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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)	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013




B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization RUTLAND HOSPITAL INC		D Employer identification number 03-0183483
	Doing Business As RUTLAND REGIONAL MEDICAL CENTER		
	Number and street (or P O box if mail is not delivered to street address) 160 ALLEN STREET Suite	Room/suite	E Telephone number (802) 775-7111
	City or town, state or country, and ZIP + 4 RUTLAND, VT 05701		G Gross receipts \$ 259,003,283
	F Name and address of principal officer THOMAS WHUEBNER 160 ALLEN STREET RUTLAND, VT 05701		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.RRMC.ORG			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE COMPREHENSIVE INPATIENT AND OUTPATIENT MEDICAL SERVICES AND TO IMPROVE HEALTH OF THE RESIDENTS OF RUTLAND AND SURROUNDING COMMUNITIES SEE SCHEDULE O FOR ADDITIONAL INFORMATION		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,758
	6 Total number of volunteers (estimate if necessary)	6	335
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,501,851
7b Net unrelated business taxable income from Form 990-T, line 34	7b	577,268	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,273,885	7,018,338
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	203,313,950	225,155,715
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,757,814	2,093,825
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-295,204	-311,442
		208,050,445	233,956,436
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,473,293	992,258
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	113,044,636	117,876,452
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	90,464,149	99,888,667
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	204,982,078	218,757,377
	19 Revenue less expenses Subtract line 18 from line 12	3,068,367	15,199,059
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		209,893,240	223,940,436
21 Total liabilities (Part X, line 26)		127,456,515	104,597,896
22 Net assets or fund balances Subtract line 21 from line 20		82,436,725	119,342,540

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			2014-07-08 Date	
	EDWATD T OGORZALEK CFO & VP FISCAL SERVICES Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Brian D Todd		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN	
	Firm's name  BKD LLP			Firm's EIN 	
	Firm's address  910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523			Phone no (417) 865-8701	

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 IMPROVE THE HLTH OF THE RUTLAND REGION AND SURROUNDING COMMUNITIES BY PROVIDING APPROPRIATE, SUPERIOR, INTEGRATED, PREVENTATIVE, DIAGNOSTIC & THERAPEUTIC HEALTH SERVICES IN A CARING ENVIRONMENT THROUGH THE STRENGTH OF OUR PEOPLE, TECHNOLOGY & RELATIONSHIPS

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 \$ 88,705,761 including grants of \$) (Revenue \$ 113,441,944)

ANCILLARY CARE ANCILLARY CARE SERVICES INCLUDE OPERATING ROOM, EMERGENCY ROOM, PHYSICAL REHABILITATION, ANESTHESIOLOGY, ONCOLOGY, PULMONARY, RESPIRATORY, PHYSICAL THERAPY, CARDIAC CATH, ENDOSCOPY, AMBULATORY, DELIVERY, RADIATION, PSYCHIATRIC COUNSELING, OCCUPATIONAL THERAPY, RECOVERY, HIV CLINIC, AND SPEECH THERAPY SEE SCHEDULE O FOR MORE INFORMATION

4b

(Code) (Expenses \$ 36,962,908 including grants of \$) (Revenue \$ 47,270,258)

INPATIENT CARE INPATIENT CARE SERVICES INCLUDE MEDICAL AND SURGICAL, INTENSIVE CARE, HOSPITALISTS, PSYCHIATRIC, OBSTETRICS AND GYNECOLOGY, NURSERY, AND NURSING SEE SCHEDULE O FOR MORE INFORMATION

4c

(Code) (Expenses \$ 22,856,618 including grants of \$) (Revenue \$ 29,230,335)

DIAGNOSTIC SERVICES DIAGNOSTIC SERVICES INCLUDE LABORATORY, RADIOLOGY, ELECTROENCEPHALOGRAPHY, AND CT SCANNING SEE SCHEDULE O FOR MORE INFORMATION

4d

Other program services (Describe in Schedule O)

(Expenses \$ 25,578,574 including grants of \$) (Revenue \$ 32,711,327)





















4e

Total program service expenses

174,103,861

Form 990 (2012)

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	194	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	1,758	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	18	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization EDWARD T OGORZALEK 160 ALLEN STREET RUTLAND, VT (802) 775-7111

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

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

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

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

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

[illegible]

Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								7,418,285	0	617,199

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 121

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

Section B. Independent Contractors

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

(A)	(B)	(C)
Name and business address	Description of services	Compensation
SHERIDAN HEALTHCARE OF VERMONT ,	ANESTHETISTS	1,565,897
CERNER CORP ,	PROFESSIONAL	3,474,684
FLETCHER ALLEN HEALTHCARE ,	LAB & DIALYSIS SERV	1,216,108
KLEEN LAUNDRY DRY CLEANING ,	LAUNDRY SERVICES	540,853
GE HEALTHCARE ,	CONTRACT SERVICES	858,583

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►46

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d	22,831		
	e	Government grants (contributions)	1e	5,803,743		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,191,764		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		7,018,338		
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 900099	217,488,168	217,434,968	53,200
	b	LABORATORY AND SCREENING SERV	621500	2,399,273		2,399,273
	c	CAFETERIA	722514	934,033	934,033	
	d	ENTEROSTOMAL NURSING SERVICES	623000	49,378		49,378
	e	OTHER REVENUES	900099	4,284,863	4,284,863	
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		225,155,715		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		695,437	
4		Income from investment of tax-exempt bond proceeds		0		
5		Royalties		0		
6a		(i) Real				
		(ii) Personal				
		Gross rents				
		Less rental expenses				
b		390,071				
c		Rental income or (loss)				
d		Net rental income or (loss)		-311,442		-311,442
7a		(i) Securities				
		(ii) Other				
		Gross amount from sales of assets other than inventory				
		Less cost or other basis and sales expenses				
b		23,992,440				
c		Gain or (loss)				
d		Net gain or (loss)		1,398,388		1,398,388
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
a						
b		Less direct expenses				
c	Net income or (loss) from fundraising events		0			
9a	Gross income from gaming activities See Part IV, line 19					
a						
b	Less direct expenses					
c	Net income or (loss) from gaming activities		0			
10a	Gross sales of inventory, less returns and allowances					
a						
b	Less cost of goods sold					
c	Net income or (loss) from sales of inventory		0			
Miscellaneous Revenue			Business Code			
11a						
b						
c						
d	All other revenue					
e	Total. Add lines 11a-11d		0			
12	Total revenue. See Instructions		233,956,436	222,653,864	2,501,851	1,782,383

Part IX

Statement of Functional Expenses

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

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	992,258	992,258		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	4,253,277	2,769,984	1,483,293	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	197,105		197,105	
7	Other salaries and wages.	87,770,045	74,352,241	13,417,804	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	7,301,704	5,401,297	1,900,407	
9	Other employee benefits.	12,231,829	9,100,902	3,130,927	
10	Payroll taxes.	6,122,492	4,507,361	1,615,131	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	364,315		364,315	
c	Accounting.	227,956		227,956	
d	Lobbying.	115,179		115,179	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	382,057		382,057	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	20,494,872	14,572,282	5,922,590	
12	Advertising and promotion.	593,444	95,331	498,113	
13	Office expenses.	5,064,235	3,382,701	1,681,534	
14	Information technology.	4,128,519	87,259	4,041,260	
15	Royalties.	0			
16	Occupancy.	5,052,216	3,889,771	1,162,445	
17	Travel.	0			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	1,052,369	600,673	451,696	
20	Interest.	2,169,172	1,596,938	572,234	
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	12,262,717	9,027,776	3,234,941	
23	Insurance.	3,201,006		3,201,006	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES & DRUGS	24,913,801	24,913,801		
b	MEDICAID TAX ASSESSMENT	11,331,274	11,331,274		
c	BAD DEBTS	6,872,448	6,872,448		
d	LICENSES, DUES, SUBSCRIPTIONS	1,318,706	366,170	952,536	
e	All other expenses	344,381	243,394	100,987	
25	Total functional expenses. Add lines 1 through 24e.	218,757,377	174,103,861	44,653,516	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		4,075	1	21,320
	2	Savings and temporary cash investments		10,622,417	2	6,270,719
	3	Pledges and grants receivable, net		226,961	3	265,948
	4	Accounts receivable, net		22,402,032	4	25,339,943
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		2,532,829	7	2,754,432
	8	Inventories for sale or use		1,234,153	8	1,270,064
	9	Prepaid expenses and deferred charges		2,618,171	9	2,871,074
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a190,890,046			
	b	Less accumulated depreciation	10b119,329,391	71,965,162	10c	71,560,655
	11	Investments—publicly traded securities		89,940,764	11	99,010,637
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		8,346,676	15	14,575,644
	16	Total assets. Add lines 1 through 15 (must equal line 34)		209,893,240	16	223,940,436
Liabilities	17	Accounts payable and accrued expenses		28,296,490	17	29,294,545
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		45,103,004	20	31,350,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		2,567,473	23	14,872,126
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		51,489,548	25	29,081,225
	26	Total liabilities. Add lines 17 through 25		127,456,515	26	104,597,896
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		75,394,367	27	114,501,873
	28	Temporarily restricted net assets		6,363,716	28	4,162,025
	29	Permanently restricted net assets		678,642	29	678,642
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		82,436,725	33	119,342,540
	34	Total liabilities and net assets/fund balances		209,893,240	34	223,940,436

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	233,956,436
2	Total expenses (must equal Part IX, column (A), line 25)	2	218,757,377
3	Revenue less expenses Subtract line 2 from line 1	3	15,199,059
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	82,436,725
5	Net unrealized gains (losses) on investments	5	3,175,311
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	771,792
9	Other changes in net assets or fund balances (explain in Schedule O)	9	17,759,653
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	119,342,540

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 03-0183483

Name: RUTLAND HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
BILL BANNERMAN DIRECTOR	1 0 2 0	X						0	0	
J CHRISTIAN HIGGINS MD DIRECTOR THROUGH 4/2013	1 0 1 0	X						484,283	0	33,351
JESSICA L ANDERSON CHAIR	1 0 1 0	X		X				0	0	
JOAN F GAMBLE SECRETARY	1 0 1 0	X		X				0	0	
JON S READNOUR ESQ DIRECTOR	1 0 1 0	X						0	0	
MARK K FOLEY DIRECTOR	1 0 1 0	X						0	0	
MATTHEW A CONWAY MD DIRECTOR	1 0 1 0	X						327,011	0	33,264
RONALD J CIOFFI DIRECTOR	1 0 2 0	X						0	0	
CLAUDE LAPERLE DIRECTOR THROUGH 2/2013	1 0 1 0	X						0	0	
DANIEL M FOLEY MD DIRECTOR	1 0 1 0	X						341,807	0	27,940
JOHN R BUTTERLY MD DIRECTOR	1 0 1 0	X						0	0	
MICHAEL DICK MD VICE CHAIR	1 0 1 0	X		X				0	0	
STEPHEN LEFFLER MD DIRECTOR	1 0 1 0	X						0	0	
CORT JONES DIRECTOR	1 0 2 0	X						0	0	
TJ SABOTKA DIRECTOR	1 0 1 0	X						0	0	
MICHAEL MCCORMACK DIRECTOR THROUGH 3/2013	1 0 1 0	X						0	0	
TODD GREGORY MD DIRECTOR	1 0 1 0	X						292,774	0	33,114
DAVID WOLK DIRECTOR	1 0 1 0	X						0	0	
LARRY JENSEN DIRECTOR BEGINNING 3/2013	1 0 1 0	X						0	0	
MARK STICKNEY MD DIRECTOR BEGINNING 5/2013	1 0 1 0	X						0	0	
JOHN CASELLA DIRECTOR BEGINNING 4/2013	1 0 1 0	X						0	0	
THOMAS W HUEBNER PRESIDENT & CEO	40 0 2 0			X				447,488	0	43,512
EDWARD T OGORZALEK CFO & VP FISCAL SERVICES	40 0 2 0			X				253,168	0	43,079
MARY T NEMETH VP CORPORATE SUPPORT SVCS	40 0				X			194,655	0	27,362
BAXTER HOLLAND MD VP PROFESSIONAL SUPPORT SVCS	40 0				X			331,570	0	38,684

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			
BARBARA ROBINSON VP CLINICAL SERVICES	40 0				X			211,297	0	30,623
JI CHEN DIRECTOR OF PHARMACY	40 0				X			170,918	0	7,956
JOHN KIJEWSKI VP - CIO	40 0				X			195,115	0	26,070
ALLISON WOLLEN VP - HUMAN RESOURCES	40 0				X			233,994	0	18,850
CAROL EGAN VP CHIEF NURSING OFFICER	40 0				X			185,070	0	28,502
DARREN CHILDS VP QUALITY IMPR THROUGH 5/2013	40 0				X			160,928	0	30,892
MELBOURNE BOYTON MD CHIEF MEDICAL DIRECTOR	40 0					X		884,413	0	37,930
MICHAEL KENOSH MD MEDICAL DIRECTOR REHAB SVCS	40 0					X		493,822	0	33,517
WILLIAM LIGHTHART MD ORTHOPAEDICS	40 0					X		767,382	0	32,319
ERIC MARSH MD ORTHOPAEDICS	40 0					X		696,081	0	33,907
MICHAEL ROBERTELLO MD CARDIOLOGY	40 0					X		572,240	0	33,491
KATHLEEN LETENDRE VP PLANNING & ORG EXCELLENCE							X	174,269	0	22,836

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization RUTLAND HOSPITAL INC	Employer identification number 03-0183483
--	--

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 33¹/₃% 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 33¹/₃% 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
11g(i)		
11g(ii)		
11g(iii)		

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

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

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

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

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

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization RUTLAND HOSPITAL INC	Employer identification number 03-0183483
--	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		80,377
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		34,802
j	Total. Add lines 1c through 1i.			115,179
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
LOBBYING EXPENSES	SCHEDULE C, PART II-B, LINE 1G AND 1I	THE ORGANIZATION PAID LOBBYING FEES OF \$80,377 TO A PROFESSIONAL GOVERNMENT AFFAIRS AND COMMUNICATION STRATEGIES COMPANY. THE ORGANIZATION'S CEO, THOMAS HUEBNER, SPENDS TIME EACH YEAR WORKING DIRECTLY WITH STATE LEGISLATORS TO IMPROVE SERVICES FOR THE RUTLAND REGION. APPROXIMATELY 0095%, OR \$4,251, OF HIS SALARY IS ALLOCATED TO THIS ACTIVITY. ALSO, DUES ARE PAID TO THE HOSPITAL ASSOCIATION AND THE VERMONT HOSPITAL ASSOCIATION. A PORTION OF DUES IS ATTRIBUTABLE TO LOBBYING. \$ 7,492 AHA 27,310 VHA ----- \$ 34,802

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

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

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶_____

4

Number of states where property subject to conservation easement is located ▶_____

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶_____

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶\$ _____

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	7,419,888	6,260,684	11,229,688	10,241,135	10,799,491
b Contributions					
c Net investment earnings, gains, and losses	303,224	1,265,080	253,308	988,553	-558,356
d Grants or scholarships					
e Other expenditures for facilities and programs	265,074	105,876	5,222,312		
f Administrative expenses					
g End of year balance	7,458,038	7,419,888	6,260,684	11,229,688	10,241,135

2

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

a

Board designated or quasi-endowment ▶ 89 420 %

b

Permanent endowment ▶ 10 580 %

c

Temporarily restricted endowment ▶
The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		224,094		224,094
b Buildings		37,634,484	19,478,631	18,155,853
c Leasehold improvements		37,380,813	16,709,926	20,670,887
d Equipment		110,671,564	81,791,562	28,880,002
e Other		4,979,091	1,349,272	3,629,819
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				71,560,655

Schedule D (Form 990) 2012

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return					
1	Total revenue, gains, and other support per audited financial statements			1	248,026,966
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			2e	
a	Net unrealized gains on investments	2a	3,175,311		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	10,505,148		
e	Add lines 2a through 2d			2e	13,680,459
3	Subtract line 2e from line 1			3	234,346,507
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	-390,071		
c	Add lines 4a and 4b		4c		
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)			5	233,956,436
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return					
1	Total expenses and losses per audited financial statements			1	211,892,943
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			2e	
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	390,071		
e	Add lines 2a through 2d			2e	390,071
3	Subtract line 2e from line 1			3	211,502,872
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :			4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	382,057		
b	Other (Describe in Part XIII)	4b	6,872,448		
c	Add lines 4a and 4b		4c		
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)			5	218,757,377
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
ENDOWMENT FUND PURPOSE	SCHEDULE D, PART V, LINE 4	RRMC'S ENDOWMENTS CONSIST OF VARIOUS INDIVIDUAL DONOR-RESTRICTED AND BOARD DESIGNATED FUNDS WHICH WERE ESTABLISHED FOR GENERAL OPERATIONAL AND CERTAIN DEPARTMENTAL PURPOSES. AS REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (GAAP), NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS. RRMC'S GOVERNING BODY HAS INTERPRETED THE STATE OF VERMONT PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (SPMIFA), ADOPTED IN MAY OF 2009, AS REQUIRING PRESERVATION OF THE FAIR VALUE OF THE ORIGINAL GIFT AS OF THE GIFT DATE OF THE DONOR-RESTRICTED ENDOWMENT FUNDS ABSENT EXPLICIT DONOR STIPULATIONS TO THE CONTRARY. AS A RESULT OF THIS INTERPRETATION, RRMC 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 REMAINING PORTION OF DONOR-RESTRICTED ENDOWMENT FUNDS IS CLASSIFIED AS TEMPORARILY RESTRICTED NET ASSETS UNTIL THOSE AMOUNTS ARE APPROPRIATED FOR EXPENDITURE BY RRMC IN A MANNER CONSISTENT WITH THE STANDARD OF PRUDENCE PRESCRIBED BY SPMIFA. IN ACCORDANCE WITH SPMIFA, RRMC CONSIDERS THE FOLLOWING FACTORS IN MAKING A DETERMINATION TO APPROPRIATE OR ACCUMULATE DONOR-RESTRICTED ENDOWMENT FUNDS: 1. DURATION AND PRESERVATION OF THE FUND; 2. PURPOSES OF RRMC AND THE FUND; 3. GENERAL ECONOMIC CONDITIONS; 4. POSSIBLE EFFECT OF INFLATION AND DEFLATION; 5. EXPECTED TOTAL RETURN FROM INVESTMENT INCOME AND APPRECIATION OR DEPRECIATION OF INVESTMENTS; 6. OTHER RESOURCES OF RRMC; 7. INVESTMENT POLICIES OF RRMC.
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.
AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XI, LINE 2D	\$ 10,400,277 NET GAIN FROM DEF BEN PLAN & POSTRETIREMENT BEN COSTS (6,872,448) PROVISION FOR UNCOLLECTIBLE ACCOUNTS 5,519,351 CHANGE IN FV OF INVESTMENTS ACCT FOR UNDER FASB 825 1,900,460 GAIN ON INTEREST RATE SWAP AGREEMENT (382,057) INVESTMENT EXPENSES (60,435) TRANSFER TO AFFILIATES ----- \$ 10,505,148
AMOUNTS INCLUDED ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1	SCHEDULE D, PART XI, LINE 4B	\$(390,071) RENTAL EXPENSES
AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART IX, LINE 25	SCHEDULE D, PART XII, LINE 2D	\$ 390,071 RENTAL EXPENSES
AMOUNTS INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	\$ 6,872,448 PROVISION FOR UNCOLLECTIBLE ACCOUNTS

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other _____ 300 %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 500 %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.				

