental health services.**

Objective 1. Across the SLUHN, increase the proportion of primary care facilities that provide mental health treatment through a collaborative care model or medical home/case management model.

Action Steps:

1. Explore adoption of best practice recommendations to incorporate mental health services within primary care offices in the SLUHN service area.
2. Seek funding/support for a pilot project to implement collaborative care model in clinic setting serving low-income populations.
3. Evaluate telemedicine as an approach to link patients to mental health services.

Objective 2. Increase depression screening by primary care providers for adolescents and adults.

Action Steps:

1. Identify current depression screening practices in SLUHN-owned primary care practices.

2. Work with BHB to implement pilot depression screening programs in clinical settings serving low income populations.
3. Identify and implement training and certification programs for providers in the SLUHN to address mental health issues.

Objective 3. Build capacity for community-wide approaches to addressing mental health needs in our local communities served by SLUHN .

Action Steps:

1. Identify collaborative funding opportunities for community-wide strategies to promote mental health.
2. Secure funding for one community-wide initiative addressing mental health.

Objective 4. Incorporate and support mental health counseling services within existing community schools and family center models in the BASD, EASD and Bangor School Districts.

Action Steps:

1. Support creation of mental health services at Broughal Community School, with incorporation of service into the HeartsLink clinic.
2. Identify one Easton or Bangor-based site for implementation of coordinated mental health/primary care model.

Objective 5. Promote access to care for mental health services for the geriatric population.

Action Steps:

1. Open a geriatric mental health unit at Bethlehem campus to address the growing demand for mental health services for the elderly population.

Objective 6. Support and advocate for policy changes to improve access to mental health services.

1. Meet with insurers to advocate for comprehensive mental health services coverage and/or funding for innovative models.

## **Elder Health**

**Goal: Improve the health and well-being of elder residents in Northampton County.**

Objective 1. Build capacity for community-wide approaches to addressing elder health needs in our local communities served by SLUHN .

### Action Steps

1. Support the United Way of the Greater Lehigh Valley's Alliance on Aging to collaborate with local agencies to promote the health and well-being of older adults.
2. Identify existing Fall Prevention Initiatives and collaborate with other agencies to develop a community-wide comprehensive plan.
3. Work with local agencies to develop Seniors Helping Seniors Peer Support Networks for health and social service needs.

Objective 2. Adopt strategies in support of CDC's strategic plan to promote and preserve the health of older adults.

### Action Steps

1. Explore opportunities for a patient navigator model to be incorporated into community and health care settings to promote elder health, specifically with a focus on:
  - Promoting healthy lifestyle behaviors such as tobacco cessation and getting regular physical activity.
  - Increasing the use of clinical preventive services.
  - Addressing cognitive impairment.
  - Addressing issues related to mental health.
  - Providing education on planning for serious illness.
2. Open a geriatric mental health unit at Bethlehem campus to address the growing demand for mental health services for the elderly population.

## **Health Equity/Disparities**

**Goal: Achieve health equity, eliminate disparities, and promote health for all groups in the SLUHN service area.**



Objective 1. Increase awareness of the significance of health disparities, their impact on our local community, and the actions necessary to improve health outcomes for racial, ethnic and underserved populations.

Action Steps:

1. Create a task force of the Bethlehem Partnership to develop a strategic plan for Promoting Health Equity, based on national best practice guidelines.
2. Adopt at least one health equity measure into each existing Bethlehem Partnership program.

Objective 2. Improve health and healthcare outcomes for racial, ethnic and underserved populations.

Action Steps:

1. Continue community health programs, including mobile medical and dental van programs, Broughal HEARTS clinic, Donegan Family Center clinic, HIV clinic, Smoking Cessation clinic, Vision program and other Partnership programs aimed at reducing health disparities.
2. Comply with ACA provisions related to health insurance coverage for all patients.
3. Identify and apply for funding opportunities to increase the proportion of persons with a usual primary care provider and patient-centered medical homes.

Objective 3. Improve cultural and linguistic competency and the diversity of the health-related workforce.

Action steps:

1. Adopt policies and recommendations across network entities to increase hiring of bilingual, bicultural staff.
2. Gain approval for implementing an interpretation and translation program which meets national standards (CLAS).

Objective 4. Improve data availability and coordination, utilization, and diffusion of research and evaluation outcomes.

Action steps:

1. Include racial and underserved population data collection in future hospital mandated needs assessments.
2. Work with Quality Department and other Departments with data abstraction responsibilities to assure hospital-wide data collection includes measures for racial, ethnic and underserved populations.
3. Partner with Lehigh University, LVRC and other Partnership members to invest in community-based participatory research and evaluation strategies to build capacity at the local level to end health disparities.

## **Wellness/Chronic Disease/Nutrition and Physical Activity**

**Goal: Improve nutritional status and physical activity levels and reduce chronic disease burden in the SLUHN service area by creating a culture that supports healthy living.**

Objective 1. Promote availability and consumption of fresh fruit and vegetables for employees and community members by supporting CSA and farmer's market initiatives at each campus entity.

Action Steps.

1. Explore with other community organizations the feasibility of starting CSAs at the Bethlehem and Anderson campuses.
2. Support ongoing Farmer's Market at Artsquest to increase attendance and promote Vive tu Vida messages.

Objective 2. Promote initiatives support increased physical activity for employees and community members.

Action Steps:

1. Work with City of Bethlehem and BHB to support Let's Move City designation.
2. Develop network-wide employee wellness programs that support increased physical activity, such as Wellness challenges.
3. Promote and support community wide activities which promote physical activity.

Objective 3. Support initiatives which reduce chronic disease levels in the SLUHN service area.

1. Explore feasibility of developing a Diabetes Prevention Initiative in support of national goals at each hospital campus.
2. Develop a Healthy Business Initiative to promote healthier lifestyles through worksite programs in the LV.

3. Develop coordinated network-wide employee wellness initiatives with programs at each campus entity.

# **St. Luke's University Health Network, Inc. and Controlled Entities**

**Consolidated Financial Statements and  
Supplemental Information  
June 30, 2013 and 2012**

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Index**  
**June 30, 2013 and 2012**

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## **Independent Auditor's Report**

To The Board of Trustees  
St. Luke's University Health Network, Inc.

We have audited the accompanying consolidated financial statements of St. Luke's University Health Network, Inc. and its controlled entities (collectively, the "Network"), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statement of operations, changes in net assets and their cash flows for the years then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the 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 our 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, we consider internal control relevant to the Network's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network'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 St. Luke's University Health Network, Inc. and its controlled entities at June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

*PricewaterhouseCoopers LLP*

Philadelphia, Pennsylvania  
November 1, 2013

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidated Balance Sheet**  
**June 30, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 76,885,975	\$ 81,549,369
Patent accounts receivable, net of allowance for uncollectible accounts of \$64,108,720 and \$60,292,531, respectively	200,352,091	165,802,428
Other accounts receivable	7,922,929	10,427,918
Investments	64,339,935	61,346,350
Inventories	18,020,219	16,949,596
Prepaid expenses	17,939,420	15,276,686
Total current assets	<u>385,460,569</u>	<u>351,352,347</u>
Assets limited as to use, net of current portion		
Funds held by trustee	55,721,443	10,069,834
Under bond indenture	35,975,983	39,252,267
Board designated funds	245,808,543	218,160,446
	<u>337,505,969</u>	<u>267,482,547</u>
Property and equipment, net	618,382,126	596,251,082
Goodwill, net	31,836,348	24,237,907
Investments temporarily restricted as to use	23,246,639	18,187,034
Investments permanently restricted as to use	27,564,670	26,447,637
Deferred financing costs	6,872,570	5,697,560
Annuity contracts	11,497,695	8,999,001
Other assets	28,286,664	20,809,412
Total assets	<u>\$ 1,470,653,250</u>	<u>\$ 1,319,464,527</u>
<b>Liabilities and Net Assets</b>		
Current		
Accounts payable	\$ 57,821,988	\$ 52,485,612
Accrued salaries, wages and taxes	27,010,449	23,409,080
Accrued vacation and bonus	33,068,755	28,257,911
Current portion of self insurance reserves	19,059,744	17,864,694
Deferred income	3,744,655	3,288,309
Advance from third-party payors	2,398,101	2,398,101
Patent credit balances	18,312,107	12,231,386
Current portion of long-term debt	10,943,434	13,234,513
Current portion of accrued compensation payable	3,755,831	7,071,410
Accrued interest on long-term debt	8,625,460	8,474,597
Other Current Liabilities	5,576,580	7,297,817
Estimated third-party payor settlements	13,019,923	18,156,932
Total current liabilities	<u>203,337,027</u>	<u>194,170,362</u>
Long-term debt, net of current portion	509,838,008	445,614,337
Asset retirement obligation	3,560,486	3,559,761
Accrued compensation payable	90,139,947	169,713,844
Self insurance reserves	38,697,057	36,127,358
Swap contracts	66,942,036	83,210,652
Other noncurrent liabilities	10,987,224	10,262,555
Total liabilities	<u>923,501,785</u>	<u>942,658,869</u>
Net assets		
Unrestricted net assets	485,141,398	329,195,893
Temporarily restricted net assets	34,445,398	21,162,130
Permanently restricted net assets	27,564,669	26,447,635
Total net assets	547,151,465	376,805,658
Total liabilities and net assets	<u>\$ 1,470,653,250</u>	<u>\$ 1,319,464,527</u>

The accompanying notes are an integral part of these consolidated financial statements



**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidated Statement of Operations**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Revenues and gains</b>		
Patient service revenue (net of contractual allowances and discounts)	\$1,183,242,414	\$1,015,069,652
Provision for bad debts	(100,673,411)	(86,292,719)
Net patient service revenue less provision for bad debts	<u>1,082,569,003</u>	<u>928,776,933</u>
Other operating revenue and gains	38,041,186	21,929,666
Net assets released from restrictions used for operations	<u>1,439,002</u>	<u>1,760,679</u>
Total revenue and gains	<u>1,122,049,191</u>	<u>952,467,278</u>
<b>Operating expenses</b>		
Salaries and employee benefits	616,820,978	534,238,267
Supplies and other	386,672,107	328,122,687
Depreciation and amortization	66,850,152	55,370,780
Interest	<u>23,366,221</u>	<u>17,652,258</u>
Total expenses	<u>1,093,709,458</u>	<u>935,383,992</u>
Income from operations	<u>28,339,733</u>	<u>17,083,286</u>
<b>Nonoperating gains (losses)</b>		
Unrestricted investment income from assets limited as to use	7,389,399	7,789,884
Realized gains/(losses) on unrestricted investment	1,105,410	8,153,281
Gifts, grants and bequests	214,059	(30,046)
Unrestricted investment income from restricted net assets	249,493	101,579
Unrestricted investment income, other	3,214,438	3,522,806
Loss on disposal of property and equipment	(38,336)	(625,066)
Restructuring costs	(974,968)	(573,476)
Pre-acquisition/merger costs	(138)	(846,067)
Donations to other organizations	(498,834)	(711,695)
Change in fair value of derivative instruments	2,006,392	6,520,432
Goodwill impairment	(547,850)	(3,609,478)
Gain/(loss) on retirement/purchase of bonds	<u>1,088,875</u>	<u>(2,955,427)</u>
Nonoperating gains	<u>13,207,940</u>	<u>16,736,727</u>
Excess of revenue and gains over expenses	<u>41,547,673</u>	<u>33,820,013</u>
Net assets released from restrictions used for purchase of property and equipment	1,799,151	1,596,651
Contribution of building	722,300	-
Other Changes in Unrestricted Assets	(886,251)	-
Gain/(loss) on sale of joint venture	(2,661,253)	431,656
Net assets released to specific purpose fund	(89,873)	(35,676)
Pension adjustment	72,293,018	(59,803,582)
Beginning unrestricted net assets	293,351	(808,846)
Change in unrealized gains on investments	16,065,163	(10,565,680)
Change in fair market value of interest rate swaps	<u>26,862,226</u>	<u>(31,184,808)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 155,945,505</u>	<u>\$ (66,550,272)</u>

The accompanying notes are an integral part of these consolidated financial statements

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidated Statements of Changes in Net Assets**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Unrestricted net assets</b>		
Excess of revenue and gains over expenses	\$ 41,547,673	\$ 33,820,013
Beginning unrestricted net assets	293,351	(808,846)
Net assets contributed and released from restrictions used for purchase of property and equipment	1,799,151	1,596,651
Contribution of building	722,300	-
Gain on sale of joint venture	(2,661,253)	431,656
Net assets released to specific purpose fund	(89,873)	(35,676)
Pension adjustment	72,293,018	(59,803,582)
Other changes in unrestricted assets	(886,251)	-
Change in unrealized gains on investments	16,065,163	(10,565,680)
Change in fair market value of derivatives	26,862,226	(31,184,808)
Increase (Decrease) in unrestricted net assets	155,945,505	(66,550,272)
<b>Temporarily restricted net assets</b>		
Contributions received	11,927,550	440,546
Warren beginning temporary restricted net assets	-	331,278
Net realized/unrealized gains (losses) on investments	4,159,787	(429,597)
Net assets released from restrictions	(2,804,069)	(1,873,644)
Increase (Decrease) in temporarily restricted net assets	13,283,268	(1,531,417)
<b>Permanently restricted net assets</b>		
Contributions received	1,434,687	3,465,567
Warren beginning permanently restricted net assets	-	477,568
Net realized/unrealized losses on investments	(317,653)	(475,152)
Increase in permanently restricted net assets	1,117,034	3,467,983
Increase (Decrease) in net assets	170,345,807	(64,613,706)
<b>Net assets</b>		
Beginning of year	376,805,658	441,419,364
End of year	\$ 547,151,465	\$ 376,805,658

The accompanying notes are an integral part of these consolidated financial statements