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			3,727,005		3,727,005	1 760 %
b Medicaid (from Worksheet 3, column a)			47,601,105	30,675,389	16,925,716	7 990 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			4,443,562	4,578,990	-135,428	
d Total Financial Assistance and Means-Tested Government Programs			55,771,672	35,254,379	20,517,293	9 750 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,298,083	4,410	2,293,673	1 080 %
f Health professions education (from Worksheet 5)			113,590		113,590	0 050 %
g Subsidized health services (from Worksheet 6)			16,132,719	12,301,307	3,831,412	1 810 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,057,072		1,057,072	0 500 %
j Total Other Benefits			19,601,464	12,305,717	7,295,747	3 440 %
k Total. Add lines 7d and 7j			75,373,136	47,560,096	27,813,040	13 190 %

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		1,294		1,294	
3	Community support		13,508		13,508	0 010 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building		54,867		54,867	0 030 %
7	Community health improvement advocacy		8,632		8,632	
8	Workforce development		141,009		141,009	0 070 %
9	Other					
10	Total		219,310		219,310	0 110 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

6,872,448

3

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

3

893,418

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

59,850,848

6

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

6

78,598,659

7

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

7

-18,747,811

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☐ Cost to charge ratio ☒ Other

Section C. Collection Practices

9a

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

9a

Yes

9b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		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	RUTLAND HOSPITAL 160 ALLEN STREET RUTLAND,VT 05701	X	X					X		MED DEV RURAL COMMUNITY HOSPITAL	

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)

RUTLAND HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<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		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input checked="" type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

10

Name and address	Type of Facility (describe)
1 RUTLAND HEART CENTER 12 COMMONS STREET RUTLAND,VT 05701	PATIENT CLINIC
2 RUTLAND REG DIABETES & ENDOCRINOLOGY CTR 8 ALBERT CREE DRIVE RUTLAND,VT 05701	PATIENT CLINIC
3 RUTLAND REGIONAL GENERAL SURGERY 6 COMMONS STREET RUTLAND,VT 05701	PATIENT CLINIC
4 RUTLAND REGIONAL WOMEN'S HEALTH 147 ALLEN STREET RUTLAND,VT 05701	PATIENT CLINIC
5 RUTLAND REGIONAL DIGESTIVE SERVICES 254 STRATTON ROAD RUTLAND,VT 05701	PATIENT CLINIC
6 RUTLAND ENT 69 ALLEN ST SUITE 1 RUTLAND,VT 05701	PATIENT CLINIC
7 RUTLAND BEHAVIORAL HEALTH CLINIC 1 COMMONS STREET RUTLAND,VT 05701	PATIENT CLINIC
8 VERMONT ORTHOPAEDIC CLINIC 3 ALBERT CREE DRIVE RUTLAND,VT 05701	PATIENT CLINIC
9 DORSET ENT 51A TENNIS WAY EAST DORSET,VT 05253	PATIENT CLINIC
10 KILLINGTON MEDICAL CLINIC 3902 KILLINGTON ROAD KILLINGTON,VT 05751	PATIENT CLINIC

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
ELIGIBILITY FOR DISCOUNTED CARE	SCHEDULE H, PART I, LINE 3B	THE ORGANIZATION WILL PROVIDE DISCOUNTED CARE TO LOW INCOME INDIVIDUALS WHOSE FAMILY INCOME FALLS BETWEEN 201% AND 500% OF THE FEDERAL POVERTY GUIDELINES USING A GRADUATED RANGE OF DEDUCTIBLES FROM \$250 AT THE LOWEST LEVEL TO \$3,000 AT THE HIGHEST LEVEL
PERCENT OF TOTAL EXPENSES	SCHEDULE H, PART I, LINE 7, COLUMN F	THE PERCENT OF TOTAL EXPENSE ON SCHEDULE H, PART I, LINE 7, COLUMN (F), WAS CALCULATED USING TOTAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A) LESS BAD DEBT EXPENSE OF \$6,872,448

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7	THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATION OF COST ON IRS WORKSHEETS 1 AND 3
COMMUNITY BUILDING ACTIVITIES	PART II	<p>RUTLAND REGIONAL MEDICAL CENTER IS THE ONLY MAJOR MEDICAL CENTER IN CENTRAL VERMONT, AND IS ONE OF THE LARGEST EMPLOYERS IN THE REGION AS SUCH, WE ARE RELIED UPON BY THE COMMUNITIES WE SERVE TO PROVIDE HEALTH RESOURCES AND LEADERSHIP WE RECOGNIZE THAT THERE IS MORE TO HEALTH THAN ILLNESS AND DISEASE, SOCIAL DETERMINANTS SUCH AS LOW INCOME LEVELS, AND AN AGING POPULATION, ALONG WITH A SAFE ENVIRONMENT AND A WELL-ROUNDED CULTURE CONTRIBUTE TO THE HEALTH AND WELL-BEING OF OUR POPULATION THEREFORE, OUR LEADERSHIP AND COMMITMENT TO OUR COMMUNITY THROUGH A VARIETY OF INITIATIVES AND SUPPORTS BEYOND PROVIDING ESSENTIAL HOSPITAL-BASED CARE, ENCOMPASSING SOCIAL, PERSONAL, COMMUNITY AND HEALTH-RELATED ISSUES IMPACTING THE CITIZENS OF THE RUTLAND REGION MANY STAFF AND LEADERS ARE INVOLVED IN LOCAL, REGIONAL AND STATEWIDE COALITIONS, COLLABORATIVES AND COMMITTEES OF OTHER ORGANIZATIONS, WHERE WE LEARN ABOUT TRENDS AND ISSUES OF INTEREST OR CONCERN TO BRING BACK TO OUR HOSPITAL AND REVIEW IN THE CONTEXT OF OUR COMMUNITY AND OUR HEALTH SYSTEM, THESE INCLUDE THE RUTLAND FREE CLINIC, RUTLAND AREA PHYSICAL ACTIVITY COALITION, UNITED WAY OF RUTLAND COUNTY, RUTLAND REGION CHAMBER OF COMMERCE, TO NAME A FEW ADVOCACY FOR COMMUNITY HEALTH IMPROVEMENT AT THE REGIONAL, STATE AND NATIONAL LEVEL ALSO IMPACTS OUR COMMUNITY IN ADDITION TO THESE EFFORTS, OUR COMMUNITY BUILDING ACTIVITIES IN THE PAST YEAR INCLUDED EFFORTS TO SUPPORT VIBRANCY IN THE COMMUNITY THROUGH THE ARTS, A VARIETY OF EVENTS AND ACTIVITIES BY SCHOOLS TO PROMOTE STRONG EDUCATION AND POSITIVE DECISION-MAKING, MENTORING YOUNG CHILDREN THROUGH READING TO BUILD SELF-CONFIDENCE AND ESTEEM IN ADDITION TO CORE ACADEMIC ACHIEVEMENT, ALONG WITH WORKFORCE DEVELOPMENT, ESPECIALLY AS RELATED TO THE HEALTH CARE</p>

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE RRMC REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS RRMC PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, RRMC BILLS THIRD-PARTY PAYERS DIRECTLY AND BILLS THE PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT THE AMOUNT OF BAD DEBT LISTED ON LINE 2 AGREES TO BAD DEBT EXPENSE PER THE AUDITED FINANCIAL STATEMENTS BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU USING AN AVERAGE OF DATA FROM 2008-2012, APPROXIMATELY 13.0 PERCENT OF RUTLAND COUNTY WAS CONSIDERED TO LIVE IN POVERTY
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, LINE 8	SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY THE ORGANIZATION USES INFORMATION FROM THE MEDICARE COST REPORT TO COMPUTE THE MEDICARE ALLOWABLE COSTS OF CARE ON LINE 6

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	THE PAYMENT PLAN POLICY REQUIRES PAYMENTS OF A MINIMUM OF \$25 00 PER MONTH, AND THAT ALL BALANCES BE PAID WITHIN 10 MONTHS THE FREE CARE POLICY SPECIFICALLY STATES THAT ALL UNINSURED AND UNDERINSURED PATIENTS BE GIVEN INFORMATION ON THE FREE CARE PROGRAM, AND THAT STAFF PERFORM DUE DILIGENCE TO GIVE THEM INFORMATION AND HAVE THE APPLICATION RETURNED, AND THAT THE HOSPITAL SEND 3 STATEMENTS AND A FINAL NOTICE BEFORE SENDING AN ACCOUNT TO BAD DEBT IT ALSO STATES THAT RRMCM WILL REFRAIN FROM EXTRAORDINARY COLLECTION ACTIONS TO OBTAIN PAYMENT FOR A DEBT
COMMUNITY INPUT	SCHEDULE H, PART V, SECTION B, LINE 3	TO OVERSEE THE WORK PERFORMED, WE INVITED COMMUNITY LEADERS WITH SPECIAL KNOWLEDGE OR EXPERTISE OF PUBLIC HEALTH TO SERVE AS AN ADVISORY COMMITTEE THROUGHOUT THE PROCESS OF COMPLETING THE COMMUNITY HEALTH NEEDS ASSESSMENT THIS GROUP OF INDIVIDUALS BROUGHT DIVERSITY OF PERSPECTIVE TO THE PROCESS -JAN HANSEN, RUTLAND AREA VISITING NURSE ASSOCIATION AND HOSPICE, INC -JOANNE CALVI, VERMONT DEPARTMENT OF HEALTH -KEVIN LOSO, RUTLAND HOUSING AUTHORITY -LARRY JENSEN, COMMUNITY MEMBER, BOARD MEMBER OF COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION, COMMISSIONER RUTLAND CITY POLICE -SARAH NARKEWICZ, RUTLAND BLUEPRINT MANAGER, RUTLAND REGIONAL MEDICAL CENTER -SARAH ROY, DIVISION OF ALCOHOL & DRUG ABUSE PROGRAMS, VERMONT DEPARTMENT OF HEALTH - SUSAN SCHREIBMAN, RUTLAND PLANNING COMMISSION -TRACI MOORE, UNITED WAY OF RUTLAND COUNTY THE ADVISORY COMMITTEE MET MONTHLY BEGINNING IN MAY OF 2011 TO MONITOR THE PROGRESS OF THE WORK, PROVIDE INPUT AND SUPPORT, AND TO PROVIDE ASSISTANCE WHEN NECESSARY IN ADDITION TO THE ADVISORY COMMITTEE IS AN OVERSIGHT COMMITTEE, MADE UP OF THE FOLLOWING COMMUNITY PARTNERS - THOMAS W HUEBNER, RUTLAND REGIONAL MEDICAL CENTER -EDWARD OGORZALEK, RUTLAND REGIONAL MEDICAL CENTER -CLAUDE LAPERLE, COMMUNITY MEMBER -LYLE JEPSON, STAFFORD TECHNICAL CENTER - JO ANN RILEY, CASTLETON COMMUNITY SENIORS - CAPRICE HOVER, RUTLAND COUNTY PARENT CHILD CENTER -VICTOR PISANELLI, JR , MD, RUTLAND REGIONAL GENERAL SURGERY -JEFF MCKEE, RUTLAND REGIONAL MEDICAL CENTER -LARRY JENSEN, COMMUNITY MEMBER AND MEMBER, BOARD OF DIRECTORS OF COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION -JAN HANSEN, RUTLAND AREA VISITING NURSE ASSOCIATION & HOSPICE, INC -KEVIN LOSO, RUTLAND HOUSING AUTHORITY -SARAH ROY, DIVISION OF ALCOHOL & DRUG ABUSE PROGRAMS, VERMONT DEPARTMENT OF HEALTH -TRACI MOORE, UNITED WAY OF RUTLAND COUNTY -JOE LAROSA, COMMUNITY MEMBER -JOANNE CALVI, VERMONT DEPARTMENT OF HEALTH -PAULA BAKER, RUTLAND FREE LIBRARY -ROGER BAKER, MD, RETIRED, COMMUNITY MEMBER -SHERIFF STEPHEN BENARD -KATHY FELDER, RN, NP, MID-VERMONT UROLOGY -MELANIE GAIOTTI, DEPARTMENT OF LIQUOR CONTROL -SANDY COHEN, COMMUNITY MEMBER -ANN WARRELL, VERMONT COUNTRY STORE -BARBARA HANSON, SOUTHWESTERN VERMONT COUNCIL ON AGING -DEB HALL, RUTLAND COUNTY HOUSING COALITION -BILL LUCCI, STAFFORD TECHNICAL CENTER -DOUG NORFORD, RUTLAND MENTAL HEALTH SERVICES -GRANT WHITMER, COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION -BRIAN NOLAN, COMMUNITY MEMBER -MARTHA COULTER, COMMUNITY MEMBER -JULIE TETA, COMMUNITY MEMBER -ARDY WOLYNEC, RUTLAND AREA VISITING NURSE ASSOCIATION & HOSPICE, INC THIS GROUP IS CHARGED WITH GENERAL OVERSIGHT OF RUTLAND REGIONAL MEDICAL CENTER'S COMMUNITY SERVICE, OR BENEFITS PROVIDED TO THE COMMUNITY ABOVE AND BEYOND THEIR PRIMARY ROLE AS A PROVIDER OF HOSPITAL-BASED MEDICAL SERVICES AS SUCH, THIS GROUP PROVIDED VALUABLE FEEDBACK THROUGHOUT THE PROCESS AS STAKEHOLDERS IN THE HEALTH AND PROMOTION OF HEALTH ACROSS OUR COMMUNITY FIVE FOCUS GROUP SESSIONS WERE HELD IN FEBRUARY 2012, WITH INVITATIONS GOING OUT TO MORE THAN 175 COMMUNITY LEADERS INVITATION LETTERS INCLUDED FIVE QUESTIONS TO DRAFT RESPONSES TO IN PREPARATION FOR THE MEETING, ALONG WITH A SURVEY REQUESTING FEEDBACK CONCERNING BARRIERS TO ACCESSING HEALTH SERVICES, BARRIERS TO HEALTH ACROSS THE COMMUNITY, AND "RISKY BEHAVIORS" ADDITIONALLY, THREE SURVEYS WERE CONDUCTED AS A PART OF THIS HEALTH NEEDS ASSESSMENT THE FIRST WAS A PHONE SURVEY OF DENTAL OFFICES WE ALSO SURVEYED RANDOM COMMUNITY MEMBERS AND EMERGENCY DEPARTMENT CONSUMERS TO IDENTIFY ISSUES CONCERNING ACCESS TO CARE, GENERAL HEALTH CARE, AND EMERGENCY CARE

Identifier	ReturnReference	Explanation
CHNA AVAILABILITY TO PUBLIC	SCHEDULE H, PART V, SECTION B, LINE 5	THE COMMUNITY BENEFITS COORDINATOR DEVELOPED AND FOLLOWED A COMMUNICATION PLAN UTILIZING ELECTRONIC COMMUNICATION, CONFERENCE CALLS, NEWSPAPER ARTICLES AND PRESENTATIONS THROUGHOUT THE COMMUNITY TO DISSEMINATE THE COMMUNITY HEALTH NEEDS ASSESSMENT SPECIFICALLY, MORE THAN 20 PRESENTATIONS WERE HOSTED BY AREA AGENCIES AND COALITIONS, WITHIN THE HOSPITAL ORGANIZATION, FOR THE REGIONAL VERMONT DEPARTMENT OF HEALTH, AND IN PUBLIC MEETINGS FOR THE ROTARY AND UNITED WAY MEMBERSHIP
IMPLEMENTATION STRATEGY	SCHEDULE H, PART V, SECTION B, LINE 6	IN RESPONSE TO THE RESULTS OF RUTLAND REGIONAL MEDICAL CENTER'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT, THE ORGANIZATION ADOPTED AN IMPLEMENTATION STRATEGY THE IMPLEMENTATION STRATEGY CAN BE FOUND AT THE FOLLOWING URL http //www.rrmc.org/about/bowse-trust/community-health-assessment-update/

Identifier	ReturnReference	Explanation
ADDRESSING IDENTIFIED NEEDS	SCHEDULE H, PART V, SECTION B, LINE 7	<p>RUTLAND REGIONAL MEDICAL CENTER IS THE LEAD HEALTH ORGANIZATION FOR OUR REGION, PROVIDING MANY SERVICES AND PROGRAMS TO RESPOND TO THE HEALTH NEEDS OF OUR COMMUNITY MEMBERS IN SOME SITUATIONS, HOWEVER, DUE TO CAPACITY LIMITATIONS, OR SIMPLY THE NATURE OF THE WORK, RRMCM IS NOT THE NATURAL OR LOGICAL RESOURCE OR LEADER THE PRIORITIZED NEED TO PROMOTE A CULTURE TO EMBRACE EXERCISE AND HEALTHY EATING IS NOT ONE WHERE RRMCM IS BEST SUITED TO DEVELOP OR PERFORM THE WORK, BUT WE DO SUPPORT ORGANIZATIONS, EVENTS AND OTHER ACTIVITIES PROMOTING HEALTHY LIFESTYLES AND CHOICES AS OUTLINED BELOW -THE COMMUNITY HEALTH TEAM IS SUPPORTING THE IMPLEMENTATION OF THE CASTLETON STATE COLLEGE ADULTS PHYSICAL ACTIVITY PROGRAM AND WALKRUTLAND -PROVIDE FINANCIAL, MARKETING AND OTHER SUPPORT FOR VARIOUS COMMUNITY PARTNER ORGANIZATIONS DEVELOPING AND EXPANDING NUTRITION AND/OR PHYSICAL ACTIVITY INITIATIVES IN GENERAL, THIS PRIORITY AREA IS ONE WHERE THE NEEDS ARE GREATER THAN THE CAPACITY ACROSS THE REGION FOR EDUCATION AND SUPPORTS FOR NUTRITION AND EXERCISE TWO SPECIFIC AREAS OF NEED WERE IDENTIFIED THROUGH THE PROCESS OF CONDUCTING THE COMMUNITY HEALTH NEEDS ASSESSMENT AND DEVELOPING THIS IMPLEMENTATION STRATEGY THAT ARE NOT BEING ADDRESSED WITHIN OUR COMMUNITY AT THIS TIME DUE TO LACK OF RESOURCES AND CAPACITY THEY ARE -TO INCREASE RESIDENTIAL RECOVERY SERVICES FOR INDIVIDUALS WITH SUBSTANCE ABUSE THERE IS A TARGET POPULATION IN NEED OF SUCH SUPPORT, AND THE SERVICE WOULD BE CREATED AND PROVIDED BY THE DESIGNATED MENTAL HEALTH AGENCY IN OUR REGION, RUTLAND MENTAL HEALTH SERVICES, AS THE PRIMARY PROVIDER OF SERVICES FOR MENTAL HEALTH AND SUBSTANCE ABUSE SERVICE AND SUPPORTS - COMMUNITY MEMBERS HAVE IDENTIFIED THE NEED FOR MORE, OR BETTER COORDINATED TRANSPORTATION SERVICES FOR INDIVIDUALS TO AVAIL THEMSELVES OF CARE AND TREATMENT FOR ANY PURPOSE - MEDICAL, DENTAL, MENTAL HEALTH AND SUBSTANCE ABUSE SOME SERVICES, INCLUDING RRMCM'S BRIDGES AND BEYOND PROGRAM DO PROVIDE TRANSPORTATION TO INDIVIDUALS, BUT A MORE COMPREHENSIVE APPROACH IS DESIRED AND WOULD BE LED BY TRANSPORTATION AND SOCIAL SERVICES LEADERS</p>
MAXIMUM AMOUNTS CHARGED TO FAP-ELIGIBLE INDIVIDUALS	SCHEDULE H, PART V, SECTION B, LINE 20D	<p>THE HOSPITAL FACILITY USED THE AVERAGE RATE OF ALL INSURANCE RATES TO DETERMINE THE MAXIMUM AMOUNTS TO BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS</p>

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		RUTLAND REGIONAL MEDICAL CENTER CONTINUALLY ASSESSES THE NEEDS OF THE COMMUNITY WE SERVE THROUGH INTERACTIONS WITH THE STATE OF VERMONT HEALTH DEPARTMENT AND THE DEPARTMENT OF VERMONT HEALTH ACCESS, THE PUBLIC, OTHER COMMUNITY ORGANIZATIONS, FEEDBACK FROM MEDICAL PROVIDERS AND PATIENTS, ALONG WITH NOTING TRENDS IN UTILIZATION OF SERVICES AND PRESENTATION OF ILLNESS, INJURY AND DISEASE
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		RRMC HAS "DO YOU NEED HELP WITH YOUR MEDICAL BILLS?" SIGNAGE POSTED AT EVERY ACCESS POINT THROUGHOUT THE HOSPITAL AND ITS OFF-SITE CLINICS (RUTLAND GENERAL SURGERY, WOMEN'S HEALTH ETC) THE SIGNAGE PROVIDES CONTACT INFORMATION FOR THE PATIENTS TO CALL THE FINANCIAL COUNSELORS FOR HELP AS NEEDED REGISTRATION OFFERS FINANCIAL ASSISTANCE PROGRAM APPLICATIONS TO ALL MEDICARE INSURED PATIENTS WITH NO OTHER INSURANCE, ALL SELF-PAY PATIENTS, AND ANY OTHER PERSON REQUESTING THE INFORMATION OR ANYONE WHO SPEAKS TO BEING IN FINANCIAL NEED ALL SELF-PAY PATIENTS ARE VISITED BY A FINANCIAL COUNSELOR WHILE THEY ARE AN IN-PATIENT AND THEY WILL ASSIST THEM IN APPLYING FOR OUR FINANCIAL ASSISTANCE, AS WELL AS, APPLYING FOR STATE AND FEDERAL PROGRAMS ALL STATEMENTS HAVE THE RRM C WEBSITE ADDRESS TO VIEW OUR FINANCIAL ASSISTANCE PROGRAM AND THE BILLING AND COLLECTIONS POLICY AND PROCEDURE THE WEBSITE ALSO HAS CONTACT PHONE NUMBERS FOR THE PATIENT TO CALL WITH QUESTIONS OR CONCERNS ABOUT THEIR BILL THE RRM C WEB SITE NOT ONLY DESCRIBES THE FINANCIAL ASSISTANCE PROGRAM BUT, ALSO SHOWS THE INCOME GUIDELINES (BASED ON THE FEDERAL POVERTY) FOR FINANCIAL ASSISTANCE, AN ON-LINE APPLICATION, AS WELL AS, INFORMATION ON MEDICAID PROGRAMS AVAILABLE WITH SHORT DESCRIPTIONS LASTLY, ALL PATIENTS WHO ARE SENT A STATEMENT SHOWING THEIR OUT OF POCKET EXPENSES ARE CALLED TO DEVELOP A PAYMENT PLAN AT THIS TIME FINANCIAL ASSISTANCE APPLICATIONS ARE OFFERED AND MAILED AS REQUESTED

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION		<p>A GEOGRAPHIC DESCRIPTION RUTLAND COUNTY, COMPOSED OF 933 SQUARE MILES, IS LOCATED IN CENTRAL VERMONT. THE POPULATION MOSTLY RESIDES IN THE 27 SMALL TOWNS AND OUTLYING RURAL AREAS. RUTLAND CITY IS THE LARGEST POPULATION CENTER (ESTIMATED AT 16,495 IN 2010). RUTLAND REGIONAL MEDICAL CENTER IS DEPENDED UPON BY MORE THAN 60,000 RESIDENTS OF THE HOSPITAL SERVICE AREA (HSA), WHICH INCLUDES RUTLAND COUNTY AND SOME PORTIONS OF SOUTHERN AND NORTH CENTRAL VERMONT AND EVEN WASHINGTON COUNTY, NEW YORK.</p> <p>B. TARGET POPULATIONS RUTLAND COUNTY POPULATION HAS DECREASED SINCE 2000. IN 2010, AN ESTIMATED 61,642 PEOPLE LIVED IN RUTLAND COUNTY, A DECLINE OF 3.4% SINCE 2000. RUTLAND COUNTY RESIDENTS ARE OLDER, LIVING WITH LOWER INCOME, AND ACHIEVE LOWER EDUCATION LEVELS THAN THE AVERAGE VERMONTER, INCREASING THEIR VULNERABILITY. SPECIFICALLY, COMPARED TO VERMONT IN 2010, RUTLAND COUNTY RESIDENTS WERE OLDER, WITH A LOWER PROPORTION OF YOUTH LESS THAN 19 YEARS OF AGE (22% VERSUS 24% FOR VT), A LOWER PROPORTION OF YOUNG ADULTS AGES 20-44 YEARS (28% VERSUS 30%), A HIGHER PROPORTION OF OLDER ADULTS AGES 45-65 (32% VERSUS 30%), AND A HIGHER PROPORTION OF ELDERLY ADULTS 65 YEARS AND OLDER (16% VERSUS 14%). FROM 1999 TO 2009, THE PROPORTION OF ALL INDIVIDUALS IN RUTLAND COUNTY LIVING BELOW POVERTY INCREASED FROM 10.9% TO 13.6%. SPECIFIC TARGET POPULATIONS IDENTIFIED THROUGH THE COMMUNITY HEALTH NEEDS ASSESSMENT INCLUDE:</p> <p>I. SENIOR POPULATIONS - IN 2000, 14.9% OF THE POPULATION IN RUTLAND COUNTY WAS AGE 65 OR OLDER. THIS POPULATION HAS GROWN TO 16.6% IN 2010 AND IS ANTICIPATED TO CONTINUE EXPANDING, THE PROJECTION IS THAT IN 2017 OUR SENIOR POPULATION COULD REACH 21.1%.</p> <p>II. INDIVIDUALS LIVING IN POVERTY - FROM 1999 TO 2009, THE PROPORTION OF INDIVIDUALS IN RUTLAND COUNTY LIVING BELOW THE POVERTY LEVEL INCREASED FROM 10.9% TO 13.6%.</p> <p>III. ADULTS AND YOUTH WITH SUBSTANCE ABUSE ISSUES - VERMONT RANKS IN THE TOP TEN OF STATES FOR SEVERAL MEASURES OF SUBSTANCE ABUSE, INCLUDING ILLICIT DRUG USE, ALCOHOL USE AND OTHERS, ESPECIALLY FOR THOSE AGES 18-25. RUTLAND COUNTY HAS A HIGHER NUMBER OF CURRENT SMOKERS THAN THE OVERALL STATE RATE, AND THE NUMBER OF EVERY DAY SMOKERS IS ON THE RISE.</p> <p>IV. YOUTH AND ADULTS WHO ARE OVERWEIGHT OR OBESE - 38.7% OF ADULTS REPORT BEING OVERWEIGHT AND 24% REPORT BEING OBESE IN RUTLAND COUNTY.</p> <p>V. YOUTH REPORT LOW RATES OF HEALTHY EATING AND EXERCISE (32% EAT 2 OR MORE SERVINGS OF FRUIT PER DAY, 14% EAT 3 OR MORE SERVINGS OF VEGETABLES PER DAY, 24% PARTICIPATE IN 60 MINUTES OF PHYSICAL ACTIVITY DAILY).</p>
PROMOTION OF COMMUNITY HEALTH		<p>RUTLAND REGIONAL MEDICAL CENTER (RRMC) ENGAGES IN A NUMBER OF COMMUNITY SUPPORTIVE ACTIVITIES IN ORDER TO PROMOTE THE HEALTH OF THE COMMUNITY. THE ORGANIZATION SERVES RUTLAND COUNTY HAS A CONTINUED NEED FOR PRIMARY CARE PROVIDERS AND HAS SHORTAGES OR IS AT RISK FOR SHORTAGES IN MANY SPECIALTY SERVICES. RRMC ACTIVELY RECRUITS BOTH PRIMARY CARE AND SPECIALTY PRACTICE PROVIDERS FOR THE REGION. IN FY13, 14 PROVIDERS WERE RECRUITED TO THE REGION, INCLUDING PEDIATRICS, ENT, GASTROENTEROLOGY, PRIMARY CARE, PSYCHIATRIC, EMERGENCY AND CARDIOLOGY. THREE OF THESE PROVIDERS WERE RECRUITED FOR SERVICE OUTSIDE OF RRMC AND ITS SPECIALTY CLINICS. RRMC SUPPORTS A HOSPITALIST PROGRAM WHERE HOSPITAL PHYSICIANS PROVIDE CARE FOR PRIMARY CARE PROVIDER'S PATIENTS THAT ARE ADMITTED TO THE HOSPITAL. THIS ALLOWS THE PRIMARY CARE PROVIDER TO PROVIDE MORE HOURS OF OFFICE CARE WHILE THEIR HOSPITALIZED PATIENTS HAVE 24 HOURS ACCESS TO A DOCTOR DURING THE HOSPITALIZATION. THIS SYSTEM PROVIDES EFFICIENCIES TO THE HEALTH CARE SYSTEM IN RUTLAND COUNTY. RUTLAND COUNTY'S MEDICAID POPULATION CONTINUES TO INCREASE. THIS PUTS A FINANCIAL STRAIN ON THE HEALTH SYSTEM IN OUR REGION, AS THE CARE PROVIDED TO THIS GROWING POPULATION IS NOT REIMBURSED FOR THE FULL COST OF CARE. LEADERS AT RRMC ADVOCATE AT THE STATE AND LOCAL LEVEL TO MAINTAIN THE MEDICAID REIMBURSEMENT RATES FOR BOTH IN-PATIENT AND OUT-PATIENT CARE IN ORDER TO MAINTAIN ACCESS FOR MEDICAID PATIENTS. RRMC ALSO PROVIDES SUPPORT FOR THE FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs) IN THE REGION, BY HAVING A LEADER REPRESENTATIVE ON THE BOARD OF THE ORGANIZATION. THE FQHCs ARE REIMBURSED AT A HIGHER LEVEL FOR CARING FOR MEDICAID PATIENTS AND PROVIDES INCREASED ACCESS FOR THESE PATIENTS. RRMC LEADERS AND STAFF ALSO PARTICIPATE AS BOARD AND COMMITTEE MEMBERS IN SUPPORT OF OTHER NON-PROFIT ORGANIZATIONS, SUCH AS THE UNITED WAY OF RUTLAND COUNTY, RUTLAND AREA VISITING NURSE ASSOCIATION AND HOSPICE, RUTLAND AREA PHYSICAL ACTIVITY COALITION, RUTLAND AREA PREVENTION COALITION, RUTLAND COUNTY NUTRITION COALITION, RUTLAND POLICE COMMISSION, THE MEDICAL RESERVE CORPS, AND MANY OTHERS. RRMC PARTNERS WITH THE UNITED WAY OF RUTLAND COUNTY TO OFFER AND PROVIDE A LEADERSHIP AND BOARD TRAINING PROGRAM. EACH YEAR, WE GRADUATE ROUGHLY 12 NEW COMMUNITY MEMBERS READY TO SERVE AS ACTIVE CONTRIBUTORS TO NON-PROFIT ORGANIZATIONS THROUGH OUR REGION. RUTLAND COUNTY IS ECONOMICALLY CHALLENGED AND RRMC SUPPORTS WORK TO HELP THOSE IN POVERTY AS WELL AS TO BRING NEW BUSINESSES INTO THE AREA. RRMC PARTICIPANTS IN BRIDGES OUT OF POVERTY, A PROGRAM WHICH AIMS TO KEEP THE WORKING POOR EMPLOYED. THIS PROGRAM NOT ONLY BENEFITS THOSE LIVING IN POVERTY IN RUTLAND COUNTY, BUT RRMC'S OWN WORKFORCE. IN CONJUNCTION WITH FOR-PROFIT, NON-PROFIT AND GOVERNMENT AGENCIES, THE BRIDGES OUT OF POVERTY COUNCIL DELIVERS THE WORKING BRIDGES TRAINING TO HR PROFESSIONALS AND LINE MANAGERS ON THE WORKPLACE IMPLICATIONS OF ECONOMIC DIVERSITY, IMPLEMENTED AN EMERGENCY LOAN AND SAVINGS PROGRAM FOR EMPLOYEES, HOUSED WORKSITE RESOURCE COORDINATORS IN COMPANIES TO HELP EMPLOYEES FIND HELP WITH HOUSING, CHILDCARE, TRANSPORTATION, ECONOMIC ASSISTANCE AND OTHER RESOURCES WITHOUT HAVING TO LEAVE WORK, AND BEGAN DISCUSSION OF HOW TO ENCOURAGE THE EMPLOYEES TO USE HEALTH AND WELLNESS STRATEGIES.</p> <p>TRAUMA SUPPORT - ESTABLISHED IN 1993, THE TRAUMA SUPPORT PROGRAM AT RRMC WAS THE FIRST OF ITS KIND IN VERMONT. IT WAS DEVELOPED TO MEET THE IMMEDIATE AND LONG-TERM NEEDS OF FAMILIES IMPACTED BY SUDDEN DEATH OR TRAUMATIC INJURY OR ILLNESS. RRMC STAFF, ON THEIR OWN TIME, AND OTHER COMMUNITY VOLUNTEERS TAKE TURNS BEING ON CALL 24 HOURS A DAY, 7 DAYS A WEEK. VOLUNTEERS PERSONALLY PROVIDE SUPPORT AND ASSISTANCE TO FAMILIES IMPACTED BY TRAUMA. DEATH IN MANY WAYS, I.E., BY BEING A LIAISON WITH MEDICAL PERSONNEL TO GET INFORMATION OR OFFERING CONTINUED SUPPORT VIA PHONE AND CORRESPONDENCE.</p> <p>BONE MARROW PROGRAM - THE MARROW DONOR PROGRAM AT RRMC WAS ESTABLISHED IN 1998. SINCE THEN, WE HAVE SUCCESSFULLY ADDED OVER 3,000 POTENTIAL DONORS TO THE NATIONAL REGISTRY, HELPING TO GIVE HOPE TO THE MORE THAN 6,000 PEOPLE SEARCHING EVERY DAY FOR AN UNRELATED MATCH TO SAVE THEIR LIVES. RRMC IS CURRENTLY THE ONLY HOSPITAL IN NEW ENGLAND WITH THIS TYPE OF PROGRAM. RRMC DOES NOT HOLD PATIENT-FOCUSED DRIVES, INSTEAD, ALL DRIVES ARE DESIGNED TO RAISE GENERAL AWARENESS OF THE NEED AND TO REGISTER AS MANY POTENTIAL DONORS AS POSSIBLE, SO THAT NOW OR IN THE FUTURE A MATCH MAY BE MADE.</p> <p>BRIDGES & BEYOND - THIS PROGRAM IS RUN OUT OF THE SOCIAL WORK DEPARTMENT AND WORKS WITH PATIENTS AND FAMILIES TO ARRANGE TRANSPORTATION, GENERAL ASSISTANCE (SUCH AS MEAL PREPARATION), OR COMPANIONSHIP TO THOSE DISABLED AND FRAIL PATIENTS RETURNING HOME FROM A HOSPITAL STAY.</p> <p>DIABETES EDUCATION AND SELF-MANAGEMENT - THIS PROGRAM IS OPERATED FROM THE DIABETES CENTER AND IS RECOGNIZED AND CERTIFIED BY THE AMERICAN DIABETES ASSOCIATION. THROUGH THIS WORK, PEOPLE WITH DIABETES LEARN HEALTH AND LIFESTYLE SKILLS TO HELP THEM MANAGE THEIR DISEASE SYMPTOMS. OTHER BENEFITS INCLUDE PATIENT AND FAMILY SUPPORT GROUPS, AND GLUCOSE METER AND INSULIN PUMP INSTRUCTION.</p> <p>ADVANCE DIRECTIVES PROGRAM - IN 2013, A NEW PROGRAM WAS DESIGNED AND IMPLEMENTED THROUGH THE COMMUNITY HEALTH IMPROVEMENT OFFICE, WHERE TRAINED VOLUNTEERS PROVIDE SUPPORT TO COMMUNITY MEMBERS TO COMPLETE ADVANCE DIRECTIVES FORMS ON A BY-APPOINTMENT BASIS.</p> <p>COMMUNITY RESOURCE GUIDE - IN 2012, THE COMMUNITY HEALTH IMPROVEMENT STAFF COLLECTED AND VERIFIED INFORMATION FROM ACROSS THE REGION FOR INCLUSION IN A RESOURCE GUIDE FOR USE BY HEALTH CARE PROVIDERS AND SOCIAL AND HUMAN SERVICES PERSONNEL TO HELP THEM READILY IDENTIFY POTENTIAL RESOURCES FOR THEIR CLIENTS. THIS GUIDE WAS DEVELOPED IN RESPONSE TO AN IDENTIFIED NEED FOR INFORMATION, AND UPDATED AND DISTRIBUTED TO PROVIDER AND SOCIAL AND HUMAN SERVICES OFFICES ACROSS THE REGION, PHYSICALLY AND ELECTRONICALLY FOR EASE OF USE.</p> <p>OTHER INFORMATION - RRMC HAS 17 BOARD MEMBERS WHO REPRESENT THE RESIDENTS OF RUTLAND COUNTY IN THEIR SERVICE, 6 OF THESE ARE PHYSICIANS, 2 REPRESENT HEALTH CARE PARTNERS, AND 9 ARE RUTLAND COUNTY RESIDENTS WHO REPRESENT A VARIETY OF BUSINESS SECTORS. ALL BOARD MEMBERS COMPLETE A CONFLICT OF INTEREST DISCLOSURE PROCESS WHICH IS NECESSARY TO COMPLY WITH FEDERAL AND STATE LAWS, INCLUDING THE FEDERAL ANTI-KICKBACK STATUTE AND THE TAX CODE. RRMC HAS PREDOMINANTLY AN OPEN MEDICAL STAFF. THE ONLY EXCEPTIONS ARE THE FOLLOWING SPECIALTIES FOR WHICH THERE ARE EITHER BOARD-APPROVED EXCLUSIVE CONTRACTS OR HOSPITAL-EMPLOYED PHYSICIANS ONLY: ANESTHESIA, EMERGENCY MEDICINE, CRITICAL CARE, MEDICAL ONCOLOGY, RADIATION ONCOLOGY, ORTHOPEDICS, AND RADIOLOGY. ALL NEW APPLICANTS UNDERGO AN EXTENSIVE REVIEW PROCESS, INCLUDING PRIMARY SOURCE VERIFICATION OF THEIR EDUCATION, TRAINING, BOARD CERTIFICATION, MALPRACTICE HISTORY, AND PREVIOUS HOSPITAL AFFILIATIONS WHEN DEEMED COMPLETE, THEIR APPLICATION IS REVIEWED BY THE CREDENTIALS COMMITTEE, WHICH IS MADE UP OF PHYSICIANS AND AT LEAST ONE BOARD MEMBER. THE CREDENTIAL COMMITTEE MAKES A RECOMMENDATION TO THE MEDICAL EXECUTIVE COMMITTEE, WHICH INCLUDES THE CHAIRMAN OF THE BOARD. THE MEDICAL EXECUTIVE COMMITTEE MAKES A FINAL RECOMMENDATION TO THE FULL BOARD, WHICH HAS THE ULTIMATE AUTHORITY TO GRANT MEDICAL STAFF PRIVILEGES. ALL MEDICAL STAFF APPOINTMENTS ARE FOR A TWO-YEAR PERIOD. ALL MEDICAL STAFF IS SUBJECT TO ONGOING PEER REVIEW OF THEIR CLINICAL WORK. EVERY TWO YEARS, EVERY MEMBER OF THE MEDICAL STAFF MUST UNDERGO A REAPPOINTMENT PROCESS WHICH IS DESIGNED TO REVIEW THEIR CLINICAL AND PROFESSIONAL ACTIVITY AND BEHAVIOR. THOSE REAPPOINTMENTS GO THROUGH THE SAME SEQUENCE AS THE NEW APPLICANTS. RRMC'S CREDENTIALING PROCESS HAS BEEN SURVEYED BY BOTH THE JOINT COMMISSION AND THE CENTERS FOR MEDICARE AND MEDICAID SERVICES AND FOUND TO BE IN FULL COMPLIANCE WITH THEIR STANDARDS (TJC) AND THEIR CONDITIONS OF PARTICIPATION (CMS) AS A RURAL COMMUNITY HEALTH SYSTEM. RRMC PROVIDES A BROAD ARRAY OF SERVICES. THE FOLEY CANCER CENTER AT RRMC PROVIDES TREATMENT TECHNOLOGIES THAT INCLUDE HIGH TECH DIAGNOSTIC IMAGING, MEDICAL ONCOLOGY WITH TRADITIONAL IV THERAPIES (SUCH AS CHEMOTHERAPY), AND RADIATION ONCOLOGY. FEATURING A STATE-OF-THE-ART LINEAR ACCELERATOR, SUPPORTIVE CARE PROGRAMS INCLUDE PALLIATIVE CARE, PAIN MANAGEMENT, ACUPUNCTURE AND A WOMEN'S BREAST CARE PROGRAM, AND A VARIETY OF SUPPORT GROUPS. THE HOSPITAL PROVIDES 24-HOUR EMERGENCY CRISIS CARE, AS WELL AS PSYCHIATRIC INTENSIVE CARE, GERIATRIC PSYCHIATRIC PROGRAMS, MEDICAL DETOXIFICATION AND SUBSTANCE ABUSE AND TREATMENT OF SIMULTANEOUS DUAL ABUSE AND BEHAVIORAL HEALTH DISORDERS. THE 24-HOUR EMERGENCY DEPARTMENT PROVIDES CARE REGARDLESS OF A PATIENT'S ABILITY TO PAY. THE FAST TRACK PROGRAM IS DESIGNED TO PROCESS URGENT CARE IN A TIMELY MANNER. RRMC PROVIDES CARE FOR BOTH MEDICARE AND MEDICAID PATIENTS, THESE POPULATIONS MAKE UP 55.5% OF THE PAYER MIX FOR RRMC. BY WORKING COLLABORATIVELY WITH THE LOCAL FEDERALLY QUALIFIED HEALTH CLINICS, COMMUNITY H</p>

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM		RUTLAND REGIONAL MEDICAL CENTER (RRMC) IS PART OF A HEALTH CARE SYSTEM WHICH INCLUDES THE FOLLOWING ADDITIONAL TAX-EXEMPT ORGANIZATIONS RUTLAND REGIONAL HEALTH SERVICES, INC (RRHS), VERMONT ORTHOPAEDIC CLINIC, INC (VOC), AND RUTLAND HEALTH FOUNDATION (RHF) RRHS IS A HOLDING COMPANY ORGANIZED TO SUPPORT, PROMOTE, ADVANCE AND STRENGTHEN THE HEALTH OF PERSONS WITHIN ITS DESIGNATED SERVICE AREA VOC OFFERS COMPREHENSIVE, HIGH QUALITY TREATMENT METHODOLOGIES FOR ORTHOPAEDIC-RELATED INJURIES RHF PARTNERS WITH PATIENTS, PHYSICIANS, EMPLOYEES, COMMUNITY LEADERS, AND PHILANTHROPISTS TO RAISE MONEY TO HELP MEET HEALTHCARE NEEDS OF THE COMMUNITY RRHS IS THE SOLE MEMBER OF RRMC AND VOC, AND IS THE CONTROLLING MEMBER OF RHF THE SYSTEM PRIMARILY EARNS REVENUES BY PROVIDING HOSPITAL INPATIENT, HOSPITAL OUTPATIENT, HOSPITAL EMERGENCY CARE, AND PHYSICIAN SERVICES TO RESIDENTS IN THE RUTLAND, VERMONT, AREA THE JAMES T BOWSE HEALTH TRUST IS A DEPARTMENT OF RUTLAND REGIONAL HEALTH SERVICES AND PROVIDES GRANT FUNDING AIMED AT IMPROVING THE HEALTH STATUS OF THE RUTLAND REGION

Additional Data

Software ID:
Software Version:
EIN: 03-0183483
Name: RUTLAND HOSPITAL INC

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?