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Cash flows provided by operating activities</b>		
Change in net assets	\$ 170,345,807	\$ (64,613,706)
Adjustments to reconcile change in net assets to net cash from operating activities		
Loss on disposal of equipment	38,336	625,066
Depreciation and amortization	66,850,152	55,370,780
Equity losses from joint ventures and partnerships	(47,530)	(2,555,743)
Change in unrealized losses on unrestricted investments	(16,065,163)	10,565,680
Net realized gain on restricted investments	(26,920)	(1,776,785)
Net unrealized (gain) loss on restricted investments	(3,924,384)	2,359,553
Net realized gain on unrestricted investments	(1,105,410)	(8,153,281)
Pension adjustments	(72,293,018)	59,803,582
Swap contracts	(16,268,616)	24,664,376
Other changes in unrestricted assets	886,251	-
Restricted contributions received	(13,362,237)	(3,906,114)
Change in cash due to changes in operating assets and liabilities		
Patient accounts receivable	(34,549,663)	(34,549,270)
Other receivables	2,504,989	(6,430,386)
Inventories	(1,070,623)	(4,240,563)
Prepaid expenses	(2,662,734)	(5,027,076)
Other assets	(20,931,557)	(21,548,594)
Accounts payable and accrued liabilities	232,107	56,922,753
Patient credit balances	6,080,721	1,654,601
Net estimated third-party payor settlements	(5,137,009)	4,907,019
Deferred income	456,346	(656,804)
Net cash provided by operating activities	<u>59,949,845</u>	<u>63,415,088</u>
<b>Cash flows used by investing activities</b>		
Purchases of property, plant and equipment	(82,692,062)	(165,013,682)
Proceeds from sale of equipment	1,095,762	309,023
Increase/(Decrease) in assets whose use is limited, net	(68,918,012)	62,040,225
Sales of investments, net	10,846,244	(13,082,605)
Net cash used in investing activities	<u>(139,668,068)</u>	<u>(115,747,039)</u>
<b>Cash flows provided by (used in) financing activities</b>		
Proceeds from issuance of long-term debt	105,716,853	51,281,490
Repayments of long-term debt	(1,874,261)	(3,727,177)
Repurchase of St Luke's bonds	(42,150,000)	(305,000)
Proceeds from restricted contributions	13,362,237	3,906,113
Net cash provided by financing activities	<u>75,054,829</u>	<u>51,155,426</u>
Decrease in cash and cash equivalents	(4,663,394)	(1,176,525)
<b>Cash and cash equivalents</b>		
Beginning of year	81,549,369	82,725,894
End of year	<u>\$ 76,885,975</u>	<u>\$ 81,549,369</u>
Construction in progress included in accounts payable	<u>\$ 5,192,818</u>	<u>\$ 1,094,811</u>
Cash paid for interest	<u>\$ 24,620,607</u>	<u>\$ 17,318,509</u>

The accompanying notes are an integral part of these consolidated financial statements

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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#### 1. Organization, Mission and Basis of Presentation

St Luke's University Health Network, Inc ("Parent") is a not-for-profit, tax-exempt corporation which controls the following acute care hospitals, organization of physician practices, and other health care related organizations serving the western New Jersey and Eastern Pennsylvania regions

- St Luke's Hospital of Bethlehem, Pennsylvania ("St Luke's Hospital"), which includes the following entities
  - St Luke's University Health Network Insurance Company ("SLRRG")
  - St Luke's Hospital of Bethlehem, Pennsylvania Ambulatory Surgery, Ltd
  - Cancer Immunotherapies, LLC
  - St Luke's Eighth & Eaton Holding's, Inc
  - Eighth & Eaton Professional Building, L P
  - St Luke's HomeStar Services, LLC
  - St Luke's AirMed, LLC
  - Pocono MRI Imaging & Diagnostic Center, LLC
  - St Luke's VNA ("VNA"), which includes the following two entities
    - VNA Home Health and Hospice
    - HomeStar Medical Equipment and Infusion Services
- St Luke's Quakertown Hospital
- St Luke's Physician Group, Inc
- St Luke's Emergency and Transport Services
- Quakertown Rehabilitation Center DBA St Luke's Rehabilitation Center
  - New Valley Rehab, LLC
- Carbon-Schuylkill Community Hospital, Inc DBA St Luke's Miners Memorial Medical Center ("MMMC")
- St Luke's Warren Hospital Inc
  - Warren PA Professional Alliance, Inc
  - St Luke's Warren Hospital Foundation, Inc
  - St Luke's Warren Physician Group

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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- Hillcrest Emergency Services, Inc
- Two Rivers Enterprises, Inc
- Hillcrest Management Services Organization, Inc

The Parent and controlled entities are referred to collectively as the St. Luke's University Health Network, Inc (the "Network")

The Network also participates in various joint ventures and partnerships. These arrangements enable the Network to provide healthcare services to the broader community through involvement in other healthcare organizations. See Note 8 for additional information on investments in joint ventures and partnerships.

## 2. Summary of Significant Accounting Policies

### **Basis of Accounting**

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Health Care Organizations*, and other pronouncements applicable to not-for-profit healthcare organizations.

### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Parent and its controlled entities. The Parent exercises control over its controlled entities through the appointment of members to the controlled entities' Board of Trustees ("Board"). The accounts of the controlled entities have been included in the consolidated financial statements to reflect the results of operations of entities under common control. All significant intercompany balances and transactions have been eliminated.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash management funds with original maturities of three months or less, excluding amounts whose use is limited by Board designation or other arrangements under trust agreements. The carrying value of cash and cash equivalents approximates market value.

### **Investments and Investment Income**

Investments are measured at fair value in the balance sheet. Investment income or loss (including interest, dividends and realized gains and losses on unrestricted investments), is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on unrestricted investments are reported below the excess of revenues over expenses within net asset changes. Realized and unrealized gains and losses on donor restricted investments are reported as changes in temporarily and permanently restricted net assets as stipulated by the donor.

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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The Network conducted an analysis and evaluation of securities for any potential "other than temporary impairment" of investments. If the decline in the market value of an investment below cost was deemed to be other than temporary, an adjustment would be made to reduce the cost basis of the investment(s) and a realized loss would be recorded in the excess of revenue over expenses. The Network did not have an "other than temporary impairment" adjustment for the years ended June 30, 2013 and 2012.

Investment income and the change in unrealized gains (losses) on investments was comprised of the following for the years ended June 30:

	2013	2012
Interest and dividend income	<u>\$ 8,659,603</u>	<u>\$ 9,544,811</u>
Realized gains (losses) on sales of investments	<u>\$ 2,718,903</u>	<u>\$ 11,337,892</u>
Net unrealized (losses) gains on investments	<u>\$ 16,065,163</u>	<u>\$ (10,565,680)</u>

#### Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes.

#### Inventories

Inventory is valued at average cost, net of reserves for obsolescence. Nonstock or nonstoreroom inventory is valued at the last purchase price or last in first out (LIFO).

#### Property and Equipment

Property and equipment acquisitions are recorded at cost for purchased items and fair value at the date of contribution for contributed items. Depreciation is expensed over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated statements of operations. Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets. Upon sale or retirement, the cost and related accumulated depreciation of such assets are removed from the accounts and any resulting gain or loss realized is credited or charged to income for the period. Expenditures for maintenance and repairs are expensed as incurred. Significant renewals, improvements and betterments are capitalized.

#### Long Lived Assets

The Network evaluates the carrying value of its long lived assets for impairment when impairment indicators are identified. In the event that the carrying value of a long-lived asset is not supported by the fair value, the network will recognize an impairment loss for the difference. Fair value is based on available market prices or discounted cash flows.

Gifts of long-lived assets such as land, building, or equipment are reported as unrestricted support, and are excluded from the excess of revenue and gains over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

#### **Goodwill**

Goodwill recorded in the accompanying consolidated balance sheets represents the excess of the fair market value of assets acquired over the purchase price. Management reviews goodwill for impairment annually or when events and circumstances indicate that the carrying amount may not be recoverable.

#### **Deferred Financing Costs**

Deferred financing costs represent costs incurred in connection with the issuance of bonds and are amortized over the life of the related debt using the effective interest method.

#### **Annuity Contracts and Accrued Compensation Payable**

The Network maintains a deferred compensation plan which provides supplemental retirement benefits for former officers and key management personnel. The Network has purchased annuity contracts to fund these benefits. These annuity contracts are included in the consolidated balance sheets at their current surrender value.

#### **Self Insurance Reserves**

Accrued insurance costs consist of discounted reserves for reported and incurred-but-not-reported (IBNR) claims related to medical malpractice incidents and the Network's self-insured retention for workers' compensation and employee health insurance incidents. For the years ended June 30, malpractice reserves and workers compensation reserves are discounted using a discount rate of 5.29% and 5.29%, respectively, in 2013 and 4.60% and 4.60%, respectively, in 2012.

In 2013, St. Luke's determined that the 2012 discounted reserves for reported and incurred-but-not-reported (IBNR) claims related to medical malpractice incidents was underestimated by \$886,251. As a result, an entry was posted to Accrued Insurance Reserves and Other Changes in Unrestricted Net Assets. Management has concluded that this error was immaterial to the current and prior periods.

#### **Gift Annuities**

The Hospital receives assets from donors in exchange for the promise to make fixed payments, over a specified period of time, to a recipient as designated by the donor. The Hospital discounts (this past year the discount rate averaged 1.25%) the liability for annuity contracts based on the annuitant's estimated life expectancy. These amounts are included in other noncurrent liabilities on the balance sheets. Any restricted assets remaining at the end of the annuity contract are placed into an endowment fund and the earnings on those funds are available for the general operations of the Network. Any unrestricted assets remaining at the end of the annuity contract are available for the general operations of the Network. The Network revalues the liability for annuity contracts quarterly and the related change is included as a change in net assets.

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

Temporarily restricted net assets include assets whose use by the Network has been limited by donors to a specific time period or purpose. Also included in temporarily restricted net assets are unrecognized gains and losses on permanently restricted net assets. Permanently restricted net assets have been restricted by donors to be maintained by the Network in perpetuity.

#### **Donor Restricted Gifts**

Unconditional promises to give cash and other assets to the Network are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received and conditions have been met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use.

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted gifts, grants and bequests in the accompanying consolidated financial statements.

#### **Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts**

In 2011, the FASB issued a standard, Presentation and Disclosure of Patient Service Revenue, the Provision for Bad Debts, and Allowance for Doubtful Accounts. This guidance requires the Network to modify the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, the guidance requires enhanced disclosure about the Network's policies for recognizing revenue and assessing bad debts, patient service revenue (net of contractual allowances and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts. This guidance has been adopted as of July 1, 2012.

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

The Network has agreements with third-party payors who provide payments to the Network at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted from established charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews and investigations.

Included in net patient service revenue are changes in liability adjustments from third party payors with an overall net favorable adjustment of \$5,137,010 for 2013 as compared to an unfavorable adjustment of \$4,907,019 for 2012.

In July 2010 the Pennsylvania General Assembly passed the Public Welfare Code amendment (Act 49) which was signed into law by the Governor, establishing a new program referred to as Medicaid Modernization. The program was subsequently approved by the federal Centers for Medicare and Medicaid Services. The program is designed to provide additional funding to Pennsylvania hospitals for the purpose of enhancing access to quality healthcare for qualifying Medicaid beneficiaries, helping to partially mitigate the losses incurred by hospitals resulting from low reimbursement rates. To accomplish this objective, for fiscal years 2011 through 2013, the program provides participating hospitals with improved inpatient fee-for-service hospital payments, establishes enhanced hospital payments through Medicaid managed care organizations (MCOs), and secures additional federal matching Medicaid funds through a Quality Care Assessment, under which hospitals pay the state a percentage of their net inpatient revenue for fiscal year 2011. The cost of the assessment due to the state was \$13,617,226 and \$13,617,226 for years ended June 30, 2013 and 2012, respectively. The Network recognized additional net patient service revenue of \$4,509,682 and \$4,175,651 for the years ended June 30, 2013 and 2012, respectively, from the Pennsylvania Medicaid Modernization program.

#### **Allowance for Doubtful Accounts**

The Network records an allowance for doubtful accounts for estimated losses resulting from the unwillingness of patients to make payments for services. The allowance is determined by analyzing



# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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historical data and trends. Accounts receivable are written off against the allowance for doubtful accounts when management determines that recovery is unlikely and collection efforts cease.

#### **Charity Care**

The Network provides care to all patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charges for services to patients who meet the Network's guidelines for charity care are not reflected in the accompanying consolidated financial statements. The charges associated with these services for charity care provided by the Network approximate \$116,300,000 and \$118,310,000 in 2013 and 2012, respectively. The costs incurred to provide such care is determined using a cost to charge ratio and were approximately \$98,330,000 and \$98,440,000 for 2013 and 2012, respectively.

#### **Excess of Revenue and Gains over Expenses**

The consolidated statements of operations include the excess of revenue and gains over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue and gains over expenses, consistent with industry practice, include assets released from donor restrictions to be used for purchases of property and equipment, donations of long-lived assets, net unrealized gains and losses on available for sale investments, pension adjustments, and change in fair market value of interest rate swaps meeting hedging criteria.

#### **Income Taxes**

The Parent and its controlled hospital entities, are Pennsylvania and New Jersey not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. On such basis, the Parent and its controlled hospital entities will not incur any liability for federal income taxes, except for possible unrelated business income.

St. Luke's University Health Network Insurance Company is a taxable reciprocal insurer.

St. Luke's HomeStar Services, LLC is a taxable distributor of pharmacy services.

St. Luke's Warren Physician Group, P.C., PA Alliance, Hillcrest Emergency Services, P.C. and Two Rivers are for profit entities providing outpatient health care services in Pennsylvania and New Jersey. Prior to January 1, 2009, St. Luke's Warren Physician Group, P.C. and Hillcrest Emergency Services, P.C. elected, under the applicable provisions of the Internal Revenue Code and applicable state codes, to have the physician owner recognize their respective share of net income or loss on their individual tax returns. Accordingly, St. Luke's Warren Physician Group, P.C. and Hillcrest Emergency Services, P.C. did not record a liability for Federal and state income taxes. Effective January 1, 2009, St. Luke's Warren Physician Group, P.C. and Hillcrest Emergency Services, P.C. commenced operating as a for profit "C" corporation. The deferred tax assets arising from net operating losses and other temporary items generated by for profit entities, approximately \$12.4 at June 30, 2013, are subject to a full valuation allowance as the realization of such deferred tax assets cannot be considered more likely than not at June 30, 2013.

#### **Interest Rate Swaps**

The Network recognizes all derivative financial instruments in the balance sheet at fair value. The change in the fair value of derivatives that do not qualify for hedge accounting is recognized as a component of excess of revenues over expenses for the years ended June 30, 2013 and 2012. The change in the fair value of derivatives that qualify for hedge accounting are recognized through changes in unrestricted net assets on the statement of operations for the years ended June 30, 2013 and 2012.

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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**3. Risks and Uncertainties**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time.

**4. Concentrations of Credit Risk**

Financial instruments which subject the Network to concentrations of credit risk consist primarily of cash and cash equivalents, investments, assets limited as to use, and patient accounts receivable.

The Network maintains cash, investments and assets limited as to use in banks, which include cash equivalents consisting of overnight repurchase agreements. Amounts are invested in a variety of financial instruments. The related values, as presented in the consolidated financial statements, are subject to various market fluctuations which include changes in the equity markets, interest rate environment and the general economic conditions. The FDIC insures funds up to \$250,000 per depositor.