10

Name and address	Type of Facility (describe)
RUTLAND HEART CENTER 12 COMMONS STREET RUTLAND,VT 05701	PATIENT CLINIC
RUTLAND REG DIABETES & ENDOCRINOLOGY CTR 8 ALBERT CREE DRIVE RUTLAND,VT 05701	PATIENT CLINIC
RUTLAND REGIONAL GENERAL SURGERY 6 COMMONS STREET RUTLAND,VT 05701	PATIENT CLINIC
RUTLAND REGIONAL WOMEN'S HEALTH 147 ALLEN STREET RUTLAND,VT 05701	PATIENT CLINIC
RUTLAND REGIONAL DIGESTIVE SERVICES 254 STRATTON ROAD RUTLAND,VT 05701	PATIENT CLINIC
RUTLAND ENT 69 ALLEN ST SUITE 1 RUTLAND,VT 05701	PATIENT CLINIC
RUTLAND BEHAVIORAL HEALTH CLINIC 1 COMMONS STREET RUTLAND,VT 05701	PATIENT CLINIC
VERMONT ORTHOPAEDIC CLINIC 3 ALBERT CREE DRIVE RUTLAND,VT 05701	PATIENT CLINIC
DORSET ENT 51A TENNIS WAY EAST DORSET,VT 05253	PATIENT CLINIC
KILLINGTON MEDICAL CLINIC 3902 KILLINGTON ROAD KILLINGTON,VT 05751	PATIENT CLINIC

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - |

DLN: 93493218008554

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION 375 ROUTE 30 NORTH BOMOSEEN,VT 05732	22-1179701	501(C)(3)	833,333				COMMUNITY HLTH IMPROVE
(2) RUTLAND COMMUNITY PROGRAMS 78 S MAIN PO BOX 222 RUTLAND,VT 05702	03-0307812	501(C)(3)	13,500				COMMUNITY HLTH IMPROVE
(3) LOTHROP ELEMENTARY SCHOOL 3447 ROUTE 7 PITTSFORD,VT 05763	03-6000625	PITTSFORD,VT	17,450				COMMUNITY HLTH IMPROVE
(4) RUTLAND AREA FARM FOOD LINK PO BOX 561 POULTNEY,VT 05741	20-8283600	501(C)(3)	12,955				COMMUNITY HLTH IMPROVE
(5) RUTLAND SOUTH SUPERVISORY UNION 64 GRANGE HALL ROAD N CLARENDON,VT 05759	03-0253069	WALLINGFORD DIS	41,378				COMMUNITY HLTH IMPROVE
(6) RUTLAND AREA VISITING NURSES 7 ALBERT CREE DRIVE RUTLAND,VT 05701	03-0185024	501(C)(3)	10,611				COMMUNITY HLTH IMPROVE
(7) VERMONT ADULT LEARNING 60 S MAIN STREET WATERBURY,VT 05676	03-0276755	501(C)(3)	30,782				COMMUNITY HLTH IMPROVE
(8) PREVENT CHILD ABUSE VERMONT PO BOX 829 MONTPELIER,VT 05601	03-0267183	501(C)(3)	24,000				COMMUNITY HLTH IMPROVE

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

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 MONITORING	SCHEDULE I, PART I, LINE 2	RUTLAND REGIONAL HEALTH SERVICES (RRHS), THROUGH RUTLAND REGIONAL MEDICAL CENTER (RRMC), AWARDED A FIVE-YEAR COMMUNITY BENEFIT GRANT TO COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION, INC (CHCRR) IN THE AMOUNT OF \$4,600,000 THAT IS FUNDED BY RRMC AND WAS EFFECTIVE MAY 1, 2008 FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012, RESPECTIVELY, \$833,333 AND \$1,367,417 WAS EXPENDED FOR THE GRANT AWARD FROM RRMC AND IS INCLUDED IN RUTLAND REGIONAL MEDICAL CENTER'S GENERAL OPERATING EXPENSES RRHS CONTINUALLY WORKS WITH CHCRR TO ENSURE THE ORGANIZATION IS USING FUNDS APPROPRIATELY AND FURTHERING THE CHCRR EXEMPT PURPOSE THE OTHER GRANTS LISTED ON SCHEDULE I, PART II, WERE PROVIDED BY THE JAMES T BOWSE HEALTH TRUST, A DEPARTMENT OF RUTLAND REGIONAL MEDICAL CENTER THE BOWSE TRUST ONLY CONSIDERS GRANT PROPOSALS THROUGH ITS FORMAL GRANT PROPOSAL PROCESS, WHICH REQUIRES THAT THE REQUESTING ORGANIZATION MEET CERTAIN CRITERIA AND SUBMIT A PLANNING GRANT/LETTER OF INTENT, FULL PROPOSAL, AND PLANNING GRANT BUDGET FORM DESCRIBING HOW THE GRANT WILL BE USED
PURPOSE OF GRANT OR ASSISTANCE	SCHEDULE I, PART II, COLUMN H	ASSISTANCE FOR RUTLAND COMMUNITY PROGRAMS, LOTHROP ELEMENTARY SCHOOL, RUTLAND AREA FARM FOOD LINK, RUTLAND SOUTH SUPERVISORY UNION, RUTLAND AREA VISITING NURSES, VERMONT ADULT LEARNING, AND PREVENT CHILD ABUSE VERMONT WAS PROVIDED BY THE JAMES T BOWSE HEALTH TRUST, A DEPARTMENT OF RUTLAND REGIONAL MEDICAL CENTER SEE SCHEDULE H, PART VI, LINE 6 FOR MORE INFORMATION REGARDING PROGRAMS FUNDED BY THE JAMES T BOWSE HEALTH TRUST

Software ID:

Software Version:

EIN: 03-0183483

Name: RUTLAND HOSPITAL INC

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION375 ROUTE 30 NORTH BOMOSEEN,VT 05732	22-1179701	501(C)(3)	833,333				COMMUNITY HLTH IMPROVE
RUTLAND COMMUNITY PROGRAMS78 S MAIN PO BOX 222 RUTLAND,VT 05702	03-0307812	501(C)(3)	13,500				COMMUNITY HLTH IMPROVE

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
LOTHROP ELEMENTARY SCHOOL3447 ROUTE 7 PITTSFORD,VT 05763	03-6000625	PITTSFORD, VT	17,450				COMMUNITY HLTH IMPROVE
RUTLAND AREA FARM FOOD LINKPO BOX 561 POULTNEY,VT 05741	20-8283600	501(C)(3)	12,955				COMMUNITY HLTH IMPROVE

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
RUTLAND SOUTH SUPERVISORY UNION64 GRANGE HALL ROAD N CLARENDON,VT 05759	03-0253069	WALLINGFORD DIS	41,378				COMMUNITY HLTH IMPROVE
RUTLAND AREA VISITING NURSES7 ALBERT CREE DRIVE RUTLAND,VT 05701	03-0185024	501(C)(3)	10,611				COMMUNITY HLTH IMPROVE

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
VERMONT ADULT LEARNING60 S MAIN STREET WATERBURY,VT 05676	03-0276755	501(C)(3)	30,782				COMMUNITY HLTH IMPROVE
PREVENT CHILD ABUSE VERMONTPO BOX 829 MONTPELIER,VT 05601	03-0267183	501(C)(3)	24,000				COMMUNITY HLTH IMPROVE

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>b</div> <div>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</div>	1b	
<div>2</div> <div>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?</div>	2	
<div>3</div> <div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</div> <div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>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</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	Yes
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4b	No
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	5a	Yes
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div>6</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div>7</div> <div>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</div>	7	No
<div>8</div> <div>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</div>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div>	9	

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

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

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

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

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	KATHLEEN LETENDRE, FORMER VICE PRESIDENT OF PLANNING & ORG EXCELLENCE, RECEIVED A SEVERANCE PAYMENT OF \$68,634 FROM THE ORGANIZATION DURING THE YEAR THIS AMOUNT IS INCLUDED IN OTHER REPORTABLE COMPENSATION IN SCHEDULE J, PART II, COLUMN B(III)
COMPENSATION CONTINGENT ON THE REVENUES OF THE ORGANIZATION	SCHEDULE J, PART I, LINE 5A	PHYSICIANS EARN COMPENSATION BASED UPON THEIR PRODUCTIVITY AGAINST ESTABLISHED TARGETS INCREASED PRODUCTIVITY IS DIRECTLY RELATED TO INCREASED REVENUES FOR THE ORGANIZATION

Software ID:

Software Version:

EIN: 03-0183483

Name: RUTLAND HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
J CHRISTIAN HIGGINS MD	(i) (ii)	345,628 0	133,025 0	5,630 0	15,625 0	17,726 0	517,634 0	0 0
MATTHEW A CONWAY MD	(i) (ii)	289,750 0	31,585 0	5,676 0	15,614 0	17,650 0	360,275 0	0 0
DANIEL M FOLEY MD	(i) (ii)	288,926 0	49,200 0	3,681 0	20,582 0	7,358 0	369,747 0	0 0
THOMAS W HUEBNER	(i) (ii)	424,268 0	0 0	23,220 0	25,625 0	17,887 0	491,000 0	0 0
EDWARD T OGORZALEK	(i) (ii)	229,483 0	0 0	23,685 0	25,435 0	17,644 0	296,247 0	0 0
MARY T NEMETH	(i) (ii)	184,731 0	0 0	9,924 0	20,194 0	7,168 0	222,017 0	0 0
BAXTER HOLLAND MD	(i) (ii)	323,501 0	0 0	8,069 0	25,547 0	13,137 0	370,254 0	0 0
BARBARA ROBINSON	(i) (ii)	205,974 0	0 0	5,323 0	17,646 0	12,977 0	241,920 0	0 0
KATHLEEN LETENDRE	(i) (ii)	105,635 0	0 0	68,634 0	6,644 0	16,192 0	197,105 0	0 0
JI CHEN	(i) (ii)	170,780 0	0 0	138 0	7,150 0	806 0	178,874 0	0 0
MELBOURNE BOYTON MD	(i) (ii)	658,979 0	201,870 0	23,564 0	20,635 0	17,295 0	922,343 0	0 0
MICHAEL KENOSH MD	(i) (ii)	397,021 0	74,035 0	22,766 0	15,625 0	17,892 0	527,339 0	0 0
WILLIAM LIGHTHART MD	(i) (ii)	587,203 0	172,607 0	7,572 0	15,625 0	16,694 0	799,701 0	0 0
ERIC MARSH MD	(i) (ii)	528,225 0	162,045 0	5,811 0	15,625 0	18,282 0	729,988 0	0 0
MICHAEL ROBERTELLO MD	(i) (ii)	411,019 0	154,737 0	6,484 0	15,625 0	17,866 0	605,731 0	0 0
TODD GREGORY MD	(i) (ii)	287,410 0	0 0	5,364 0	15,478 0	17,636 0	325,888 0	0 0
JOHN KIJEWSKI	(i) (ii)	189,887 0	0 0	5,228 0	8,506 0	17,564 0	221,185 0	0 0
ALLISON WOLLEN	(i) (ii)	182,034 0	25,000 0	26,960 0	1,288 0	17,562 0	252,844 0	0 0
CAROL EGAN	(i) (ii)	178,828 0	0 0	6,242 0	15,653 0	12,849 0	213,572 0	0 0
DARREN CHILDS	(i) (ii)	155,633 0	0 0	5,295 0	13,611 0	17,281 0	191,820 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
RUTLAND HOSPITAL INC

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number

03-0183483

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A VT EDUCATIONAL & HLTH BUILDINGS FINANCE AGENCY	23-7154467		09-03-2013	31,350,000	REFUND 2009/2010 BONDS		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	31,350,000							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	31,157,039							
7	Issuance costs from proceeds	192,961							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	0							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2013							
		Yes	No						
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X							
b	Name of provider	DEUTSCHE BANKTDBANK							
c	Term of hedge	10							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
REQUIREMENTS OF SECTION 148	SCHEDULE K, PART IV, LINE 7	THE TAX-EXEMPT BONDS DO NOT HAVE ANY OUTSTANDING PROCEEDS AND THEREFORE ARE NOT SUBJECT TO THE ARBITRAGE REQUIREMENTS OF SECTION 148

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization RUTLAND HOSPITAL INC	Employer identification number 03-0183483
--	--

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) FOLEY DISTRIBUTING FOLEY SERVICES	M FOLEY - SEE PART V	279,168	PAPER & JANITORIAL SUPPLIES		No
(2) CENTRAL VERMONT PUBLIC SERVICE	J GAMBLE - SEE PART V	1,542,808	ELECTRICITY		No
(3) BLUE CROSS BLUE SHIELD OF VERMONT	T HUEBNER - SEE PART V	13,858,863	INSURANCE PREMIUMS		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTION INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV, COLUMN B	MARK K FOLEY, BOARD MEMBER, OWNS FOLEY DISTRIBUTING AND FOLEY SERVICES, INC THESE COMPANIES SUPPLIED PAPER AND JANITORIAL PRODUCTS TO THE ORGANIZATION FOR \$279,168 IN FISCAL YEAR 2013 JOAN F GAMBLE, BOARD MEMBER, IS AN OFFICER AT CENTRAL VERMONT PUBLIC SERVICES (CVPS) IN FISCAL YEAR 2013, THE ORGANIZATION PAID CVPS \$1,542,808 FOR ELECTRICITY THOMAS WHUEBNER, RPMC PRESIDENT & CEO, IS ON THE BOARD OF BLUE CROSS BLUE SHIELD OF VERMONT IN FISCAL YEAR 2013, THE ORGANIZATION PAID BCBS \$13,858,863 IN HEALTH INSURANCE PREMIUMS

2012

**Open to Public
Inspection**

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.

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number

03-0183483

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION AND MOST SIGNIFICANT ACTIVITIES	FORM 990, PART I, LINE 1	MISSION TO IMPROVE THE HEALTH OF THE RUTLAND REGION AND SURROUNDING COMMUNITIES BY PROVIDING APPROPRIATE, SUPERIOR, INTEGRATED, PREVENTATIVE, DIAGNOSTIC AND THERAPEUTIC HEALTH SERVICES IN A CARING ENVIRONMENT THROUGH THE STRENGTH OF OUR PEOPLE, TECHNOLOGY AND RELATIONSHIPS VISION TO BE THE BEST COMMUNITY HEALTHCARE SYSTEM IN NEW ENGLAND GOALS *QUALITY WE WILL PROVIDE SUPERIOR HEALTH SERVICES WHICH MEET OUR CUSTOMER NEEDS THROUGH GOOD CLINICAL OUTCOMES, UP-TO-DATE TECHNOLOGY, EFFECTIVE PROCESSES, COMPETENT AND CARING STAFF AND WELL MAINTAINED FACILITIES *GROWTH WE WILL DEVELOP NEW SERVICES AND EXPAND EXISTING SERVICES TO MEET CUSTOMER NEEDS RESULTING IN INCREASED MARKET SHARE AND EXPANSION INTO NEW MARKETS *INFORMATION EXCELLENCE WE WILL PROVIDE SUPERIOR, COORDINATED INFORMATION RESOURCES, PROCESSES, AND SYSTEMS THAT MEET CUSTOMER NEEDS FOR EFFECTIVE INFORMATION GATHERING, RECORDING, ACCESS, ANALYSIS, AND DISSEMINATION ACROSS THE HEALTHCARE CONTINUUM *FINANCIAL STRENGTH WE WILL ACHIEVE FINANCIAL STRENGTH AND STABILITY BY OPTIMIZING REIMBURSEMENT AND IMPROVING OUR COST STRUCTURE TO PRODUCE SUFFICIENT MARGINS, AND INCREASING PHILANTHROPIC GIVING *EMPLOYEE ENGAGEMENT WE WILL CREATE AN ENVIRONMENT WHERE EMPLOYEE ENGAGEMENT FLOURISHES AND WE COMMIT OUR HEARTS AND MINDS TO MEETING AND EXCEEDING THE NEEDS OF OUR CUSTOMERS AND EACH OTHER

Identifier	Return Reference	Explanation
TOTAL NUMBER OF VOLUNTEERS	FORM 990, PART I, LINE 6	THE TOTAL NUMBER OF VOLUNTEERS INCLUDES NON-COMPENSATED MEMBERS OF THE BOARD OF DIRECTORS AND OTHER INDIVIDUALS WHO VOLUNTEER TIME TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSE

Identifier	Return Reference	Explanation
PROGRAM SERVICE CHANGES	FORM 990, PART III, LINE 2	VERMONT ORTHOPAEDIC CENTER MERGED WITH RUTLAND REGIONAL MEDICAL CENTER ON 10/1/2012 IT IS NO LONGER A SEPARATE ENTITY , BUT A DEPARTMENT IN RPMC EFFECTIVE 10/1/2013, KILLINGTON MEDICAL CLINIC MERGED WITH RUTLAND REGIONAL MEDICAL CENTER AS WELL, AND IS ALSO NOW A DEPARTMENT OF RPMC

Identifier	Return Reference	Explanation
EXEMPT PURPOSE ACHIEVEMENTS	FORM 990, PART III, LINES 4A-D	<p>RUTLAND REGIONAL MEDICAL CENTER FY 2013 COMMUNITY BENEFITS REPORT RUTLAND REGIONAL MEDICAL CENTER IS COMMITTED TO PROVIDING SUPERIOR, INTEGRATED, DIAGNOSTIC, THERAPEUTIC AND PREVENTATIVE HEALTH SERVICES AND TO PROMOTING OVERALL COMMUNITY HEALTH AND WELL-BEING COMMUNITY BENEFITS ARE THE ACTIVITIES AND SERVICES RUTLAND REGIONAL ENGAGES IN AND SUPPORTS THAT GO BEYOND THE ROUTINE PATIENT CARE SERVICES DOCUMENTING THESE EFFORTS IS A PART OF WHAT DIFFERENTIATES TAX-EXEMPT FROM TAXABLE HEALTH CARE ORGANIZATIONS PROGRAMMING THAT COUNTS COMMUNITY HEALTH IMPROVEMENT INITIATIVES SCREENING SERVICES AND EDUCATIONAL PROGRAMMING ARE IMPORTANT ELEMENTS TO PROMOTING THE HEALTH OF OUR COMMUNITY THE ASSOCIATED EXPENSES FOR 2013 EXCEEDED \$1,815,240 RRMCM OFFERS HEALTH LIVING WORKSHOPS, TOBACCO CESSATION PROGRAMING, CONSUMER HEALTH LIBRARY SUPPORT, BREAST CARE EDUCATION OUTREACH, AND OVER 25 SUPPORT GROUPS FOR INDIVIDUALS AND FAMILIES HEALTH PROFESSION EDUCATION & TRAINING FOR NON-EMPLOYEES AND WORKFORCE DEVELOPMENT COLLABORATING WITH EDUCATIONAL PROGRAMS, RRMCM SUPPORTS A VARIETY OF TRAINING PROGRAMS FOR INDIVIDUALS INTERESTED IN MEDICAL-RELATED FIELDS DURING 2013, RRMCM'S INVESTMENT IN THESE AREAS TOTALED APPROXIMATELY \$115,925 FREE AND DISCOUNTED CARE RUTLAND REGIONAL PROVIDES LOW- AND NO-COST CARE FOR ELIGIBLE RESIDENTS OF OUR AREA THROUGH A FINANCIAL ASSISTANCE PROGRAM THE FREE CARE PROVISION FOR 2013 TOTALED \$7,390,442 IN ADDITION TO THESE ACTIVITIES, RUTLAND REGIONAL IS NOW REQUIRED BY FEDERAL REGULATIONS TO CONDUCT A COMMUNITY NEEDS ASSESSMENT EVERY THREE YEARS THE RUTLAND COUNTY HEALTH NEEDS ASSESSMENT 2013 STEERING COMMITTEE HAS WORKED HARD TO BE INCLUSIVE, BOTH IN THE INFORMATION COLLECTED AND REVIEWED, AND BY BROADLY REQUESTING INPUT FROM AROUND OUR COMMUNITIES FROM START TO FINISH, THE ASSESSMENT TAKES ABOUT ONE YEAR TO COMPLETE, AND INCLUDES COMPILATION OF SECONDARY DATA FROM OTHER SOURCES, COLLECTING INDIVIDUAL INPUT THROUGH CONSUMER SURVEYS AND THROUGH FOCUS GROUP MEETINGS ALL OF THE INFORMATION GATHERED IS REVIEWED, AND PRIORITIZED BY A BROAD, COMMUNITY-BASED COMMITTEE A FINAL REPORT HAS NOW BEEN PUBLISHED WITH THE FINDINGS THIS REPORT IS MADE PUBLICALLY AVAILABLE ON WWW RRMCM ORG THE PURPOSE OF THE ASSESSMENT IS TO -DESCRIBE THE HEALTH STATUS OF THE COMMUNITY -IDENTIFY THE COMMUNITY'S HEALTH NEEDS -COMPARE THE NEEDS TO THOSE IDENTIFIED PREVIOUSLY CONDUCTING ASSESSMENTS PERIODICALLY FOR MORE THAN 15 YEARS, WE HAVE SEEN SOME HEALTH INDICATORS IMPROVE AND OTHERS DECLINE BY MONITORING THESE CHANGES, THE COMMITTEE IS ABLE TO IDENTIFY WHERE ADDITIONAL RESOURCES ARE NEEDED ORGANIZATIONS, INCLUDING RUTLAND REGIONAL, USE THIS IMPORTANT INFORMATION TO GUIDE THEIR PLANNING FOR RUTLAND REGIONAL SPECIFICALLY, IT HELPS WITH THE DEVELOPMENT OF NEW HOSPITAL SERVICES AND COMMUNITY PROGRAMS</p>

Identifier	Return Reference	Explanation
OTHER PROGRAM SERVICES	FORM 990, PART III, LINE 4D	THE REVENUES AND EXPENSES REPORTED ON PART III, LINE 4D, REPRESENT THOSE AMOUNTS THAT ATTRIBUTABLE TO OTHER PROGRAM SERVICES CONDUCTED BY THE ORGANIZATION. THESE OTHER SERVICES PRIMARILY REPRESENT OTHER SUPPORT SERVICES THAT ARE PROVIDED TO HOSPITAL PATIENTS OR THAT ARE CONDUCTED TO SUPPORT THE OVERALL FUNCTION OF THE HOSPITAL, SUCH AS CENTRAL SUPPLY AND PHARMACY SERVICES. OTHER SERVICES ALSO INCLUDE BENEFIT TO THE COMMUNITY THROUGH THE PAYMENT OF GRANTS TO OTHER COMMUNITY ORGANIZATIONS. SEE SCHEDULE I FOR DETAIL REGARDING THESE GRANT PAYMENTS.

Identifier	Return Reference	Explanation
MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINES 6, 7A, & 7B	PER ARTICLE II, SECTION 1, OF THE ORGANIZATION'S BYLAWS, RUTLAND REGIONAL HEALTH SERVICES IS THE SOLE MEMBER OF RUTLAND REGIONAL MEDICAL CENTER ARTICLE III, SECTIONS 1 AND 2, OF THE BYLAWS STATE THAT THE BOARD SHALL CONSIST OF EIGHTEEN DIRECTORS OF THESE DIRECTORS, FOURTEEN ARE CHOSEN OR APPROVED BY THE ORGANIZATION'S SOLE MEMBER ARTICLE VIII, SECTION 5, OF THE BYLAWS DISCUSS POWERS RESERVED TO THE MEMBER, RUTLAND REGIONAL HEALTH SERVICES, INC , AND STATE THAT THE CORPORATION SHALL SUBMIT TO THE BOARD OF DIRECTORS OF THE MEMBER FOR ITS PRIOR APPROVAL THE FOLLOWING A) THE APPOINTMENT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, B) ALL OPERATING AND CAPITAL BUDGETS FOR THE CORPORATION, C) STRATEGIC PLANS FOR THE CORPORATION, D) CAPITAL EXPENDITURES OF \$100,000 OR MORE WHICH ARE UNBUDGETED, E) PURCHASE AND SALE OF ALL SIGNIFICANT ASSETS, AND F) THE BYLAWS AND ANY AMENDMENTS THERETO

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION. A DRAFT COPY IS THEN REVIEWED BY TOP MANAGEMENT. ONCE A FINAL DRAFT IS COMPLETE, IT IS MAILED TO EACH MEMBER OF THE SYSTEM FINANCE COMMITTEE. THE COMMITTEE WILL MEET AND DISCUSS THE RETURN WITH A TAX ADVISOR PRIOR TO PRESENTING THE FINAL DRAFT TO THE FULL BOARD OF DIRECTORS. ALL BOARD MEMBERS ARE ALSO PROVIDED A COPY OF THE FINAL DRAFT.

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	<p>ANNUALLY, ALL ORGANIZATION LEADERS REVIEW THE SYSTEM-WIDE CONFLICT OF INTEREST POLICY TO ENSURE ALL CONFLICTS ARE MADE KNOWN SEE THE POLICY BELOW</p> <p>POLICY</p> <p>*DUTY TO DISCLOSE IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL INTEREST AND MUST BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF COMMITTEES WITH BOARD DELEGATED POWERS, OR OTHER INDIVIDUALS WHO, ON BEHALF OF THE CORPORATION, ARE CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT</p> <p>*DUTY TO VOICE CONCERN IN THE EVENT THAT AN INTERESTED PERSON BECOMES CONCERNED THAT ANOTHER INTERESTED PERSON WHO IS A BOARD MEMBER, PRINCIPAL OFFICER OR MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS HAS AN UNDISCLOSED FINANCIAL INTEREST OR IS EXERTING INAPPROPRIATE INFLUENCE RELATED TO A FINANCIAL INTEREST, THIS CONCERN SHOULD BE RAISED WITH THE CHAIR OF THE APPROPRIATE BOARD OR COMMITTEE OR, IF INVOLVING A MEMBER OF LEADERSHIP COUNCIL, A DIRECTOR OR MANAGER OR OTHER INTERESTED PERSON, AN APPROPRIATE CORPORATE OFFICER</p> <p>*DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, HE/SHE SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON BY THE REMAINING BOARD OR COMMITTEE MEMBERS HOWEVER, IN NO EVENT SHALL AN INTERESTED PERSON PARTICIPATE IN THE DELIBERATION AND/OR DETERMINATION OF COMPENSATION THAT HE/SHE WILL RECEIVE FROM THE CORPORATION FOR EMPLOYMENT, PROFESSIONAL CONTRACT OR OTHERWISE</p> <p>*DEFINITIONS -INTERESTED PERSON - FOR THE PURPOSES OF THIS POLICY, AN INTERESTED PERSON IS ANY BOARD MEMBER, PRINCIPAL OFFICER, MEMBER OF THE LEADERSHIP COUNCIL, DIRECTOR, OR MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST IF AN INDIVIDUAL IS AN INTERESTED PERSON WITH RESPECT TO ANY ENTITY IN THE RRM/RRHS HEALTH CARE SYSTEM, HE OR SHE IS AN INTERESTED PERSON WITH RESPECT TO ALL ENTITIES IN THE HEALTH CARE SYSTEM</p> <p>*PROCEDURES -PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING, BUT AFTER SUCH PRESENTATION, HE/SHE SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN THE CONFLICT OF INTEREST THE CHAIRPERSON OF THE BOARD OR COMMITTEE SHALL, IF APPROPRIATE, APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE PROPOSED TRANSACTION OR ARRANGEMENT AFTER EXERCISING DUE DILIGENCE, INCLUDING A CONSIDERATION OF INDEPENDENT COMPARABILITY DATA, VALUATIONS OR APPRAISALS, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH REASONABLE EFFORT FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY ATTAINABLE INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL INTEREST</p> <p>UNDER CIRCUMSTANCES NOT PRODUCING A CONFLICT OF INTEREST, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE CORPORATION'S BEST INTEREST, FOR ITS OWN BENEFIT, AND WHETHER IT IS FAIR AND REASONABLE IN CONFORMITY WITH THE ABOVE DETERMINATION IT SHALL MAKE ITS DECISION AS TO WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT</p> <p>-ANNUAL STATEMENTS AWARENESS/COMPLIANCE WITH POLICY - EACH INTERESTED PERSON SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THIS CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE CORPORATION IS A CHARITABLE ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST BE ENGAGED PRIMARILY IN ACTIVITIES THAT ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES</p> <p>CONFLICT OF INTEREST SURVEY - EACH INTERESTED PERSON SHALL DISCLOSE ON AN ANNUAL SURVEY FORM POTENTIAL CONFLICTS OF INTEREST AND FINANCIAL INTERESTS RELEVANT TO THIS POLICY</p>

Identifier	Return Reference	Explanation
COMPENSATION REVIEW POLICY	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>THE FOLLOWING POLICY APPLIES TO THE ENTIRE RUTLAND REGIONAL HEALTH SERVICES (RRHS) SYSTEM, AND THE POLICY COVERS OFFICER & KEY EMPLOYEE COMPENSATION *IT IS THE POLICY OF RRHS TO OFFER MARKET-COMPETITIVE PAY SO TO ATTRACT AND RETAIN THE BEST TALENT FROM OUR LABOR MARKET *DESIGNATION OF RRHS' KEY EMPLOYEES IS MADE BY THE COMPLIANCE DEPARTMENT *THE RRHS KEY EMPLOYEE LABOR MARKET IS TYPICALLY ALL HOSPITALS NATIONALLY WITH SIMILAR REVENUES AS RRHS *KEY EMPLOYEE COMPENSATION IS REVIEWED ANNUALLY EACH FALL USING THREE SOURCES OF INDEPENDENT COMPETITIVE MARKET DATA *JOBS HELD BY KEY EMPLOYEES ARE MATCHED WITH SIMILAR JOBS IN MARKET DATA WITH AN INDICATION OF JOB MATCH STRENGTH (WEAK, MODERATE OR STRONG) *THE MARKET REVIEW PRODUCES A REPORT OF KEY EMPLOYEE CURRENT BASE PAY AND TOTAL CASH COMPENSATION VS MARKET BASE PAY AND TOTAL CASH COMPENSATION WITH ANY RECOMMENDED PAY ACTIONS *GENERALLY SPEAKING, KEY EMPLOYEE BASE PAY VARIANCES OF -5% VS MARKET TOTAL CASH COMPENSATION ARE CONSIDERED TO BE NON-COMPETITIVE PROMPTING A RECOMMENDED BASE PAY INCREASE TO BE CONSIDERED *THE RESULTS OF THE REVIEW AND RECOMMENDED PAY ACTIONS ARE REVIEWED AND APPROVED BY THE CEO INFORMATION IS MADE AVAILABLE TO SYSTEM FINANCE UPON REQUEST *THE CEO PAY IS REVIEWED AND APPROVED BY THE CHAIR AND CO-CHAIR OF THE BOARD OF DIRECTORS THIS REVIEW IS DOCUMENTED IN THE EXECUTIVE SESSION BOARD MINUTES THE MOST RECENT COMPENSATION REVIEW OCCURRED DURING DECEMBER OF 2013 *THE KEY EMPLOYEES REVIEW WAS CONDUCTED IN DECEMBER OF 2013 COVERING NON-PHYSICIAN EMPLOYEE EARNING AT LEAST \$150,000 THIS WAS DONE INTERNALLY</p>

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	CONSOLIDATED FINANCIAL STATEMENTS ARE AVAILABLE ANNUALLY IN THE ANNUAL REPORT, AND ARE ALSO AVAILABLE UPON WRITTEN REQUEST. THE CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE ALSO AVAILABLE UPON WRITTEN REQUEST. ALL REQUESTS MUST BE FOR A LEGITIMATE BUSINESS PURPOSE (AS DETERMINED BY TOP MANAGEMENT), AND REQUESTED DOCUMENTS WILL BE MAILED.

Identifier	Return Reference	Explanation
BOARD MEMBERS RECEIVING COMPENSATION	FORM 990, PART VII, COLUMN D	NO BOARD MEMBERS RECEIVE COMPENSATION FOR THEIR DUTIES AS DIRECTORS THE FOLLOWING BOARD MEMBERS RECEIVED COMPENSATION FROM RUTLAND REGIONAL MEDICAL CENTER FOR SERVICES PROVIDED AS PHYSICIANS - J CHRISTIAN HIGGINS, MD - MATTHEW A CONWAY, MD - DANIEL M FOLEY, MD - TODD GREGORY, MD

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9	\$ 10,400,277 NET GAIN FROM DEF BEN PLAN AND POSTRETIREMENT BEN COSTS 5,519,351 CHANGE IN FV OF INVESTMENTS FOR UNDER FASB 825 1,900,460 GAIN ON INTEREST RATE SWAP AGREEMENT (60,435) TRANSFER TO AFFILIATES ----- \$ 17,759,653 TOTAL OTHER CHANGE IN NET ASSETS

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
RUTLAND HOSPITAL INC

Employer identification number
03-0183483

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) KILLINGTON MEDICAL CLINIC LLC 3902 KILLINGTON ROAD KILLINGTON, VT 05751 46-1076985	MED CLINIC	VT	0	0	RRMC

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
(1) RUTLAND REGIONAL HEALTH SERVICES 160 ALLEN STREET RUTLAND, VT 05701 22-2534389	HOLDING CO	VT	501(C)(3)	11B II	NA		No
(2) RUTLAND HEALTH FOUNDATION 160 ALLEN STREET RUTLAND, VT 05701 03-0349681	FUNDRAISING	VT	501(C)(3)	7	RRHS		No
(3) VERMONT ORTHOPAEDIC CLINIC 160 ALLEN STREET RUTLAND, VT 05701 20-8089565	ORTHO SVC	VT	501(C)(3)	9	RRHS		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproporionate 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) THE MEADOWS AT EAST MOUNTAIN 157 HERITAGE HILL PLACE RUTLAND, VT 05701 03-0330343	ELDER CARE	VT	RRHS									
(2) THE GABLES AT EAST MOUNTAIN LLC ONE GABLES PLACE RUTLAND, VT 05701 03-0358050	ELDER CARE	VT	RRHS									
(3) VERMONT SPORTS MEDICINE CENTER 5 ALBERT CREE DR RUTLAND, VT 05701 06-1231501	PHYSICAL THER	VT	RRHS									

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

Part V

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

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

No

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

Yes

1s

No

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

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

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 03-0183483
Name: RUTLAND HOSPITAL INC

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	
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**The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center**

Independent Auditor's Report and Financial Statements

September 30, 2013 and 2012

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center

September 30, 2013 and 2012

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Independent Auditor's Report

Board of Directors
The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Rutland, Vermont

We have audited the accompanying balance sheets of The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center (RRMC), a subsidiary of Rutland Regional Health Services, Inc., as of September 30, 2013 and 2012, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center, as of September 30, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
The Rutland Hospital, Inc
d/b/a Rutland Regional Medical Center
Page 2

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on provide any assurance on it.