The Network's patient accounts receivable consist of unsecured amounts due for patient services billed to patients and other third-party payors such as Medicare, Medical Assistance, Blue Cross and various commercial insurance companies and managed care companies. The primary service area of the Network is located in Lehigh, Northampton, Carbon, Schuylkill and Bucks Counties, Pennsylvania. The ability of these patients to pay is subject to changes in general economic conditions of the Network's service area. The Network performs ongoing credit evaluations and maintains reserves for potential credit losses.

The mix of receivables from patients and third-party payors at June 30, 2013 and 2012 was as follows:

	<b>2013</b>	<b>2012</b>
Medicare	21.8%	23.5%
Medical Assistance	9.1%	5.5%
Blue Cross/Highmark Blue Shield	20.7%	14.4%
Commercial/HMO/Other (includes Medicare HMO)	27.1%	30.9%
Self pay (includes balances of patients filing for Medicaid but not yet approved)	21.3%	25.7%
	<u>100%</u>	<u>100%</u>

**5. Charity Care and Community Service**

The Network maintains records to identify and monitor the level of charity care and community service it provides. These records include the amount of charges foregone based on established rates for services and the estimated cost of those services furnished under its charity care policy. Additionally, the Network sponsors certain other service programs and charity services which provide substantial benefit to the broader community. Such programs include services to needy populations and support including HIV.

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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treatments, medical and dental mobile vans, health fairs, community-based medical clinics, and teen pregnancy counseling

The Network also participates in the Medical Assistance program which makes payment for services provided to financially needy patients at rates which are less than the cost of such services. Additionally, the Network provides services through the emergency room and clinics at a substantial loss.

#### 6. Third-Party Agreements

For the years ended June 30, 2013 and 2012, payment arrangements with the Network and third-party payors were as follows:

##### **Medicare**

Payments to St. Luke's Hospital, St. Luke's Quakertown Hospital, MMMC and St. Luke's Warren from the Medicare program for inpatient acute care services are made on a prospective basis. Under this program, payments are made at a predetermined specific rate for each discharge based on the patient's diagnosis.

Outpatient services are reimbursed under the Ambulatory Payment Classification System except for clinical lab which is paid on a fee schedule and a prospective predetermined rate for renal.

##### **Capital Blue Cross/Highmark Blue Shield**

Inpatient services rendered to Capital Blue Cross/Highmark Blue Shield subscribers are reimbursed at prospectively determined per case rates. St. Luke's Quakertown Hospital is subject to a retroactive adjustment under the current Capital Blue Cross contract. Outpatient services for Capital Blue Cross are reimbursed on an interim basis on a percentage of charges for St. Luke's Quakertown Hospital, MMMC's and payments are later reconciled using a cost report device. There is no final settlement process for St. Luke's Hospital.

Inpatient services rendered to Blue Cross/Highmark Blue Shield subscribers are reimbursed at a per case basis. Outpatient services are reimbursed based upon established fee schedules.

##### **Medicaid**

The Pennsylvania Medical Assistance program ("PMA") reimburses St. Luke's Hospital, St. Luke's Quakertown Hospital, MMMC and St. Luke's Warren for inpatient services and capital costs on a prospective basis. Payments for inpatient services are made at a predetermined specific rate for each discharge based on the patient's diagnosis. Outpatient services are reimbursed on the basis of an established fee schedule.

##### **Other**

The Network has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Network under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated payment arrangements.

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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#### 7. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date

The accounting guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Financial instruments measured at fair value are based on valuation techniques noted below consistent with fair value guidance. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Network for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets. The Network does not adjust the quoted price for such assets and liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. Certain interest rate swap arrangements have inputs which can generally be corroborated by market data and are therefore classified within level 2.

The total return swaps are less liquid and inputs are unobservable and as such are classified within level 3. While the valuation of these less liquid derivatives may utilize some level 1 and/or level 2 inputs, they also include other unobservable inputs which are considered significant to the fair value determination. At each measurement date, the Network updates the level 1 and level 2 inputs to reflect observable inputs, though the resulting gains and losses are reflected within level 3 due to the significance of the unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Network's total return swaps are discounted cash flow rates, underlying bond prices with little to no trading history and credit risk assumptions used to record any discount on the liability.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Network believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

Financial instruments carried at fair value as of June 30, 2013, and 2012 are as follows

	June 30, 2013			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Investments</b>				
Cash & Cash Equivalents	\$ 76,885,975	\$ -	\$ -	\$ 76,885,975
Money Market Funds	81,190,062	-	-	81,190,062
Government Securities	60,319,314	-	-	60,319,314
Corporate Bonds	26,907,579	-	-	26,907,579
Common & Preferred Stock	4,270,635	-	-	4,270,635
Mutual Funds	279,969,623	-	-	279,969,623
<b>Total Investments</b>	<b>\$ 529,543,188</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 529,543,188</b>
<b>Derivative Financial Instruments</b>				
Cost of Funds Hedge - Floating to Fixed Rate	\$ -	\$ 54,534,369	\$ -	\$ 54,534,369
Total Return Swap	-	-	12,407,667	12,407,667
<b>Interest Rate Swaps-Liability</b>	<b>\$ -</b>	<b>\$ 54,534,369</b>	<b>\$ 12,407,667</b>	<b>\$ 66,942,036</b>

	June 30, 2012			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Investments</b>				
Cash & Cash Equivalents	\$ 81,549,369	\$ -	\$ -	\$ 81,549,369
Money Market Funds	25,723,702	-	-	25,723,702
Government Securities	9,743,751	-	-	9,743,751
Corporate Bonds	38,081,521	-	-	38,081,521
Common & Preferred Stock	521,656	-	-	521,656
Mutual Funds	299,392,938	-	-	299,392,938
<b>Total Investments</b>	<b>\$ 455,012,937</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 455,012,937</b>
<b>Derivative Financial Instruments</b>				
Cost of Funds Hedge - Floating to Fixed Rate	\$ -	\$ 87,052,790	\$ -	\$ 87,052,790
Fixed Receiver Swaps	-	(18,256,196)	-	(18,256,196)
Total Return Swap	-	-	14,414,058	14,414,058
<b>Interest Rate Swaps-Liability</b>	<b>\$ -</b>	<b>\$ 68,796,594</b>	<b>\$ 14,414,058</b>	<b>\$ 83,210,652</b>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

The following table is a roll-forward for those financial instruments classified by the Network as Level 3 within the fair value hierarchy defined above

	<b>Interest Rate Swaps</b>
<u>Fair Value, June 30, 2011</u>	<u>\$ 20,934,490</u>
Gains	(6,520,432)
<u>Fair Value, June 30, 2012</u>	<u>\$ 14,414,058</u>
Gains	(2,006,391)
<u>Fair Value, June 30, 2013</u>	<u>\$ 12,407,667</u>

All unrealized gains in the table above are reflected in the accompanying statement of operations

**8. Investments in Joint Ventures and Partnerships**

St Luke's Hospital is a Class B member of the St Luke's Physician Hospital Organization, Inc ("PHO") The PHO has two classes of members Class A members consist of primary care and specialist physicians and Class B members consist of member hospitals, St Luke's being the only Class B member hospital

St Luke's University Health Network holds a 50% equity interest in the Center for Oral and Maxillofacial Surgery and Implantology at St Luke's, LLC, which was organized on May 12, 2005 and provides oral surgery services which enables the joint venture to respond to community needs

St Luke's University Health Network holds a 40% equity interest in Royal HomeStar, LLC, which was organized on March 1, 2013 and provides durable medical equipment services

The Network also maintains other investments in partnerships that provide various clinical and nonclinical services The Network's investments in the partnerships are accounted for under the equity method The total investments in joint ventures and partnerships of approximately \$3,560,578 and \$7,035,907 for the years ended June 30, 2013 and 2012, respectively, are included in other assets on the consolidated balance sheets

**9. Property and Equipment**

Property and equipment and related accumulated depreciation at June 30, 2012 and 2011 consisted of the following

	<b>2013</b>	<b>2012</b>
Land	\$ 89,978,195	\$ 85,716,102
Buildings and improvements	631,808,261	594,423,554
Equipment	556,701,318	516,170,585
Parking garage	24,119,740	16,054,980
Total Property, Plant, & Equipment, gross	<u>1,302,607,514</u>	<u>1,212,365,221</u>
Less Accumulated depreciation	738,356,501	671,981,990
Total Property, Plant & Equipment, net	<u>564,251,013</u>	<u>540,383,231</u>
Construction-in-progress (CIP)	54,131,113	55,867,851
Total Property, Plant & Equipment, net and CIP	<u>\$ 618,382,126</u>	<u>\$ 596,251,082</u>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
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Depreciation expense was approximately \$64,174,862 and \$52,963,636 for the years ended June 30, 2013 and 2012, respectively. Interest that was capitalized was approximately \$1,913,364 and \$1,446,045 for the years ended June 30, 2013 and 2012, respectively.

**Capital Leases**

Included in fixed and movable equipment as of June 30, 2013 is approximately \$9,752,005 of assets purchased under capital lease agreements. Accumulated amortization of such assets approximates \$9,023,538 as of June 30, 2013.

**10. Long-Term Debt**

Long-term debt at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Quakertown General Authority - 1996A Pooled Financing Loan issued by the Quakertown General Authority at a variable rate	\$ 5,204,787	\$ 6,691,746
Hospital Revenue Bonds, Series 2007, issued by the Lehigh County General Purpose Authority	128,500,000	128,500,000
Hospital Revenue Bonds, Series 2008A, issued by Northampton County General Purpose Authority, net of unamortized discount	172,625,969	172,537,877
Hospital Revenue Bonds, Series 2010A, 2010B, 2010C, issued by Northampton County General Purpose Authority, net of unamortized premium	60,936,122	63,825,491
Hospital Revenue Bonds, Series 2012, issued by New Jersey Health Care Facilities Financing Authority		42,150,000
Hospital Revenue Bonds, Series 2013A & 2013B, issued by Northampton County General Purpose Authority, net of unamortized premium	65,496,322	
Hospital Refunding Bonds, Series 2013, issued by New Jersey Health Care Facilities Financing Authority, net of unamortized premium	39,320,162	
TD Bank, N A Note Payable	25,890,845	27,505,583
Wells Fargo Equipment Finance, Inc	19,896,774	8,282,091
Various notes and mortgage notes payable at various interest rates	2,910,461	9,356,062
	<u>520,781,442</u>	<u>458,848,850</u>
Less Current portion	10,943,434	13,234,513
	<u>\$ 509,838,008</u>	<u>\$ 445,614,337</u>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
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Scheduled maturities, assuming no amounts are tendered that cannot be remarketed, for the years ending June 30 are as follows

<b>Fiscal Year</b>	<b>Long-Term Debt</b>
2014	10,943,434
2015	11,246,504
2016	11,846,720
2017	11,061,732
2018	10,160,227
2019	9,654,543
Thereafter	<u>455,581,135</u>
	520,494,295
Less Amount of unamortized bond discount/premium/imputed interest	<u>(287,147)</u>
	<u>\$ 520,781,442</u>

The fair market value of outstanding debt as of June 30, 2013 is as follows

	<b>Par Amount</b>	<b>Fair Market Value</b>
Quakertown General Authority 1996A Pooled Financing Loan	5,204,787	5,204,787
Series 2007	127,240,000	106,098,105
Series 2008	175,000,000	182,399,195
Series 2010	60,675,000	64,694,636
Series 2013 (St Luke's Warren)	37,410,000	35,711,459
Series 2013	65,000,000	64,716,650
	<u>\$ 470,529,787</u>	<u>\$ 458,824,832</u>

The fair market value of outstanding debt as of June 30, 2012 is as follows

	<b>Par Amount</b>	<b>Fair Market Value</b>
Quakertown General Authority 1996A Pooled Financing Loan	6,691,746	6,691,746
Series 2007	128,500,000	84,954,941
Series 2008	175,000,000	184,266,030
Series 2010	63,530,000	68,915,327
Series 2012	42,150,000	42,160,538
	<u>\$ 415,871,746</u>	<u>\$ 386,988,582</u>

The fair value of the Network's bonds at June 30, 2013 and 2012 is approximately \$459 million and \$387 million respectively, versus the outstanding principal at June 30, 2013 and 2012 of \$472 million and \$414 million, respectively. The fair value of the bonds is estimated using market prices, where available. If



# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

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quoted market prices are not available, fair values are based on quoted market prices of comparable instruments

The Network reported long-term debt of \$509,838,008 and \$445,614,337 for years ended June 30, 2013 and 2012, respectively. The Network's long term debt would be classified as level 2.

#### **Quakertown General Authority – 1996A Pooled Financing Loan**

On March 1, 1997, St. Luke's Hospital borrowed approximately \$21,700,000 from the Quakertown General Authority. St. Luke's represents one of many borrowers who participated in the \$77,900,000 Quakertown General Authority Variable Demand Revenue Bonds (Pooled Financing Program) Series of 1996A. For security of the bondholders of the 1996A Bonds, the Quakertown General Authority entered into a Letter of Credit with PNC Bank National Association. The Bonds were offered on the basis of the financial strength of PNC Bank National Association, not the individual borrowers of the 1996A Pooled Financing Program. The Bonds are seven day variable rate demand bonds that are remarketed by the remarketing agent (PNC Capital Markets) and if for some reason the Bonds could not be remarketed, then the Bonds would become Bank Bonds and held by the Bank until they were remarketed. During the time the Bonds are held by the Bank, St. Luke's would continue with the loan according to the Loan agreement between St. Luke's and the Quakertown General Authority.

The proceeds from the borrowings on the 1996A Bond Pool were used to refinance previous borrowings from the Quakertown Variable Rate Demand Bond Pool Series 1995 and to finance certain capital improvement projects. The term of the Loan is 238 months, payable in full by January 1, 2017 and will bear interest at a variable rate. At June 30, 2013 and 2012, the rate (including bond and obligated group expense) was 2.0% and 2.0%, respectively.

The obligation of St. Luke's to repay the Loan is evidenced by a note issued under and pursuant to the term of the amended 1987 Master Trust Indenture. The original trust indenture, lease agreement and all subsequent supplemental agreements contain certain covenants of the Obligated Group and the Quakertown Obligated Group including, but not limited to, covenants requiring that the Obligated Group and the Quakertown Obligated Group will generate net revenues, as defined, equal to at least 150% of annual debt service.

#### **Hospital Revenue Bonds, Series 2007**

On February 21, 2007, the Lehigh County General Purpose Authority issued \$266,310,000 of its Hospital Revenue Bonds, Series 2007 (the "2007 Bonds"). The proceeds of the 2007 Bonds were used by the Hospital to undertake various construction projects (primarily the expansion of St. Luke's Hospital in Allentown), purchase of capital equipment, refunding of previous bond offerings and to pay for certain costs and expenses related to the issuance of the bonds.

The Hospital entered into the Master Trust Indenture with the Master Trustee and is currently the sole member of the Obligated Group. Under the Master Trust Indenture, all of the Bonds previously issued by the Authority under the indenture are collateralized by notes issued by the Hospital. The 2007 Bonds are collateralized by a note issued by the Hospital under the Master Trust Indenture.

The 2007 Bonds were issued in a quarterly reset variable rate mode. Each maturity will bear interest from the date of their delivery (February 21, 2007) or from the most recent Interest Payment Date to the next succeeding Interest Payment Date, at a per annum rate equal to (a) 67% of the Three-Month LIBOR Rate for such period plus (b) the per annum spread specified in the following table, except that the 2007 Bonds may not bear interest in any interest period at more than a maximum rate of 15% per annum.

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<b>Term Bonds</b>	<b>Spread above 67% of the Three-Month LIBOR Rate</b>
\$110,420,000 Variable, due 8/15/2033 original \$49,600,000 due 8/15/2027 after redemption	92 basis points
\$155,890,000 Variable, due 8/15/2042 original \$78,900,000 due 8/15/2038 after redemption	102 basis points

Interest is computed on the basis of a 365-day or 366-day year, as applicable, for the actual number of days elapsed. The 2007 Bonds bear interest at the Index Rate until maturity or the earlier redemption thereof, and are not subject to conversion to another interest rate.

**Hospital Revenue Bonds, Series 2008**

On June 11, 2008, the Northampton County General Purpose Authority issued \$175,000,000 of its Hospital Revenue Bonds, Series A of 2008 (the "2008 Bonds") under a Loan and Trust Agreement by and among the Northampton County General Purpose Authority, Saint Luke's Hospital and Wells Fargo Bank, National Association, as trustee.

The 2008 Bonds were issued to provide funds for various construction projects (primarily the construction of the St. Luke's Anderson Campus), purchase of capital equipment, purchase of land in Bethlehem Township and to pay for certain costs and expenses related to the issuance of the bonds.

The Hospital entered into the Master Trust Indenture with the Master Trustee and is currently the sole member of the Obligated Group. Under the Master Trust Indenture all of the Bonds previously issued by the Lehigh County General Authority and the Quakertown General Authority are secured by notes issued by the Hospital. The 2008 Bonds will also be secured by a note issued by the Hospital under the Master Trust Indenture.

The 2008 Bonds of each maturity will bear interest from the date of their initial delivery or from the most recent Interest Payment Date to which interest thereon has been paid or duly provided for to the next succeeding Interest Payment Date, at a fixed rate.

<b>Year (August 15)</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2019	\$ 4,260,000	5.000 %	5.010 %
2020	4,480,000	5.000 %	5.110 %
2021	4,715,000	5.125 %	5.190 %
2022	4,965,000	5.250 %	5.260 %
2023	5,235,000	5.250 %	5.320 %
2024	5,520,000	5.250 %	5.370 %
2028	25,270,000	5.375 %	5.490 %
2035	59,960,000	5.500 %	5.600 %
2040	60,595,000	5.500 %	5.660 %

Interest on the 2008 Bonds will be payable on each August 15 and February 15, commencing on August 15, 2008. Interest on the 2008 Bonds will be computed on the basis of 360-day year of twelve 30 day months.

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

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#### **Hospital Revenue Bonds, Series 2010**

On May 13, 2010, the Northampton County General Purpose Authority issued \$69,730,000 of its Hospital Revenue Bonds. The \$69,730,000 Northampton County General Purpose Authority Hospital Revenue Bonds, consisting of \$24,415,000 aggregate principal amount of Hospital Revenue Bonds Series 2010A (Saint Luke's Hospital Project), \$10,390,000 aggregate principal amount of Hospital Revenue Bonds Series 2010B (Saint Luke's Hospital Project) and \$34,925,000 aggregate principal amount of Hospital Revenue Bonds Series 2010C (Saint Luke's Hospital Project). The 2010 Bonds are issued under that certain Loan and Trust Agreement, dated as of June 1, 2008 by and among the Northampton County General Purpose Authority, Saint Luke's Hospital of Bethlehem, Pennsylvania and Wells Fargo Bank, National Association, as trustee, as amended and supplemented by a First Supplemental Loan and Trust Agreement, dated as of May 1, 2010.

The 2010 Bonds were issued to provide funds for the refunding of previous bond offerings, the construction and equipping of a medical office building on the Anderson Campus, and to pay for certain costs and expenses related to the issuance of the bonds.

The Hospital requested that the Authority issue approximately \$29,300,000 of its bonds (the "Private Placement Bonds") to TD Bank, N A in a private placement (the "Private Placement") to finance capital projects and reimburse the Hospital for expenditures previously made. The Private Placement Bonds are secured by a master note on a parity basis with the 2010 Bonds under the Master Trust Indenture.

#### **Hospital Revenue Bonds, Series 2013**

On June 27, 2013 the Northampton County General Purpose Authority issued \$65,000,000 of its Hospital Revenue Bonds. Which consists of \$25,000,000 in Series A aggregate principal and \$40,000,000 in Series B aggregate principal with a variable rate. Issued pursuant to a Loan and Trust Agreement by the Authority, SLH and the Bank of New York Mellon Trust, under the Trust Agreement SLH is obligated to make payments to the trustee as assignee of the Authority.

The Series 2013 Bonds were issued to provide a portion of the funds for a project "the 2013 project" consisting of 200 bed expansion of the hospital located at the Anderson Campus, the construction of an administration building at the Anderson Campus, the funding of various capital projects for general SLH purpose, including without limitations, renovations, repairs and acquisitions of related outpatient facilities in Northampton County and Lehigh County, Pennsylvania. Also reimbursement of any cost referred to in clauses, the payment of certain cost and expense in connection with the issuance of the 2013 Bonds.

#### **Hospital Refunding Bonds, Series 2013**

On June 6, 2013 the New Jersey Health Care Facilities Financing Authority issued \$37,410,000 of Refunding Bonds, St Luke's Warren Hospital Obligated group. The proceeds of the 2013 Bonds to St Luke's Warren Hospital is for the purpose of paying a portion of the cost of a project consisting generally of the current refunding of all the Authority's Revenue Bonds. St Luke's Warren Hospital Issue Series 2012 and the payment of certain cost incidental to the issuance and sale of the Series 2013 Bonds.

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**11. Derivative Financial Instruments**

In March 2008, the FASB issued new guidance intended to enhance the current disclosure framework for derivative instruments. This guidance requires disclosure of the underlying risk and accounting designation of derivative instruments. Specific required disclosures include (i) the organization's objective relative to the use of derivative instruments and the associated risk, (ii) a tabular presentation of derivative instruments' fair values and gain or loss position, and (iii) credit-risk-related contingent features. The new standard is effective for fiscal years and interim periods beginning after November 15, 2008. The Network has adopted this standard as of June 30, 2010.

At June 30, 2013, two floating to fixed interest rate swaps were outstanding with notional amounts totaling \$265.61 million and maturity dates ranging from August, 2033 to August, 2042. The bonds, issued in a quarterly reset LIBOR-based variable rate mode, will be swapped to a 4.60% fixed rate. The nature of the risk is to eliminate unpredictable variability of interest rate payments due to changes in the 3 month LIBOR rate as well as limit exposure to increases in short-term interest rates as well as significantly decrease borrowing costs (relative to a traditional fixed rate issuance). Based on the identical characteristics of the payment based index of the hedged item and the receipt based index on the interest rate swap, the hedge will exactly offset the variability of interest rates on the underlying bonds over the term of the swap transaction.

At June 30, 2013, three total return swaps were outstanding. In December 2007, St. Luke's executed a total return swap on a \$76 million portion of the outstanding Series 2007, 2042 term bond. In September 2009, St. Luke's executed a total return swap on a \$24 million portion of the outstanding Series 2007, 2033 term bond. Pursuant to these agreements, St. Luke's has guaranteed a price of 95.50% and 99.5%, respectively, on the underlying Bonds. St. Luke's has the right to call and redeem these bonds at any time as fully described in the Series 2007 Fifth Supplemental Trust Indenture. The swaps are recorded at the fair market value on the balance sheet and changes in value are posted through the excess of revenues and gains over expenses. In April 2010, St. Luke's executed a total return swap on a \$34.93 million portion of the outstanding Series 2010, 2032 term bond.

**12. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes at June 30, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
Purchase of property and equipment	\$ 8,729,970	\$ 1,373,915
Health education	11,074,247	8,334,962
Research and development	169,917	152,088
Unrealized gains on restricted net assets for health care services	14,471,264	11,301,165
	<u>\$ 34,445,398</u>	<u>\$ 21,162,130</u>

Permanently restricted net assets at June 30, 2013 and 2012 were restricted to:

	<b>2013</b>	<b>2012</b>
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as other operating and nonoperating income)	<u>\$ 27,564,669</u>	<u>\$ 26,447,635</u>

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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#### **Endowments**

The Network's endowment consists of approximately \$27,564,669 individual donor restricted endowment funds and \$64,749,913 board-designated endowment funds for a variety of purposes plus the following where the assets have been designated for endowment split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The net assets associated with endowment funds including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees of the Network has interpreted the relevant PA state law as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Network classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds remain in the donor-restricted endowment fund until those amounts are appropriated for expenditure of the Network in a manner consistent with the standard of prudence prescribed by relevant PA state law. In accordance with relevant PA state law, the Network considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Network and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Network
- (7) The investment policies of the Network

The Network had the following endowment activities during the year ended June 30, 2013 delineated by net asset class and donor-restricted versus Board-designated funds:

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Endowment net asset composition by type of fund as of June 30, 2013

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds		\$ 34,445,398	\$ 27,564,669	\$ 62,010,067
Board-designated endowment funds	\$64,749,913			64,749,913
	<u>\$64,749,913</u>	<u>\$ 34,445,398</u>	<u>\$ 27,564,669</u>	<u>\$126,759,980</u>

Endowment net asset composition by type of fund as of June 30, 2012

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds		\$ 21,162,130	\$ 26,447,635	\$ 47,609,765
Board-designated endowment funds	\$56,680,951			56,680,951
	<u>\$56,680,951</u>	<u>\$ 21,162,130</u>	<u>\$ 26,447,635</u>	<u>\$104,290,716</u>

Changes in endowment net assets for the year ended June 30, 2013

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment net assets, beginning of year</b>	\$ 56,680,951	\$ 21,162,130	\$ 26,447,635	\$104,290,716
Investment return				
Investment income	1,827,048	19,230	1,279,955	3,126,233
Net depreciation (realized and unrealized)	6,056,630	(3,217)	3,954,522	10,007,935
Total Investment return	<u>7,883,678</u>	<u>16,013</u>	<u>5,234,477</u>	<u>13,134,168</u>
Gifts	201,284	11,927,550	1,434,686	13,563,520
Income released to General Fund for operations	-	(2,704,690)	(1,597,607)	(4,302,297)
Transfer balance of net depreciation to unrestricted	-	3,954,522	(3,954,522)	-
Other Miscellaneous Transfers	(16,000)	89,873	-	73,873
<b>Endowment net assets, end of year</b>	<u>\$ 64,749,913</u>	<u>\$ 34,445,398</u>	<u>\$ 27,564,669</u>	<u>\$126,759,980</u>

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Changes in endowment net assets for the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment net assets, beginning of year</b>	\$ 56,245,052	\$ 22,693,547	\$ 22,979,652	\$101,918,251
Investment return				
Investment income	1,484,883	65,080	1,051,888	2,601,851
Net depreciation (realized and unrealized)	<u>(1,008,622)</u>	<u>(28,840)</u>	<u>(553,928)</u>	<u>(1,591,390)</u>
Total Investment return	476,261	36,240	497,960	1,010,461
Gifts	159,638	771,823	3,743,135	4,674,596
Income released to General Fund for operations	-	(1,760,050)	(1,552,542)	(3,312,592)
Transfer balance of net depreciation to unrestricted	-	(579,430)	579,430	-
	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
<b>Endowment net assets, end of year</b>	<u>\$ 56,680,951</u>	<u>\$ 21,162,130</u>	<u>\$ 26,447,635</u>	<u>\$104,290,716</u>

**Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only)**

**Permanently restricted net assets**

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by relevant PA State law

Permanent Endowment	\$ 27,378,173
Mortgage Endowment	186,496
Total endowment assets classified as permanently restricted net assets	<u>\$ 27,564,669</u>

**Endowment Funds with Deficits**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$0 as of June 30, 2013 and 2012.

**Return Objectives and Risk Parameters**

The Network has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The Network expects its endowment funds over time, to provide an average rate of return approximating the S&P 500 Stock Index (domestic portion), MSCI EAFE Index (international portion) and Lehman Brothers Intermediate Government/Corporate Index (bond portion). Actual returns in any given year may vary from the index return amounts.

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**Strategies Employed for Achieving Investment Objectives**

To achieve its long-term rate of return objectives, the Network relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Network targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

**Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives**

The Board of Trustees of the Network determines the method to be used to appropriate endowment funds for expenditure. Calculations are performed for individual endowment funds at a rate of 4.5 percent of a three-year moving average market value with a minimum increase of 0% and a maximum increase of 10% per year over the previous year's spending amount. The total is reduced by the income distributed from the endowment fund in accordance with the preferences/restrictions made by the donors. The corresponding calculated spending allocations are distributed annually by June 30. In establishing this policy, the Board considered the expected long term rate of return on its endowment. Accordingly, over the long term, the Network expects the current spending policy to allow its endowment to grow at an average of 8% percent annually, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

**13. Contingencies**

**Operating Leases**

The Network leases certain medical, office and information technology equipment used in its operations. Total rental expense for all operating leases for the years ended June 30, 2013 and 2012 was approximately \$18,475,539 and \$11,250,548, respectively.

At June 30, 2013, the annual and total future minimum lease payments under noncancelable operating leases were as follows:

	<b>Operating</b>
2014	16,039,948
2015	14,363,299
2016	13,919,608
2017	12,083,915
2018	10,085,340
Later Years	36,806,218
Total minimum payments	<u>103,298,328</u>

**Litigation**

The Network and its controlled entities are involved in certain litigation which involves professional and general liability. In the opinion of management and in-house counsel, the ultimate liability, if any, will not have a material effect on the consolidated financial condition of the Network and its controlled entities.