BKD, LLP

Springfield, Missouri
February 19, 2014

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Balance Sheets
September 30, 2013 and 2012

Assets

	2013	2012 (Adjusted - Note 26)
Current Assets		
Cash and cash equivalents	\$ 5,207,780	\$ 10,213,214
Patient accounts receivable, net of allowance. 2013 - \$11,270,000 and 2012 - \$14,280,000	25,339,943	22,859,166
Pledges receivable - current	170,151	162,780
Other receivables	6,729,785	512,857
Due from affiliates	6,457,352	6,195,126
Supplies	1,270,064	1,234,153
Prepaid expenses and other	2,582,295	2,333,062
Total current assets	<u>47,757,370</u>	<u>43,510,358</u>
Assets Limited As To Use		
Workers' compensation trust funds	1,454,574	1,214,651
Restricted by donors	4,836,133	7,037,699
Internally designated	93,821,729	82,610,802
	<u>100,112,436</u>	<u>90,863,152</u>
Property and Equipment, At Cost		
Land and land improvements	2,248,754	2,242,769
Buildings and leasehold improvements	75,015,297	70,387,179
Equipment	110,671,564	105,664,088
Construction in progress	2,954,431	1,981,468
	<u>190,890,046</u>	<u>180,275,504</u>
Less accumulated depreciation	<u>119,329,391</u>	<u>107,701,234</u>
	<u>71,560,655</u>	<u>72,574,270</u>
Other Assets		
Pledges receivable	95,797	64,181
Deferred financing costs	288,779	292,880
Other	4,125,399	4,133,443
	<u>4,509,975</u>	<u>4,490,504</u>
Total assets	<u>\$ 223,940,436</u>	<u>\$ 211,438,284</u>

Liabilities and Net Assets

	2013	2012 (Adjusted - Note 26)
Current Liabilities		
Current maturities of long-term debt	\$ 2,186,824	\$ 1,850,926
Accounts payable and accrued expenses	10,044,418	7,131,611
Accrued compensation and related taxes	9,369,457	9,699,348
Estimated amounts due to third-party payers	6,712,293	6,697,993
Advances from third-party payers	260,839	437,465
Total current liabilities	28,573,831	25,817,343
Other Liabilities	9,880,670	12,238,783
Accrued Pension Obligation	22,108,093	44,354,090
Long-Term Debt	44,035,302	45,819,551
Total liabilities	104,597,896	128,229,767
Net Assets		
Unrestricted	114,501,873	76,166,159
Temporarily restricted	4,162,025	6,363,716
Permanently restricted	678,642	678,642
Total net assets	119,342,540	83,208,517
Total liabilities and net assets	\$ 223,940,436	\$ 211,438,284

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Statements of Operations and Changes in Net Assets
Years Ended September 30, 2013 and 2012

	2013	2012 (Adjusted - Note 26)
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	\$ 219,887,441	\$ 206,111,875
Provision for uncollectible accounts	6,872,448	7,797,337
Net patient service revenue less provision for uncollectible accounts	213,014,993	198,314,538
Other revenue	6,685,409	4,319,377
Net assets released from restrictions used for operations	660,525	515,165
Total unrestricted revenues, gains and other support	<u>220,360,927</u>	<u>203,149,080</u>
Expenses and Losses		
Salaries and benefits	117,876,452	119,743,302
Supplies and other	79,584,602	71,826,898
Depreciation and amortization	12,262,717	12,047,077
Interest	2,169,172	2,238,131
Total expenses and losses	<u>211,892,943</u>	<u>205,855,408</u>
Operating Income (Loss)	<u>8,467,984</u>	<u>(2,706,328)</u>
Other Income (Expense)		
Investment return	2,629,007	2,131,752
Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	5,519,351	9,217,462
Contributions received	170,745	57,221
Change in unrealized gains and losses on trading securities	3,175,311	479,289
Gain (loss) on interest rate swap agreement	1,900,460	(780,268)
Total other income (expense)	<u>13,394,874</u>	<u>11,105,456</u>
Excess of Revenues Over Expenses	21,862,858	8,399,128
Contributions received for purchase of property and equipment	-	21,761
Grants received for purchase of property and equipment	5,080,714	-
Net assets released from restriction for purchase of property and equipment	1,052,300	-
Defined benefit pension and postretirement benefit costs		
Net gain (loss) arising during the year	8,292,233	(13,811,445)
Amortization of prior service cost and net loss	2,108,044	2,026,559
Transfer (to) from affiliates	(60,435)	818,869
Increase (Decrease) in Unrestricted Net Assets	<u>38,335,714</u>	<u>(2,545,128)</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Statements of Operations and Changes in Net Assets
Years Ended September 30, 2013 and 2012

	2013	2012 (Adjusted - Note 26)
Unrestricted Net Assets		
Excess of revenues over expenses	\$ 21,862,858	\$ 8,399,128
Contributions received from purchase of property and equipment	-	21,761
Grants received from purchase of property and equipment	5,080,714	-
Net assets released from restriction used for purchase of property and equipment	1,052,300	-
Defined benefit pension costs		
Net loss arising during the year	8,292,233	(13,811,445)
Amortization of net loss	2,108,044	2,026,559
Transfer (to) from affiliates	(60,435)	818,869
	<u>38,335,714</u>	<u>(2,545,128)</u>
Increase (decrease) in unrestricted net assets		
Temporarily Restricted Net Assets		
Contributions received	254,228	272,409
Investment return	(743,094)	1,306,016
Net assets released from restrictions	(1,712,825)	(515,165)
	<u>(2,201,691)</u>	<u>1,063,260</u>
Increase (decrease) in temporarily restricted net assets		
Change in Net Assets	36,134,023	(1,481,868)
Net Assets, Beginning of Year	<u>83,208,517</u>	<u>84,690,385</u>
Net Assets, End of Year	<u><u>\$ 119,342,540</u></u>	<u><u>\$ 83,208,517</u></u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012 (Adjusted - Note 26)
Operating Activities		
Change in net assets	\$ 36,134,023	\$ (1,481,868)
Items not requiring (providing) cash		
Depreciation and amortization	12,262,717	12,047,077
(Gain) loss on disposal of property and equipment	174,145	(9,806)
Net gain on investments	(10,267,195)	(11,384,289)
Restricted contributions received	(254,228)	(351,391)
Change in defined benefit pension and postretirement benefit plans	(10,400,277)	11,784,886
Change in fair value of interest rate swap agreements	(1,900,460)	780,268
Transfer to affiliates	(60,435)	818,869
Changes in		
Patient accounts receivable, net	(2,480,777)	3,296,284
Other receivables	(6,216,928)	(135,068)
Estimated third-party settlements and advances	(162,326)	1,265,208
Other current assets and liabilities	(11,306,986)	1,966,941
Net cash provided by operating activities	<u>5,521,273</u>	<u>18,597,111</u>
Investing Activities		
Proceeds from disposition of trading securities and investments accounted for under the fair value option of FASB ASC Topic 825	25,564,973	34,265,865
Purchases of trading securities and investments accounted for under the fair value option of FASB ASC Topic 825	(24,547,062)	(39,456,699)
Net (advances to) repayments from related parties	(201,791)	(963,173)
Proceeds from sale of property and equipment	490,191	38,637
Purchase of property and equipment	(10,309,385)	(7,457,258)
Net cash used in investing activities	<u>(9,003,074)</u>	<u>(13,572,628)</u>
Financing Activities		
Principal payments on long-term debt	(1,688,874)	(1,861,972)
Proceeds from issuance of long-term debt	44,185,000	-
Repayment of Series 2009A and 2010A bonds	(43,944,477)	-
Payment of deferred financing costs	(290,523)	-
Proceeds from restricted contributions	215,241	557,623
Net cash used in financing activities	<u>(1,523,633)</u>	<u>(1,304,349)</u>
Increase (Decrease) in Cash and Cash Equivalents	(5,005,434)	3,720,134
Cash and Cash Equivalents, Beginning of Year	10,213,214	6,493,080
Cash and Cash Equivalents, End of Year	<u>\$ 5,207,780</u>	<u>\$ 10,213,214</u>
Supplemental Cash Flows Information		
Interest paid	\$ 2,118,484	\$ 2,185,402
Property and equipment purchases in accounts payable	\$ 1,479,372	\$ 193,651

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Notes to Financial Statements
September 30, 2013 and 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center, (RRMC) is a not-for-profit acute care hospital which provides inpatient, outpatient, emergency care and physician services to residents in the Rutland, Vermont, area. RRMC is a wholly owned subsidiary of Rutland Regional Health Services, Inc. (RRHS). RRHS is a tax-exempt holding company, pursuant to Section 501(c)(3) of the Internal Revenue Code, organized to carry on planning, fundraising activities and manage related investments.

Effective October 1, 2013, the assets of Vermont Orthopedic Clinic (VOC), a wholly owned subsidiary of RRHS, was dissolved and all assets were transferred to RRMC. The 2012 financial statements have been adjusted to include VOC for the year ended September 30, 2012 (*Note 26*).

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

RRMC considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At September 30, 2013 and 2012, cash equivalents consisted primarily of money market accounts and short-term government obligations.

The FDIC's insurance limits have been permanently increased to \$250,000. RRMC has entered into an agreement with a local financial institution to purchase fully collateralized U.S. government securities with RRMC's funds that exceed FDIC insurance limits. At September 30, 2013 and 2012, no cash accounts exceeded federally insured limits.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Rutland Hospital, Inc.
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Notes to Financial Statements
September 30, 2013 and 2012

Investments in hedge funds and common trust funds and limited liability corporations are carried at fair value pursuant to FASB ASC Topic 825

Assets Limited As To Use

Assets limited as to use include (1) assets held by trustees, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for purposes over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of RRMC are included in current assets.

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, RRMC analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, RRMC analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), RRMC records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. For those who do not qualify for charity care the difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

RRMC's allowance for doubtful accounts for self-pay patients remained consistent at 100% of self-pay accounts receivable at September 30, 2013 and 2012. In addition, RRMC's write-offs increased approximately \$5,725,000 from approximately \$6,400,000 for the year ended September 30, 2012, to approximately \$12,125,000 for the year ended September 30, 2013. This was the result of negative trends experienced in the collection of amounts from self-pay patients in fiscal year 2013.

Supplies

Supply inventories are stated at the lower of cost, determined using the average cost method, or market.

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Notes to Financial Statements
September 30, 2013 and 2012

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

Long-Lived Asset Impairment

RRMC evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended September 30, 2013 and 2012.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt and remarketing fees. Such costs are being amortized using the straight-line method over the life of the respective debt.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by RRMC has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by RRMC in perpetuity.

Net Patient Service Revenue

RRMC has agreements with third-party payers that provide for payments to RRMC at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimates are revised in future periods as adjustments become known.

The Rutland Hospital, Inc.
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Notes to Financial Statements
September 30, 2013 and 2012

Charity Care

RRMC provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Professional Liability Claims

RRMC recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 5*.

Estimated Self-Insurance Costs

RRMC accrues estimated liabilities for self-insurance losses associated with employee health insurance claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported. Costs resulting from self-insured claims are charged to expense when incurred.

Government Grants

Support funded by grants is recognized as RRMC performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

The Rutland Hospital, Inc.
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Notes to Financial Statements
September 30, 2013 and 2012

Income Taxes

RRMC is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, RRMC is subject to federal income tax on any unrelated business taxable income.

RRMC files tax returns in the U.S. federal jurisdiction. With a few exceptions, RRMC is no longer subject to U.S. federal examinations by tax authorities for years before 2009.

Excess of Revenues Over Expenses

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services, change in the pension and postretirement liability and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

RRMC recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

For the years ended September 30, 2013 and 2012, RRMC has recorded revenue of approximately \$1,860,000 and \$750,000, respectively, which is included in other revenue within operating revenues in the statement of operations.

The Rutland Hospital, Inc.
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Notes to Financial Statements
September 30, 2013 and 2012

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets

Note 2: Net Patient Service Revenue

RRMC recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, RRMC recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of RRMC's uninsured patients will be unable or unwilling to pay for the services provided. Thus, RRMC records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.

RRMC has agreements with third-party payers that provide for payments to RRMC at amounts different from its established rates. These payment arrangements include:

Medicare Inpatient acute care and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. RRMC is reimbursed for certain services at tentative rates with final settlements determined after submission of annual cost reports by RRMC and audits thereof by the Medicare administrative contractor.

Medicaid Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. RRMC has entered into a contractual agreement with the state to care for patients with intensive inpatient psychiatric needs. RRMC is reimbursed for these services using a cost reimbursed methodology.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center

Notes to Financial Statements
September 30, 2013 and 2012

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

On March 1, 2013, certain provisions of the Federal Government's *Budget Control Act of 2011* went into effect. Among these provisions are mandatory payment reductions under the Medicare program, known as sequestration. Under these provisions, Medicare reimbursement was reduced by two percent on all claims with dates-of-service or dates-of-discharge on or after April 1, 2013. The continuation of these payment cuts for an extended period of time will have an adverse effect on operating results of the Foundation.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the year ended September 30, 2013 and 2012, respectively, was approximately:

	2013	2012
Medicare	\$ 72,022,215	\$ 73,394,038
Medicaid	26,423,964	29,865,191
Other third-party payers	107,960,424	90,102,455
Patients	13,480,838	12,750,191
	<u>\$ 219,887,441</u>	<u>\$ 206,111,875</u>

Note 3: Concentration of Credit Risk

RRMC grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2013 and 2012, respectively, was:

	2013	2012
Medicare	38%	40%
Medicaid	18%	20%
Other third-party payers	44%	40%
	<u>100%</u>	<u>100%</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Notes to Financial Statements
September 30, 2013 and 2012

Note 4: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use include

	2013	2012
Cash	\$ 1,084,259	\$ 884,061
Mutual funds - equity	15,047,254	15,582,450
Alternative investments		
Russell LLC funds - equity	40,259,207	36,088,515
Russell LLC funds - debt	39,742,276	34,707,418
Common trust funds	3,961,900	3,562,381
Interest receivable	17,540	38,327
	<u>100,112,436</u>	<u>90,863,152</u>
Less worker's compensation trust fund	1,454,574	1,214,651
Less restricted by donors	<u>4,836,133</u>	<u>7,037,699</u>
Internally designated	<u><u>\$ 93,821,729</u></u>	<u><u>\$ 82,610,802</u></u>

Total investment return is comprised of the following

	2013	2012
Interest and dividend income, net of investment expenses	\$ 313,380	\$ 1,749,394
Realized gains (losses) on trading securities and investments accounted for under the fair value option of FASB ASC Topic 825	1,572,533	1,687,538
Unrealized gains (losses) on trading securities	3,175,311	479,289
Change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	<u>5,519,351</u>	<u>9,217,462</u>
	<u><u>\$ 10,580,575</u></u>	<u><u>\$ 13,133,683</u></u>

The Rutland Hospital, Inc.
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Notes to Financial Statements
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Total investment return is reflected in the statements of operations and changes in net assets as follows

	2013	2012
Unrestricted net assets		
Investment return	\$ 2,629,007	\$ 2,130,916
Change in unrealized gains and losses on trading securities	3,175,311	479,289
Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	5,519,351	9,217,462
Temporarily restricted net assets	(743,094)	1,306,016
	<u>\$ 10,580,575</u>	<u>\$ 13,133,683</u>

Alternative Investments

Except as described below, the alternative investments have been estimated using the net asset value per share of the investments. Alternative investments held at September 30 consist of the following:

	September 30, 2013			
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Russell Small Cap U S Equity Fund LLC (A)	\$ 3,158,175	\$ -	Daily	None
Russell Large Cap U S Equity Fund LLC (B)	14,855,262	-	Daily	None
Russell Core Bond Fund LLC (C)	39,742,276	-	Daily	None
Russell International Equity Fund LLC (D)	13,796,644	-	Daily	None
Russell Defensive U S Equity Fund LLC (B)	6,904,542	-	Daily	None
Russell Common Trust Real Estate Equity Fund (E)	3,961,900	-	Quarterly	110 days
Russell Emerging Markets Equity Plus Fund LLC (F)	1,544,584	-	Daily	None
	September 30, 2012			
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Russell Small Cap U S Equity Fund LLC (A)	\$ 2,852,224	\$ -	Daily	None
Russell Large Cap U S Equity Fund LLC (B)	13,971,618	-	Daily	None
Russell Core Bond Fund LLC (C)	34,707,418	-	Daily	None
Russell International Equity Fund LLC (D)	12,838,697	-	Daily	None
Russell Defensive U S Equity Fund LLC (B)	6,425,976	-	Daily	None
Russell Common Trust Real Estate Equity Fund (E)	3,562,381	-	Quarterly	110 days

The Rutland Hospital, Inc.
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- (A) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the Russell 2000 index. The Fund invests primarily in common stocks of small capitalization U.S. companies.
- (B) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the Russell 1000 index. This Fund invests primarily in common stocks of medium and large capitalization U.S. companies.
- (C) The investment objective of this Fund is to provide current income, and as a secondary objective, capital appreciation. The Fund may invest in fixed income securities issued or guaranteed by the U.S. government or, to a lesser extent by non-U.S. governments and their respective agencies and instrumentalities. The Fund may hold asset-backed securities and mortgaged-backed securities, including collateralized mortgage obligations, and invest in corporate debt securities, securities issued in private placements, interests (or securities representing interests, in bank loans) and dollar-denominated obligations issued in the U.S. by non-U.S. banks and corporations (Yankee Bonds). A majority of this Fund's holdings are U.S. dollar denominated but this Fund may invest in non-U.S. debt securities.
- (D) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the MSCI Europe, Australia and Far East (EAFE) Index – net. The Fund invests primarily in equity securities, including common stocks and preferred stocks, issued by companies domiciled outside the U.S. and in depositary receipts and other derivatives which represent economic ownership of securities of non-U.S. companies. The Fund seeks to make investments in most of the developed nations of the world so as to maintain a high degree of diversification among countries and currencies.
- (E) The Fund employs a multi-advisor investment approach to private core and enhanced core real estate. The objective of private core real estate is to provide stable and high levels of current income supported by strong property occupancy, while enhanced core seeks slightly higher returns emphasizing appreciation.
- (F) The investment objective of this Fund is to seek long-term capital growth. The Fund's benchmark index is the Russell Emerging Markets Index. The fund invests primarily in equity securities of companies that are located in countries with emerging markets or that derive a majority of their revenues from operations in such countries.

Note 5: Professional Liability and Self-Insurance Claims

Professional Liability Claims

RRMC purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. RRMC also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

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Based upon RRM's claims experience, an accrual had been made for RRM's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy. Claim liabilities are to be determined without regard for recoveries and presented gross. Expected recoveries are presented separately. RRM recorded \$1,370,000 and \$1,600,000, respectively, of estimated insurance coverage receivables and recorded \$2,900,000 and \$3,200,000, respectively, of estimated insurance liabilities as of September 30, 2013 and 2012. It is reasonably possible that this estimate could change materially in the near term.

Self-Insurance

For the year ended September 30, 2013, RRM became self-insured for employee health insurance and has accrued an estimate of the ultimate costs for both reported claims and claims incurred but not reported. Actual results could differ from these estimates.

Estimated employee health insurance claim liabilities recorded by RRM as of September 30, 2013, totaled \$855,840. No estimated employee health insurance claim liabilities were recorded by RRM as of September 30, 2012, as RRM was commercially insured for employee health claims.

Note 6: Long-Term Debt

	2013	2012
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds, Rutland Regional Medical Center Project Series 2009A (A)	\$ -	\$ 26,633,444
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds, Rutland Regional Medical Center Project Series 2010A (B)	-	18,469,560
Capital lease (C)	2,037,126	2,567,473
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds, Rutland Regional Note payable, bank (D)	12,835,000	-
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds, Rutland Regional Medical Center Project Series 2013A (E)	31,350,000	-
	<u>46,222,126</u>	<u>47,670,477</u>
Less current maturities	<u>2,186,824</u>	<u>1,850,926</u>
	<u><u>\$ 44,035,302</u></u>	<u><u>\$ 45,819,551</u></u>

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- (A) VEHBFA Series 2009A Bonds, issued during the year ended September 30, 2010, bearing a variable interest rate of 69% of LIBOR plus 3.5%, with principal payments due in monthly installments beginning November 30, 2009, ranging from approximately \$46,000 to \$129,000 with final payments of \$9,011,508 on October 31, 2029. The bonds were paid in full and defeased during 2013 with proceeds of the Series 2013A bonds.

RRMC entered into interest rate swap agreements to help mitigate exposure to future changes in interest rates on the Series 2009A Bonds. See *Note 7* for additional discussion on the interest rate swap agreements.

- (B) VEHBFA Series 2010A Bonds, issued during the year ended September 30, 2011, bearing a variable interest rate of 69% of LIBOR plus 3.5%, with principal payments due in monthly installments beginning in June 2011, ranging from approximately \$38,000 to \$91,000 with final payments of \$4,811,913 in December 2030. The bonds were paid in full and defeased during 2013 with proceeds of the Series 2013A bonds.

RRMC entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on the Series 2010A Bonds. See *Note 7* for additional discussion on the interest rate swap agreements.

- (C) Capital lease obligation due in monthly installments of \$64,680 through December 2016, collateralized by certain equipment of RRMC.
- (D) Note payable (taxable) with a local financial institution, with a variable rate of LIBOR plus 1.5%, per annum based on a 360-day year, due in monthly installments, including principal and interest, maturing April 1, 2021, and is secured by certain property. The interest rate at September 30, 2013, was 1.76%.

RRMC has entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on the Note Payable. See *Note 7* for additional discussion on the interest rate swap agreement.

- (E) VEHBFA Series 2013A Bonds (tax exempt), issued during the year ended September 30, 2013, bearing a variable interest rate of the one-month LIBOR plus 1.5% times 71%, with principal payments due in monthly installments beginning in April 2021, ranging from approximately \$77,000 to \$179,000 with final payments of \$26,500,000 in September 2033. The bonds are secured by gross receipts of RRMC. The interest rate at September 30, 2013, was 1.32%.

Proceeds from the Series 2013A Bonds were used to defease the outstanding 2009A and 2010A Series Bonds by purchasing securities that were deposited in trust under an escrow agreement sufficient in amount to pay future principal and interest on the defeased bonds. This advance refunding resulted in an extinguishment of debt since RRMC was legally released from its obligation at the time of the defeasance. Costs of debt issuance of \$278,561 were recorded in 2013 as a result of the Series 2013A issuance.

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RRMC has entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on the Series 2013A Bonds. See *Note 7* for additional discussion on the interest rate swap agreement.