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**14. Functional Expenses**

The Network provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended June 30, 2012 and 2011 are approximately as follows:

	<b>2013</b>	<b>2012</b>
Health care services	\$ 984,423,065	\$ 841,891,867
General and administrative	<u>109,286,393</u>	<u>93,492,125</u>
	<u>\$ 1,093,709,458</u>	<u>\$ 935,383,992</u>

**15. Pension Plan**

**Defined Benefit Plan**

The Network entities, excluding St. Luke's Warren employees who have a separate plan (see Defined Benefit Plan St. Luke's Warren Employees note below), have a noncontributory defined benefit pension plan ("Plan") covering substantially all employees of the Network who were hired prior to January 1, 2009 (see New Pension Plan 401(a) note below). Plan benefits are based on years of service and the employee's average annual earned income during the highest 60 consecutive months in the last ten years of credited service prior to retirement or termination. The Network's policy is to fund annually at least the minimum amount required by the Employee Retirement Income Security Act of 1974.

In connection with a redesign of the network's (excluding St. Luke's Warren employees) retirement plans, the Finance Committee of the Board approved amendments to end benefit accruals in the qualified defined benefit pension plan after December 31, 2014. Benefits to be earned by participants under this plan prior to January 1, 2015 are not anticipated to be affected. The network estimates that pension liabilities will decrease by about \$56 million as a result of this change.

**Defined Benefit Plan St. Luke's Warren Employees**

St. Luke's Warren sponsors a noncontributory defined benefit plan covering substantially all employees of St. Luke's Warren Hospital. Benefits are generally based on the employee's compensation and years of service. The Hospital adopted a formal plan to cease the accrual of service benefits for Plan participants effective May 31, 2007. The Hospital's funding policy provides that payments to the Plan shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus any additional amounts which may be approved by the Network.

**Savings Plan**

In 2007, St. Luke's Warren established a 401(k) plan for qualified employees. Contributions to this plan are based on a defined formula of 3% of an employee's contribution. St. Luke's Warren has recorded a reserve of \$276,674 for the year ended June 30, 2013. This liability is included in accrued compensation payable on the 2013 consolidated balance sheet.

**401(a) Plan**

All (non-St. Luke's Warren) employees hired before January 1, 2009 remain participants in the noncontributory defined benefit pension plan (see Pension Plan, above).

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All employees hired after January 1, 2009, are provided with a defined contribution plan 401(a) of which St. Luke's will contribute a percentage of the employee's salary based on the employee's years of service as follows

<b>Years of Service</b>	<b>% of Annual Salary</b>
1 through 5	2.5%
6 through 10	4.0%
11 through 15	5.5%
16+ years	7.0%

The Network has recorded a reserve of \$1,322,367 for the year ended June 30, 2013. This liability is included in accrued compensation payable on the 2013 consolidated balance sheet.

**Retirement Plan 401(k)**

As of January 1, 2009, a 401(k) retirement savings plan replaced the 403(b) retirement savings plan for employees of St. Luke's HomeStar Services, LLC, a for-profit organization.

**Pension Plan Financial Components**

The net pension cost for all Plans and Plan participants, during the years ended June 30, 2013 and 2012, includes the following components:

	<b>2013</b>	<b>2012</b>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	\$ 457,532,508	\$ 378,834,412
Service cost	18,069,251	16,916,986
Interest cost	20,851,931	20,517,526
Benefits paid	(9,155,008)	(8,803,724)
Actuarial loss (gain)	(46,303,688)	51,234,348
Plan amendment	-	(1,167,040)
Benefit obligation at end of year	<u>\$ 440,994,994</u>	<u>\$ 457,532,508</u>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 292,393,095	\$ 260,464,215
Actual return on plan assets	39,611,235	6,555,118
Employer contributions	38,858,573	34,177,486
Benefits paid	(9,155,008)	(8,803,724)
Fair value of plan assets at end of year	<u>\$ 361,707,895</u>	<u>\$ 292,393,095</u>
Funded status at end of year	<u>\$ (79,287,099)</u>	<u>\$ (165,139,413)</u>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

Amounts recognized in the statement of financial position consist of

	<b>2013</b>	<b>2012</b>
Noncurrent assets	\$ -	\$ -
Current liabilities	(305,103)	(320,000)
Noncurrent liabilities	(78,981,996)	(164,819,413)
Net amount recognized in statement of financial position	<u>\$ (79,287,099)</u>	<u>\$ (165,139,413)</u>

Amounts recognized in unrestricted net assets consist of

	<b>2013</b>	<b>2012</b>
Unrecognized Net loss (gain)	\$ 72,073,536	\$ 144,245,154
Transition obligation (asset)	-	-
Prior service cost (credit)	-	-
Accumulated other comprehensive income	<u>\$ 72,073,536</u>	<u>\$ 144,245,154</u>

The accumulated benefit obligation for all defined benefit pension plans was \$432,575,542 and \$443,452,135 at June 30, 2013 and 2012, respectively

Information for pension plans with an accumulated benefit obligation in excess of plan assets

	<b>2013</b>	<b>2012</b>
Projected benefit obligation	\$ 440,994,994	\$ 457,532,508
Accumulated benefit obligation	432,575,542	443,452,135
Fair value of plan assets	361,707,895	292,393,095

Components of net periodic benefit cost and other amounts recognized in unrestricted net assets

	<b>2013</b>	<b>2012</b>
<b>Total pension benefit cost</b>		
Service cost	\$ 18,069,251	\$ 16,916,986
Interest cost	20,851,931	20,517,525
Expected return on plan assets	(24,384,094)	(20,387,261)
Amortization of net (gain) loss	10,640,789	4,016,828
Amortization of transition obligation (asset)	-	-
Amortization of prior service cost (credit)	-	230,849
Net periodic benefit cost	<u>\$ 25,177,877</u>	<u>\$ 21,294,927</u>
Curtailment loss	-	361,116
Settlement loss	-	1,270,005
Total pension cost	<u>\$ 25,177,877</u>	<u>\$ 22,926,048</u>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

Other changes in plan assets and benefit obligations recognized in unrestricted net assets

	<b>2013</b>	<b>2012</b>
Net loss (gain)	\$ (61,530,829)	\$ 65,682,380
Amortization of loss (gain)	(10,640,789)	(5,286,833)
Amortization of transition obligation	-	-
Amortization of prior service cost	-	(591,965)
Total recognized in unrestricted net assets	<u>\$ (72,171,618)</u>	<u>\$ 59,803,582</u>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ (46,993,741)</u>	<u>\$ 82,729,630</u>

The estimated net loss, transition obligation and prior service cost for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are \$1,531,789, \$0 and \$0, respectively

Weighted-average assumptions used to determine benefit obligations at June 30, 2013

Discount rate	5.29%
Discount rate - Warren	5.05%
Rate of compensation increase	3.50%

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30, 2013

Expected long-term return on plan assets	8.00%
Rate of compensation increase	3.50%
Discount rate	4.60%
Discount rate - Warren	4.64%

The St. Luke's Pension Plans weighted-average asset allocations at June 30, 2013 and 2012, by asset category, are as follows

<b>Asset category</b>	<b>Plan Assets at June 30</b>	
	<b>2013</b>	<b>2012</b>
Equity securities	73 %	69 %
Debt securities	27 %	31 %
	<u>100 %</u>	<u>100 %</u>

The Investments are broadly diversified in assets which over time provide the opportunity for appreciation and rising levels of income. The precise mix of assets is determined jointly by the Investment Committee and recommended to the Board of Trustees. The Investment Committee has discretion over the selection of individual securities and the weighting of the investments.

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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***Equities***

The Investment Committee directs that a reasonable diversification be maintained and in no case shall any single investment represent more than 5% of market value of the portfolios. At no time will less than 60% nor more than 80% of the combined market value of the funds be invested in equity or equivalent securities. This total equity will be weighted with a minimum of 20% and maximum of 70% U.S. Stocks and a minimum of 10% and maximum of 40% in International Stocks. Any exceptions are mutually agreed upon by the Manager and the Investment Committee either prior to the event or as soon as is practical.

***Fixed Income***

All fixed income securities purchased or retained by the Fund Manager are rated by at least one of the two recognized credit rating agencies (Moody's or Standard & Poor's) as "BBB" or better. Other "investment grade" issues, as defined by the rating agencies, but which may be unrated, may be purchased or retained so long as they represent no more than 5% of the market value of the portfolios. Other than obligations of the United States Government or its agencies and instrumentalities, no fixed income obligation shall represent more than 5% of the total market value of the portfolios. The Investment Committee directs that at no time will less than 10% nor more than 40% of the combined market value of the funds be invested in fixed income securities. Any exceptions are mutually agreed upon by the Fund Manager and the Investment Committee either prior to the event or as soon as practical.

***Cash Equivalent, Money Market and Other Holdings***

All cash is invested in short term interest bearing securities or other cash equivalent investments. Other than obligations of the United States Government and its Agencies or instrumentalities all such investments in corporate obligations, commonly known as commercial paper, shall both carry an investment rating by a recognized rating agency of A-1 or P-1. Any exceptions to the above guidelines are mutually agreed upon by the Fund Manager and the Investment Committee either prior to the event or as soon as is practical. The Finance and Investment Committees direct that at no time more than 10% of the combined market value of the funds be invested in cash or cash equivalents.

Other investments not covered in the above guidelines (i.e., real estate), may be purchased and/or held at the request of the Investment Committee with the concurrence of the Investment Manager or at the recommendation of the Investment Manager with the concurrence of the Investment Committee.

***Cash Flows***

***Contributions***

The Network expects to contribute \$21,620,121 to its pension plans in the 2014 fiscal year.

***Estimated Future Benefit Payments***

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2014	\$ 11,142,044
2015	13,839,000
2016	15,393,000
2017	17,188,000
2018	20,851,123
2019-2023	<u>124,268,000</u>
Total	<u>\$ 202,681,167</u>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

The following table presents the Plan's financial instruments as of June 30, 2013, measured at fair value on a recurring basis using the fair value hierarchy defined in note 7

	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Total Fair Value</b>
<b>June 30, 2013</b>		
Investments		
Money Market Funds	\$ 965,739	\$ 965,739
Government Securities	95,237,409	95,237,409
Common & Preferred Stock	265,504,747	265,504,747
Total Investments	<u>\$ 361,707,895</u>	<u>\$ 361,707,895</u>

**16. Insurance Coverage**

Effective December 13, 2001, the Parent, established St Luke's Health Network Insurance Company, a wholly-owned captive insurance company licensed by the State of Vermont providing claims-made coverage for professional and general liability coverages for the Network St Luke's converted its fronted captive to a risk retention group ("RRG") effective July 1, 2003 On January 1, 2005, the RRG was converted from a nonprofit risk retention group to a reciprocal risk retention group As a reciprocal risk retention group, the St Luke's Health Network Insurance Company is also permitted to provide primary medical professional liability coverage on an occurrence basis to independent physicians and physician's practices Under this structure, each insured is a subscriber of the St Luke's Health Network Insurance Company, a Reciprocal Risk Retention Group ("SLHNIC") Only subscribers of the St Luke's University Health Network will be issued Class A subscriber units Class A Subscribers of SLHNIC maintain control over SLHNIC At June 30, 2013 and June 30, 2012, the Network was covered through the SLHNIC by a Hospital Professional Liability policy, with primary limits of \$500,000 for each medical incident and \$2,500,000 in the aggregate and with Physicians Professional Liability coverage with primary limits of \$500,000 for each occurrence, and \$1,500,000 in the aggregate SLHNIC also provides institutional subscribers with excess layer professional liability coverage on a claims-made basis This coverage is provided for losses limited to \$4 million for each medical incident in excess of \$1 million with an annual aggregate of \$4 million The reserve for malpractice claims maintained at June 30, 2013 and 2012 was approximately \$38,815,770 and \$36,901,354, and was estimated using a discount rate of 4.25% and 3.75%, respectively The discount for Class A and Class B subscribers was \$5,095,480 and \$4,895,220 for June 30, 2013 and 2012, respectively

Warren Risk Retention Group, Inc ("WRRG") provided St Luke's Warren Hospital professional liability and general liability coverage up to a limit of \$1 million per claim with an annual aggregate limit of \$3 million on a claims-made basis Warren Risk Retention Group, Inc also provided physicians' professional liability insurance on a claims-made basis to voluntary attending physicians working with the Hospital Limits offered were \$500,000 per each claim with a \$1.5 million annual aggregate per physician in Pennsylvania or \$1 million per each claim with a \$3 million annual aggregate per physician in New Jersey Effective May 1, 2013, WRRG merged with SLHNIC and such policies are issued by SLHNIC

St Luke's University Health Network has recorded a receivable as of June 30, 2013 of \$10,404,252 for expected insurance indemnifications and a related liability for the accrued claims in the individual financial statements of the hospitals As of June 30, 2012, St Luke's University Health Network recorded a receivable and related liability of \$8,030,614

# St. Luke's University Health Network, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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The Network participates in the Medical Care Availability and Reduction of Error ("Mcare") Fund, which is a Pennsylvania governmentally authorized entity that for fiscal year 2013 covers claims above \$500,000 per medical incident up to \$1,500,000 aggregate per hospital/insured physician subject to Mcare Fund coverage, as applicable. The assessment for the Mcare Fund payable by the Network is based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association ("JUA") multiplied by the annual assessment percentage. The Network recognizes its assessment as expense in the period incurred.

The Network maintains accrued insurance reserves for its self-insured portion of expected workers' compensation claims of approximately \$6,288,663 and \$5,881,595 for the years ended June 30, 2013 and 2012, respectively. The impact of the discount was \$1,988,434 and \$1,650,294 for the years ended June 30, 2013 and 2012, respectively.

#### **17. Asset Retirement Obligations**

In the year ended June 30, 2006, the Network adopted accounting guidance on Accounting for Conditional Asset Retirement Obligations. If a legal obligation to perform an asset retirement obligation exists but performance is conditional upon a future event, and the obligation can be reasonably estimated, then a liability should be recognized. Upon initial application of accounting regulatory guidance, the Network recognized \$3,486,249 of conditional asset retirement obligation included within our liabilities in the consolidated balance sheet. For the year ended June 30, 2013, the Network recognized \$7,805 in accretion and depreciation expense.

#### **18. Subsequent Events**

The Network has adopted FASB subsequent events guidelines. The objective of FASB is to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth

- (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements
- (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements
- (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date

The Network has performed an evaluation of subsequent events through November 1, 2013, which is the date the financial statements were available to be issued.