Aggregate annual maturities of long-term debt and payments on capital lease obligations at September 30, 2013, are

	Long-Term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2014	\$ 1,494,448	\$ 832,608
2015	1,553,197	832,608
2016	1,614,254	832,608
2017	1,677,712	208,152
2018	1,743,665	-
Thereafter	36,101,724	-
	<u>\$ 44,185,000</u>	<u>2,705,976</u>
Less amount representing interest		668,850
Present value of future minimum lease payments		2,037,126
Less current maturities		692,376
Noncurrent portion		<u>\$ 1,344,750</u>

Note 7: Derivative Financial Instruments

RRMC has entered into an interest rate swap agreement with Deutsche Bank in conjunction with the Series 2009A Bonds. The swap agreement terminates on April 1, 2015, and provides for monthly settlement with RRMC to pay a fixed rate of 3.262% and receive a variable rate equal to 69% of the one-month LIBOR on a notional amount equal to the then outstanding balance of the Series 2009A Bonds, original notional amount of \$6,015,000. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2009A Bonds by effectively fixing the interest rate thereon at 3.262%. The notional amount is being reduced annually over the term of the agreement at September 30, 2013 and 2012, the notional amount was \$1,780,000 and \$2,680,000, respectively. The Series 2009A Bonds were paid in full during the year ended September 30, 2013, however, the swap is still in effect and is being used to offset the interest rate risk related to the Series 2013A Bonds.

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RRMC has entered into an interest rate swap agreement with TD Bank, N A in conjunction with the Series 2009A Bonds. The swap agreement terminates on November 1, 2019, and provides for monthly settlement with RRMC to pay a fixed rate of 4.91% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount equal to the then outstanding balance of the Series 2009A Bonds, original notional amount of \$23,930,000. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2009A Bonds by effectively fixing the interest rate thereon at 4.91%. At September 30, 2013 and 2012, the notional amount was \$24,193,065 and \$23,953,444, respectively. This swap was terminated on October 7, 2013, and two new swaps (discussed below) were executed to replace this swap as well as further reduce the exposure to future variable in interest rates on the debt issued in 2013, the note payable and the Series 2013A bonds.

Subsequent to September 30, 2013, RRMC entered into an interest rate swap agreement with TD Bank, N A in conjunction with the Series 2013A Bonds. The swap agreement terminates on September 1, 2023, and provides for monthly settlement with RRMC to pay a fixed rate of 4.068% and receive a variable rate equal to the 71% of the one-month LIBOR plus a spread of 650 basis points on a notional amount equal to a portion of the outstanding balance of the Series 2013A Bonds, original notional amount of \$11,683,802. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2013A Bonds by effectively fixing the interest rate thereon at 4.068%. The notional amount is being reduced over the term of the agreement in conjunction with the interest rate swap agreement listed above that terminates on April 1, 2015.

Subsequent to September 30, 2013, RRMC entered into an interest rate swap agreement with TD Bank, N A in conjunction with the 2013 note payable. The swap agreement terminates on April 1, 2021, and provides for monthly settlement with RRMC to pay a fixed rate of 4.022% and receive a variable rate equal to the 71% of the one-month LIBOR plus a spread of 650 basis points on a notional amount equal to a portion of the outstanding balance of the note payable, original notional amount of \$12,713,652. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the note payable by effectively fixing the interest rate thereon at 4.022%. The notional amount is being reduced over the term of the note payable.

RRMC had entered into an interest rate swap agreement with Deutsche Bank in conjunction with the Series 2010A Bonds. The swap agreement originally terminated on December 1, 2020, and provided for monthly settlement with RRMC to pay a fixed rate of 4.61% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount equal to the then outstanding balance of the Series 2010A Bonds, original notional amount of \$19,100,000. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2010A Bonds by effectively fixing the interest rate thereon at 4.61%. The terms of this swap agreement were revised on September 17, 2013, with this issuance of the Series 2010A bonds. The swap agreement was extended and now

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terminates on September 1, 2023, and provides for monthly settlement with RRMC to pay a fixed rate of 4.828% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount in the swap agreement. The notional amount is being reduced over the term of the agreement. At September 30, 2013 and 2012, the notional amount was \$17,928,885 and \$18,428,895, respectively.

The table below presents certain information regarding RRMC's interest rate swap agreements designated as a fair value hedge. RRMC did not have any derivative instruments at September 30, 2013 and 2012, that were designated as hedging instruments.

	2013	2012
Other Liabilities		
Fair value of interest rate swap agreements	\$ 2,846,319	\$ 4,708,983
Interest Expense		
Loss reclassified from unrestricted net assets into excess revenues over expenses	1,013,465	1,027,126
Other Income (Expense)		
Loss recognized in change in interest rate swap agreement	(1,900,460)	780,268

Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2013	2012
Indigent care	\$ 2,009,442	\$ 2,061,296
Capital	604	1,422,478
General use	1,550,602	1,816,486
Operating support	2,723	6,021
Special purpose endowments	100,834	116,916
Various departments and other	497,820	940,519
	<u>\$ 4,162,025</u>	<u>\$ 6,363,716</u>

During the years ended September 30, 2013 and 2012, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amounts of \$660,525 and \$515,165, respectively. During 2013 and 2012, \$1,052,300 and \$0, respectively, were released to purchase equipment.

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Permanently restricted net assets are restricted to

	2013	2012
Investments to be held in perpetuity, the income is unrestricted	\$ 678,642	\$ 678,642

Note 9: Endowments

RRMC's endowments consist of various individual donor-restricted and board-designated funds which were established for general operational and certain departmental purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

RRMC's governing body has interpreted the State of Vermont Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RRMC 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 remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RRMC in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, RRMC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1 Duration and preservation of the fund
- 2 Purposes of RRMC and the fund
- 3 General economic conditions
- 4 Possible effect of inflation and deflation
- 5 Expected total return from investment income and appreciation or depreciation of investments
- 6 Other resources of RRMC
- 7 Investment policies of RRMC

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The composition of net assets by type of endowment fund at September 30, 2013 and 2012, was

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 302,583	\$ 486,246	\$ 788,829
Board-designated endowment funds	6,669,209	-	-	6,669,209
Total endowment funds	<u>\$ 6,669,209</u>	<u>\$ 302,583</u>	<u>\$ 486,246</u>	<u>\$ 7,458,038</u>

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 700,506	\$ 486,246	\$ 1,186,752
Board-designated endowment funds	6,233,136	-	-	6,233,136
Total endowment funds	<u>\$ 6,233,136</u>	<u>\$ 700,506</u>	<u>\$ 486,246</u>	<u>\$ 7,419,888</u>

Changes in endowment net assets for the years ended September 30, 2013 and 2012, were

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 6,233,136	\$ 700,506	\$ 486,246	\$ 7,419,888
Investment return and net appreciation	590,748	(287,524)	-	303,224
Appropriation of endowment net assets for expenditure	<u>(154,675)</u>	<u>(110,399)</u>	<u>-</u>	<u>(265,074)</u>
Endowment net assets, end of year	<u>\$ 6,669,209</u>	<u>\$ 302,583</u>	<u>\$ 486,246</u>	<u>\$ 7,458,038</u>

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			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets,				
beginning of the year	\$ 5,389,095	\$ 385,343	\$ 486,246	\$ 6,260,684
Investment return and net				
appreciation	949,917	315,163	-	1,265,080
Appropriation of endowment				
net assets for expenditure	<u>(105,876)</u>	<u>-</u>	<u>-</u>	<u>(105,876)</u>
Endowment net assets, end of year	<u>\$ 6,233,136</u>	<u>\$ 700,506</u>	<u>\$ 486,246</u>	<u>\$ 7,419,888</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level RRMC is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$0 at September 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

RRMC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under RRMC's policies, the primary investment goal is generation of income. RRMC expects its endowment funds to provide an average rate of return of approximately 6.75% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, RRMC relies on a strategy in which investment returns are achieved through current yield. RRMC invests in a variety of securities to achieve its long-term return objectives within prudent risk constraints.

Note 10: Charity Care

The costs of charity care provided under RRMC's charity care policy were approximately \$3,476,000 and \$2,982,000 for 2013 and 2012, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

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Note 11: Functional Expenses

RRMC provides health care services to residents within its service area. Expenses related to providing these services are as follows:

	<u>2013</u>	<u>2012</u>
Health care services	\$ 156,050,866	\$ 152,454,699
General and administrative	<u>55,842,077</u>	<u>53,400,709</u>
	<u>\$ 211,892,943</u>	<u>\$ 205,855,408</u>

Note 12: Operating Leases

Rental expense under operating lease agreements totaled \$1,352,882 and \$1,350,507 for the years ended September 30, 2013 and 2012, respectively.

Note 13: Significant Commitments

During the year ended September 30, 2013, RRMC and Cerner Corporation (Cerner) entered into a strategic information technology service agreement. Cerner has assumed operational and administrative responsibilities for RRMC's information technology environment and services, including remote hosting, monitoring and system performance capabilities. The agreement is effective as of July 1, 2013, for an initial term of 10 years. At the end of the initial term, the agreement will automatically renew in one-year increments. The payments on these agreements are recognized as expense when incurred.

Future minimum payments required under these agreements at September 30, 2013, are summarized as follows:

2014	\$ 9,740,946
2015	9,809,724
2016	9,961,281
2017	10,276,092
2018	10,600,347
Thereafter	<u>55,050,981</u>
	<u>\$ 105,439,371</u>

Expenses under this agreement totaled \$802,640 and \$788,040 for the years ended September 30, 2013 and 2012, respectively.

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Note 14: Pension Plans

Defined Benefits Plans

RRMC has a noncontributory defined benefit pension plan and a defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. RRMC's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as RRMC may determine to be appropriate from time to time. RRMC expects to contribute \$2,000,000 to the defined benefit pension plan and expects to contribute \$401,776 to the postretirement health care plan in 2014.

Effective January 1, 2006, RRMC's defined benefit pension plan was frozen and stopped accruing benefits. All employees in the defined benefit plan were enrolled into RRMC's newly established tiered contribution plan.

RRMC uses a September 30 measurement date for the plans. Information about the plan's funded status follows:

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Benefit obligation	\$ 108,781,712	\$ 114,879,034	\$ 2,381,894	\$ 2,812,653
Fair value of plan assets	<u>86,673,619</u>	<u>70,524,944</u>	<u>-</u>	<u>-</u>
Funded status	<u><u>\$ (22,108,093)</u></u>	<u><u>\$ (44,354,090)</u></u>	<u><u>\$ (2,381,894)</u></u>	<u><u>\$ (2,812,653)</u></u>

Assets and liabilities recognized in the balance sheets:

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,327</u>	<u>\$ 444,963</u>
Noncurrent liabilities	<u><u>\$ 22,108,093</u></u>	<u><u>\$ 44,354,090</u></u>	<u><u>\$ 1,985,567</u></u>	<u><u>\$ 2,367,690</u></u>

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Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consist of

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Prior service cost (credit)	\$ -	\$ -	\$ (393.168)	\$ (556.308)
Net loss	\$ 32,320.118	\$ 42,762.112	\$ 36.909	\$ 158.332

The accumulated benefit obligation for the defined benefit pension plan was \$108,781,712 and \$114,879,034 at September 30, 2013 and 2012, respectively

Other significant balances and costs are

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Benefit costs	\$ 2,195,997	\$ 1,711,261	\$ (104,917)	\$ (64,127)
Employer contributions	\$ 14,000,000	\$ 2,014,294	\$ 367,559	\$ 274,999
Benefits paid	\$ 3,677,555	\$ 3,344,880	\$ 367,559	\$ 274,999

The following amounts have been recognized in the statements of operations and changes in net assets for the years ended September 30, 2013 and 2012

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Amounts arising during the period				
Prior service cost (credit)	\$ -	\$ -	\$ -	\$ (719,448)
Net loss (gain)	(8,170.810)	14,053,051	(121,423)	(241,606)
Amounts reclassified as components of net periodic benefit cost of the period				
Amortization of prior service cost (credit)	-	-	163,140	163,140
Amortization of net loss	2,271,184	1,470,251	-	-

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The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$1,628,090

Significant assumptions include

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Weighted average assumptions used to determine benefit obligations				
Discount rate	4.75%	4.25%	2.75%	2.25%
Rate of compensation increase	N/A	N/A	N/A	N/A
Weighted average assumptions used to determine benefit costs				
Discount rate	4.25%	5.55%	2.25%	3.55%
Expected return on plan assets	7.00%	8.00%	N/A	N/A

RRMC has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

For measurement purposes, an 8.50% and 9.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2013 and 2012, respectively. The rate was assumed to decrease gradually to 5% by the year 2020 and remain at that level thereafter.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of September 30, 2013:

	Pension Benefits	Other Benefits
2014	\$ 4,016,048	\$ 401,776
2015	4,258,326	399,623
2016	4,421,050	452,460
2017	4,756,508	470,059
2018	5,037,225	475,242
2018 - 2022	31,870,200	686,013

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Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include common trust funds invested in equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include common trust funds invested in fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include hedge funds and common trust funds invested in real estate. For investments, other than the hedge fund and common trust fund, the inputs used by the pricing service to determine fair value may include one, or a combination of observable inputs such as benchmark yields, broker/dealer quotes, issuer spreads, benchmark securities and reference data market research publications. For the hedge and common trust funds, the net asset value provided by the fund manager was used to determine fair value.

The fair values of RPMC's pension plan assets at September 30, 2013 and 2012, by asset class are as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value		
2013				
Investments				
Money market funds	\$ 713,560	\$ 713,560	\$ -	\$ -
Russell LLC funds - equity	39,200,341	39,200,341	-	-
Russell LLC funds - fixed	43,042,100	-	43,042,100	-
Common trust funds	3,717,618	-	-	3,717,618
Total	<u>\$ 86,673,619</u>	<u>\$ 39,913,901</u>	<u>\$ 43,042,100</u>	<u>\$ 3,717,618</u>
2012				
Investments				
Money market funds	\$ 699,716	\$ 699,716	\$ -	\$ -
Russell LLC funds - equity	38,597,874	38,597,874	-	-
Russell LLC funds - fixed	27,913,746	-	27,913,746	-
Common trust funds	3,313,608	-	-	3,313,608
Total	<u>\$ 70,524,944</u>	<u>\$ 39,297,590</u>	<u>\$ 27,913,746</u>	<u>\$ 3,313,608</u>

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The following is a reconciliation of the beginning and ending balances or recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs

	Common Trust Fund
	<hr/>
Balance, October 1, 2011	\$ 3,010,311
Total realized and unrealized gains and losses included in other income (expense)	303,297
	<hr/>
Balance, September 30, 2012	3,313,608
Total realized and unrealized gains and losses included in other income (expense)	404,010
	<hr/>
Balance, September 30, 2013	<u><u>\$ 3,717,618</u></u>

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U S government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.

Plan assets are rebalanced quarterly. The postretirement health care plan is conducted on a pay-as-you-go basis, thus there are no assets available for investment. At September 30, 2013 and 2012, plan assets by category are as follows:

	Pension Benefits	
	2013	2012
	<hr/>	<hr/>
Equity securities	46%	56%
Debt securities	50%	39%
Real estate	4%	5%
Other	-	-
	<hr/>	<hr/>
	100%	100%
	<hr/>	<hr/>

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Defined Contribution Plan

RRMC has a defined contribution plan which they contribute to the plan on behalf of each eligible employee a percentage of employee's eligible compensation based on age and years of service to the plan, as follows

Combined Age and Years of Service	Percentage of Compensation
Less than 40 years	4%
40 - 59 years	6%
60 - 79 years	8%
80 + years	10%

For employees hired on or after April 4, 2004, RRMC contributes to the plan on behalf of each eligible employee an amount equal to 4% of the eligible employee's compensation

403(B) Plan - Employer Matching Contributions

Employees may elect to contribute from 1% to 100% of their compensation to the tax sheltered 403(b) plan. Employer matching contributions are made equal to 25% of a participant's contribution to the plan, up to a maximum of 1% compensation for all employees

Pension plan expense for these two plans for the years ended September 30, 2013 and 2012, was \$4,895,627 and \$4,584,285, respectively

Note 15: Executive Option Plan

Prior to 2002, RRMC offered an Executive Option Plan for certain senior management and employed physicians. Through the plan, administered under Section 83 of the Internal Revenue Code, a designated group of employees is granted options to purchase shares, through salary reduction, of one or more mutual funds at a price that is equal to a specified percentage of the fair value of the shares on the date of the exercise. During 2002, contributions to the plan were frozen and no future options are expected to be granted. At September 30, 2013 and 2012, plan assets amounted to \$1,491,932 and \$1,342,829, respectively.

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Note 16: Related Party Transactions

RRMC has advanced operating capital to the Rutland Health Foundation (RHF), an organization affiliated through common control. A receivable from RHF of and \$47,926 is recorded at September 30, 2013 and 2012, respectively. RRMC provides an operating subsidy to RHF to cover the excess of operating expenses over net revenues which were \$60,435 and \$36,418 for the years ended September 30, 2013 and 2012, respectively.

A receivable from RRHS of \$6,141,648 and \$6,147,200 is recorded at September 30, 2013 and 2012, respectively.

Note 17: Community Health Centers of the Rutland Region, Inc.

RRHS awarded a five-year community benefit grant to Community Health Centers of the Rutland Region, Inc. (CHCRR) in the amount of \$4,600,000 that is funded by RRMC and was effective May 1, 2008. In 2011, the agreement was amended to include an additional subsidy from RRHS to CHCRR for up to \$600,000 per year to defray the cost of uncompensated care to support the expansion of the Rutland clinic. For the years ended September 30, 2013 and 2012, respectively, \$833,333 and \$1,205,333 was expended for the grant award from RRMC and is included in RRMC's general operating expenses.

Subsequent to September 30, 2013, RRHS entered into an agreement to provide CHCRR a community benefit grant over a period of fifty-eight months from December 1, 2013, to September 30, 2018. These payments will be made monthly and range from \$17,358 to \$19,537, for a total grant of \$1,066,810.

Note 18: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, 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 full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2013 and 2012

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value		
September 30, 2013				
Investments				
Money market funds	\$ 102.259	\$ 102.259	\$ -	\$ -
Mutual funds - equity	15,047.254	15,047.254	-	-
Russell LLC funds - equity	40,259.207	-	40,259.207	-
Russell LLC funds - fixed	39,742.276	-	39,742.276	-
Common trust funds	3,961.900	-	3,961.900	-
Interest rate swap agreements	(2,846.319)	-	(2,846.319)	-
September 30, 2012				
Investments				
Money market funds	\$ 127.061	\$ 127.061	\$ -	\$ -
Mutual funds - equity	15,582.450	15,582.450	-	-
Russell LLC funds - equity	36,088.515	-	36,088.515	-
Russell LLC funds - fixed	34,707.418	-	34,707.418	-
Common trust funds	3,562.381	-	3,562.381	-
Interest rate swap agreements	(4,708.983)	-	(4,708.983)	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2013.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities,

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prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. RRMC has no securities classified as Level 3.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which RRMC expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which RRMC does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Realized and unrealized gains and losses are included in excess of revenues over expenses.

Fair Value of Financial Instruments

The following table presents estimated fair values of RRMC's financial instruments not previously disclosed at September 30, 2013 and 2012.

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 5,207,780	\$ 5,207,780	\$ 10,213,214	\$ 10,213,214
Assets limited as to use	100,112,436	100,112,436	90,863,152	90,863,152
Long-term debt				
(including current portion)	(46,222,126)	(46,222,126)	(47,670,477)	(47,670,477)
Interest rate swap	(2,846,319)	(2,846,319)	(4,708,983)	(4,708,983)

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheet at amounts other than fair value:

Cash and Cash Equivalents

The carrying amount approximates fair value.

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Notes Payable and Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to RRMC for bank loans with similar terms and maturities

Note 19: The Fair Value Option

As permitted by Topic 825, management has elected the fair value option for the Russell LLC fund – equity, Russell LLC fund – fixed and the hedge fund and common trust fund because it more accurately reflects the portfolio returns and financial position of RRMC. Total Russell LLC fund – equity, Russell LLC fund – fixed and the hedge fund and common trust fund assets at September 30, 2013 and 2012, are \$83,963,383 and \$74,358,314, respectively.

See *Note 18* for additional disclosures regarding fair value of each of the statement of operations line items listed in the preceding paragraph.

Note 20: Contract Pharmacy Program

RRMC participates in the 340B outpatient drug discount program administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). In 2011, RRMC began operating a 340B retail drug program by contracting with local pharmacies. The net revenue from this program for the years ended September 30, 2013 and 2012, respectively, was approximately \$1,123,000 and \$655,000 greater than the cost of operating the program. Laws and regulations surrounding the 340B drug program are complex and are subject to interpretation and change.

Note 21: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

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Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1 and 5*

Investments

RRMC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

Collective Bargaining Agreement

Approximately 24% of RRMC's employees are covered by a collective bargaining agreement. The collective bargaining agreement covering these employees expires September 30, 2014.

Asset Retirement Obligation

As discussed in *Note 25*, RRMC has recorded a liability for its conditional asset retirement obligations related to both its administrative and patient care buildings.

Admitting Physicians

There is one admitting physician whose patients comprise approximately 10% of RRMC's total admissions.

Derivative Financial Instruments

As discussed in *Note 7*, RRMC has entered into interest rate swap agreements and has estimated the fair value of the swaps at September 30, 2013 and 2012. Due to the level of risk associated with the swaps, it is reasonably possible that changes in the fair value will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

Pension and Other Postretirement Benefit Obligations

RRMC has a noncontributory defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the linear method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

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Current Economic Conditions

The current economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to RRMC.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on RRMC's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in the investment values, including defined benefit pension plan investments, and allowances for accounts and contributions receivable that could negatively impact RRMC's ability to meet debt covenants or maintain sufficient liquidity.

Note 22: Construction in Progress

The construction in progress at September 30, 2013, primarily relates to projects associated with renovations to the Emergency Room and the Diagnostic Imaging Core units.

Renovation of the emergency room unit is expected to be completed in May 2015 at an approximate cost of \$1,500,000. Renovation of the Diagnostic Imaging Core unit is expected to be completed in May 2014 at an approximate cost of \$9,600,000.

Note 23: Contingent Liabilities

Litigation

In the normal course of business, RRMC is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance, for example, allegations regarding employment practices or performance of contracts. RRMC evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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Note 24: Other Liabilities

Other liabilities consisted of the following at September 30, 2013 and 2012

	2013	2012
Accrued postretirement health care benefit	\$ 1,985,567	\$ 2,367,690
Employee option payable	1,491,932	1,342,829
Accrued claims liabilities	2,906,040	3,197,037
Asset retirement obligation	551,509	565,697
Interest rate swap agreement	2,846,319	4,708,983
Other	99,303	56,547
	<u>\$ 9,880,670</u>	<u>\$ 12,238,783</u>

Note 25: Asset Retirement Obligations

Accounting principles generally accepted in the United States of America, requires that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. RRMC's conditional asset retirement obligations primarily relate to asbestos contained in buildings that RRMC owns. Environmental regulations exist in Vermont that require RRMC to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. A liability of \$551,509 and \$565,697 has been recognized in the accompanying 2013 and 2012 financial statements, respectively, for the portion of the liability that can be reasonably estimated.

Additionally, there remains a liability that has not been recognized in the accompanying financial statements because the range of time over which RRMC may settle is unknown and cannot be reasonably estimated. RRMC will recognize a liability when sufficient information is available to reasonably estimate fair value.

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Note 26: Combination of Commonly Controlled Interests

Effective October 1, 2012, Vermont Orthopedic Clinic, Inc. (VOC), a wholly owned not-for-profit subsidiary of RRHS, was dissolved and all assets were transferred to RRMC. As a result, the 2012 RRMC financial statements were adjusted to include VOC, using VOC's historical book values, as follows:

Balance Sheets

Current assets	\$ 935,936
Property and equipment	<u>609,108</u>
Total assets	<u><u>\$ 1,545,044</u></u>
Current liabilities	<u>\$ 773,252</u>
Total liabilities	773,252
Total net assets	<u>771,792</u>
Total liabilities and net assets	<u><u>\$ 1,545,044</u></u>

Statement of Operations and Changes in Net Assets

Net patient service revenue less provision for uncollectible accounts	\$ 5,845,489
Other revenue	<u>34,283</u>
Total unrestricted revenues, gains and other support	5,879,772
Expenses and losses	<u>8,381,309</u>
Operating loss	(2,501,537)
Other income (expense)	<u>836</u>
Deficiency of revenues over expenses	<u>(2,500,701)</u>
Decrease in unrestricted net assets	<u><u>\$ (2,500,701)</u></u>

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Note 27: *Patient Protection and Affordable Care Act*

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Vermont has currently indicated it will participate in the Medicaid expansion program.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is possible it will have a negative impact on RRMC's net patient service revenue. In addition, it is possible RRMC will experience payment delays and other operational challenges during PPACA's implementation.

Supplementary Information

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Net Patient Service Revenue
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	Inpatient		Outpatient		Total	
	2013	2012	2013	2012	2013	2012
Routine Services						
Medical and surgical	\$ 32,808,873	\$ 30,351,436	\$ -	\$ -	\$ 32,808,873	\$ 30,351,436
Psychiatric	9,253,219	7,143,104	-	-	9,253,219	7,143,104
Rehabilitation	-	3,663,885	-	-	-	3,663,885
Obstetrics and gynecology	2,993,738	2,906,928	-	-	2,993,738	2,906,928
Intensive care	8,098,804	7,394,130	-	-	8,098,804	7,394,130
Nursery	1,126,471	954,855	-	-	1,126,471	954,855
	<u>54,281,105</u>	<u>52,414,338</u>	<u>-</u>	<u>-</u>	<u>54,281,105</u>	<u>52,414,338</u>
Special Services						
Operating room	31,884,447	30,611,096	22,462,866	17,403,481	54,347,313	48,014,577
Recovery room	1,710,777	2,171,939	2,164,043	2,602,440	3,874,820	4,774,379
Emergency room	7,676,101	7,475,252	26,827,305	19,842,442	34,503,406	27,317,694
Endoscopy	1,109,455	1,005,035	11,034,476	8,713,308	12,143,931	9,718,343
Ambulatory care	9,759	371,833	678,619	3,754,127	688,378	4,125,960
Delivery room	937,530	956,858	315,548	188,902	1,253,078	1,145,760
Medical and surgical supplies	839,755	689,295	1,073,623	951,500	1,913,378	1,640,795
Oncology	231,845	159,957	6,753,386	5,512,638	6,985,231	5,672,595
Laboratory	11,476,617	11,886,632	33,864,897	35,784,936	45,341,514	47,671,568
Cardiology	6,332,258	5,816,345	21,081,393	19,864,631	27,413,651	25,680,976
Pulmonary	254,558	210,606	752,172	626,684	1,006,730	837,290
Electroencephalography	57,440	68,402	151,551	235,324	208,991	303,726
Radiology - diagnostic	5,807,727	5,241,972	31,618,238	27,046,478	37,425,965	32,288,450
Radiology - isotopes	528,948	546,624	1,283,268	1,035,699	1,812,216	1,582,323
Chemotherapy	713,563	683,570	4,634,512	3,710,581	5,348,075	4,394,151
CT scanning	5,296,269	4,727,583	14,760,550	12,243,654	20,056,819	16,971,237
Radiation therapy	426,685	440,536	10,304,399	9,726,041	10,731,084	10,166,577
Pharmacy	16,323,216	17,805,332	46,439,639	35,604,075	62,762,855	53,409,407
Respiratory care	7,069,428	6,918,309	1,237,099	1,025,479	8,306,527	7,943,788
Psychiatric counseling	1,100,825	1,884,619	1,953,363	892,315	3,054,188	2,776,934
Physical therapy	1,468,988	2,177,948	2,460,977	2,185,564	3,929,965	4,363,512
Physiatry	25,546	452,105	2,311,001	2,497,381	2,336,547	2,949,486
Occupational therapy	1,140,964	1,888,225	306,212	276,495	1,447,176	2,164,720
Speech therapy	569,131	608,103	281,894	226,852	851,025	834,955
Hospitalist	4,859,075	4,741,314	887,425	724,502	5,746,500	5,465,816
OB GYN oncology	1,904,951	1,924,847	1,932,682	1,580,560	3,837,633	3,505,407
Digestive services	310,232	297,754	1,820,465	1,522,376	2,130,697	1,820,130
Sleep services	12,268	7,970	3,114,986	2,683,281	3,127,254	2,691,251
Endocrinology	116,430	612,442	2,071,370	1,469,011	2,187,800	2,081,453
Gastroenterology	146,386	133,720	1,034,641	882,473	1,181,027	1,016,193
Infectious Diseases	187	-	17,201	-	17,388	-
Miscellaneous clinical services	4,724,884	155,682	20,476,107	14,753,157	25,200,991	14,908,839
	<u>115,066,245</u>	<u>112,671,905</u>	<u>276,105,908</u>	<u>235,566,387</u>	<u>391,172,153</u>	<u>348,238,292</u>
Gross Patient Service Revenue	<u>\$ 169,347,350</u>	<u>\$ 165,086,243</u>	<u>\$ 276,105,908</u>	<u>\$ 235,566,387</u>	<u>445,453,258</u>	<u>400,652,630</u>
Less Contractual Allowances						
Medicare					139,395,300	118,731,417
Medicaid					49,729,427	39,083,559
Blue Cross					12,010,694	11,238,394
Charity care					7,390,443	6,049,851
Other					17,039,953	19,437,534
					<u>225,565,817</u>	<u>194,540,755</u>
Patient Service Revenue (Net of Contractual Discounts and Allowances)					219,887,441	206,111,875
Provision for uncollectible accounts					6,872,448	7,797,337
Net Patient Service Revenue Less Provision for Uncollectible Accounts	<u>\$</u>				<u>213,014,993</u>	<u>\$ 198,314,538</u>

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Expenses
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	Salaries and Wages		Supplies and Other		Total	
	2013	2012	2013	2012	2013	2012
Nursing Services						
Nursing administration	\$ 725,916	\$ 236,165	\$ 29,895	\$ 64,653	\$ 755,811	\$ 300,818
Nursing education	717,539	939,216	107,036	436,834	824,575	1,376,050
Medical and surgical	8,313,021	8,625,371	1,036,787	838,763	9,349,808	9,464,134
Psychiatric	2,812,519	1,948,680	452,908	145,197	3,265,427	2,093,877
Rehabilitation	15,771	1,793,116	-	72,246	15,771	1,865,362
Obstetrics and gynecology	953,943	937,688	139,300	126,100	1,093,243	1,063,788
Intensive care	3,418,956	3,298,867	420,988	511,239	3,839,944	3,810,106
Nursery	385,598	391,174	46,686	42,983	432,284	434,157
	<u>17,343,263</u>	<u>18,170,277</u>	<u>2,233,600</u>	<u>2,238,015</u>	<u>19,576,863</u>	<u>20,408,292</u>
Other Professional Services						
Operating room	3,313,213	3,047,920	7,389,753	7,059,738	10,702,966	10,107,658
Recovery room	625,634	698,552	78,032	72,311	703,666	770,863
Emergency room	7,184,423	7,245,062	1,665,985	1,215,480	8,850,408	8,460,542
Endoscopy	762,539	762,816	479,313	419,869	1,241,852	1,182,685
Ambulatory care	1,076,229	1,059,834	191,290	197,083	1,267,519	1,256,917
Physical rehabilitation services	1,523,449	1,635,787	136,857	143,516	1,660,306	1,779,303
Delivery room	860,217	828,157	115,318	72,671	975,535	900,828
HIV clinic	109,994	39,113	112,091	11,409	222,085	50,522
Central supply	607,275	572,022	578,310	718,717	1,185,585	1,290,739
Anesthesiology	-	1,581,573	1,444,997	52,715	1,444,997	1,634,288
Oncology	1,338,831	1,675,416	680,974	194,225	2,019,805	1,869,641
Laboratory	3,234,975	3,627,781	4,756,773	4,347,089	7,991,748	7,974,870
Cardiology	3,916,653	4,146,916	828,833	984,328	4,745,486	5,131,244
Pulmonary	320,519	296,758	122,407	7,759	442,926	304,517
Cardiac cath	280,936	262,030	948,846	820,325	1,229,782	1,082,355
Electroencephalography	262,513	265,547	3,024	5,269	265,537	270,816
Radiology - diagnostic	3,059,860	3,217,754	1,823,402	1,386,455	4,883,262	4,604,209
Radiology - isotopes	138,744	158,413	229,045	214,728	367,789	373,141
CT scanning	470,238	451,580	508,169	747,645	978,407	1,199,225
Radiation therapy	415,584	402,302	518,147	366,219	933,731	768,521
Pharmacy	1,837,530	1,864,480	13,188,830	11,236,827	15,026,360	13,101,307
Respiratory care	1,074,930	1,015,694	280,540	349,477	1,355,470	1,365,171
Psychiatric counseling	946,893	989,178	152,340	80,927	1,099,233	1,070,105
Physical therapy	805,995	894,529	22,993	36,292	828,988	930,821
Occupational therapy	368,486	466,138	66,659	49,344	435,145	515,482
Hospitalists	3,494,342	4,012,071	356,240	47,762	3,850,582	4,059,833
Speech therapy	217,640	253,888	24,432	27,014	242,072	280,902
OB GYN oncology	2,713	3,377	16,572	108,926	19,285	112,303
OB GYN clinic	2,255,966	1,774,852	267,492	224,133	2,523,458	1,998,985
Gastroenterology	947,350	882,249	603,703	622,563	1,551,053	1,504,812
Sleep services	844,704	818,650	104,851	45,570	949,555	864,220
Endocrinology	1,061,637	1,198,386	127,728	139,916	1,189,365	1,338,302
Miscellaneous clinical services	7,797,770	7,286,280	1,790,102	1,667,518	9,587,872	8,953,798
	<u>51,157,782</u>	<u>53,435,105</u>	<u>39,614,048</u>	<u>33,673,820</u>	<u>90,771,830</u>	<u>87,108,925</u>

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Expenses
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	Salaries and Wages		Supplies and Other		Total	
	2013	2012	2013	2012	2013	2012
General and Support Services						
Dietary	\$ 1,489,692	\$ 1,497,619	\$ 1,002,625	\$ 1,011,845	\$ 2,492,317	\$ 2,509,464
Plant operations	147,946	154,187	3,018,854	3,105,045	3,166,800	3,259,232
Maintenance	945,565	1,015,942	758,952	824,430	1,704,517	1,840,372
Housekeeping	1,433,399	1,401,330	417,551	424,691	1,850,950	1,826,021
Laundry and linen	96,235	92,769	660,906	767,651	757,141	860,420
Purchasing	336,581	407,110	13,304	45,983	349,885	453,093
Security	441,042	473,614	31,363	36,683	472,405	510,297
FQHC	-	-	833,333	1,205,333	833,333	1,205,333
Medicaid tax assessment	-	-	11,331,274	10,732,335	11,331,274	10,732,335
Administration development planning	5,563,567	5,224,327	10,039,468	10,553,247	15,603,035	15,777,574
Financial services	2,272,616	2,387,117	1,177,826	1,122,861	3,450,442	3,509,978
Patient access	1,567,066	1,435,447	192,151	151,801	1,759,217	1,587,248
Outpatient and oncology services management	70,069	67,793	911	350	70,980	68,143
Mail services	102,752	92,678	179,553	128,548	282,305	221,226
Telecommunications	209,949	222,110	60,228	60,390	270,177	282,500
Personnel	869,890	877,246	989,299	1,208,135	1,859,189	2,085,381
Medical records and library	2,803,413	3,403,278	1,558,954	1,334,816	4,362,367	4,738,094
Social services	546,306	569,703	113,676	114,538	659,982	684,241
Employee health	148,830	138,178	8,440	32,169	157,270	170,347
Volunteer services	117,545	115,277	48,072	50,116	165,617	165,393
Community relations	93,051	128,070	228,947	292,627	321,998	420,697
Community health improvement	726,708	294,178	175,249	127,539	901,957	421,717
Information technology services	3,256,320	3,778,909	4,727,178	2,467,622	7,983,498	6,246,531
Employee benefits	23,468,798	22,262,258	-	-	23,468,798	22,262,258
Pension expense	2,640,675	2,071,592	-	-	2,640,675	2,071,592
James T. Bowse Community Trust	27,392	27,188	168,840	116,308	196,232	143,496
	<u>49,375,407</u>	<u>48,137,920</u>	<u>37,736,954</u>	<u>35,915,063</u>	<u>87,112,361</u>	<u>84,052,983</u>
Depreciation and Amortization	<u>-</u>	<u>-</u>	<u>12,262,717</u>	<u>12,047,077</u>	<u>12,262,717</u>	<u>12,047,077</u>
Interest	<u>-</u>	<u>-</u>	<u>2,169,172</u>	<u>2,238,131</u>	<u>2,169,172</u>	<u>2,238,131</u>
	<u>\$ 117,876,452</u>	<u>\$ 119,743,302</u>	<u>\$ 94,016,491</u>	<u>\$ 86,112,106</u>	<u>\$ 211,892,943</u>	<u>\$ 205,855,408</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Other Revenue
September 30, 2013 and 2012

	2013	2012
Cafeteria	\$ 934.033	\$ 918.504
Cash discounts	19.154	21.635
Miscellaneous	2,308.086	1,448.066
Contract pharmacy revenue	1,604.107	1,036.656
Electronic health records incentive payment	1,861.975	751.743
Medical record fees	53.570	43.402
Rental income	78.629	89.565
Gain (loss) on disposal of property and equipment	(174.145)	9.806
	<u>\$ 6,685.409</u>	<u>\$ 4,319.377</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Property and Equipment
September 30, 2013

	Balance October 1, 2012	Additions	Reclassification	Disposals	Balance September 30, 2013
Assets					
Land	\$ 224.094	\$ -	\$ -	\$ -	\$ 224.094
Land improvements	2,018.675	5,810	175	-	2,024.660
Buildings	38,117.984	-	-	(483,500)	37,634.484
Building improvements	32,269.195	4,765.426	374,124	(27,932)	37,380.813
Fixed equipment	26,875.564	595.964	3,201	-	27,474.729
Major movable equipment	78,788.524	3,560.756	1,302,500	(454,945)	83,196.835
Construction in progress	1,981.468	2,652.963	(1,680,000)	-	2,954.431
	<u>\$ 180,275.504</u>	<u>\$ 11,580.919</u>	<u>\$ -</u>	<u>\$ (966,377)</u>	<u>190,890.046</u>
 Accumulated Depreciation					
Land improvements	\$ 1,233.939	\$ 115,333	\$ -	\$ -	1,349.272
Buildings	18,556.903	941,068	-	(19,340)	19,478.631
Building improvements	14,444.993	2,292.865	-	(27,932)	16,709.926
Fixed equipment	20,409.060	804,827	-	-	21,213.887
Major movable equipment	53,056.339	7,792.791	-	(271,455)	60,577.675
	<u>\$ 107,701.234</u>	<u>\$ 11,946.884</u>	<u>\$ -</u>	<u>\$ (318,727)</u>	<u>119,329.391</u>
					<u>\$ 71,560.655</u>

The Rutland Hospital, Inc.
d/b/a Rutland Regional Medical Center
Property and Equipment
September 30, 2012

	Balance October 1, 2011	Additions	Reclassification	Disposals	Balance September 30, 2012
Assets					
Land	\$ 299,161	\$ -	\$ (75,067)	\$ -	\$ 224,094
Land improvements	1,880,903	102,772	35,000	-	2,018,675
Buildings	37,559,417	483,500	75,067	-	38,117,984
Building improvements	31,050,743	1,218,452	-	-	32,269,195
Fixed equipment	26,238,936	633,250	3,378	-	26,875,564
Major movable equipment	78,208,103	3,158,907	121,528	(2,700,014)	78,788,524
Construction in progress	1,196,057	945,317	(159,906)	-	1,981,468
	<u>\$ 176,433,320</u>	<u>\$ 6,542,198</u>	<u>\$ -</u>	<u>\$ (2,700,014)</u>	<u>180,275,504</u>
Accumulated Depreciation					
Land improvements	\$ 1,122,685	\$ 111,254	\$ -	\$ -	1,233,939
Buildings	17,555,589	1,001,314	-	-	18,556,903
Building improvements	12,352,266	2,092,727	-	-	14,444,993
Fixed equipment	19,641,438	767,622	-	-	20,409,060
Major movable equipment	47,693,462	8,034,060	-	(2,671,183)	53,056,339
	<u>\$ 98,365,440</u>	<u>\$ 12,006,977</u>	<u>\$ -</u>	<u>\$ (2,671,183)</u>	<u>107,701,234</u>
					<u>\$ 72,574,270</u>