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2013**

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Warren Hospital	New Valley Rehab LLC
<b>Assets</b>									
Current									
Cash and cash equivalents	\$ -	\$ 64,510,411	\$ 154,242	\$ 136,855	\$ 65	\$ -	\$ 164,364	\$ 10,125,087	\$ 417,638
Investment in controlled entities	541,190,449	-	-	-	-	-	-	-	-
Patient accounts receivable, net	-	156,343,535	10,202,479	16,236,743	713,963	-	6,887,258	10,227,400	144,871
Other accounts receivable	-	4,231,880	23,289	52,270	19,391	-	68,704	4,874,987	36,351
Investments	-	64,064,550	-	19,999	-	-	-	2,160	-
Inventories	-	14,094,081	-	992,413	-	-	913,691	2,020,034	-
Prepaid expenses	-	14,293,341	1,732,733	256,469	34,638	-	210,127	1,345,949	-
Total current assets	541,190,449	317,537,798	12,112,743	17,694,749	768,057	-	8,244,144	28,595,617	598,860
Assets limited as to use									
Funds held by trustee	-	55,572,729	-	-	-	-	-	148,714	-
Under bond indenture	-	35,975,983	-	-	-	-	-	-	-
Board designated funds	-	244,267,373	-	1,539,359	-	-	-	1,811	-
	-	335,816,085	-	1,539,359	-	-	-	150,525	-
Property and equipment, net	-	505,667,489	10,611,143	20,087,865	488,935	-	19,360,110	59,670,824	617,089
Goodwill, net	-	6,430,660	4,446,990	-	-	-	-	13,156,777	7,654,919
Due from affiliates	-	60,539,245	-	-	-	2,958,591	-	-	-
Investments temporarily restricted as to use	-	21,187,241	-	472,050	29,234	-	840,886	717,228	-
Investments permanently restricted as to use	-	24,078,247	-	2,998,850	-	-	10,005	477,568	-
Deferred financing costs	-	6,357,445	-	-	-	-	-	515,125	-
Annuity contracts	-	11,497,695	-	-	-	-	-	-	-
Other assets	-	24,817,364	-	209,231	-	-	1,560,063	1,700,006	-
Total assets	\$ 541,190,449	\$ 1,313,929,269	\$ 27,170,876	\$ 43,002,104	\$ 1,286,226	\$ 2,958,591	\$ 30,015,208	\$ 104,983,670	\$ 8,870,868



**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2013**

**Schedule I**

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
<b>Assets</b>										
Current										
Cash and cash equivalents	\$ 362,688	\$ 502,682	\$ -	\$ 484,643	\$ 4,648	\$ -	\$ 6,411	\$ 16,242	\$ -	\$ 76,885,975
Investment in controlled entities	-	-	-	-	-	-	-	-	(541,190,449)	-
Patient accounts receivable, net	637,848	-	-	1,140,250	95	-	-	-	(2,182,351)	200,352,091
Other accounts receivable	570,486	5,250	-	-	104,256	-	2,182,351	180,821	(4,427,107)	7,922,929
Investments	-	253,226	-	-	-	-	-	-	-	64,339,935
Inventories	-	-	-	-	-	-	-	-	-	18,020,219
Prepaid expenses	65,953	-	-	-	210	-	-	-	-	17,939,420
Total current assets	1,636,974	761,158	-	1,624,893	109,209	-	2,188,761	197,063	(547,799,906)	385,460,569
Assets limited as to use										
Funds held by trustee	-	-	-	-	-	-	-	-	-	55,721,443
Under bond indenture	-	-	-	-	-	-	-	-	-	35,975,983
Board designated funds	-	-	-	-	-	-	-	-	-	245,808,543
	-	-	-	-	-	-	-	-	-	337,505,969
Property and equipment, net	247,072	-	-	-	-	-	9,768	1,621,831	-	618,382,126
Goodwill, net	147,002	-	-	-	-	-	-	-	-	31,836,348
Due from affiliates	-	-	-	-	28,523	-	310,431	-	(63,836,790)	-
Investments temporarily restricted as to use	-	-	-	-	-	-	-	-	-	23,246,639
Investments permanently restricted as to use	-	-	-	-	-	-	-	-	-	27,564,670
Deferred financing costs	-	-	-	-	-	-	-	-	-	6,872,570
Annuity contracts	-	-	-	-	-	-	-	-	-	11,497,695
Other assets	-	-	-	-	-	-	-	-	-	28,286,664
Total assets	\$ 2,031,048	\$ 761,158	\$ -	\$ 1,624,893	\$ 137,732	\$ -	\$ 2,508,960	\$ 1,818,894	\$ (611,636,696)	\$ 1,470,653,250

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2013**

	St Luke's University Health Network, Inc	Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Warren Hospital	New Valley Rehab LLC
<b>Liabilities and Net Assets</b>									
Current									
Accounts payable	\$ -	\$ 51,135,626	\$ 2,415,893	\$ 701,182	\$ 13,054	\$ -	\$ 625,327	\$ 2,272,415	\$ 5,184
Accrued salaries, wages and taxes	-	10,971,975	11,815,520	484,845	-	-	656,423	1,374,256	156,169
Accrued vacation	-	22,257,553	4,995,294	1,158,854	103,295	-	1,164,483	3,307,003	-
Current portion of self insurance reserves	-	18,749,018	-	-	-	-	-	297,856	-
Deferred income	-	3,732,796	-	-	11,859	-	-	-	-
Advance from third-party payors	-	2,099,500	-	38,400	-	-	260,201	-	-
Patient credit balances	-	14,735,004	-	2,630,430	-	-	946,673	-	-
Current portion of long-term debt	-	10,722,569	34,562	-	-	-	5,756	180,547	-
Current portion of pension costs	-	2,960,737	219,986	101,648	83	-	27,261	444,601	1,515
Accrued interest on long-term debt	-	8,506,947	-	-	-	-	-	118,513	-
Other Current Liabilities	-	1,559,272	33,471	82,012	-	-	41,963	349,902	-
Estimated third-party payor settlements	-	6,464,524	-	2,354,223	-	-	1,919,397	2,281,779	-
Total current liabilities	-	153,895,521	19,514,726	7,551,594	128,291	-	5,647,484	10,626,872	162,868
Due to affiliates	-	-	75,108,084	2,955,000	5,273,950	-	2,792,054	1,530,649	8,491,290
Long-term debt, net of current portion	-	470,354,224	-	-	-	-	12,203	39,471,581	-
Asset retirement obligation	-	3,247,932	-	65,030	-	-	247,524	-	-
Accrued compensation payable	-	71,057,695	5,279,691	2,439,547	1,980	-	654,256	10,670,421	36,357
Self insurance reserves	-	38,066,188	-	-	-	-	-	604,739	-
Other noncurrent liabilities	-	9,207,872	-	45,107	-	-	34,238	1,700,006	-
Swap Contracts	-	66,942,036	-	-	-	-	-	-	-
Total liabilities	-	812,771,468	99,902,501	13,056,278	5,404,221	-	9,387,759	64,604,268	8,690,515
Net assets									
Unrestricted net assets (liabilities)	477,919,836	479,741,940	(72,731,625)	26,374,338	(4,147,229)	2,958,591	18,250,733	39,184,606	180,353
Less: Amounts due from affiliates	-	(33,682,373)	-	-	-	-	-	-	-
Net unrestricted net assets (liabilities)	477,919,836	446,059,567	(72,731,625)	26,374,338	(4,147,229)	2,958,591	18,250,733	39,184,606	180,353
Temporarily restricted net assets	35,705,944	31,019,987	-	572,639	29,234	-	2,366,711	717,228	-
Permanently restricted net assets	27,564,669	24,078,247	-	2,998,849	-	-	10,005	477,568	-
Total net assets (liabilities)	541,190,449	501,157,801	(72,731,625)	29,945,826	(4,117,995)	2,958,591	20,627,449	40,379,402	180,353
Total liabilities and net assets	\$ 541,190,449	\$1,313,929,269	\$ 27,170,876	\$ 43,002,104	\$ 1,286,226	\$ 2,958,591	\$ 30,015,208	\$104,983,670	\$ 8,870,868

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2013**

**Schedule I**

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
<b>Liabilities and Net Assets</b>										
Current										
Accounts payable	\$ 2,400,807	\$ -	\$ -	\$ 272,333	\$ 5,742	\$ -	\$ 156,775	\$ -	\$ (2,182,350)	\$ 57,821,988
Accrued salaries, wages and taxes	452,119	-	-	1,099,142	-	-	-	-	-	27,010,449
Accrued vacation	82,273	-	-	-	-	-	-	-	-	33,068,755
Current portion of self insurance reserves	12,870	-	-	-	-	-	-	-	-	19,059,744
Deferred income	-	-	-	-	-	-	-	-	-	3,744,655
Advance from third-party payors	-	-	-	-	-	-	-	-	-	2,398,101
Patient credit balances	-	-	-	-	-	-	-	-	-	18,312,107
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	10,943,434
Current portion of pension costs	-	-	-	-	-	-	-	-	-	3,755,831
Accrued interest on long-term debt	-	-	-	-	-	-	-	-	-	8,625,460
Other Current Liabilities	-	1,169	-	-	5,749,498	-	2,045,247	7,548,082	(11,834,036)	5,576,580
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	-	13,019,923
Total current liabilities	2,948,069	1,169	-	1,371,475	5,755,240	-	2,202,022	7,548,082	(14,016,386)	203,337,027
Due to affiliates	1,071,958	42,761	-	253,418	-	-	-	-	(97,519,164)	-
Long-term debt, net of current portion	-	-	-	-	-	-	-	-	-	509,838,008
Asset retirement obligation	-	-	-	-	-	-	-	-	-	3,560,486
Accrued compensation payable	-	-	-	-	-	-	-	-	-	90,139,947
Self insurance reserves	26,130	-	-	-	-	-	-	-	-	38,697,057
Other noncurrent liabilities	-	-	-	-	-	-	-	-	1	10,987,224
Swap Contracts	-	-	-	-	-	-	-	-	-	66,942,036
Total liabilities	4,046,157	43,930	-	1,624,893	5,755,240	-	2,202,022	7,548,082	(111,535,549)	923,501,785
Net assets										
Unrestricted net assets (liabilities)	(2,015,109)	260,401	-	-	(5,617,508)	-	306,938	(5,729,188)	(469,795,679)	485,141,398
Less Amounts due from affiliates	-	-	-	-	-	-	-	-	33,682,373	-
Net unrestricted net assets (liabilities)	(2,015,109)	260,401	-	-	(5,617,508)	-	306,938	(5,729,188)	(436,113,306)	485,141,398
Temporarily restricted net assets	-	456,827	-	-	-	-	-	-	(36,423,172)	34,445,398
Permanently restricted net assets	-	-	-	-	-	-	-	-	(27,564,669)	27,564,669
Total net assets (liabilities)	(2,015,109)	717,228	-	-	(5,617,508)	-	306,938	(5,729,188)	(500,101,147)	547,151,465
Total liabilities and net assets	\$ 2,031,048	\$ 761,158	\$ -	\$ 1,624,893	\$ 137,732	\$ -	\$ 2,508,960	\$ 1,818,894	\$ (611,636,696)	\$ 1,470,653,250

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2012**

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Warren Hospital	New Valley Rehab LLC
<b>Assets</b>									
<b>Current</b>									
Cash and cash equivalents	\$ -	\$ 60,620,063	\$ 23,544	\$ 26,676	\$ 65	\$ -	\$ 3,139,218	\$ 11,277,367	\$ 112,666
Investment in controlled entities	371,457,606	-	-	-	-	-	-	-	-
Patient accounts receivable, net	-	126,545,429	8,261,017	12,090,525	666,736	-	5,594,783	11,122,446	13,017
Other accounts receivable	-	6,418,969	1,101,065	41,111	23,748	-	30,190	4,158,535	562,473
Investments	-	59,330,152	-	16,454	-	-	-	2,159	-
Inventories	-	13,768,109	-	851,812	-	-	780,093	1,549,582	-
Prepaid expenses	-	11,788,418	1,239,106	309,836	25,062	-	302,958	1,371,673	7,686
<b>Total current assets</b>	<b>371,457,606</b>	<b>278,471,140</b>	<b>10,624,732</b>	<b>13,336,414</b>	<b>715,611</b>	<b>-</b>	<b>9,847,242</b>	<b>29,481,762</b>	<b>695,842</b>
<b>Assets limited as to use</b>									
Funds held by trustee	-	8,982,865	-	-	-	-	-	1,086,969	-
Under bond indenture	-	35,767,541	-	-	-	-	-	3,484,726	-
Board designated funds	-	216,789,627	-	1,361,605	-	-	-	9,214	-
	-	261,540,033	-	1,361,605	-	-	-	4,580,909	-
Property and equipment, net	-	479,798,460	12,442,530	22,904,951	375,653	-	17,383,027	60,901,420	710,345
Goodwill, net	-	43,466	3,105,913	-	-	-	-	13,251,400	7,657,419
Due from affiliates	-	54,084,225	-	-	-	2,958,591	-	-	-
Investments temporarily restricted as to use	-	16,661,027	-	178,509	27,204	-	776,976	543,318	-
Investments permanently restricted as to use	-	23,066,932	-	2,893,132	-	-	10,005	477,568	-
Deferred financing costs	-	5,439,851	-	-	-	-	-	257,709	-
Annuity contracts	-	8,999,001	-	-	-	-	-	-	-
Other assets	-	19,656,539	-	232,739	-	-	212,078	2,672,245	35,821
<b>Total assets</b>	<b>\$ 371,457,606</b>	<b>\$ 1,147,760,674</b>	<b>\$ 26,173,175</b>	<b>\$ 40,907,350</b>	<b>\$ 1,118,468</b>	<b>\$ 2,958,591</b>	<b>\$ 28,229,328</b>	<b>\$ 112,166,331</b>	<b>\$ 9,099,427</b>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2012**

**Schedule I**

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
<b>Assets</b>										
Current										
Cash and cash equivalents	\$ -	\$ 357,089	\$ 37,997	\$ 109,157	\$ 5,136	\$ 5,645,689	\$ 190,083	\$ 4,619	\$ -	\$ 81,549,369
Investment in controlled entities	-	-	-	-	-	-	-	-	(371,457,606)	-
Patient accounts receivable, net	-	-	776,168	724,165	8,142	-	-	-	-	165,802,428
Other accounts receivable	232,365	5,475	261,961	213,872	248,619	631,934	2,272,310	180,821	(5,955,530)	10,427,918
Investments	-	225,399	-	-	-	1,772,186	-	-	-	61,346,350
Inventories	-	-	-	-	-	-	-	-	-	16,949,596
Prepaid expenses	41,667	850	134,534	-	209	54,587	-	100	-	15,276,686
Total current assets	274,032	588,813	1,210,660	1,047,194	262,106	8,104,396	2,462,393	185,540	(377,413,136)	351,352,347
Assets limited as to use										
Funds held by trustee	-	-	-	-	-	-	-	-	-	10,069,834
Under bond indenture	-	-	-	-	-	-	-	-	-	39,252,267
Board designated funds	-	-	-	-	-	-	-	-	-	218,160,446
	-	-	-	-	-	-	-	-	-	267,482,547
Property and equipment, net	-	-	51,265	-	6,334	-	19,644	1,657,453	-	596,251,082
Goodwill, net	-	-	179,709	-	-	-	-	-	-	24,237,907
Due from affiliates	-	-	-	-	-	-	-	-	(57,042,816)	-
Investments temporarily restricted as to use	-	-	-	-	-	-	-	-	-	18,187,034
Investments permanently restricted as to use	-	-	-	-	-	-	-	-	-	26,447,637
Deferred financing costs	-	-	-	-	-	-	-	-	-	5,697,560
Annuity contracts	-	-	-	-	-	-	-	-	-	8,999,001
Other assets	-	-	-	-	-	-	-	-	(2,000,010)	20,809,412
Total assets	\$ 274,032	\$ 588,813	\$ 1,441,634	\$ 1,047,194	\$ 268,440	\$ 8,104,396	\$ 2,482,037	\$ 1,842,993	\$ (436,455,962)	\$ 1,319,464,527

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2012**

	St Luke's University Health Network, Inc	Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Warren Hospital	New Valley Rehab LLC
<b>Liabilities and Net Assets</b>									
<b>Current</b>									
Accounts payable	\$ -	\$ 38,228,228	\$ 2,013,378	\$ 652,477	\$ 20,900	\$ -	\$ 655,418	\$ 10,581,037	\$ 20,357
Accrued salaries, wages and taxes	-	9,161,812	10,180,482	450,099	-	-	422,961	1,938,297	43,969
Accrued vacation	-	18,976,382	4,091,154	1,072,101	105,205	-	1,010,949	2,997,168	-
Current portion of self insurance reserves	-	16,680,545	-	-	-	-	-	93,243	-
Deferred income	-	2,930,323	-	-	12,534	-	345,452	-	-
Advance from third-party payors	-	2,099,500	-	38,400	-	-	260,201	-	-
Patient credit balances	-	9,957,861	-	1,647,565	-	-	625,960	-	-
Current portion of long-term debt	-	12,583,360	55,853	-	-	-	5,390	275,604	184,969
Current portion of pension costs	-	5,043,745	676,106	251,871	101	-	51,279	1,048,308	-
Accrued interest on long-term debt	-	7,413,822	-	-	-	-	-	1,060,775	-
Other Current Liabilities	-	359,817	-	365,353	-	-	47,052	2,819,690	-
Estimated third-party payor settlements	-	10,598,585	-	1,777,437	-	-	3,848,215	1,932,695	-
<b>Total current liabilities</b>	<b>-</b>	<b>134,033,980</b>	<b>17,016,973</b>	<b>6,255,303</b>	<b>138,740</b>	<b>-</b>	<b>7,272,877</b>	<b>22,746,817</b>	<b>249,295</b>
Due to affiliates	-	-	64,666,669	6,785,039	4,716,525	-	5,847,626	81,945	8,376,162
Long-term debt, net of current portion	-	400,635,252	34,562	-	-	-	17,997	42,494,634	404,458
Asset retirement obligation	-	3,247,932	-	65,030	-	-	246,799	-	-
Accrued compensation payable	-	121,049,880	16,226,537	6,044,916	2,415	-	1,230,701	25,159,395	-
Self insurance reserves	-	33,866,562	-	-	-	-	-	45,926	-
Other noncurrent liabilities	-	7,879,660	-	46,375	-	-	36,308	1,443,179	-
Swap Contracts	-	83,210,652	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>783,923,918</b>	<b>97,944,741</b>	<b>19,196,663</b>	<b>4,857,680</b>	<b>-</b>	<b>14,652,308</b>	<b>91,971,896</b>	<b>9,029,915</b>
<b>Net assets</b>									
Unrestricted net assets (liabilities)	324,113,369	354,932,075	(71,771,566)	18,522,453	(3,766,416)	2,958,591	12,614,269	19,982,395	69,512
Warren Beginning Unrestricted net assets	(808,846)	-	-	-	-	-	-	(808,846)	-
Less Amounts due from affiliates	-	(33,682,373)	-	-	-	-	-	-	-
<b>Net unrestricted net assets (liabilities)</b>	<b>323,304,523</b>	<b>321,249,702</b>	<b>(71,771,566)</b>	<b>18,522,453</b>	<b>(3,766,416)</b>	<b>2,958,591</b>	<b>12,614,269</b>	<b>19,173,549</b>	<b>69,512</b>
Temporarily restricted net assets	20,830,852	19,520,123	-	295,103	27,204	-	952,746	-	-
Warren Beginning Temporarily Restricted net assets	874,596	-	-	-	-	-	-	543,318	-
Permanently restricted net assets	25,970,067	23,066,931	-	2,893,131	-	-	10,005	-	-
Warren Beginning Permanent Restricted net assets	477,568	-	-	-	-	-	-	477,568	-
<b>Total net assets (liabilities)</b>	<b>371,457,606</b>	<b>363,836,756</b>	<b>(71,771,566)</b>	<b>21,710,687</b>	<b>(3,739,212)</b>	<b>2,958,591</b>	<b>13,577,020</b>	<b>20,194,435</b>	<b>69,512</b>
<b>Total liabilities and net assets</b>	<b>\$ 371,457,606</b>	<b>\$1,147,760,674</b>	<b>\$ 26,173,175</b>	<b>\$ 40,907,350</b>	<b>\$ 1,118,468</b>	<b>\$ 2,958,591</b>	<b>\$ 28,229,328</b>	<b>\$112,166,331</b>	<b>\$ 9,099,427</b>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Balance Sheet**  
**June 30, 2012**

**Schedule I**

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
<b>Liabilities and Net Assets</b>										
Current										
Accounts payable	\$ -	\$ -	\$ 2,349,478	\$ 168,066	\$ 45,818	\$ -	\$ 2,885,730	\$ -	\$ (5,135,275)	\$ 52,485,612
Accrued salaries, wages and taxes	17,857	-	314,475	879,128	-	-	-	-	-	23,409,080
Accrued vacation	4,952	-	-	-	-	-	-	-	-	28,257,911
Current portion of self insurance reserves	-	-	-	-	-	1,090,906	-	-	-	17,864,694
Deferred income	-	-	-	-	-	-	-	-	-	3,288,309
Advance from third-party payors	-	-	-	-	-	-	-	-	-	2,398,101
Patient credit balances	-	-	-	-	-	-	-	-	-	12,231,386
Current portion of long-term debt	-	-	-	-	107,642	-	-	21,695	-	13,234,513
Current portion of pension costs	-	-	-	-	-	-	-	-	-	7,071,410
Accrued interest on long-term debt	-	-	-	-	-	-	-	-	-	8,474,597
Other Current Liabilities	-	45,496	598,380	-	13,511	378,214	-	6,359,430	(3,689,126)	7,297,817
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	-	18,156,932
<b>Total current liabilities</b>	<b>22,809</b>	<b>45,496</b>	<b>3,262,333</b>	<b>1,047,194</b>	<b>166,971</b>	<b>1,469,120</b>	<b>2,885,730</b>	<b>6,381,125</b>	<b>(8,824,401)</b>	<b>194,170,362</b>
Due to affiliates	251,223	-	-	-	4,479,191	-	-	-	(95,204,380)	-
Long-term debt, net of current portion	-	-	-	-	1,002,919	-	-	1,024,515	-	445,614,337
Asset retirement obligation	-	-	-	-	-	-	-	-	-	3,559,761
Accrued compensation payable	-	-	-	-	-	-	-	-	-	169,713,844
Self insurance reserves	-	-	-	-	-	2,214,870	-	-	-	36,127,358
Other noncurrent liabilities	-	-	-	-	240,000	617,033	-	-	-	10,262,555
Swap Contracts	-	-	-	-	-	-	-	-	-	83,210,652
<b>Total liabilities</b>	<b>274,032</b>	<b>45,496</b>	<b>3,262,333</b>	<b>1,047,194</b>	<b>5,889,081</b>	<b>4,301,023</b>	<b>2,885,730</b>	<b>7,405,640</b>	<b>(104,028,781)</b>	<b>942,658,869</b>
Net assets										
Unrestricted net assets (liabilities)	-	176,363	(1,820,699)	-	(5,620,641)	3,803,373	(403,693)	(5,562,647)	(318,221,999)	330,004,739
Warren Beginning Unrestricted net assets	-	-	-	-	-	-	-	-	808,846	(808,846)
Less: Amounts due from affiliates	-	-	-	-	-	-	-	-	33,682,373	-
<b>Net unrestricted net assets (liabilities)</b>	<b>-</b>	<b>176,363</b>	<b>(1,820,699)</b>	<b>-</b>	<b>(5,620,641)</b>	<b>3,803,373</b>	<b>(403,693)</b>	<b>(5,562,647)</b>	<b>(283,730,780)</b>	<b>329,195,893</b>
Temporarily restricted net assets	-	35,676	-	-	-	-	-	-	(20,830,852)	20,830,852
Warren Beginning Temporary Restricted net assets	-	331,278	-	-	-	-	-	-	(1,417,914)	331,278
Permanently restricted net assets	-	-	-	-	-	-	-	-	(25,970,067)	25,970,067
Warren Beginning Permanent Restricted net assets	-	-	-	-	-	-	-	-	(477,568)	477,568
<b>Total net assets (liabilities)</b>	<b>-</b>	<b>543,317</b>	<b>(1,820,699)</b>	<b>-</b>	<b>(5,620,641)</b>	<b>3,803,373</b>	<b>(403,693)</b>	<b>(5,562,647)</b>	<b>(332,427,181)</b>	<b>376,805,658</b>
<b>Total liabilities and net assets</b>	<b>\$ 274,032</b>	<b>\$ 588,813</b>	<b>\$ 1,441,634</b>	<b>\$ 1,047,194</b>	<b>\$ 268,440</b>	<b>\$ 8,104,396</b>	<b>\$ 2,482,037</b>	<b>\$ 1,842,993</b>	<b>\$ (436,455,962)</b>	<b>\$ 1,319,464,527</b>

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Statement of Operations**  
**Year Ended June 30, 2013**

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Warren Hospital	New Valley Rehab LLC
Patient service revenue (net of contractual allowances and discounts)	\$ -	\$ 771 700 946	\$ 142 205 349	\$ 67 377 394	\$ 3 280 335	\$ -	\$ 49 146 627	\$ 133 519 761	\$ 423 641
Provision for bad debts	-	(48 043 398)	(17 826 746)	(7 213 952)	(338 648)	-	(4 214 025)	(20 374 048)	-
Net patient service revenue less provision for bad debts	-	723 657 548	124 378 603	60 163 442	2 941 687	-	44 932 602	113 145 713	423 641
Other operating revenue and gains	-	27 079 462	2 655 711	2 810 471	103 233	-	2 284 317	1 912 035	1 268
Net assets released from restrictions used for operations	-	1 199 254	177 008	33 742	5 903	-	23 095	-	-
Equity in net income from controlled entities	40 963 072	-	-	-	-	-	-	-	-
Total revenue	40 963 072	751 936 264	127 211 322	63 007 655	3 050 823	-	47 240 014	115 057 748	424 909
<b>Operating expenses</b>									
Salaries and employee benefits	-	339 945 267	148 763 585	29 914 641	2 655 474	-	24 753 601	59 533 793	149 245
Supplies and other	-	265 930 842	37 078 028	22 347 068	624 563	-	13 911 067	41 184 969	68 925
Depreciation and amortization	-	51 952 121	2 300 876	3 830 826	165 149	-	2 719 853	5 620 631	93 597
Interest	-	20 458 554	12 000	120 168	3 001	-	4 475	2 675 747	1 917
Total expenses	-	678 286 784	188 154 579	56 212 703	3 448 187	-	41 388 996	109 015 140	313 684
Income (loss) from operations	40 963 072	73 649 480	(60 943 257)	6 794 952	(397 364)	-	5 851 018	6 042 608	111 225
<b>Nonoperating gains (losses)</b>									
Support of Physician Practices	-	(47 221 716)	51 019 438	(2 342 608)	-	-	(1 455 113)	-	-
Unrestricted investment income from assets limited as to use	-	7 345 118	-	44 281	-	-	-	-	-
Realized gain (loss) on unrestricted investment	-	1 104 097	-	1 313	-	-	-	-	-
Unrestricted gifts grants and bequests	-	188 596	-	12 973	8 160	-	4 030	300	-
Unrestricted investment income from restricted net assets	-	257 854	-	(4 606)	-	-	(3 755)	-	-
Unrestricted investment (loss) income	-	2 265 655	-	-	-	-	-	286 973	-
Gain (loss) on disposal of property and equipment	-	(776 749)	1 750	-	-	-	715 435	21 612	(384)
Restructuring Costs	-	(595 585)	(304 947)	(37 530)	(725)	-	(30 270)	(18 925)	-
Pre-Acquisition/Merger Costs	-	(138)	-	-	-	-	-	-	-
Donations to Other Organizations	-	(481 834)	-	(16 800)	-	-	(200)	-	-
Unrealized gain (loss) on derivative	-	2 006 392	-	-	-	-	-	-	-
Goodwill Impairment	-	-	(547 850)	-	-	-	-	-	-
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	1 088 875	-
Nonoperating gains	-	(35 908 310)	50 168 391	(2 342 977)	7 435	-	(769 873)	1 378 835	(384)
Excess (deficiency) of revenue and gains in excess of expenses	40 963 072	37 741 170	(10 774 866)	4 451 975	(389 929)	-	5 081 145	7 421 443	110 841
Net assets released from restrictions used for purchase of property and equipment	-	1 698 753	-	27 067	8 720	-	37 827	26 784	-
Contribution of building	-	722 300	-	-	-	-	-	-	-
Other Changes in Unrestricted Assets	-	-	-	-	-	-	-	(886 251)	-
Net Asset Transfer To/From Affiliate	-	(4 347 117)	-	-	-	-	-	5 609 720	-
Net assets released to Specific Purpose Fund	-	-	-	-	-	-	-	-	-
Change in additional pension liability	-	48 612 754	9 814 807	3 233 899	396	-	517 492	10 113 670	-
Warren Physician Practice Support	-	-	-	-	-	-	-	(2 277 407)	-
Change in fair market value of total return SWAP	-	26 862 226	-	-	-	-	-	-	-
Pocono MRI Beginning unrestricted net assets	-	293 351	-	-	-	-	-	-	-
Net unrealized gains on investments	-	15 887 681	-	138 944	-	-	-	3 098	-
Extraordinary Gains/(Losses)	-	(2 661 253)	-	-	-	-	-	-	-
	40 963 072	124 809 865	(960 059)	7 851 885	(380 813)	-	5 636 464	20 011 057	110 841
Increase (decrease) in unrestricted net assets	\$ 40 963 072	\$ 124 809 865	\$ (960 059)	\$ 7 851 885	\$ (380 813)	\$ -	\$ 5 636 464	\$ 20 011 057	\$ 110 841



**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Statement of Operations**  
**Year Ended June 30, 2013**

**Schedule II**

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Patient service revenue (net of contractual allowances and discounts)	\$ 7 206 824	\$ -	\$ -	\$ 9 183 437	\$ -	\$ -	\$ -	\$ -	\$ (801 900)	\$ 1 183 242 414
Provision for bad debts	(199 390)	-	-	(2 462 504)	(700)	-	-	-	-	(100 673 411)
Net patient service revenue less provision for bad debts	7 007 434	-	-	6 720 933	(700)	-	-	-	(801 900)	1 082 569 003
Other operating revenue and gains	13 289	287 196	-	-	4 362	426 972	2 083 296	65 029	(1 685 455)	38 041 186
Net assets released from restrictions used for operations	-	-	-	-	-	-	-	-	-	1 439 002
Equity in net income from controlled entities	-	-	-	-	-	-	-	-	(40 963 072)	-
Total revenue	7 020 723	287 196	-	6 720 933	3 662	426 972	2 083 296	65 029	(43 450 427)	1 122 049 191
<b>Operating expenses</b>										
Salaries and employee benefits	6 278 084	37 809	-	3 880 905	-	-	908 574	-	-	616 820 978
Supplies and other	3 313 070	104 496	-	2 840 028	172 640	1 017 704	369 732	165 995	(2 457 020)	386 672 107
Depreciation and amortization	113 099	-	-	-	7 573	-	10 805	35 622	-	66 850 152
Interest	-	-	-	-	60 316	-	-	29 953	-	23 366 221
Total expenses	9 704 253	142 305	-	6 720 933	240 529	1 017 704	1 289 111	231 570	(2 457 020)	1 093 709 458
Income (loss) from operations	(2 683 530)	144 891	-	-	(236 867)	(590 732)	794 185	(166 541)	(40 993 407)	28 339 733
<b>Nonoperating gains (losses)</b>										
Support of Physician Practices	-	-	-	-	-	-	-	-	(1)	-
Unrestricted investment income from assets limited as to use	-	-	-	-	-	-	-	-	-	7 389 399
Realized gain (loss) on unrestricted investment	-	-	-	-	-	-	-	-	-	1 105 410
Unrestricted gifts, grants and bequests	-	-	-	-	-	-	-	-	-	214 059
Unrestricted investment income from restricted net assets	-	-	-	-	-	-	-	-	-	249 493
Unrestricted investment (loss) income	-	5 126	-	-	-	25 402	-	-	631 282	3 214 438
Gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	-	-	(38 336)
Restructuring Costs	-	-	-	-	-	13 014	-	-	-	(974 968)
Pre-Acquisition/Merger Costs	-	-	-	-	-	-	-	-	-	(138)
Donations to Other Organizations	-	-	-	-	-	-	-	-	-	(498 834)
Unrealized gain (loss) on derivative	-	-	-	-	-	-	-	-	-	2 006 392
Goodwill Impairment	-	-	-	-	-	-	-	-	-	(547 850)
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	-	-	1 088 875
Nonoperating gains	-	5 126	-	-	-	38 416	-	-	631 281	13 207 940
Excess (deficiency) of revenue and gains in excess of expenses	(2 683 530)	150 017	-	-	(236 867)	(552 316)	794 185	(166 541)	(40 362 126)	41 547 673
Net assets released from restrictions used for purchase of property and equipment	-	-	-	-	-	-	-	-	-	1 799 151
Contribution of building	-	-	-	-	-	-	-	-	-	722 300
Other Changes in Unrestricted Assets	-	-	-	-	-	-	-	-	-	(886 251)
Net Asset Transfer To/From Affiliate	-	-	-	-	-	(3 262 603)	-	-	2 000 000	-
Net assets released to Specific Purpose Fund	-	(89 873)	-	-	-	-	-	-	-	(89 873)
Change in additional pension liability	-	-	-	-	-	-	-	-	-	72 293 018
Warren Physician Practice Support	2 489 120	-	-	-	240 000	-	(83 554)	-	(368 159)	-
Change in fair market value of total return SWAP	-	-	-	-	-	-	-	-	-	26 862 226
Pocono MRI Beginning unrestricted net assets	-	-	-	-	-	-	-	-	-	293 351
Net unrealized gains on investments	-	23 894	-	-	-	11 546	-	-	-	16 065 163
Extraordinary Gains/(Losses)	-	-	-	-	-	-	-	-	-	(2 661 253)
	(194 410)	84 038	-	-	3 133	(3 803 373)	710 631	(166 541)	(38 730 285)	155 945 505
Increase (decrease) in unrestricted net assets	\$ (194 410)	\$ 84 038	\$ -	\$ -	\$ 3 133	\$ (3 803 373)	\$ 710 631	\$ (166 541)	\$ (38 730 285)	\$ 155 945 505

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Statement of Operations**  
**Year Ended June 30, 2012**

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Center	St Luke's Warren Hospital	New Valley Rehab LLC
Patient service revenue (net of contractual allowances and discounts)	\$ -	\$ 718,359,631	\$ 130,395,966	\$ 58,961,236	\$ 3,127,122	\$ 13,514	\$ 43,024,962	\$ 55,896,945	\$ 334,275
Provision for bad debts	-	(52,004,386)	(17,590,257)	(5,091,074)	(345,048)	-	(2,459,029)	(7,750,900)	-
Net patient service revenue less provision for bad debts	-	666,355,245	112,805,709	53,870,162	2,782,074	13,514	40,565,933	48,146,045	334,275
Other operating revenue and gains	-	17,581,092	776,902	1,681,093	78,603	-	476,950	766,891	-
Net assets released from restrictions used for operations	-	1,517,026	224,364	9,469	-	-	9,820	-	-
Equity in net income from controlled entities	35,388,991	-	-	-	-	-	-	-	-
Total revenue	35,388,991	685,453,363	113,806,975	55,560,724	2,860,677	13,514	41,052,703	48,912,936	334,275
<b>Operating expenses</b>									
Salaries and employee benefits	-	330,989,804	121,132,130	27,438,123	2,585,012	-	22,616,414	24,556,049	160,324
Supplies and other	-	243,120,200	33,832,043	19,370,545	589,415	-	13,275,926	16,941,620	32,953
Depreciation and amortization	-	44,480,192	2,310,931	3,606,842	153,615	-	2,462,335	2,228,139	69,641
Interest	-	16,290,850	17,853	137,947	3,734	-	-	1,141,724	1,845
Total expenses	-	634,881,046	157,292,957	50,553,457	3,331,776	-	38,354,675	44,867,532	264,763
Income (loss) from operations	35,388,991	50,572,317	(43,485,982)	5,007,267	(471,099)	13,514	2,698,028	4,045,404	69,512
<b>Nonoperating gains (losses)</b>									
Support of Physician Practices	-	(35,954,579)	37,875,365	(1,092,186)	-	-	(828,600)	-	-
Unrestricted investment income from assets limited as to use	-	7,791,697	-	(1,813)	-	-	-	-	-
Realized gain (loss) on unrestricted investment	-	8,103,256	-	50,025	-	-	-	-	-
Unrestricted gifts, grants and bequests	-	107,599	-	(147,960)	4,225	-	5,850	240	-
Unrestricted investment income from restricted net assets	-	276,602	-	(9,484)	-	-	(2,538)	-	-
Unrestricted investment (loss) income	-	2,664,807	-	-	-	743,957	1,196	(337,922)	-
Gain (loss) on disposal of property and equipment	-	(570,038)	31,316	(86,844)	-	-	-	500	-
Restructuring Costs	-	(369,820)	(8,785)	(489)	(9)	-	(163,401)	(30,972)	-
Pre-Acquisition/Merger Costs	-	(846,067)	-	-	-	-	-	-	-
Donations to Other Organizations	-	(674,195)	-	(20,500)	-	-	(17,000)	-	-
Unrealized gain (loss) on derivative	-	6,520,432	-	-	-	-	-	-	-
Goodwill Impairment	-	-	(3,609,478)	-	-	-	-	-	-
Gain on Retirement/Purchase of Bonds	-	88,334	-	-	-	-	-	(3,043,761)	-
Nonoperating gains	-	(12,861,972)	34,288,418	(1,309,251)	4,216	743,957	(1,004,493)	(3,411,915)	-
Excess (deficiency) of revenue and gains in excess of expenses	35,388,991	37,710,345	(9,197,564)	3,698,016	(466,883)	757,471	1,693,535	633,489	69,512
Net assets released from restrictions used for purchase of property and equipment	-	1,345,310	3,651	84,411	-	-	67,671	95,608	-
Net Asset Transfer To/From Affiliate	-	(19,390,280)	-	-	-	-	-	19,390,280	-
Net assets released to Specific Purpose Fund	-	-	-	-	-	-	-	-	-
Change in additional pension liability	-	(47,207,172)	(6,929,006)	(2,581,281)	(1,031)	-	(525,530)	(2,559,562)	-
Warren Physician Practice Support	-	-	-	-	-	-	-	(1,464,806)	-
Change in fair market value of total return SWAP	-	(31,184,808)	-	-	-	-	-	-	-
Warren Beginning Unrestricted net assets	-	-	-	-	-	-	-	(808,846)	-
Net unrealized gains on investments	-	(10,493,598)	-	(71,665)	-	-	-	(2,359)	-
Extraordinary Gains/(Losses)	-	-	-	-	-	431,656	-	-	-
	35,388,991	(69,220,203)	(16,122,919)	1,129,481	(467,914)	1,189,127	1,235,676	15,283,804	69,512
Increase (decrease) in unrestricted net assets	\$ 35,388,991	\$ (69,220,203)	\$ (16,122,919)	\$ 1,129,481	\$ (467,914)	\$ 1,189,127	\$ 1,235,676	\$ 15,283,804	\$ 69,512

**St. Luke's University Health Network, Inc. and Controlled Entities**  
**Consolidating Statement of Operations**  
**Year Ended June 30, 2012**

**Schedule II**

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Patient service revenue (net of contractual allowances and discounts)	\$ -	\$ -	\$ 1,939,684	\$ 3,592,547	\$ (60)	\$ -	\$ -	\$ -	\$ (576,170)	1,015,069,652
Provision for bad debts	-	-	(122,155)	(918,441)	(5,282)	-	(6,147)	-	-	(86,292,719)
Net patient service revenue less provision for bad debts	-	-	1,817,529	2,674,106	(5,342)	-	(6,147)	-	(576,170)	928,776,933
Other operating revenue and gains	-	150,202	5,495	-	9,499	488,255	1,078,800	31,500	(1,195,616)	21,929,666
Net assets released from restrictions used for operations	-	-	-	-	-	-	-	-	-	1,760,679
Equity in net income from controlled entities	-	-	-	-	-	-	-	-	(35,388,991)	-
Total revenue	-	150,202	1,823,024	2,674,106	4,157	488,255	1,072,653	31,500	(37,160,777)	952,467,278
<b>Operating expenses</b>										
Salaries and employee benefits	-	13,894	2,644,513	1,661,236	164	-	440,604	-	-	534,238,267
Supplies and other	-	82,555	1,068,245	1,012,870	66,038	284,853	239,366	82,006	(1,875,948)	328,122,687
Depreciation and amortization	-	-	18,988	-	3,598	-	6,584	29,915	-	55,370,780
Interest	-	-	-	-	22,204	-	-	36,101	-	17,652,258
Total expenses	-	96,449	3,731,746	2,674,106	92,004	284,853	686,554	148,022	(1,875,948)	935,383,992
Income (loss) from operations	-	53,753	(1,908,722)	-	(87,847)	203,402	386,099	(116,522)	(35,284,829)	17,083,286
<b>Nonoperating gains (losses)</b>										
Support of Physician Practices	-	-	-	-	-	-	-	-	-	-
Unrestricted investment income from assets limited as to use	-	-	-	-	-	-	-	-	-	7,789,884
Realized gain (loss) on unrestricted investment	-	-	-	-	-	-	-	-	-	8,153,281
Unrestricted gifts, grants and bequests	-	-	-	-	-	-	-	-	-	(30,046)
Unrestricted investment income from restricted net assets	-	-	2,073,537	-	152,019	-	(214,498)	-	(2,174,059)	101,579
Unrestricted investment (loss) income	-	1,431	-	-	-	(64,102)	12,519	-	500,920	3,522,806
Gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	-	-	(625,066)
Restructuring Costs	-	-	-	-	-	-	-	-	-	(573,476)
Pre-Acquisition/Merger Costs	-	-	-	-	-	-	-	-	-	(846,067)
Donations to Other Organizations	-	-	-	-	-	-	-	-	-	(711,695)
Unrealized gain (loss) on derivative	-	-	-	-	-	-	-	-	-	6,520,432
Goodwill Impairment	-	-	-	-	-	-	-	-	-	(3,609,478)
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	-	-	(2,955,427)
Nonoperating gains	-	1,431	2,073,537	-	152,019	(64,102)	(201,979)	-	(1,673,139)	16,736,727
Excess (deficiency) of revenue and gains in excess of expenses	-	55,184	164,815	-	64,172	139,300	184,120	(116,522)	(36,957,968)	33,820,013
Net assets released from restrictions used for purchase of property and equipment	-	-	-	-	-	-	-	-	-	1,596,651
Net Asset Transfer To/From Affiliate	-	-	-	-	-	-	-	-	-	-
Net assets released to Specific Purpose Fund	-	(35,676)	-	-	-	-	-	-	-	(35,676)
Change in additional pension liability	-	-	-	-	-	-	-	-	-	(59,803,582)
Warren Physician Practice Support	-	-	-	-	-	-	-	-	1,464,806	-
Change in fair market value of total return SWAP	-	-	-	-	-	-	-	-	-	(31,184,808)
Warren Beginning Unrestricted net assets	-	-	-	-	-	-	-	-	-	(808,846)
Net unrealized gains on investments	-	1,942	-	-	-	-	-	-	-	(10,565,680)
Extraordinary Gains/(Losses)	-	-	-	-	-	-	-	-	-	431,656
Increase (decrease) in unrestricted net assets	\$ -	\$ 21,450	\$ 164,815	\$ -	\$ 64,172	\$ 139,300	\$ 184,120	\$ (116,522)	\$ (35,493,162)	\$ (66,550,272)